

April 10, 2024

Stephen Motluk
Senior Advisor, Gas Supply
Ontario Ministry of Energy
77 Grenville Street, 7th Floor,
Toronto, Ontario
M7A 2C1

Sent via email to Stephen.Motluk@Ontario.ca and uploaded to the Environmental Registry of Ontario

Dear Stephen Motluk,

RE: ER-019-8307 Proposed Amendments to the Ontario Energy Board Act, 1998 to provide the government with the authority to ensure fair and informed decision-making at the OEB to foster affordable communities

The Ontario Federation of Agriculture (OFA) is the largest general farm organization in Ontario, proudly representing more than 38,000 farm family members. We are pleased to provide comments from an agricultural and rural perspective on proposed amendments to the Ontario Energy Board Act, to ensure continued access to natural gas for homes, farms and businesses.

During an Ontario Energy Board (OEB) natural gas rate setting hearing in December of 2023, the OEB made a generic decision to change the process whereby new connections for small volume customer connections, including homes, farms, and businesses, would not be able to amortize capital costs through customer rates over a 40-year period. Capital costs would need to be fully paid up front by these small customers.

OFA supports the Minister's prompt action to reassert energy policy direction, reestablish the natural gas project revenue horizon at 40 years, until 2029, and clarify Ontario Energy Board (OEB) regulatory direction. These steps will maintain the ability of residents and businesses to have different options to fit their energy needs in all regions of the province.

Bill 165 aims to address housing affordability and improve stakeholder participation at the Ontario Energy Board. With these actions, the Government has reaffirmed that natural gas is an important resource, fulfilling distinct functions in Ontario's energy system today as a fuel for space and water heating, and industrial and agricultural industries.

The Independent Electricity System Operator (IESO) estimates that, by 2050, Ontario will need to have built 46,000 MW of new electricity system capacity and replaced 20,000 MW in existing generation capacity. This will test the capabilities of energy regulators and industry to deliver reliable affordable power.

For Ontario to supplant natural gas used for space and water heating (22 per cent of Ontario's energy demand) with electricity is a substantial undertaking, requiring a large amount of additional supply, along with the transmission and distribution infrastructure needed to deliver it. At the same time, Ontario plans to build 1.5 million new homes as our population is expected to grow by two million people by 2030.

These challenges requires short, medium, and long term planning, to control the rate of increase in electricity demand with new electricity supply. During the transition, natural gas has a role as an affordable reliable fuel source. The rate and method of change will differ by sector, region and community. It is vital that we continue to have affordable options to meet energy needs, ensure rural residential quality of life and local economies are sustained.

OFA believes the December 2023 OEB decision impedes our ability to access reliable, affordable heating options. Should the OEB decision stand, natural gas distribution companies could service a limited number of new suburban housing developments at a time, until the developers sell the houses and new owners are able to amortize the connection costs through mortgages. From the rural viewpoint, projects connecting rural communities and businesses would be severely diminished, limiting their ability to make sensible choices for their transition to a clean economy.

The Ontario agriculture and agri-food sector drives Ontario's economy. OFA supports the sensible approach Minister Smith has taken to confirm the role of natural gas during the transition to a decarbonized energy system in Ontario. These steps will help sustain the agricultural contribution to our economy.

Sincerely,



Drew Spoelstra
President

CC: The Hon. Todd Smith, Ontario Minister of Energy
The Hon. Lisa Thompson, Ontario Minister of Agriculture, Food and Rural Affairs
OFA Board of Directors