

Sessional Paper No.P-10

P-10 Petition relating to Natural gas (Sessional Paper No. 10) (Tabled by MPP Clark, September 13, 2016)

P-10 Petition relating to Natural gas (Sessional Paper No. 10) (Tabled by MPP McDonell, September 14, 2016)

P-10 Petition relating to Natural gas (Sessional Paper No. 10) (Tabled by MPP Nicholls, September 21, 2016)

P-10 Petition relating to Natural gas (Sessional Paper No. 10) (Tabled by MPP Wilson, September 27, 2016)

P-10 Petition relating to Natural gas (Sessional Paper No. 10) (Tabled by MPP Smith, September 29, 2016)

P-10 Petition relating to Natural gas (Sessional Paper No. 10) (Tabled by MPP Wilson, October 03, 2016)

P-10 Petition relating to Natural gas (Sessional Paper No. 10) (Tabled by MPP Wilson, October 06, 2016)

P-10 Petition relating to Natural gas (Sessional Paper No. 10) (Tabled by MPP Wilson, October 17, 2016)

Response

Natural gas remains a clean, reliable option, and it will continue to play a critical role in Ontario's energy mix.

Natural gas plays an essential role in the daily lives of Ontarians. There are approximately 3.5 million residential, commercial and industrial natural gas customers in Ontario. Natural gas is used for space heating and domestic hot water within our homes and businesses, steam and process heat for industry, as well as providing approximately 10% of the electricity generated within Ontario.

Through the release of Ontario's Climate Change Action Plan, we are continuing our commitment to expand gas into northern and rural communities. Ontario's goal is to ensure the lowest possible carbon content to help reduce building and transportation emissions.

We are also looking at opportunities to lower the carbon intensity of our natural gas system through the inclusion of renewable natural gas. In May 2016, we announced we will be investing up to \$100 million in cap and trade proceeds over four years to support the implementation of a renewable content requirement for natural gas and encourage the use of cleaner, renewable natural gas (RNG) in industrial, transportation and buildings sectors. The government will consult with industry on the implementation of this requirement.

RNG is a low-carbon fuel that does not add new carbon to the atmosphere. RNG is produced from organic sources including landfill gas, municipal source separated organics (green bin), agricultural residues, food and beverage manufacturing waste, sewage and wastewater treatment plants, and forestry waste. It is fully interchangeable with conventional natural gas and uses the same infrastructure. Our action plan supports energy conservation and the use of low-carbon alternatives — including natural gas.

We know access to natural gas is an important issue, especially for Ontario's rural and northern communities. Natural gas distribution expansion can be expensive and may require large customer contributions to make it viable in more rural and remote communities, which poses a challenge for many communities.

Natural gas expansion in Ontario is overseen by the Ontario Energy Board (OEB) and managed by the private sector gas distribution companies.

To assist with natural gas expansion the Ministry of Infrastructure, with support from ENERGY AND OMAFRA, is establishing two programs:

- A \$200 million Natural Gas Access Loan program to be launched in the fall of 2016 to help communities partner with utilities to extend access to natural gas supplies; and
- A \$30 million Natural Gas Economic Development Grant to accelerate projects with clear economic development potential.

On February 17, 2015, the Minister of Energy encouraged the OEB to examine opportunities to facilitate access to natural gas services to more communities. On February 18, 2015, in response, the OEB sent a letter to potential applicants interested in distributing natural gas to unserved rural and remote communities inviting them to submit an application seeking the required approvals. The Board invited potential applicants to identify in their applications options that would address any regulatory impediments to connecting these projects, and has indicated that it will consider these options as part of its adjudicative process.

On January 20, 2016, the OEB announced it would conduct a "generic" policy proceeding to determine whether and how to relax regulatory parameters around natural gas expansion. Over spring/summer 2016, the OEB has conducted the hearing process. The OEB's decision is expected to be released this fall.

The development of Ontario's next Long-Term Energy Plan (LTEP) will balance the principles of affordability, reliability, clean energy, community and Indigenous engagement, as well as conservation and demand management. The Ministry of Energy will release the next LTEP in 2017.

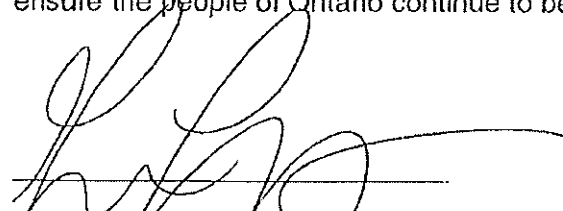
To support the development of the LTEP, the Minister of Energy requested a Fuels

Technical Report (FTR) that examines the fuels sector in Ontario. The Report demonstrated that Ontario's transition to a low carbon economy will have significant implications for its fuels sector, creating new opportunities as well as future risks that require consideration from government policy makers.

The Report summarized that Ontario has a range of options available in the fuels sector to meet societal goals for greenhouse gas (GHG) reductions and economic objectives. To support LTEP consultations, this report has laid out the context of how Ontario meets energy demands through the fuels sector today, and examines some of the implications of different options for the future.

Ontario is seeking public input to help develop the province's next LTEP to maintain a reliable supply of clean, affordable electricity. The recently released LTEP discussion guide, entitled Planning Ontario's Energy Future, as well as the FTR and the Independent Electricity System Operator's Ontario Planning Outlook will help inform the LTEP consultations.

Public discussions on the future of Ontario's energy system will help us build a plan to ensure the people of Ontario continue to benefit from a reliable supply of energy.



The Honourable Glenn Thibeault
Minister