

February 25, 2021

Toronto City Council  
c/o Marilyn Toft  
12<sup>th</sup> 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:

I am writing to ask that council not pass the motion put forward by Councillors Jennifer McKelvie and Mike Layton calling on the Province of Ontario to phase-out all gas-fired electricity generation as soon as possible. I note that this motion follows a campaign by the Ontario Clean Air Alliance targeted at municipalities which has seen a number of municipalities pass a resolution asking for the phase-out of provincial natural gas generation specifically by 2030.

Here is a summary of the reasons for our request for Council to not pass MM28.21 (outlined in more detail below):

- Council has not been given the detailed information it needs to assess the impacts of acting on this motion on Toronto and Ontario citizens
- The OEA plans to produce a report on the implications of an accelerated phase-out of natural gas fired generation to address this shortcoming
- Ontario already has one of the cleanest electricity grids in the world, and its electricity ratepayers and taxpayers, especially those financially disadvantaged, have paid a significant price to achieve this
- The focus on squeezing every last carbon atom out of our provincial electricity system seems questionable when the vast majority of our GHG emissions come from other sources
- The City of Toronto has many tools it can use to focus on actively reducing GHG emissions in its own areas of responsibility, rather than sending motions to the provincial government regarding its areas of responsibility

**About the OEA**

The Ontario Energy Association (OEA) is the credible and trusted voice of the energy sector. We represent Ontario's energy leaders that span the full diversity of the energy industry. Most importantly, for the purposes of this discussion, the OEA represents many members of Ontario's energy that would benefit greatly from a policy to rush the closure of provincial natural gas fired generation plants. Our membership includes companies that would provide the transmission, energy storage, demand response, renewables, nuclear and energy efficiency alternatives that would be put forward as potential replacement alternatives for the gas plants.

### **Ontario Has One of the Greenest Electricity Grids in the World**

Ontario already has one of the greenest electricity systems in the world. The two charts on the following page outline the “carbon intensity” of electricity systems in North America, and around the world. Ontarians have paid and continue to pay a significant price for the initiative to “green the grid”.

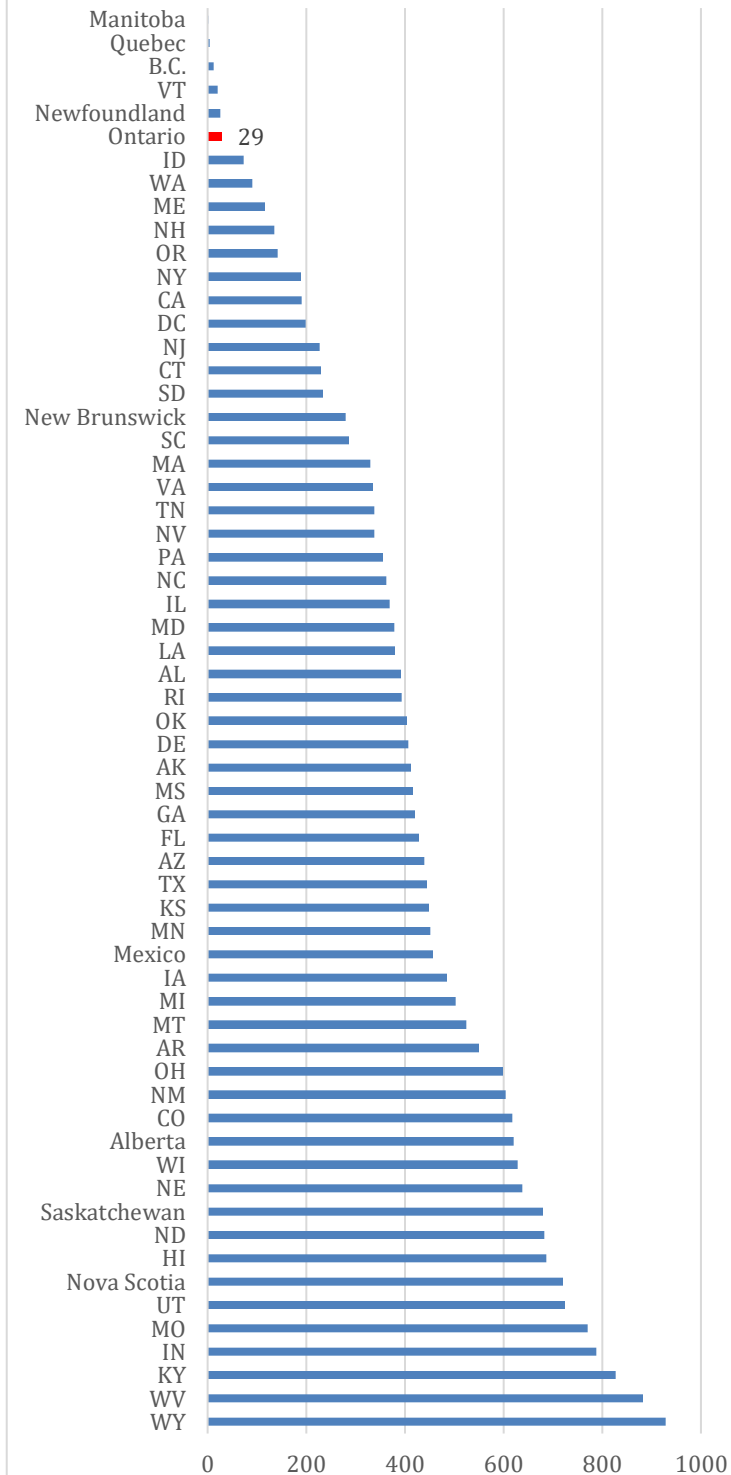
Building the current natural gas plants was a major component of our efforts to achieve our low carbon grid. The gas plants were developed to allow us to phase out of high GHG emitting coal by replacing the role of the coal plants in providing critical balancing, backstop and peaking services to our system. The presence of the natural gas plants is what enabled Ontario to add so much new renewable energy to the grid, further greening the grid.

Between 2003 and 2017, Ontario’s investments in electricity generation represented a near complete overhaul of our electricity generation, excluding legacy hydro assets. The greening of our grid is something Ontarians should be proud of. However, it did come at a cost. By 2016-17, after several years of some double-digit electricity rate increases to pay for all these new investments, Ontario voters began expressing their disapproval of rate increases. In 2017, some polls indicated that electricity rates had become the number one issue facing Ontario voters. Media stories were run suggesting that people, especially those in already disadvantaged economic circumstances, were having to choose between “heating and eating”.<sup>1</sup>

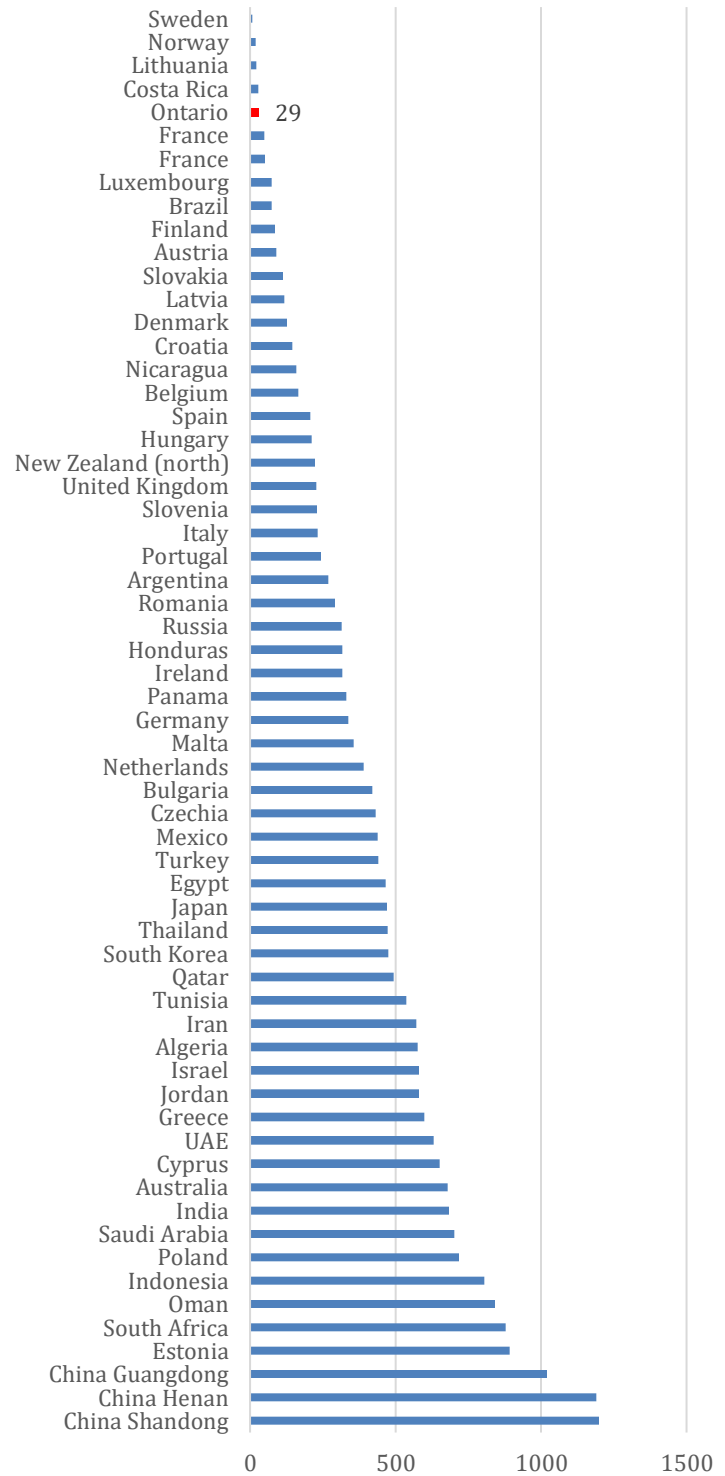
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<sup>1</sup> <https://www.cbc.ca/radio/thecurrent/the-current-for-september-1-2016-1.3744010/people-have-to-choose-between-heating-and-eating-rising-hydro-costs-hit-ontarians-1.3744013>

## Carbon Intensity of Electricity System, North America 2018, gCO<sub>2</sub>/kWh



## Carbon Intensity of Electricity System, International 2018-20, gCO<sub>2</sub>/kWh

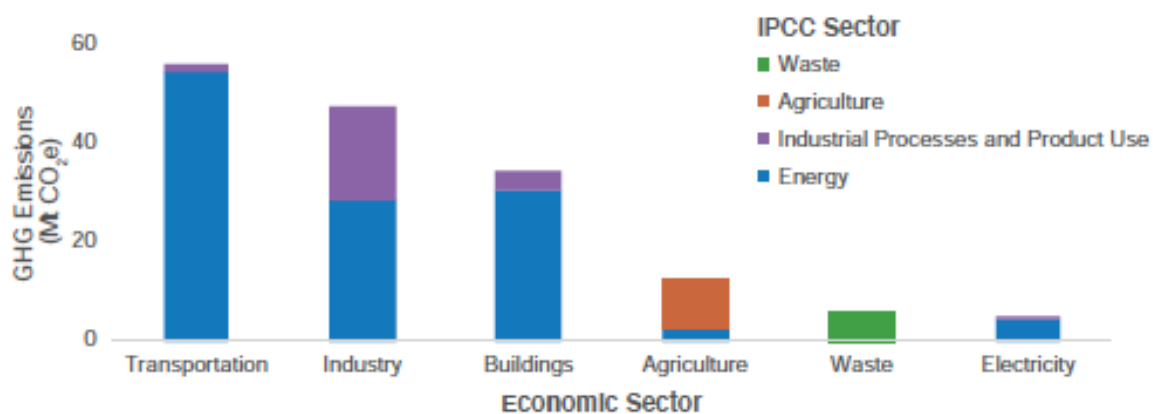


### Gas Plants Play a Critical Role That is Not Easy to Replicate

Recent events in Texas demonstrate how important electricity system reliability is to the health and wellbeing of our citizens. Extended loss of power is devastating. In Texas people could not heat their homes. They lost access to water. Communications networks went down. It has been economically devastating. And unfortunately, numerous lives were lost. In Ontario, as part of a robust diverse supply mix, our natural gas fired generators can ramp up very quickly to meet sudden peak needs and can sustain service for an extended period in the event of a major shock to our system such as though a major weather event. Replacing this capability will likely be very difficult and expensive, if even possible in the near term.

### We Should be Prioritizing Largest Sources of Emissions

The chart below outlines the source of GHG emissions by sector in Ontario. Following the greening of Ontario's electricity system, it now represents only a small portion of the GHG emissions in the province.



*1Source: Environmental Commissioner of Ontario, 2018*

If the City of Toronto and Ontario want to reduce GHG emissions, we will need to focus on the predominant sources of those emissions on the left side of the chart above. The City, through its areas of responsibility can have an impact on emissions from transportation, industry, buildings and waste. For example, the City has policy levers it can use to help reduce GHG emissions from transportation, the largest source of GHG emissions. The OEA notes that the fuel switching involved in reducing emissions in transportation (e.g. EVs, compressed natural gas or hydrogen alternatives) will likely benefit from the maintenance of the capacity provided by provincial natural gas fired generation to allow for the expansion of electricity usage to replace petroleum use.

Considering all of the above, it is valid to ask why we would focus on squeezing the last carbon atom out of our provincial electricity system, with the associated costs and impacts of doing so (especially on economically disadvantaged groups), when it is in other areas that we need to make more significant progress and can do so at a much lower cost.

**OEA to Produce Background Research**

The OEA is currently conducting some research on the implications of accelerating the phase-out of Ontario's natural gas fired generation plants. We believe the City of Toronto would be better served to wait for the results of this research prior to sending a motion to the provincial government. We hope to be able to release this research at some point in March.

The OEA thanks all City of Toronto councillors for considering this background prior to deliberating this motion when it comes back to Council.

Sincerely,



Vince Brescia  
President & CEO