

# A Plan for Clean, Reliable, Affordable Energy

AMO SUBMISSION TO THE STANDING COMMITTEE ON THE INTERIOR ON BILL  
214, *AFFORDABLE ENERGY ACT, 2024*

**November 18, 2024**

## **Executive Summary**

The Association of Municipalities of Ontario (AMO) is pleased to provide comments on Bill 214, *Affordable Energy Act*. Municipalities are committed to working with the Province and energy partners to deliver clean, reliable, and affordable energy. AMO has previously called on the government to prepare and deliver a clear plan for Ontario's energy future.

We applaud the release of the vision paper “Ontario’s Affordable Energy Future: The Pressing Case for More Power”, and the commitment to consult on this plan. This is a key step to developing an integrated energy plan that meets the needs of all Ontarians.

AMO strongly supports an integrated approach that sees local growth, housing, and economic needs at the centre of energy planning. However, municipalities need continued provincial support, resources, and guidance to be informed and active partners in Ontario’s energy future.

As the government works to develop an integrated energy plan, we call for:

- a commitment and fully resourced plan to meet net-zero emissions by 2050
- coordination between energy planning and local growth planning to ensure that energy infrastructure is ready to support housing and economic growth
- a public statement supporting the common practice of energy developers and municipalities negotiating community benefit agreements as part of energy procurement approvals, and
- a commitment to ensure that as the cost and risks of funding new energy infrastructure shifts, they will not be transferred to municipalities.

## **A Commitment and Plan for Decarbonization**

Municipalities are making decisions about energy today, that will have long lasting impacts. If we are to make informed decisions, it is essential that we have a clear understanding of the Province’s long-term plan for the decarbonization of Ontario’s energy supply. Without this clarity, municipalities are limited in their ability to understand the benefits and risks hosting energy projects including renewable generation and storage, or natural gas.

We recognise that the government’s vision paper indicates Ontario is on track to meet our 2030 emissions targets while meeting the forecasted 75% increase in electricity demand. However, the vision paper does not commit to the long-term decarbonization of our energy supply.

The federal government has committed to achieving net-zero emissions by 2050. The Independent Electricity System Operator’s (IESO) “Pathways to Decarbonization” report

has provided a pathway on how this goal can be met. Even the government's own Electrification and Energy Transition Panel has recommended the Province commit to a clean energy economy by 2050 and align government policy with other jurisdictions. As well, the Panel's report consistently speaks to the role of decarbonization as part of clean energy policy.

As the panel stated in its report: "Much of the world – including Ontario's major trading partners – has committed to achieving economy-wide carbon neutrality by 2050. Net zero pledges now cover 90 percent of global gross domestic product [GDP]. In the context of this shift... the Panel recommends that Ontario adopt a strategic approach to economic and energy policy that contributes to the global climate solution".

Municipalities are increasingly hearing from residents about the urgent need for governments to take action to combat climate change and transition to clean energy. Residents are clear: strong, immediate action is required to mitigate the devastating impacts of extreme weather incidents and other climate-related challenges. We saw the impact that flooding and forest fires had across the province this summer. From emergency services, to repairing our infrastructure, it wreaked havoc on impacted communities and necessitated significant municipal resources to address.

Municipalities are on the front lines, bearing the brunt of climate change costs – in fact the Financial Accountability Office of Ontario estimates that changing climate hazards will add over four billion dollars per year to the cost of maintaining this province's existing assets, most of which municipalities manage.<sup>i</sup> We need bold climate action to protect our communities and ensure a sustainable future. Investing in clean energy is crucial to mitigate these costly climate impacts. To ensure effective and coordinated efforts, local decisions about new energy project investments must align under a province-wide decarbonization strategy.

Now is the time to set out a clear path forward for clean energy. We call on the Province to commit to the decarbonization of Ontario's energy supply, and the adoption of a target of net-zero by 2050. As part of this commitment, the proposed integrated energy plan should:

- commit to, and provide a clear plan to meet a net-zero emissions target including resources and financial support
- implement the recommendations of the province's Electrification and Energy Transition Panel related to decarbonization, electrification, and clean energy opportunities
- incentivize and fund the expansion of renewable energy generation including clarity on the proposed energy mix (i.e., outline of the roles of nuclear, hydro-electric, natural gas, hydrogen, solar, wind, and biofuel)
- provide a roadmap for the future, changing role of natural gas and biofuel to support reliability as part of a decarbonized energy supply, and

- prioritize initiatives to improve energy efficiency and reduce emissions including harmonizing green building standards with the national construction codes.

## **Coordinating Energy Planning with Municipal Growth**

Municipalities are on the front lines of planning for local growth, and leading major development and infrastructure projects that support housing and economic development. Similarly, Local Distribution Corporations (LDCs) are building the electricity distribution infrastructure to power these new developments, and the IESO, Ontario Energy Board (OEB) and energy transmitters are working to ensure the provincial grid is able to deliver energy where it is needed.

Although each of these partners plays a pivotal role in energy planning, it is essential that their work is coordinated, and their planning assumptions are aligned in order to make sure the right infrastructure investments are made at the right time. However, most municipalities do not have the expertise or capacity to lead integrated energy planning and will need clear guidance and resources to be active, informed participants in the process.

Municipalities are best positioned and are actively leading on local growth planning – for example, through the development of local Official Plans. These local plans are the most reliable source to provide insight into where infrastructure is likely to be needed in the future. A provincial integrated energy plan should encourage energy partners to engage in these local planning processes and use local growth planning as the basis for decisions about what energy infrastructure is likely to be needed moving forward.

The proposed legislation includes a requirement for the Minister to consult with “consumers, distributors, generators, transmitters, [and] Indigenous communities” before issuing an integrated energy plan, and on subsequent plans. Municipalities are notably absent on this list of key groups to be consulted with – an omission that disconnects energy planning from the homes and businesses that it needs to serve.

The legislation also sets out a series of goals and objectives that an energy plan should include, such as affordability, reliability, expansion and modernization of infrastructure, and an overview of the role of different types of energy. While this list speaks to ensuring energy is available to meet economic growth and trade, it does not speak to aligning energy planning to meet housing or other local growth needs.

We encourage the government to include municipalities as one of the key stakeholders that must be consulted with regarding the provincial integrated energy plan, and that supporting local growth as led by municipalities be identified as an objective to be included in such a plan. This would reflect the central role municipalities play, in supporting the energy system, and helping grow the energy economy and powering our

communities.

## Managing New Connections and Energy Infrastructure

Clear direction on new connections is also essential and AMO supports the action the Province has taken to remove barriers to new connections by shifting the cost and risk of new connections away from “first movers”. As this connections funding model evolves, the Province must ensure that these cost and risks do not fall to municipalities or LDCs who already face challenges funding growth-enabling infrastructure. Without a provincial approach to backstopping new connections, municipalities and LDCs would have to cut services, raise energy rates, or increase property taxes to address shortfalls.

AMO has previously called for a funding model for electricity infrastructure that includes the principles of fairness, coordination, consistency and decarbonization. Fairness to ensure the costs of new infrastructure are balanced between new and existing residents. Coordination to ensure new capacity is available when and where it is needed. Consistency so that LDCs across the province are using the same approach and funding model to pay for growth. And an approach that facilitates and incentivizes the increased use of clean energy where possible to support provincial decarbonization goals.

## Conclusion

We are encouraged to see your energy vision moving forward. We are pleased to see action being taken to coordinate planning for Ontario’s energy future, and ensure municipalities are active participants in the process. We look forward to seeing a draft integrated energy plan come forward for further discussion. Together, we can help deliver clean, reliable, affordable energy to our communities.

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<sup>1</sup> Source : FAO. <https://www.fao-on.org/en/Blog/Publications/cipi-summary>