

February 1, 2021

Toronto City Council
c/o Marilyn Toft
12th Floor, West Tower, City Hall
100 Queen St. W.
Toronto, ON M5H 2N2

Re: MM28.21 – Calling on the Province to Phase-Out Gas-Fired Electricity Generation

Dear Councillors:

On behalf of our members, the Toronto Region Board of Trade (the Board) advocates for policy change that drives the growth and competitiveness of the Toronto region. Sustainable, reliable and affordable energy remains a top concern for families, small businesses, midsized manufacturers, and major industry and landlords across the province.

The Board has significant concerns with this motion to phase out gas-fired electricity generation because it does not adequately consider the need for flexible generation capacity in the provincial electricity grid or issues of affordability for families and businesses. Nor does it address the most significant sources of GHGs in Ontario: transportation, industry and buildings, which make up 75% of our GHG emissions. Electricity contributes about 3%. In fact, Ontario has one of the cleanest electricity systems in North America already.

The Board supports a well-balanced energy system – one that enables the province to cost-effectively reach net-zero GHG emissions by 2050. To achieve this goal, emissions reduction efforts must be considered holistically, with each proposed measure assessed on value-for-money and its potential for unintended consequences.

In Ontario, gas-fired generation plays a modest but critical role. While natural gas accounts for nearly a third of the province's installed capacity, in 2020 it accounted for only 7% of energy output.¹ Its value comes from its high capacity and flexibility. It is able to sustain production for long periods, on demand, and allows the province to meet peaks in demand year-round when other sources are not available, typically when we have extended periods of very hot or very cold weather, or when other major resources are unable to provide needed energy. At present, no other energy resource can provide this same combination of benefits at a competitive price. While emerging storage technologies have potential to contribute to these needs, they are still more expensive, can only provide energy for a set amount of time, and still rely on another source of electricity generation.

Ultimately, affordability is the most important reason to oppose this motion. Put simply: eliminating natural gas-fired generation from Ontario's energy mix will cause electricity prices to rise even faster for every family and business in this province. Ontarians have paid for these assets over the past 15 or so years – and are poised to reap the economic benefits if the power plants are allowed to continue participating in the electricity market. And some of the plants are relatively new, with contracts and asset lifespans reaching out another 10-15 years. Replacing these assets would require an enormous expenditure by ratepayers, taxpayers or both, at a time when there are many competing priorities to address.

¹ <https://www.ieso.ca/en/corporate-ieso/media/year-end-data>

The interconnected nature of the energy transition is another consideration. Many measures proposed to achieve net-zero emissions by 2050 rely on switching fuel from high-emitting sources to electricity or other low-carbon sources. However, price is currently a major barrier to increased uptake of electrified space heating and vehicles. A more affordable electricity system with a modest GHG footprint is likely to encourage greater fuel switching and lead to larger overall emission reductions than an emissions-free but much more expensive electricity system would.

The Board is supportive of the City's efforts to reach net-zero emissions by 2050 through transforming the city's buildings, transportation options, and other measures. In order to maintain broad support, however, this transition must be grounded by value-for-money. Passing this motion would be an explicit endorsement by council that electricity prices for Torontonians and all Ontarians should be higher than they already are. If that is not the message that it intends to send, the Board strongly recommends Council more carefully consider this issue. We would be pleased to convene a consultation with our members.

Sincerely,

Roselle Martino
Vice President, Policy
Toronto Region Board of Trade