



Staff Report to Council - for Direction

Title: Response to the Consultation on the Future of Natural Gas Expansion and Home Heating Affordability

From: Claire Dodds, Commissioner of Community Development

Date: December 14, 2023

Staff Recommendation:

That staff submit the comments as presented to the province through ERO Posting #019-7506, Consultation on the future of natural gas expansion and home heating affordability.

Report Summary:

The report outlines an ongoing consultation regarding natural gas expansion in Ontario. The report provides background information to support a letter to be provided from Bruce County as part of this consultation. The response focuses on the importance of the Natural Gas Expansion Program, a request increase to the leave to construct, a focus on a clean energy future and requests for increased municipal involvement.

Background:

The Ministry of Energy is seeking input on the Future of the Ontario Natural Gas Expansion Program (NGEP). The input gathered from this consultation will be used to inform the governments next step to tackle higher than average home heating costs in rural and northern Ontario and Indigenous communities.

The Natural Gas Expansion Program (NGEP) has had two phases of funding (Phase 1 and Phase 2) to meet the target of supporting projects expanding the natural gas distribution system. Projects funded under this program are where the cost of building infrastructure exceeds the projected revenue that will be generated from customers using that infrastructure. The NGEP is currently funded through a \$1/month charge on natural gas bills of existing customers.

Bruce County saw direct benefit from this program with Epcor's expansion of natural gas distribution in South Bruce. This project began consultation work between 2015 and 2017 and has seen the natural gas distribution system reach the Bruce Energy Centre lands, Kincardine, Tiverton, Inverhuron, Paisley, Chesley, Lucknow, Ripley, Point Clark and Lurgan Beach. The input provided as part of this consultation will not have any impact on funding provided in Phase 1 or Phase 2 that have defined projects up to 2026.

The County received a letter from Enbridge in relation to the ongoing consultation encouraging the county to provide feedback on the program. Enbridge is specifically requesting advocacy surrounding a modernized leave-to-construct application threshold and

process for smaller pipeline projects. Enbridge specifically is looking to see the \$2 million leave to construct threshold be increase to \$10 million.

The Ontario Energy Board is responsible for providing the authorization for companies undertaking expansion of natural gas. Under the regulations a project that will cost more than \$2 million is required to undergo the Leave to Construct process. This threshold was set over 20 years ago, virtually all gas pipeline projects now exceed this. The leave to construct project adds approximately seven to nine months and costs companies between \$50,000 and \$200,000 which is ultimately passed onto the customer.

A similar request was made to the Western Ontario Warden's Caucus. The Caucus supported the request from Enbridge and sent a letter to the Minister of Energy requesting that the Ontario Energy Board consider changing the leave to construct threshold to \$20 million. This letter was submitted on October 24, 2023.

The IESO released a report, *Pathways to Decarbonization*, that spoke to phasing out natural gas. This report outlined the significant energy required to make this transition. Bruce County submitted comments in support of the growth of nuclear as part of the transition to this process. At this time, the need for electricity exceeds the planned expansion which would challenge the phase of natural gas.

The proposed response focusses on the four key points:

- The importance of the Natural Gas Expansion Program to supporting the needs of rural communities
- Requesting an increase to the Leave to Construct Threshold from \$2 Million to \$10 Million
- Natural Gas Expansion has been important for industrial, commercial, and residential growth in Bruce County, to support the continued move to net zero, distribution systems should consider the use of new technologies.
- Municipal input should be considered as part of the next phase of NGEP.

If Council is supportive of these comments, the letter will be submitted through the ERO portal and be included as formal input in the consultation.

Financial/Staffing/Legal/IT Considerations:

There are no financial, staffing, legal or IT considerations associated with this report.

Interdepartmental Consultation:

Staff consulted with the Intergovernmental Office in development of this response.

Link to Strategic Goals and Objectives:

Growth and Innovation - Promote responsible growth

Report Author:

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Departmental Approval:

Claire Dodds, Commissioner, Community Development Office

Approved for Submission:

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