

COMMITTEE OF THE WHOLE

December 5th, 2023

**Report #PD-2023-28
Noelle Reeve, Planner**

RESPONSE TO THE MINISTRY OF ENERGY CONSULTATION ON THE FUTURE OF NATURAL GAS EXPANSION AND HOME HEATING AFFORDABILITY

STAFF RECOMMENDATION(S)

It is recommended:

“THAT, the Council of the Corporation of Tay Valley Township adopt the resolution proposed by Climate Network Lanark to send to the Ministry of Energy’s consultation on the future of natural gas expansion and home heating costs, ERO 019-7506, by December 15, 2023;

AND THAT, this resolution be circulated to the President of AMO, Colin Best; Premier Doug Ford; Minister of Energy, Todd Smith; Minister of Finance, Peter Bethlenfalvy; MPP John Jordan, and to all regional municipalities from whom Enbridge has requested support of the proposed changes.”

BACKGROUND

The Ministry of Energy is holding consultations on the future of natural gas pipeline expansion and home heating affordability, ERO 019-7506 until December 15, 2023. [Consultation on the future of natural gas expansion and home heating affordability | Environmental Registry of Ontario](#) .

The Ministry of Energy consultation seeks input from the public on the future of the Ontario Natural Gas Expansion Program (NGEP). The NGEP “enables funds to allow natural gas distribution system expansion where it would not otherwise occur without government support”. The funding for this subsidy “comes from a \$1/month charge on natural gas bills of existing customers”.

The Ministry wants to “hear from all stakeholders on how best to support rural, northern, and Indigenous communities on options to reduce heating costs”. (Since 2021, at least 27 Ontario municipalities, representing just over half of Ontario’s population, have passed resolutions endorsing the phase out of gas power.)

In November, the Reeve received a letter from Enbridge Gas Inc (Attachment 1). The letter includes a request for Council to support a resolution drafted by Enbridge to update the

leave-to-construct application cost threshold from \$2 million to \$10 million for hydrocarbon pipelines allowing pipelines to be built with less oversight (Attachment 2).

This matter is coming before Council at a time when 2023 is about to set a new record for planetary heat, and when human-caused greenhouse gas (GHG) emissions continue to rise to all-time highs, with atmospheric carbon dioxide at 420 parts per million (ppm) as of this writing, far higher than the 350 ppm deemed to be a safe limit for planetary and human health.

The World Meteorological Organization recently said that there was “no end in sight” to rising GHG emissions and thus the world is on track to, within the next six years, breach the infamous 1.5C global heating threshold set as a target in the 2015 Paris Agreement, and to further breach the “catastrophic” 2.0C threshold within a few decades later, and approach, if not surpass, the utterly devastating 3.0C mark by the end of the century.

Worldwide, fossil fuel subsidies totaled US\$7 trillion in 2022, while the economic cost of climate catastrophe since 1970 was US\$4.3 trillion, to say nothing of rapidly escalating human deaths and of mounting health risks to billions of people due to excessive heat and other human-induced climate phenomena (sources: World Meteorological Organization, National Oceanic and Atmospheric Association, The Lancet).

Scientific warnings about GHG emissions and the associated global heating and climate disruption began to sound loudly and widely in the late 1980s. Over the past 35 years, and despite all the climate conferences, studies, reports, books, films, and warnings from many of the world’s top scientists, health experts, and economists, humanity has largely failed to act sufficiently to avert the current trajectory toward a “Hothouse Earth” – a place where many lifeforms today cannot live, and where civilization would be hard pressed to continue.

It is thus imperative that people everywhere reject fossil fuel energy when and where they can, and embrace alternatives which, though not perfect, at least do not contribute nearly as much to the steadily worsening global climate crisis.

DISCUSSION

Both the County of Lanark and Tay Valley Township have adopted Climate Action Plans under the Federation of Canadian Municipalities’ Partners for Climate Protection Program. Both Climate Action Plans commit to no new fossil fuel use.

Expansion of natural gas use in our communities cannot be supported because it would prevent Council from meeting the Greenhouse Gas reduction targets Council has committed to in its Climate Action Plan.

Expansion of natural gas use would also harm the finances of current users of natural gas and prospective new users of natural gas. Current users of natural gas will continue to pay a surcharge for the expansion of new pipelines. Potential new users of natural gas should be informed that electric cold climate heat pumps are now much cheaper than gas for home heating according to a number of experts. For example, Dr. Heather McDiarmid, Natural Resources Canada, Ontario Clean Air Alliance, and the Ministry of Energy’s own Discussion

Paper for Consultation, p .11 (which is part of the supporting materials for ERO 019-7506) all have demonstrated that gas is more expensive and will become more expensive.

Staff, therefore, recommend that Council use the resolution drafted by Climate Network Lanark to ask the Ontario Government to end the subsidy for natural gas expansion and redirect those funds to support the most cost-effective option for customers in phase III of the NGEF – all-electric heat pumps. Staff also support the resolution’s recommendation that the Ontario Government cancel phase II, or at least give municipalities the option to redirect the funds of approved projects toward subsidies for electric heat pumps.

OPTIONS TO BE CONSIDERED

Option #1 (Recommended) – Council adopts the resolution drafted by Climate Network Lanark.

Option #2 – Council supports some of the resolution and suggests changes to other parts.

FINANCIAL CONSIDERATIONS

None, for the municipality at this time. For residents, the Ministry’s own figures show that in comparison to methane gas, “electric heat pumps save customers in the range of \$700 to \$1,300 each year in gas expansion communities” for heating and will likely save more as the heat pumps also provide air conditioning in the summer.

The resolution supports funding for residents to obtain cheaper energy and supports local contractors to participate in the growing market of energy retrofits.

STRATEGIC PLAN LINK

Strategic Priority: Healthy Environment

Strategic Initiative: Climate Action Plan

Action: Meet corporate Greenhouse Gas reduction target of 55% and community reduction target of 45%

CLIMATE CONSIDERATIONS

The resolution supports Tay Valley’s commitment to reduce Greenhouse Gas (GHG) emissions by avoiding fossil fuel use.

CONCLUSIONS

Energy efficiency advancements in the residential sector are imperative to achieve the County of Lanark and Tay Valley Township’s Greenhouse Gas (GHG) reduction targets. A tonne of methane is estimated to have 84 times the warming power of carbon dioxide over a 20-year period. On the other hand, cold air source heat pumps greatly reduce GHG emissions because they operate on electricity mostly generated without producing carbon dioxide.

Cold air source heat pumps for residents would save residents money on energy costs. A comparison of the number of customers and cost savings for the proposed subsidy for a gas pipeline in Brockton versus a subsidy for heat pumps showed almost 5 times the number of customers would receive a subsidy for the heat pumps and the heat pump users would save \$700/year in 2023 and \$1,150 per year in 2030. [ED-and-OCAA-comments-re-Gas-Expansion-v2.pdf \(cleanairalliance.org\)](#)

Staff recommend the Township adopts the resolution in Attachment 4 to call on the province to redirect provincial subsidies away from expansion of gas pipelines to cold air source heat pumps.

ATTACHMENTS

- i) Enbridge Letter re: Consultation on Natural Gas Expansion
- ii) Enbridge Proposed Council Resolution
- iii) Letter from Climate Network Lanark
- iv) Proposed Resolution Drafted by Climate Network Lanark

Prepared and Submitted By:



**Noelle Reeve,
Planner**

Approved for Submission By:



**Amanda Mabo,
Chief Administrative Officer/Clerk**

Attachment 1 Enbridge Letter re: Consultation on Natural Gas Expansion



Enbridge
400 Coventry Road
Ottawa, Ontario K1K2C7

November 10, 2023

Dear Mayor and Members of Council,

Re: Consultation on the future of natural gas expansion and home heating affordability

Earlier this year, the Ministry of Energy launched its [consultation on the future of natural gas expansion and home heating affordability](#). The Ministry is specifically seeking input from stakeholders on the future of the program, which will be used to inform next steps to address home heating costs in rural and northern Ontario and Indigenous communities.

I encourage you to have your voices heard by contributing your feedback. Your municipal perspective, interests and priorities could help shape the future of the program. Responses are due by December 15, 2023, and you can learn more about the consultation process on the Ministry's [website](#).

Phase 1 and 2 of Ontario's Natural Gas Expansion Program were oversubscribed with more than 200 projects submitted for funding, indicating the overwhelming demand from municipalities and businesses for access to more cost-effective heating options. The natural gas expansion program can help businesses achieve annual cost savings of up to 30% each year on space and water heating, with homeowners realizing even greater savings. This affordability is vital for Ontario residents and businesses now more than ever.

Enbridge Gas will be contributing to this consultation and leveraging our experience planning and executing the projects that were selected in Phase 1 and Phase 2 of this program.

We continue to advocate for a modernized leave-to-construct application threshold and process for smaller pipeline projects to bring reliable affordable energy options to communities, homes, and businesses in a more cost-effective and timely manner – and to promote economic development and job creation across the province. I invite you to reach out to your local MPP, the Ministry of Energy and the Ontario Energy Board and add your support to this discussion. Attached to this correspondence is a draft resolution for your consideration.

While our work to expand access to natural gas continues so does our commitment to bringing alternative [energy solutions and fuels](#), such as renewable natural gas, hydrogen blending and energy conservation programs, as pathways to lower-cost, clean and reliable energy options for Ontarians. Enbridge Gas has been meeting Ontario's energy needs for more than 175 years; our customers rely on us to deliver clean, reliable, and cost-effective natural gas, and we are proud to deliver on this commitment.

Thank you for your consideration. Please do not hesitate to contact me, or your municipal advisor, if you have any questions or would like to discuss these topics further.

Sincerely,

A handwritten signature in black ink, appearing to be 'JB Trahan', with a stylized flourish at the end.

Jean-Benoit Trahan
Director, Operations, Eastern Region

Attachment 2 - Enbridge Proposed Council Resolution

RESOLUTION

RESOLUTION NO.

DATE:

MOVED BY:

SECONDED BY:

WHEREAS the Enbridge Gas has shared with [municipality name] key messages regarding the Ontario Energy Board's Leave to Construct (LTC) process, entitled "reducing red tape for more cost-effective, timely energy connections in Ontario:"

AND WHEREAS [municipality name] supports and wishes to endorse the recommendations put forward by Enbridge Gas in order to expedite the installation of natural gas to rural, remote or underserved communities such [municipality name];

NOW THEREFORE BE IT RESOLVED:

1. THAT the [municipality name] petition the Ontario Government to expedite the implementation of the following recommendations:
 - i) THAT the Government of Ontario move to modernize the Ontario Energy Board's (OEB) Leave to Construct (LTC) process for smaller pipeline projects in order to bring reliable, affordable energy options to communities, homes and businesses in a more cost-effective and timely manner;
 - ii) AND THAT the LTC cost threshold be updated from \$2M to \$10M for hydrocarbon lines (by amending Ontario Regulation O.Reg.328/03) while maintaining current requirements and expectations for Indigenous consultation and environmental review for projects greater than \$2M and less than \$10M;
 - iii) AND THAT these outdated regulations are causing the LTC to apply far more broadly than intended when it was established over 20 years ago due to increased regulatory and cost pressures, as well as inflation, virtually all gas pipeline projects are now greater than \$2M rendering the threshold meaningless;
 - iv) AND THAT roughly 0.5 KM pipe in urban settings now often exceeds the \$2M threshold;
 - v) AND THAT modernizing these outdated regulations would reduce delays and costs for economic development initiatives including transit projects, community expansion projects, housing developments, connections for low carbon fuel blending (e.g., renewable natural gas, hydrogen) as well as residential and business customer connections;
 - vi) AND THAT based on OEB's performance standards, this proposal would save approx. 5-7 months of regulatory process which is in addition to the time needed to undertake Indigenous consultation and environmental review and prepare an application to the OEB;

vii) AND THAT the cost of preparing and having a LTC application heard ranges from approx. ~\$50,000 to ~\$200,000, which is passed on to customers;

viii) AND THAT while no cost-based threshold exists for electricity lines, there are a range of exemptions ensuring that LTC is only required for significant electricity projects and the proposed changes would help ensure that, consistent with electricity projects, LTC for hydrocarbon lines would only be required for significant projects;

ix) AND THAT increasing the cost threshold to \$10M would closer align Ontario with other Canadian jurisdictions (e.g., in B.C., these thresholds are \$15M for electricity and \$20M for natural gas);

2. AND THAT this resolution be circulated to the President of AMO, Colin Best, Premier Doug Ford, the Minister of Energy, Todd Smith, The Minister of Finance, Peter Bethlenfalvy and all regional municipalities requesting support of the proposed changes regarding reducing red tape for more cost-effective, timely energy connections in Ontario.

MAYOR

Attachment 3 – Letter from Climate Network Lanark



1565 Lanark Concession 12C
Almonte, Ontario, K0A 1A0

Dear Mayor/Reeve and Members of Council;

Nov. 26, 2023

Action 1 - The Ministry of Energy is specifically seeking input from rural municipalities on its [consultation on the future of natural gas expansion and home heating affordability](#). The Ministry is asking for comment from stakeholders on the future of the program, which will be used to inform next steps to address home heating costs in rural and northern Ontario and Indigenous communities.

CNL encourages you to **give voice to your constituents in this important consultation**, especially in the context of having recently passed the County's Climate Action Plan and the crisis of availability of affordable housing in the County and Smiths Falls. Your municipal perspective, interests and priorities could help shape the future of the program. Responses are due by December 15, 2023. You can learn more about the consultation process on the Ministry's [website](#) and from a document reflecting CNL's [outlook](#) on this.

Action 2 - Enbridge Gas has shared key messages with the County and with its Municipalities regarding out-of-date aspects of the Ontario Energy Board's Leave to Construct (LTC) process, entitled "reducing red tape for more cost-effective, timely energy connections in Ontario". Enbridge is asking for a Resolution of support.

CNL has composed the attached alternative Resolution which asks the Ontario Energy Board to determine, in gas expansion leave-to-construct applications, which option would result in the lowest energy bills - directing the subsidy to the lower, be it gas line expansion or to heat pump subsidies for homeowners. **Please give this alternate Resolution your consideration.**

CNL is working hard to lower both energy costs and emissions of homes in the County and Smiths Falls through our Climate Concierge program. We are bringing reliable affordable energy options to our communities, homes, and businesses in a cost-effective and timely manner – and promoting economic development and job creation locally – while addressing the climate crisis.

Thank you for acting on your commitment to protecting the citizens of Lanark County and Smiths Falls from a worsening climate crisis.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott Hortop", written over a white background.

Scott Hortop
Chair,
Board of Directors

Attachment 4 - Proposed Resolution Drafted by Climate Network Lanark

RESOLUTION

RESOLUTION NO.

SUBJECT: Ontario Energy Board, Leave to Construct Modernization

DATE:

MOVED BY:

SECONDED BY:

IN FAVOUR:

OPPOSED:

WHEREAS: Ontario Residents are struggling with energy bill increases and need relief;

AND WHEREAS: Natural gas is no longer the cheapest way to heat homes because electric heat pumps are now much more efficient, can provide all heating needs even in cold climates, and result in far lower energy bills compared to gas heating;

AND WHEREAS: Natural gas is methane gas, which is a fossil fuel that causes approximately one-third of Ontario's GHG emissions and must be phased out because it is inconsistent with all climate targets, while heat pumps result in the lowest GHG emissions and are consistent with a zero-carbon future;

AND WHEREAS: The Natural Gas Expansion Program provides subsidies to bring natural gas to communities across Ontario but currently cannot be redirected by municipalities toward the best option for their residents - heat pumps;

AND WHEREAS: Far more residents could achieve far lower energy bills if municipalities were allowed to redirect those subsidies toward heat pumps for their residents, which would also benefit existing natural gas customers by reducing the financial risks they bear in relation to the gas expansion projects;

AND WHEREAS: The Government of Ontario is considering requests from Enbridge Gas Inc. to reduce oversight by the Ontario Energy Board over gas expansion and other pipeline projects at a time when the Ontario Energy Board's technical and financial expertise is critical as the energy transition takes place;

NOW THEREFORE BE IT RESOLVED:

1. THAT the [municipality name] petitions the Ontario Government to expedite the implementation of the following recommendations:

- i) THAT the Government of Ontario amend the Natural Gas Expansion Program to allow municipalities to redirect funds toward heat pumps, including for ongoing Phase II projects;
- ii) AND THAT the Government of Ontario maintain the existing Ontario Energy Board oversight mechanisms and thresholds for gas pipeline projects; and

iii) AND THAT the Government of Ontario ask the Ontario Energy Board to determine in gas expansion leave-to-construct applications which option would result in the lowest energy bills - directing the subsidy to gas expansion or to heat pump subsidies.

2. AND THAT this resolution be circulated to the President of AMO, Colin Best, Premier Doug Ford, the Minister of Energy, Todd Smith, The Minister of Finance, Peter Bethlenfalvy and to all regional municipalities from whom Enbridge has requested support of the proposed changes.

x _____
MAYOR of *[municipality name]* *Date*