ONTARIO CLEAN AIR ALLIANCE

March 23, 2022

By Email: ministre-minister@ec.gc.ca
ECD-DEC@ec.gc.ca

The Honourable Steven Guilbeault
Minister of Environment and Climate Change

Dear Minister Guilbeault:

Re: A Clean Electricity Standard in support of a net-zero electricity sector: Discussion paper

We are writing to provide the Ontario Clean Air Alliance's submissions with respect to Environment and Climate Change Canada's above referenced discussion paper.

Recommendation #1

We recommend that the Government of Canada establish a Clean Electricity Standard that requires Ontario to achieve a net-zero greenhouse gas (GHG) electricity grid by 2030.

We are pleased to note that thirty-two Ontario municipalities, representing almost 60% of Ontario's population, have passed resolutions calling for the phase-out of Ontario's gas-fired power plants.

We are also pleased to note that the Government of Canada has promised to move Canada to a net-zero GHG electricity grid by 2035.

We believe that it is important to recognize that achieving a net-zero electricity system by 2035 is a much more ambitious target for Alberta and Saskatchewan than it is for Ontario. Specifically, while Alberta and Saskatchewan obtain approximately 80 to 90% of their electricity from fossil fuels; Ontario already had a 96% carbon-free electricity grid as of 2017, before it began to backslide.

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It is also important to recognize that Ontario is very lucky to be located right next door to the Province of Quebec, which is the 4th largest producer of waterpower in the world.

With its existing transmission links with Quebec, Ontario could immediately double its annual imports of low cost Quebec waterpower.

In addition, Ontario's Independent Electricity System Operator (IESO) has identified how our province can increase its import capability by an additional 7,500 megawatts (MW) by upgrading its transmission links with Quebec at Chats Falls (2,000 MW), Ottawa (2,000 MW), Beauharnois (2,000 MW) and Cornwall (1,500 MW). Since all of these upgrades can use existing Hydro One transmission corridors, they can be completed by 2030.

The average price of Hydro Quebec's exports (spot market and long-term contract) during the first nine months of 2021 was 4 cents per kWh. In contrast, Ontario Power Generation's price of nuclear electricity is 10.5 cents per kWh.

Finally, it is important to note that Hydro Quebec's reservoirs are the lowest cost storage option for Ontario's wind and solar energy. Specifically, when our wind or solar power production is above average, our surplus green energy can be exported to Quebec to keep the lights on in Montreal, and Hydro Quebec can store more water in its reservoirs. Conversely, when our wind and solar power generation is below average, Hydro Quebec can use the extra water in its reservoirs to produce electricity for export back to Ontario. In short, by integrating our wind and solar generation with Hydro Quebec's reservoirs, we can convert our intermittent wind and solar energy into a firm 24/7 source of baseload electricity supply for Ontario.

As part of an equitable national strategy to achieve Canada's 2030 and 2035 GHG reduction targets, we believe that the Government of Canada should require Ontario to achieve a net zero GHG electricity grid by 2030, namely, five years in advance of the Canadian provinces which have fossil-intensive electricity systems.

Recommendation #2

We recommend that 100% of Ontario's gas plants' GHG pollution be subject to Canada's carbon tax

Currently, only about 5% of Ontario's gas plants' GHG pollution is subject to Canada's carbon tax.[1] On the other hand, Ontario families are subject to carbon taxation on 100% of the GHG pollution produced by their gas furnaces.

If we want to achieve our GHG pollution reduction goals at the least cost, all GHG pollution must be subject to carbon taxation. There is no economic justification for a carbon tax loophole for Ontario's gas plants.

Fully taxing GHG pollution from Ontario's gas plants will have a small impact on electricity costs for ratepayers; but will provide a clear signal to Ontario's Independent Electricity System Operator about the need to move to zero carbon power sources.

Yours sincerely,

Jack Gibbons
Chair

[1] According to the IESO, the average GHG pollution of Ontario's gas plants will be 387 tonnes per GWh in 2023, but the Government of Canada's Emissions Performance Standard only subjects the gas plants' pollution in excess of 370 tonnes per GWH to carbon taxation. https://www.ieso.ca/en/Sector-Participants/Planning-and-Forecasting/Annual-Planning-Outlook

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