ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act*, *1998*, S.O. 1998, c. 15, Sched. B, as amended;

AND IN THE MATTER OF a Generic Hearing on Uniform Transmission Rates Related Issues and the Export Transmission Service Rate.

EB-2021-0243

SUBMISSIONS

OF

ANWAATIN INC.

September 6, 2022

A. INTRODUCTION

1. The Ontario Energy Board (the "**Board**" or the "**OEB**") is holding a generic hearing of its own motion under sections 19, 21 and 78 of the *Ontario Energy Board Act, 1998* to consider various issues related to Ontario's Uniform Transmission Rates ("**UTR**"). The Board is focusing on reviewing and setting the Export Transmission Services ("**ETS**") rate in the first phase of the generic hearing.

2. We are counsel to Anwaatin Inc. ("**Anwaatin**") in this proceeding. Anwaatin is a collective of Indigenous communities and organizations representing Indigenous communities, including:

    (i) Minodahumn Development LP, an economic development partnership representing Aroland First Nation, Animbiigoo Zaagi'igan Anishinaabek Nation, and Ginoogaming First Nation;

    (ii) Eagle Lake First Nation; and

    (iii) Southwind Corporate Development Inc., an economic development corporation representing Chippewas of Kettle and Stony Point First Nation

    (the "**Anwaatin First Nations**").

    Anwaatin has full intervenor status and cost eligibility in this proceeding. The Anwaatin First Nations each have traditional territory, and associated Aboriginal rights and interests protected by the *Constitution Act, 1982*, that may be impacted by the outcomes of this proceeding.

B. OVERVIEW

3. The fundamental issue in this proceeding is whether it is appropriate to continue to rely on the ETS rate and on Intertie Congestion Pricing ("**ICP**") to charge for export service. If it is decided that an ETS rate should continue to exist alongside ICP, the Board is also considering what approach should be used to set the ETS rate (including approach, methodology and frequency).

4. Anwaatin's submits that the ETS rate should:

    (i) be set at a level that avoids material negative impacts to electricity reliability;

    (ii) be adjusted at a frequency that accounts for rapid and significant changes in Ontario's energy and electricity markets (particularly electrification); and

    (iii) facilitate the efficient export of clean, low-carbon Ontario electricity.

C. SUBMISSIONS

(i) The ETS rate should be set at a level that avoids material negative impacts to electricity reliability.

5. Ontario's transmission interties enhance electricity system reliability through, for example, supply and demand balancing, frequency and regulation control, and other emergency measures.[1] The Independent Electricity System Operator ("**IESO**") plans the system in accordance with established planning standards to ensure export capability is sufficient to maintain system reliability and operability.

6. The IESO, in its evidence, notes that "[i]increasing the ETS from its current rate risks increasing the transaction costs of exporting energy", with operational and economic impacts.[2] A higher ETS increases costs and lowers incentives for electricity exports, which in turn reduces the role that interties can play in supporting system reliability and diversification. The IESO notes the role of exports in providing "flexibility that enable[s] system operators to address power system needs and reliably manage the grid during changing system conditions."[3]

7. Anwaatin has a specific interest in electricity system reliability. Indigenous communities continue to be disproportionately affected by unreliable electricity transmission and distribution services throughout Ontario. The negative impacts resulting from unreliability and outages are acutely and frequently experienced in many northern First Nations, including the Anwaatin First Nations, causing numerous negative health and safety outcomes. Evidence of the historic and present challenges faced by remote and near-remote Indigenous communities can be found in numerous proceedings before the Board, including many in which Anwaatin has advocated on behalf of the Anwaatin First Nations and other Indigenous communities.

8. Remote and near-remote First Nations and Indigenous communities rely heavily on unreliable energy systems for the most fundamental human needs including heating and drinking water. The effects on critical health and safety infrastructure are exacerbated in many Indigenous communities by chronic underfunding by government and utilities and the limited resources available to improve power reliability in their communities.

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[1] EB-2021-0243, IESO Evidence – Market Implications of the Export Transmission Service Rate (July 2021), p. 7.
[2] *Ibid*., p. 12.
[3] *Ibid*., p. 15.

9. Anwaatin cautions against any approach that would set the ETS rate at a level that has a material negative impact on Ontario's electricity reliability and instead recommends a balanced approach.

(ii) The ETS rate should be adjusted at a frequency that accounts for rapid and significant changes in Ontario's energy and electricity markets.

10. The impacts of electrification, increasing distributed energy resources ("**DERs**") (including energy storage for remediating reliability) and improved grid services and management are expected to be significant over the relatively short term. The IESO projects that demand from electrification of cars, buses, trucks and trains is forecasted to grow an average of 20% per year over the next two decades.[4] In addition, the impact of electric vehicles on the grid is expected to be felt particularly strongly from 2030 onward as the system begins to experience the impacts of electrification policies.

11. Anwaatin submits that the ETS rate should be reviewed for adjustment at a frequency that allows the Board to assess the impacts and consequences of these rapid and significant changes in Ontario's energy and electricity markets. The term of any new ETS rate should also be aligned with the timing of Hydro One Networks Inc.'s next rebasing application. Anwaatin recommends an ETS rate term of no more than five (5) years.

(iii) The ETS rate should facilitate the efficient export of clean, low-carbon Ontario electricity.

12. Ontario's electricity sector is virtually decarbonized (approximately 94% emissions-free in 2020) with carbon intensity of 26 g CO_2 per kWh of electricity produced in 2019.[5] The province's electricity system's emissions intensity is expected to be even lower after the refurbishment of the Darlington and Bruce nuclear generating stations. Ontario has among the very lowest electricity sector emissions rates in the world, and much lower emissions rates than those of some of its neighbouring jurisdictions (see *Figure 1*).

[4] Independent Electricity System Operator, "The Future of Electricity Demand in Ontario" (December 7, 2021), available online at: https://www.ieso.ca/en/Powering-Tomorrow/2021/The-Future-of-Electricity-Demand-in-Ontario.

[5] Independent Electricity System Operator, "Decarbonization and Ontario's Electricity System" (October 7, 2021), pp. 4-5 available online at: https://www.ieso.ca/-/media/Files/IESO/Document-Library/gas-phase-out/Decarbonization-and-Ontarios-Electricity-System.ashx.

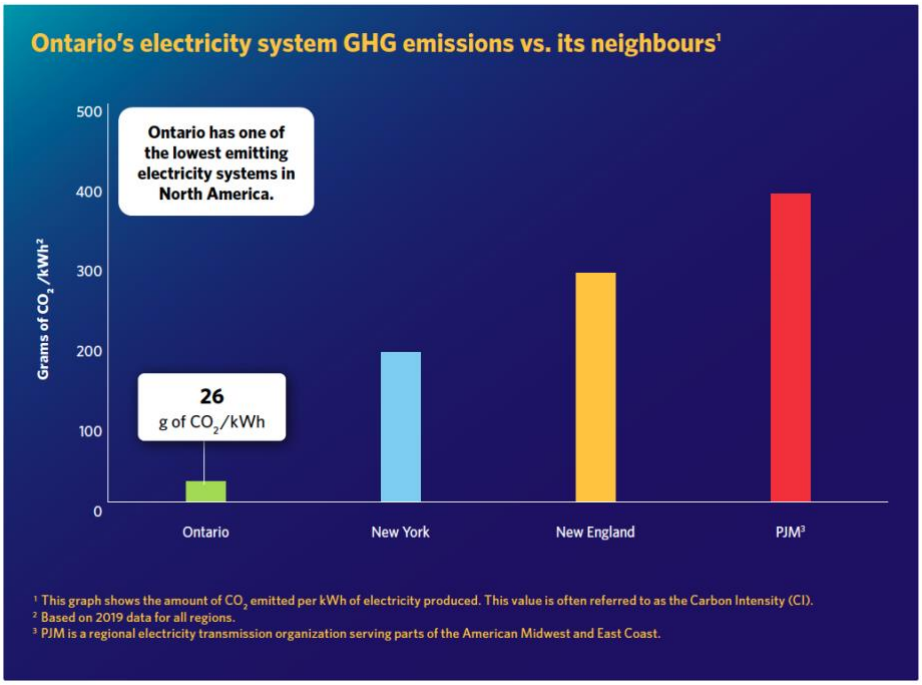


Figure 1[6]

13. Exports of Ontario electricity to neighbouring US jurisdictions can provide a source of extremely low-emissions electricity by comparison. Conversely, US electricity imports into Ontario can be significantly higher than the average emissions intensity of Ontario's electricity sector. Anwaatin submits that the Board's approach to the ETS rate should help to facilitate the efficient export of clean, low-carbon electricity from Ontario into neighbouring jurisdictions with comparatively higher-emissions electricity systems.

14. Exports also help to avoid system costs associated with curtailing nuclear, hydroelectric, and renewable generation resources. Intertie trading helps to lower operational system costs by exporting surplus electricity out of Ontario when demand is low, thereby bringing in revenue to cover fixed costs while avoiding the need to curtail wind resources, spilling water at hydroelectric stations and maneuvering of nuclear units.[7] Without exports, Ontario consumers would have to pay for the cost of the foregone energy that is spilled or curtailed. Between 2017 and 2020, this would likely have added $150 to 240 million per year to the Global Adjustment which would be recovered from domestic consumers.[8]

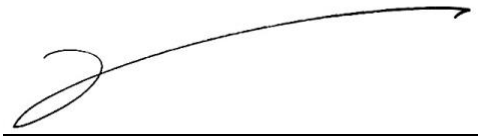
[6] *Ibid.*, p. 5.
[7] EB-2021-0243, IESO Evidence – Market Implications of the Export Transmission Service Rate (July 2021), p. 9.
[8] *Ibid.*

15. Anwaatin submits that the Board's approach to the ETS rate should ensure that clean, low-carbon Ontario electricity is exported to neighbouring jurisdictions at the lowest cost to the Ontario market.

CONCLUSION

16. Anwaatin respectfully requests that the Board take an approach to its review of the ETS rate that:
    (i) avoids material negative impacts to electricity reliability;
    (ii) facilitates adjustment at a frequency that accounts for rapid and significant changes in Ontario's energy and electricity markets (particularly electrification and the proliferation of DERs); and
    (iii) facilitates the efficient export of clean, low-carbon Ontario electricity to neighbouring US jurisdictions.
17. Anwaatin welcomes the opportunity to provide comments as part of this important generic hearing and welcomes the opportunity to submit reply comments on September 26, 2022, and any further opportunity to engage with the Board on UTR issues.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS
6th day of September, 2022



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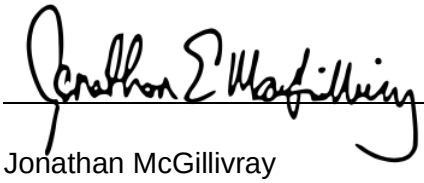

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