

ONTARIO ENERGY ASSOCIATION

Submission on Ontario Low-Carbon Hydrogen Strategy Discussion Paper

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To shape our energy future for a stronger Ontario.



ABOUT

The Ontario Energy Association (OEA) is the credible and trusted voice of the energy sector. We earn our reputation by being an integral and influential part of energy policy development and decision making in Ontario. We represent Ontario's energy leaders that span the full diversity of the energy industry.

OEA takes a grassroots approach to policy development by combining thorough evidence based research with executive interviews and member polling. This unique approach ensures our policies are not only grounded in rigorous research, but represent the views of the majority of our members. This sound policy foundation allows us to advocate directly with government decision makers to tackle issues of strategic importance to our members.

Together, we are working to build a stronger energy future for Ontario.

The recommendations contained in OEA papers represent the advice of the OEA as an organization. They are not meant to represent the positions or opinions of individual OEA members, OEA Board members, or their organizations. The OEA has a broad range of members, and there may not always be a 100 percent consensus on all positions and recommendations. Accordingly, the positions and opinions of individual members and their organizations may not be reflected in this report.

The Ontario Energy Association (OEA) is pleased to provide this response to the discussion paper published Ministry of the Environment, Conservation and Parks (the Ministry) on the consultation to develop Ontario's first ever hydrogen strategy to create local jobs, attract investment and reduce greenhouse gas emissions as part of the province's The Made-in-Ontario Environment Plan.

COMMENTS AND KEY RECOMMENDATIONS

The OEA supports the Government's efforts to develop a hydrogen strategy and believes that, if done prudently, the strategy will deliver on creating local jobs, attracting investment, and reducing greenhouse gas emissions.

The OEA has reviewed the discussion paper and makes the following key recommendation:

1. An Integrated Approach

The Government should ensure that its strategy to develop a hydrogen strategy is conducted in an integrated and coordinated manner.

The past 20 years of electricity policy in Ontario have illustrated the perils of implementing significant energy policy decisions through an uncoordinated and siloed manner. In the case of electricity, the result of different Ministries (e.g., Energy, Environment) and agencies (i.e., the Ontario Energy Board and Independent Electricity System Operator) attempting to implement extremely broad reaching policies without adequate coordination or analysis resulted numerous policy reversals, *ad hoc* solutions, created investment uncertainty, damage economic competitiveness, and created a high-cost system with these costs being borne by ratepayers and taxpayers.

For example, in some cases, these poorly designed and executed energy policies turned public opinion against certain resources (i.e., local opposition to solar and wind generation projects; or broader opposition to the cost renewable resources) that have negatively impacted subsequent projects that may have provided net benefits to the system and ratepayers.

Using electricity policy as a cautionary tale, the OEA recommends that it appoint a single Minister to establish an overall vision with an incremental approach that includes clear targets and milestones. The Minister should be supported by relevant ministries and agencies to coordinate government actions in the development of a policy and regulatory framework (e.g., with the Ministry of Energy, Northern Development and Mines, the Ontario Energy Board, Ministry of Transportation, Independent Electricity System Operator) to leverage policy expertise, funding mechanisms, ensure that policies do not work at cross purposes, and ensure value-for-money for consumers, ratepayers, and taxpayers.

There are many further advantages to an integrated and coordinated approach, including:

- Identifying, assessing, and removing red tape and regulatory burdens (including electricity market rules) hindering hydrogen pilot projects (e.g., power-to-gas, blending, transportation fuel-switching, refueling stations)
- Identifying, assessing, and leveraging successful pilot projects into broader policy action to further deploy hydrogen to areas that maximize environmental benefits as well as value to consumers, ratepayers, and taxpayers; and,
- The ability to transparently communicate both the benefits and costs to the public of different applications of hydrogen.

The OEA looks forward to further engagements and discussions on next steps for advancing a low-carbon hydrogen strategy for Ontario.

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