



December 13, 2024

Policy Coordination and Outreach Branch
Ministry of Energy and Electrification
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Submitted Electronically

RE: Environmental Registry of Ontario - Integrated Energy Resource Plan Consultation (ERO 019-9285)

The Industrial Gas Users Association (IGUA) extends its congratulations to you and your Ministry for engaging stakeholders in the development of the comprehensive Integrated Energy Resource Plan (IERP). This represents a vital and necessary step toward securing Ontario's energy future and long-term prosperity. IGUA and its members are appreciative of the opportunity to provide a large industrial perspective in support of the Ministry's goal to position Ontario as an economic superpower.

IGUA represents the largest industrial natural gas consumers across Ontario and Quebec from sectors including chemicals, refining, steel, forest products, mining, and manufacturing. IGUA's membership comprises energy-intensive, trade-exposed (EITE) industries that rely on a highly skilled workforce, creating thousands of well-paying jobs throughout the province. Many IGUA members are significant employers—and often the sole employers—in remote and rural communities, as well as in major industrial hubs in Sarnia, Sudbury, and Hamilton. The industrial sector and the essential products it provides are fundamental to our shared success.

Industry accounts for nearly half of Ontario's total energy use, with its competitiveness heavily dependent on access to affordably priced energy, including natural gas. Natural gas is not only a critical energy source but also a vital feedstock for many industrial processes.

The reliable and resilient supply of natural gas, along with the supporting utility infrastructure, has been instrumental in enabling Ontario's large industries and manufacturers to remain competitive. Natural gas delivers twice the energy of electricity in Ontario, at a quarter of the cost, and with significantly greater reliability and resilience. IGUA is encouraged that this government recognizes the importance and need for natural gas in the IERP.

The IERP represents significant progress toward the integrated and coherent management of Ontario's energy resources and assets. It lays a strong foundation for optimizing energy

infrastructure, which is essential for ensuring supply security, maintaining industrial competitiveness, and supporting sustainable economic development.

Specific to ERO 019-9285, IGUA has identified several areas where the IERP can further enhance the strength of Ontario's industrial base. In response to the overarching question posed by the Ministry of Energy and Electrification (MOEE) IGUA shares the following comments.

"What policy options and actions should the government consider in the integrated energy resource plan to achieve Ontario's vision for meeting growing energy needs, keeping energy affordable and reliable, ensuring customer choice and positioning us to be an energy superpower?"

1) Recognizing Industrial Competitiveness in the Development of the IERP

The IERP must prioritize the retention of existing industries while creating conditions to attract new investments. The unique challenges faced by EITE industries must be a central consideration to ensure their competitiveness within Ontario.

Recommendations:

Monitor Energy Costs in Competing Regions

- Conduct ongoing assessments of energy costs in key competing jurisdictions, factoring in the impact of carbon policies.

Understand, monitor and influence any potential Federal Carbon Border Policies (CBP)

- Should the Federal Government seek to implement carbon border adjustments to protect Ontario's EITE industries, ensure that industry is properly consulted and that lessons learned from the implementation of CBPs implemented elsewhere are positively applied.

Minimize Regulatory Burden and Enhance Efficiency

- Streamline regulatory processes and reduce compliance burdens to improve Ontario's industrial competitiveness.

2) Energy Transition Impacts and the IERP

IGUA members face a dual challenge: reducing greenhouse gas (GHG) emissions while maintaining their competitiveness in an evolving energy landscape.

Recommendations:

Expand the EPP Process Beyond Revenue Recycling

- Engage directly with industry stakeholders to explore and understand specific energy transition opportunities tailored to their operations.

De-Risk and Remove Barriers to Investment in New Technologies

- Implement policies and incentives that mitigate risks and eliminate obstacles to

adopting innovative technologies critical for the energy transition including electrification.

- Electrification technologies often increase OPEX costs and do not make ultimate economic sense. Clean electricity costs must continue to decrease to be competitive against fossil-based energy.
- Recognize significant GHG reductions may involve incremental natural gas supply and pipeline capacity. Many industries continue to burn heavy fossil fuels such as coke and bunker fuels in their processes.

Funding Within the IRP

- In addition to investment tax credits (ITCs) for clean energy generation, the Ministry should consider repurposing carbon tax revenues toward RNG, hydrogen and carbon capture and storage (CCS) investments rather than rebates to maintain a competitive process.

Policies to Support Clean Energy Innovation

- The IERP must be supported by policies that promote innovation and the adoption of alternative energy solutions such as hydrogen, CCS renewable natural gas (RNG), and offsets, without imposing sudden or excessive financial burdens on industries.
- Expand the Clean Energy Certificate registry to include RNG and offsets, enhancing flexibility and support for decarbonization initiatives.

3) Establish an Advisory Council

The Ministry should establish an Advisory Council comprising key stakeholders, including major energy consumers, to ensure the IERP reflects practical, balanced, and inclusive perspectives.

Recommendations:

Incorporate a Diverse Stakeholder Group

- Include representatives from various sectors, particularly major energy consumers, to enhance the quality and balance of decision-making.

Strengthen Credibility and Public Trust

- Foster transparency and inclusivity through broad stakeholder engagement, improving the credibility of the IERP and public trust in its outcomes.

4) Collaboration with Other Ministries

Industrial competitiveness is a multifaceted issue that extends across multiple Ministries. Developing the IERP in isolation could hinder its effectiveness. Ministries such as Economic Development (EcDev) and the Ministry of the Environment, Conservation, and Parks (MECP) are critical partners in attracting investment, setting GHG compliance regulations, and advancing initiatives like CCS, incentives, and investment tax credits (ITCs).



Recommendations:

Refresh the Red Tape Reduction Initiative

- Revitalize efforts to identify and eliminate unnecessary regulatory barriers that impede industrial growth and competitiveness.

Appoint the Ministry of Economic Development as a Focal Point

- Designate EcDev as the primary customer advocate and single point of contact to coordinate across Ministries, identify issues, and drive improvements to support industrial stakeholders effectively.

We commend the Ministry for its diligent collaboration with stakeholders and its recognition of the critical role natural gas plays and will continue to play in Ontario's energy mix.

We appreciate this opportunity to provide comments and look forward to continued collaboration.

Regards,

A handwritten signature in blue ink, appearing to read "J. Irving", is written over a light blue circular background.

Jacob Irving
President, Industrial Gas Users Association