

Proposed Amendments to the *Ontario Energy Board Act – Bill 165, Keeping Energy Costs Down Act*

AMO'S SUBMISSION TO THE MINISTRY OF ENERGY

ERO 019-8307

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Executive Summary

AMO appreciates the opportunity to comment on the proposed amendments under Bill 165, the *Keeping Energy Costs Down Act*. Municipal governments are committed to continuing to work with energy partners to support a transition to an affordable, reliable, sustainable energy system that meets the needs of our communities.

The needs, expectations, and impacts of the changing role of natural gas are different from community to community. While some communities are seeking moratoriums on natural gas production, others are seeking expanded access to natural gas to support growth and affordability for residents and businesses.

AMO recognizes the need to decarbonize Ontario's energy system and has previously called on the Province to lead on developing a comprehensive long-term plan for the electrification of Ontario's energy grid. This includes the role that natural gas will play as part of this transition. We are pleased that the proposed amendments take a step towards clarifying how and when natural gas will be available to help ensure that municipal officials, residents, and businesses can make informed decisions about how we power our communities.

We are also pleased to see that the proposed legislation seeks to include a broader set of perspectives in decision-making about the future of Ontario's energy supply by convening stakeholders around the same tables. We call on the Province to ensure that municipalities are included in these discussions to share important considerations about the local impacts of energy policy.

Changes Related to Revenue Horizons

Bill 165 proposes to give the Minister a time-limited authority that we understand the Province intends to use to reverse the Ontario Energy Board's (OEB) decision to change the revenue horizon for natural gas connects from forty years to zero. We also understand that the OEB would be able to issue a new ruling in the future subject to a new hearing and new requirements for engagement with stakeholders.

The OEB's decision to amend the revenue horizons was – in part – a response to lack of clarity on the role of natural gas as part of an energy transition. While AMO recognizes the need to decarbonize Ontario's energy system, municipalities remain concerned that the pace and implementation of a rapid energy transition may undermine the goals of affordability, reliability, and sustainability without sufficient provincial leadership and the inclusion of local considerations in decision-making.

In our February 12, 2024 [letter to the Minister](#) regarding energy procurements, AMO stressed the importance of ensuring that communities have the information they need to make informed decisions about energy transition. Similarly, we now call on the Province to ensure that any decisions about natural gas provide our residents and businesses with the information needed to make informed decisions about their energy needs. As the energy options available to our communities change, Ontarians need to be able to easily compare the cost, reliability, and sustainability of natural gas with alternative options to determine what options best fit their needs.

Ontario Energy Board Engagement Process

Bill 165 would require the OEB to establish processes to facilitate stakeholder engagement in proceedings related to natural gas and electricity. We support increased engagement where it would ensure that community-level considerations about the impacts of energy transition are reflected in decision-making. However, we note that neither the proposed legislation nor public messaging indicate that municipalities would be among those energy partners identified for broader engagement.

Municipalities are well positioned to provide advice and insight around local energy needs, challenges, and opportunities. It is critical that Ontario's energy system support and enable the important work that municipalities are leading, including growing our housing supply and economic development opportunities. We understand the proposed amendments would be subject to Minister's regulations and directives and call on the Province to ensure that municipalities are included as part of engagement on any future energy policy that the Province or OEB may set.

As noted in our February 24, 2024 [letter to the Independent Electricity System Operator](#), many municipalities do not have staff with backgrounds in energy planning. There is often insufficient capacity to respond to requests for engagement on short notice or on highly technical content. Best practices to ensure that engagement opportunities are meaningful and effective should be adopted by the Province and OEB. These include extended notification periods that provide sufficient time to gather and prepare relevant information in advance of any engagement; and focussing outreach on areas of local expertise and impact such as community energy needs, project siting, and cross-boundary impacts.

AMO is available to review and provide advice on any regulations or directives that you may bring forward at a future date.

Leave to Construct Threshold

Bill 165 would provide authority to set conditions for the leave to construct (LTC) requirement for new natural gas transmission projects. We understand you intend to use this authority to increase the exemption threshold for projects from \$2 million to \$10 million and that all projects would remain subject to technical, safety, and environmental permitting and approvals from provincial ministries as well as duty to consult obligations.

AMO welcomes measures that bring OEB approval thresholds in line with inflation and increased construction costs over the last 20 years. This administrative change will cut unnecessary red tape, better enabling economic development in municipalities. We strongly support retaining requirements around provincial approvals and Duty to Consult which will help balance streamlined approvals with the rigour needed to mitigate potential safety and environmental impacts of projects.

Conclusion

AMO is pleased to see the Province taking steps to communicate its vision for the role of natural gas in Ontario's energy system. We support changes that will ensure municipalities have a role in decision-making about the energy system as the Province pursues decarbonization and energy transition. Municipal officials are eager to help support the Province, OEB and other energy partners, in ensuring that energy projects are affordable, reliable, sustainable, and meet the needs of our communities.

AMO looks forward to participating in future opportunities to support the Province in delivering energy to Ontarians.