

Feedback Form

Gas Phase-Out Impact Assessment – May 27, 2021

Feedback Provided by:

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To promote transparency, feedback submitted will be posted on the Gas Phase-Out Impact Assessment webpage unless otherwise requested by the sender.

Please provide feedback by June 17, 2021 to engagement@ieso.ca. Please use subject:

Feedback - Gas Phase-Out Impact Assessment

Questions

Topic	Feedback
Are there additional considerations the IESO has not identified in defining the scope of the assessment to examine the reliability, operability, timing, cost and wholesale market implications of reduced emissions on the electricity system?	The OEA is very supportive of the IESO launching this engagement to inform future discussion about the implications of a phase out of natural gas generation in Ontario. The IESO is in the best position to develop a whitepaper that presents an unbiased and transparent economic, operational and environmental assessment of the implications of phasing-out natural gas generation. The OEA believes the IESO should make provisions for disclosing the assumptions and data used in the analysis underlying the assessment in the whitepaper. Overall, the OEA believes that the IESO has unduly limited the scope of its assessment through its statement that "The IESO has committed to a comprehensive assessment to examine the implications of a natural gas phase-out from the perspective of the system operator." Phasing-out natural gas generation by 2030 would have significant implications for the evolution of Ontario's electricity system and the ability of the province to decarbonize the economy. Therefore, the OEA believes that a more holistic approach to the assessment should be taken, which incorporates not just the role of the IESO as the system operator, but also the role of the IESO as Ontario electricity system planner and the impact of phasing-out gas generation on the ability of Ontario to decarbonize other sectors of its economy (e.g., transportation and industrial processes) by leveraging Ontario's low-emissions electricity system. Further, the OEA notes that the IESO currently as part of its Innovation Roadmap intends to develop a framework that considers how socio-economic and environmental policy will be integrated into the IESO's decision-making framework related to the impact of decarbonized economies on wholesale electricity markets. As a result, the OEA believes that such considerations should be part of the scope of the gas phase-out impact assessment.

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	One item the OEA believes the IESO <i>should</i> add to the limits of its assessment is that the IESO is not in a position to consider the distribution level impacts of retiring gas plants – or the impact of adding distribution level resources as an alternative to fulfill the energy and capacity need met by the gas plants.

General Comments/Feedback

As stated above, the OEA supports the IESO undertaking this engagement. Therefore, the OEA offers some additional context on how to improve the scope and results of work the OEA commissioned in this area. In April 2021, the Ontario Energy Association (OEA), released a report produced by Power Advisory LLC examining the implications for Ontarians of shutting down all of Ontario's natural gas-fired generators by 2030.

The report underscores the need to maintain Ontario's natural-gas fired generation fleet to ensure Ontario homes and businesses have a reliable electricity supply both today, and as Ontario refurbishes it's nuclear fleet over the coming years.

The report is titled [*Implications of Shutting Down Ontario's Gas-Fired Generators by 2030*](#) (attached). It found that natural gas-fired generators, which currently provide 11,000 MW or about one third of Ontario's generation capacity, will play an essential role over the next decade in maintaining power system reliability. Maintaining these critical facilities will avoid at least a \$60 billion increase in electricity costs for residential and business electricity customers across the province.

Other key conclusions of the report include:

- No one form of alternative supply is singly capable of replacing all gas-fired generation in the next decade
- The infrastructure needed to replace the 11,000 MW of capacity currently provided by gas-fired generation does not exist today and replacing it will cost electricity customers more than \$60 billion
- Replacing gas fired generators with supply from Hydro Quebec is not feasible by 2030
 - Upgrading existing transmission lines will not provide enough capacity
 - New transmission lines across Ontario and Quebec would be required, necessitating lead times beyond 2030

- Hydro Quebec has never offered Ontario the "firm" capacity that would be necessary to replace the role of the gas generators
 - Hydro Quebec has forecasted it will have its own 'deficit' over the next decade, limiting the firm capacity it can offer Ontario
- Gas-fired generators will be necessary for peaking capacity and system reliability past 2030
 - To support the variable energy supply from wind and solar generators
 - To support the large nuclear refurbishment until completion in the 2030s
- The IESO's "Resource Adequacy" framework will require gas plants coming off contract to face competition from alternatives, providing opportunities for zero emissions alternatives to come forward in a rationally planned process
- Gas-fired generation will be needed to enable the expansion of Ontario's already low-emissions electricity system to meet future climate change objectives