

No More Subsidies for New Gas Pipelines that Drive Up Torontonians' Energy Costs

Date: February 8, 2024
To: Executive Committee
From: City Council
Wards: Ward: All

CITY COUNCIL DECISION

City Council on February 6 and 7, 2024, referred Motion MM14.14 to the Executive Committee for consideration.

RECOMMENDATIONS

Councillor Dianne Saxe, seconded by Councillor Alejandra Bravo, recommends that:

1. City Council express its support for the decision of the Ontario Energy Board to end the gas pipeline subsidy and request the Ontario Government to allow the decision to stand.
2. City Council forward this Item to the Premier of Ontario, the provincial Minister of Energy, and the provincial Minister of Finance.
3. City Council forward this Item to the Association of Municipalities of Ontario with the request that the item be shared with all regional municipalities in Ontario requesting support of the proposed changes.

SUMMARY

Fossil fuel subsidies are bad for consumers, bad for air pollution, bad for climate pollution, and bad for human health. This motion is to support a decision by the Ontario Energy Board ("OEB") to stop forcing existing customers to subsidize construction of new methane gas pipelines, effective 2025. The Ford government is contemplating overriding this very sensible decision, and forcing Toronto customers to keep subsidizing new fossil fuel pipelines.

The total subsidy exceeds \$250 million each year. It breaches Canada's repeated international commitments to phase out fossil fuel subsidies. It causes higher energy bills for both existing gas customers and new homebuyers. It encourages developers to install gas equipment, which locks in fossil fuel dependence and adverse health effects. And it undermines municipal climate progress. Toronto cannot achieve net zero without eliminating the use of fossil gas for building heating. Gas pipelines generally have a 60-year lifetime. With climate damage accelerating so quickly, it is financially and environmentally irresponsible to subsidize new pipelines and to install gas equipment in new units.

Many fast-growing jurisdictions, including New York State and Montreal, are prohibiting methane gas connections in new construction. This lowers energy bills now and avoids expensive retrofit later. It also shows that rapid housing development does not require new gas connections.

If the Ontario Energy Board's decision stands, (Phase 1 of the Enbridge Gas 2024 rebasing application, December 21, 2023), it will:

- Lower energy bills for existing gas customers.
- Encourage cost-effective development decisions: Developers do not have the right incentives now because they do not pay for gas infrastructure and do not pay the ongoing energy costs to run the expensive gas equipment they install.
- Eliminating the pipeline subsidy will encourage developers to install clean, efficient electric equipment that is best for homebuyers, with benefits such as:
 - Lower energy bills: Heat pumps and induction stoves are much cheaper to operate.
 - Avoid future retrofit costs: Installing electric equipment now will avoid retrofit costs that would otherwise be needed in the future for homes to get off fossil fuels.
 - Eliminate carbon monoxide poisoning: Electric equipment eliminates the risk of carbon monoxide poisonings and fatalities from gas appliances.
 - Indoor air quality: Gas stoves emit toxic gases into homes, which can contribute to respiratory problems, especially in children, seniors, and asthma sufferers.
 - Safety and convenience: Induction stoves heat water faster than gas, are easier to clean, and are safer for children as the surface does not get hot. Heat pumps are stronger and more efficient than traditional air conditioners, providing better and cheaper cooling in the summer.

- Encouraging less gas helps to avoid the carbon pollution that is already causing more frequent wildfires, drought, and green Christmases.
- Jobs and growth: Electric heating is better for our economy. Spending on gas flows out of the province and is lost to our economy. Spending on electricity will fund the growth of made-in-Ontario electricity generation, distribution, and transmission, creating good jobs, economic growth, and government revenue.:

The City has a strong interest in seeing this decision stand, both for the sake of lowering residents energy bills and ensuring policies that are consistent with the City's climate targets. It is therefore important that the City write to the Minister of Energy in support of the Ontario Energy Board decision.

This motion is urgent because the Ontario Government is actively considering immediate action to force the Ontario Energy Board to continue making customers subsidize fossil fuel expansion, and Toronto's voice is needed to discourage this.

Communications (City Council)

(February 7, 2024) Letter from Malini Giridhar, Vice President, Regulatory and Business Development, Enbridge Gas Inc. (MM.New)

<https://www.toronto.ca/legdocs/mmis/2024/mm/comm/communicationfile-177440.pdf>