



121 Richmond Street West, Suite 202
Toronto, ON M5H 2K1
416.961.2339
oea@energyontario.ca

September 1, 2015

Hon. Bob Chiarelli
Ministry of Energy
Hearst Block
900 Bay St, 4th Floor
Toronto ON M7A 2E1

Dear Minister Chiarelli:

RE: Energy Sector Permitting Working Group

Hope this note finds you well. As per your request in your letter of March 12, 2015 regarding the Energy Sector Permitting Working Group, I am writing to provide you with the industry members' proposal to government.

Over the course of the past few months the working group, comprised of industry and government representatives, discussed the possibilities for streamlining the approvals process, and I am pleased to present the recommendations of the industry members of the working group. These recommendations were arrived at after an open and detailed discussion of the challenges facing energy infrastructure owners in developing projects in Ontario.

We believe that these recommendations, if implemented, will result in cost savings to project developers, which in turn should be passed on to consumers. At the same time, we believe that streamlining processes for permits and approvals will reduce the workload for government and create opportunities for savings on government administration as well.

If you or your staff have any questions regarding the recommendations please feel free to contact me at your convenience at 647.920.3269 or tina@energyontario.ca. I look forward to hearing from you.

Many thanks,

A handwritten signature in black ink, appearing to read "Tina Arvanitis", is written over a light blue horizontal line.

Tina Arvanitis
Vice President
Government Relations & Communications
Ontario Energy Association

ONTARIO ENERGY ASSOCIATION

**ENERGY SECTOR
PERMITTING WORKING GROUP
INDUSTRY SUBMISSION**

SEPTEMBER 2015

To shape our energy future for a stronger Ontario.



Ontario Energy Association

ABOUT

THE OEA

The Ontario Energy Association (OEA) aspires to be the most 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.

The 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.

CONTENTS

PAGE TWO
BACKGROUND

PAGE SEVEN
RECOMMENDATION 1

PAGE EIGHT
RECOMMENDATION 2

PAGE TEN
RECOMMENDATION 3

PAGE TWELVE
SUMMARY

PAGE THIRTEEN
APPENDIX

BACKGROUND

In September 2013 the Ontario Energy Association (OEA) released its Energy Platform, a document which provides elected officials from all three provincial political parties and other key decision makers, such as political and campaign staff, with clear and precise recommendations on how to shape the future of energy policy in Ontario. One of the recommendations in the Energy Platform (recommendation 5b) was that government and the energy industry should jointly review the permitting and approvals required for energy projects to find efficiencies and opportunities for streamlining.

Last year, Ontario's Energy Minister the Hon. Bob Chiarelli adopted this recommendation and established a joint industry-government working group to address this objective. The industry members of the group included a broad cross-section of Ontario's energy industry: electricity and natural gas distributors and transmitters; renewable and thermal generation owners; and consultants. The government members were similarly diverse, with representation from the Ministries of Energy; Environment and Climate Change; Tourism, Culture, and Sport; Natural Resources and Forestry; and Transportation – selected because these ministries all have various roles in issuing permits and approvals for energy infrastructure projects. *Full terms of reference and working group membership can be found in the appendix.*

Over the spring and summer of 2015, the working group met a number of times, with presentations from both the government and industry representatives and a goal of providing actionable proposals to government by September 1, 2015.

INITIAL GOVERNMENT RECOMMENDATIONS

The government representatives, led by the Ministry of Energy, proposed the following three recommendations to improve permitting and approvals coordination:

1. **Non-LRP Interactive Technical Sessions**

Information sessions on regulatory processes

2. **Coordinated Mapping Tools**

Provide geographical information on energy projects in the province and/or facilitate efficient project site selection

3. **Partnership with OEA**

A partnership between government and the OEA to facilitate coordination and education of member organizations

INITIAL INDUSTRY RECOMMENDATIONS

Upon consideration of the government's recommendations, the industry members felt that although some of the government's proposals were improvements to the status quo, more profound changes were needed for project permitting to be improved measurably in Ontario. In response to the needs identified by the industry members, the following recommendations were submitted for the consideration of the government members:

1. **Create a co-ordinating office for energy sector infrastructure projects**

A scaled-down version of the Government of British Columbia's FrontCounter BC model and the Federal government's Major Projects Management Office model; launched in a multi-year staged approach, beginning with project management teams responsible for bringing all relevant agencies to the table

2. **Improve pre-consultation to ensure clarity of process, steps and timelines**

Establish a principle that projects formally commenced are “grandfathered” in the event of procedural changes by government

3. Undertake a comprehensive review of Ontario’s permitting and approvals requirements and associated processes

Consider best practices or improvements from other jurisdictions that can be adopted in Ontario

The industry members felt that their recommendations would bring about meaningful and lasting change to the permitting and approvals processes for energy infrastructure in Ontario. However, implementing these recommendations would undoubtedly require government investment in time and resources. In the course of the working group discussions it became clear that fiscal and other constraints would not allow the government representatives to fully endorse the industry recommendations.

OVERVIEW: FrontCounter BC

FrontCounter BC is a single-window service for provincial natural resource applications, overseen by British Columbia’s Ministry of Forests, Lands and Natural Resource Operations. In response to client frustration over lack of coordination, the office was created in 2006 to consolidate natural resource applications and prevent proponents from being sent to multiple ministries in order to address a single project. FrontCounter BC is therefore a single office where proponents can ask questions about their project and receive assistance in identifying, completing, and submitting necessary permit applications. In British Columbia there is no threshold for making use of FrontCounter BC’s services – virtually all natural resource applications, from requests for Crown land use, taking water, renewable energy projects, transmission lines, and mining to hunting & fishing licences and applications for pesticide use are handled through FrontCounter BC’s online portal or 29 regional offices across the province. Currently, 160 different types of authorizations and permits are managed by FrontCounter BC.

Frontline staff in those offices are trained to provide more than basic intake services, but in large and/or complex cases, FrontCounter BC will assemble a Project Management Team drawing on both internal FrontCounter BC staff and colleagues in other ministries.

FrontCounter BC is primarily funded through provincial budget allocations, though there is some cost recovery from application fees. Aside from the regional offices, FrontCounter BC also has a management office that designs FrontCounter BC's programs and policies, maintains the centralized IT system used for processing and tracking applications, and provides general program visioning.

The success of FrontCounter BC is demonstrated by its continued existence through multiple governments and ministers. In addition to the obvious benefits that FrontCounter BC provides to project proponents, it has also led to a significant secondary improvement in the interaction between government and project proponents: namely, the ability of FrontCounter BC to effectively manage permits and approvals has virtually eliminated political involvement in the process. Proponents seeking information about their project's approval status need only call their FrontCounter BC project manager to obtain the most recent and accurate information, all in one place.

OVERVIEW: MAJOR PROJECTS MANAGEMENT OFFICE (MPMO)

The MPMO is an inter-ministerial initiative of the federal government (housed in the Department of Natural Resources) that brings together 12 federal departments and agencies to enable efficient and effective regulatory reviews of major resource projects and help to advance government-wide efforts to modernize the regulatory system for major natural resource projects. The MPMO was announced in the 2007 budget with the goal of streamlining the review of large resource projects in order to reduce the length of time it took for applications to be decided.

The MPMO's mandate is two-fold: to provide overarching project coordination, management and accountability for major resource projects within the context of the existing federal

regulatory review process, and to undertake research and identify options that drive further performance improvements to the federal regulatory system for major resource projects. Among the ways MPMO accomplishes its first responsibility is by co-ordinating the progress of otherwise independent decision-making through the regulatory system and maintaining a centralized tracking system for each project, which includes general project information and descriptions, status of project milestones (regulatory approvals and other required authorizations, including timelines), and contact information for both the proponent and MPMO manager.

Unlike FrontCounter BC, MPMO only provides project coordination services to major resource projects, which is determined by considering the physical or geographic (e.g. footprint) size of the project, the scale of project's activities, or the specific environmental or social impacts of the project. "Major resource projects" generally means a project that involves extracting, processing, refining, producing, distributing, re-processing, disposing of or reclaiming natural resources, as well as decommissioning and reclaiming sites used for any of these activities, in sectors such as mining, oil and gas, and electricity generation and transmission.

HYBRID INDUSTRY RECOMMENDATIONS

Given the fiscal concerns expressed by the government members of the Working Group, the industry members are therefore presenting the following final recommendations as a hybrid of the initial government and industry positions:

1. Create Project Management Teams that will work with proponents to coordinate project approvals on a go forward basis for projects larger than \$50 million
2. Improve the pre-consultation process and implement a post-permitting engagement process where industry can provide feedback on the ongoing improvement of the permitting and approvals process
3. Work with industry over the next year to map out a staged approach for implementing a coordinating body for permits and approval processes

RECOMMENDATIONS

RECOMMENDATION 1: CREATE PROJECT MANAGEMENT TEAMS ON A GO-FORWARD BASIS FOR PROJECTS LARGER THAN \$50 MILLION

This first recommendation is a combination of the government's suggestion of interactive technical sessions and the project management teams found in the FrontCounter BC and MPMO models.

Project management teams would bring together staff from multiple ministries, under the lead of a designated project manager, to regularly interact with proponents as they go through the permitting and applications process. These teams would meet regularly with project proponents to convey government expectations, address challenges, and generally provide a single point of contact in government for proponents needing assistance in moving their projects forward.

The concept of multi-ministry/agency collaboration sessions with industry already has some basis in Ontario: as part of the IESO's large renewable procurement process, IESO and Ministry staff held technical sessions with industry to offer information and clarification about the RFP. In addition to the recent LRP technical sessions, we understand that project management teams similar to what we are recommending have already been implemented on an ad hoc basis for a select number of other energy infrastructure projects. There appears to be a strong base of experience on which the Ministry of Energy can develop these teams for the broader sector for new projects on a go-forward basis. The industry members feel that there is great value to be found in a formal coordinated process open to qualifying energy infrastructure projects. For greater feasibility we suggest that project management teams initially be offered on a go forward basis to projects with an estimated capital cost greater than \$50 million.

RECOMMENDATION 2: IMPROVED PRE-CONSULTATION AND POST-PERMITTING SESSIONS

This second recommendation is likewise one which the Ministry of Energy already has some experience. Pre-consultation is already a part of the permitting and approvals process. However, many proponents find that its usefulness is diminished when all relevant agencies and departments are not represented during pre-consultation and when government introduces new rules, requirements, or expectations after the pre-consultation has concluded and general project permitting is underway. In addition, there is currently no formal process for receiving stakeholder feedback on their experience with the permitting and approvals process. Strengthening the pre-consultation process so that proponents can proceed to prepare well-planned and accurate applications, and then ensuring that no changes are made to the defined process once expectations have been set by government, would give considerable confidence to infrastructure proponents and reduce the time and resources committed by both proponents and the government to obtain permits and approvals.

Likewise, implementing a post-permitting review process – perhaps along the lines of what the IESO has been directed to undertake following the close of the LRP I RFP – would allow government to continually evaluate its processes and ensure that any learnings and opportunities for improvement are considered on a regular basis. FrontCounter BC undertakes regular customer satisfaction surveys, the results of which both improve the effectiveness of the office on an ongoing basis and contribute to its annual performance targets; their experiences may well serve as a model for Ontario’s consideration.

Implementing post-permitting reviews also helps address the initial industry recommendation for a comprehensive review of Ontario’s permitting and approvals requirements/processes in a way that we expect will be more manageable for government. The industry members believe that regular feedback from industry will allow government to achieve many of the same goals that a formal one-time review would have done. Post-permitting reviews held directly with

proponents would also have the benefit of immediately identifying areas of concern and priority in a way that one-time reviews could not do.

We believe that it is within the Ministry's ability to begin implementing recommendations one and two in the near future given that both recommendations build on existing Ministry of Energy processes.

RECOMMENDATION 3: MAP OUT A STAGED APPROACH FOR IMPLEMENTING A COORDINATING BODY

This final recommendation will require more time to fully map out and implement, and is informed by our discussions with representatives of FrontCounter BC and the MPMO. The industry members of the working group suggest that government and industry continue to collaborate over the course of the next year to map out an approach for implementing a body to coordinate all major infrastructure projects in Ontario (e.g. energy, mining, transportation etc.). Both recommendations one and two will contribute to this exercise: project management teams will undoubtedly be an essential component of the coordinating body, and improved consultation throughout the permitting and approvals process will likewise help crystallize many of the functions and expectations of that body.

This mapping exercise will require more time because of the range of topics that would need to be considered, such as an in-depth study of similar offices elsewhere (e.g. BC, federally, other jurisdictions); the features of a central IT system to manage permitting applications; funding requirements and models (e.g. cost-recovery basis, budget allocations, some combination thereof); the general logistics of setting up such an office, etc.

The industry members of the working group are continuing to make this recommendation to government as we strongly believe that greater coordination will bring significant improvements to the infrastructure development process across Ontario; this in turn will enhance the province's reputation as being open for investment, facilitate the creation of jobs, and, especially in the energy sector, lower the costs that are ultimately transferred to the province's electricity and natural gas ratepayers. We are recommending that the coordinating body encompass all major infrastructure projects given the frequent overlap between energy and other major industrial projects, and the potential such an office would have to broadly strengthen government's red tape reduction goals and reduce political involvement in

permitting and approvals (as was the case in BC and federally). The industry members understand that there are provincial government officials who have experience with these sorts of bodies and are therefore confident that, while more complex, this recommendation too can be developed by drawing on the depth of knowledge and experience of Ontario's public servants.

SUMMARY: FINAL 3 RECOMMENDATIONS TO GOVERNMENT

Recommendation #1:

Create Project Management Teams that will work with proponents to coordinate project approvals on a go-forward basis for projects larger than \$50 million

Recommendation #2:

Improve the pre-consultation process and implement a post-permitting engagement process where industry can provide feedback on the ongoing improvement of the permitting and approvals process

Recommendation #3:

Work with industry over the next year to map out a staged approach for implementing a coordinating body for permits and approval processes

APPENDIX

TERMS OF REFERENCE ENERGY SECTOR PERMITTING WORKING GROUP

Purpose

The Ontario Energy Association (“OEA”) released its Energy Platform in September 2013, which included recommendations on energy policy in Ontario.¹

One recommendation sought to bring government and members of the energy industry together to identify potential efficiencies in the permitting and approvals for energy projects. The Minister of Energy accepted this recommendation and the Working Group has been established to address this objective.

The Energy Sector Permitting Working Group, (“the Working Group”), will be comprised of industry stakeholders and relevant Ministries involved in the approval and permitting processes associated with Energy Projects.

The Working Group will share information with the aim to improve the collective understanding of the permitting process, and develop proposals for consideration that could facilitate a more streamlined approach to the approvals process.

Background

This undertaking aligns with the government’s efforts to consult and engage more effectively with stakeholders on energy policies and initiatives, and to ensure that local voices, along with other important economic, environmental and social considerations, are taken into account when making decisions on energy infrastructure planning.

This Working Group is complementary to other initiatives such as the Waterpower Issues Working Group, established in late 2013 to help support ongoing discussions between the hydroelectric industry and regulatory ministries, and a recent initiative coordinated by the Ministry of Energy and including wind and solar industry associations and regulatory ministries to identify potential enhancements to the Renewable Energy Approval process.

In light of these initiatives, the Working Group may wish to focus its discussions on other types of energy projects.

¹ The OEA Energy Platform can be found at:
http://www.energyontario.ca/images/ENERGYPLATFORM/OEA_Energy_Platform.pdf

Objectives

The objectives of the Working Group include:

1. Determining the general areas of focus, as well as, specific types of projects and their required approvals that industry stakeholders would like to discuss;
2. Mapping out current processes and responsibilities, and identifying potential areas to streamline;
3. Identifying potential tools and best practices that may support energy project development; and
4. Identifying actionable proposals for government consideration.

Working Group Membership and Deliverables

The Working Group will be co-chaired by the Ministry of Energy and the OEA. Membership will include Assistant Deputy Ministers from the Ontario government, and energy industry representatives as identified by the OEA.

As requested by the Minister of Energy, the Working Group will identify actionable recommendations for government consideration by September 1, 2015.

Meeting Logistics

The Working Group's first meeting largely focused on a round table discussion for industry participants to identify areas of mutual interest for possible discussion at future meetings. Two to three additional meetings will be held, occurring at six to eight week intervals (or more frequently, if deemed necessary by the parties), and will be arranged and hosted by the Ministry of Energy.

Members that are unable to attend meetings should liaise with the Ministry of Energy to identify proxies for confirmation. For government participants, proxies should be at the director level or above.

The Ministry of Energy and the OEA will work together to develop agendas for meetings. Members will be asked to comment on or provide other items for the agenda in advance of meetings. Final agendas will be circulated in advance of the meeting by the Ministry of Energy.

Members are responsible for their agenda items and should coordinate with the Ministry of Energy and the OEA to ensure that materials are distributed to the Working Group in a timely manner.

WORKING GROUP CONTACTS

Member	Office	Location	Contact info
Michael Reid Assistant Deputy Minister	<i>Ministry of Energy</i> Strategic, Network and Agency Policy Division	77 Grenville Street 6 th Floor Toronto, ON M7A 2C1	416-325-6544 Michael.Reid@ontario.ca AA: Betty Wilson
Kaili Sermat-Harding Assistant Deputy Minister	<i>Ministry of Energy</i> <i>Conservation and Renewable Energy Division</i>	77 Grenville Street 5 th Floor Toronto ON M7A 2C1	416-327-5555 Kaili.Sermat-Harding@ontario.ca AA: Linda Bradbeer
Jim Whitestone Assistant Deputy Minister	<i>Ministry of the Environment and Climate Change</i> Environmental Programs Division	135 St Clair Ave W 14 th Floor Toronto, ON M4V 1P5	416-314-9530 Jim.Whitestone@ontario.ca AA: Mena Nesci
Rosalyn Lawrence Assistant Deputy Minister	<i>Ministry of Natural Resources and Forestry</i> Policy Division	99 Wellesley St W Room 6540 Toronto, ON M7A 1W3	416-314-6131 Rosalyn.Lawrence@ontario.ca AA: Andrea Condon
Kevin Finnerty Assistant Deputy Minister	<i>Ministry of Tourism, Culture and Sport</i> Culture Division	401 Bay St Suite 1800 Toronto, ON M7A 0A7	416-314-7262 Kevin.finnerty@ontario.ca AA: Alison Kirby
Gerry Chaput Assistant Deputy Minister	<i>Ministry of Transportation</i> Provincial Highways Management Division	77 Wellesley St W 3 rd Floor Toronto, ON M7A 1Z8	416-327-9044 Gerry.Chaput@ontario.ca AA: Diane Sutherland
Tina Arvanitis Vice-President	Ontario Energy Association Government Relations and Communications	121 Richmond St W Suite 202 Toronto, ON M5H 2K1	416-920-3269 tina@energyontario.ca
Steve Baker President	Union Gas Limited	50 Keil Drive North Chatham, ON N7M 5M1	519-436-5200 sbaker@spectraenergy.com
Bryce Conrad President and CEO	Hydro Ottawa Holding Inc.	3025 Albion Road N P.O. Box 8700 Ottawa, ON K1G 3S4	613-738-5499 ext. 203 bryceconrad@hydroottawa.com AA: Leanne Thompson Ext288

Jim Mulvale Manager EH&S	Northland Power Inc.	30 Saint Clair Avenue West 12 th Floor Toronto, ON M4V 3A1	647-288-1273 jim.mulvale@northlandpower.ca
Avi Lipsitz Policy Advisor	Ontario Energy Association	121 Richmond St W Suite 202 Toronto, ON M5H 2K1	416-920-3269 avi@energyontario.ca
Jennifer Tuck Director	NextEra Energy Canada Regulatory Affairs and Government Relations	390 Bay Street, Suite 1720 Toronto, ON M5H 2Y2	416-970-3904 jennifer.tuck@nexteraenergy.com
Terry Bennett Vice-President	TransCanada Corporation Power Development	200 Bay Street, 24 th Floor South Tower Toronto, ON M5J 2J1	416-869-2133 terry_bennett@transcanada.com
Marcie Zajdeman Vice-President	Brookfield Renewable Power Legal & Regulatory Affairs	181 Bay Street, Suite 300 Toronto, ON M5J 2T3	416-359-7867 marcie.zajdeman@brookfield.com
Cory Basil Vice-President	EDF EN Canada Wind Development	53 Jarvis Street, Suite 300 Toronto, ON M5C 2H2	416-363-8380 cory.basil@edf-en.ca
Pelino Colaiacovo Managing Director	Morrison Park Advisors	150 York Street P.O. Box 21, Suite 1610 Toronto, ON M5H 3S5	416-861-2233 pcolaiacovo@morrisonpark.ca

energyontario.ca

CONTACT

121 Richmond Street West
Suite 202

Toronto, Ontario M5H 2K1

416.961.2339

oea@energyontario.ca

 [@energyontario](https://twitter.com/energyontario)

energyontario.ca



Ontario Energy Association

Let's unravel complex energy challenges, together.