



## Staff Report

**Report Title: Legislative Update- Consultation on the future of natural gas**

**Prepared By:**

**Department:**

**Date: Nov. 6, 2023**

**Report Number: CLK-2023-11-63**

**File Number: C11 CLK 23**

**Attachments: Future of Natural Gas Expansion and Home Heating Affordability – Discussion Paper for Consultation, Bulletin 019-7506 ERO,**

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### **Recommendation:**

THAT the Township of Huron-Kinloss Committee of the Whole hereby receives for information Report CLK-2023-11-63 prepared by Jennifer White, Manager of Legislative Services/Clerk;

AND FURTHER THAT Staff be directed to prepare and submit comments supporting Phase 3 of the Natural Gas Expansion Program.

### **Background:**

The Environmental Registry of Ontario (ERO) is seeking feedback on the Future of Natural Gas Expansion and Home Heating Affordability. The deadline for stakeholders to provide comments is December 15, 2023. The Township has received a request from the Natural Gas Provider within our community (EPCOR) to provide comments in support of a phase 3 expansion.

### **Discussion:**

The Township has a long history of advocating for natural gas services to be provided within the community. Huron-Kinloss has benefited from participation in earlier phases of the expansion program. A third phase of this program may permit applications to expand the current network to additional Township residents.

Supporting Natural Gas expansion provides residents and businesses, including the local agricultural sector a greater choice when it comes to the costs and environmental impact of meeting their energy needs.

[Discussion Paper for Consultation](#)

The attached discussion paper outlines the purpose of the engagement, background on the Natural Gas Expansion Project (NGEP), including statistics from the first two Phases, and the discussion themes that the Environmental Registry of Ontario is seeking feedback on.

Some key notes from the discussion paper are outlined below:

- Natural Gas is a cost effective and reliable form of heating compared to other existing heating systems. Natural gas can lower emissions when used to replace more carbon intensive heating fuels like propane or heating oil.
- The *Ontario Energy Board Act* s.36.2 prohibits a utility from using ratepayer funds to subsidize the costs of building infrastructure unless that infrastructure is expected to generate sufficient revenue to cover its own cost.

While this protects existing ratepayers from subsidizing new rate payers, it can limit expansion into rural, northern, indigenous and other smaller markets. The Natural Gas Expansion Program provides a portion of funding to make this type of project achievable in more remote communities.

- Through Phase 1 and 2 of the NGE program more than 17,000 residences and businesses within 59 communities now have the opportunity to be serviced by natural gas.
- Public engagement is occurring with respect to a potential Phase 3 of the Natural Gas Expansion Program. A Phase 3 could provide a connection opportunity for underserved residents.
- The Minister of Energy has created an Electrification and Energy Transition Panel to tackle the growing demand for clean energy. The decisions on infrastructure funding respecting future energy needs are complex, can disproportionately affect marginalized communities and have long term consequences.

### Feedback Request

The Environmental Registry of Ontario is requesting feedback from stakeholders by December 15, 2023. The Township as a municipal government representative in a rural region has been identified as a key stakeholder.

Discussion themes have been provided to guide comments. The Themes span 4 major areas:

Theme #1: Performance of the NGEP to Date

Theme #2: Conversion to Natural Gas for Home Heating

Theme #3: Natural Gas Expansion and Indigenous Communities

Theme #4: Future of Natural Gas Expansion

The comments provided will inform decision making around a potential future phase of the NGEF and provide feedback to the Electrification and Energy Transition Panel to assist with their integrated energy planning.

Staff recommend submitting feedback to the ERO, through input on themes 1 ,2 and 4.

**Financial Impacts:**

There are no budget related costs outside of staff time respecting this report. It is anticipated that impact of supporting continued natural gas expansion will provide residents with greater opportunities for financial choice with respect to energy spending.

**Strategic Alignment / Link:**

**Respectfully Submitted By:**

Jennifer White, Manager of Legislative Services/Clerk

**Report Approved By:**

Mary Rose Walden, Chief Administrative Officer