




CITY OF HAMILTON
PLANNING AND ECONOMIC DEVELOPMENT DEPARTMENT
Planning Division

TO:	Mayor and Members General Issues Committee
COMMITTEE DATE:	February 5, 2025
SUBJECT/REPORT NO:	City Comments in Response to ERO Posting Nos. 019-9284, 019-9285 and 019-9300 Respecting Energy Planning (PED25030) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Jennifer Allen (905) 546-2424 Ext. 4672
SUBMITTED BY:	Anita Fabac Acting Director, Planning and Chief Planner Planning and Economic Development Department
SIGNATURE:	

RECOMMENDATION

- (a) That Council endorse the submissions and recommendations attached in Appendix “A” to Appendix “C” to Report PED25030 regarding Environmental Registry of Ontario Posting Nos. 019-9284, 019-9284, 019-9300; and,
- (b) That the Acting Director of Planning and Chief Planner be authorized and directed to confirm the submissions and recommendations made to the Province resulting from Council’s review and decisions on Report PED25030.

EXECUTIVE SUMMARY

The Province of Ontario released three Environmental Registry of Ontario (ERO) Postings with proposed amendments to the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998* and the *Energy Consumer Protection Act, 2010* related to electricity generation, distribution and affordability. The postings are all related to addressing Ontario’s growing electricity demand which the Independent Electricity System Operator (IESO) has projected will grow by over 75% over the next 25 years. The three ERO postings discussed in this report are:

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

- **ERO Posting No. 019-9284** – Legislative Changes to enable an affordable energy future

The Province is seeking input on proposed legislative amendments to the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998* and the *Energy Consumer Protection Act, 2010* to: enable the development of Ontario's first Integrated Energy Resource Plan; improve customer cost allocation for connection to the electricity grid; and enable incentive programs which support beneficial electrification, and the growth of EV adoption in Ontario.

- **ERO Posting No. 019-9285** - Integrated Energy Resource Plan

The Province is seeking input for the development of Ontario's first integrated energy resource plan which is expected to be released in 2025 and will include actions and policy steps needed to create an affordable and reliable clean energy system while also supporting economic growth.

- **ERO Posting No. 019-9300** – New Regulation under the *Ontario Energy Board Act, 1998*

The Province is seeking input on potential regulatory changes to the cost responsibility framework for customer connection infrastructure to certain electricity systems to reduce the cost and financial burden on 'first mover' customers and enhance system readiness for anticipated growth.

The Government of Ontario requested comments on the proposed changes through the Environmental Registry of Ontario with various deadlines of November 22, 2024 (ERO Posting No. 019-9284), December 7, 2024 (ERO No. Posting 019-9300) and December 13, 2024 (ERO Posting No. 019-9285). Given the commenting deadline, staff-level comments contained in Appendix "A" to Appendix "C" attached to Report PED25030 have been submitted to the Province.

The main themes in the staff-level comments are: recognizing the importance of coordination between different levels of government; facilitating orderly growth and associated energy supply; improving energy efficiency and energy conservation to reduce overall demand; and recognizing the importance of decarbonization and reducing dependency on fossil fuels.

If the recommendations of this Report are approved by Council, the Acting Director of Planning and Chief Planner will notify the Province that the submissions made have been adopted by Council and of any changes to staff comments as a result of Council's consideration of the matter.

Alternatives for Consideration – See Page 9

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: N/A

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

Bill 214, *Affordable Energy Act, 2024* received Royal Assent on December 4, 2024, which amended the *Electricity Act, 1998*, the *Ontario Energy Board Act, 1998* and the *Energy Consumer Protection Act, 2010*. The legislative amendments included in the Bill relate to and implement some of the items the Province sought feedback on in ERO Posting Nos. 019-9284 and 019-9285. Specifically:

- Amends the *Electricity Act, 1998* to add promoting electrification and facilitating energy efficiency to the purpose of the Act and objective of the IESO, and replace long term energy plans with integrated energy plans while also repealing the IESO and OEB's ability to submit implementation plans to the Minister;
- Amends the *Ontario Energy Act, 1998* including the Distribution System Code and Transmission System Code to expand the Lieutenant Governor in Council's authority to make regulations with amendments respecting cost allocation and cost recovery for construction, the expansion or reinforcement of, or connection to, distribution or transmission systems and allow exemption; and,
- Amends the *Electricity Act, 1998*, the *Energy Consumer Protection Act, 2010* and the *Ontario Energy Board Act, 1998* to allow the Province to adopt regulations respecting the distribution or retail of electricity for electric vehicle charging.

In addition to these ERO postings, the Independent Electricity System Operator has launched a Long-Term Request for Proposals to secure additional energy storage capacity in the Province of Ontario. As part of this procurement process, proponents of energy storage facilities are required to demonstrate municipal support for their project by receiving a Municipal Support Resolution from the local municipality.

A motion was passed by Council on November 22, 2023, directing staff to assess energy storage facilities from a climate change, economic development and land use perspective; and to report back to Planning Committee with recommended criteria for

Council to consider for Future Energy Storage System proposals seeking endorsement. Staff have consulted with internal departments, including the City's Fire Department, and the industry to understand the benefits and risks associated with these facilities. It is anticipated that staff will report back to Planning Committee in Q1 2025.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

Provincial Planning Statement

The Provincial Planning Policy framework is established through the *Planning Act* (Section 3) and the Provincial Planning Statement, 2024. It provides municipal governments with the direction and authority to guide development and land use planning through official plans, secondary plans and zoning by-laws. The *Planning Act* requires that all municipal land use decisions affecting planning matters be consistent with policy statements and plans issued by the Province.

The Provincial Planning Statement, 2024 affirms that planning authorities shall support energy conservation and efficiency, improved air quality, reduced greenhouse gas emissions and preparing for the impacts of a changing climate through land use and development patterns which promote design and orientation which maximizes energy efficiency and conservation.

Urban Hamilton Official Plan

The Urban Hamilton Official Plan includes policies that encourage the reduction of greenhouse gases and the increase of energy efficient development. The City establishes the urgent need to respond to the impacts of a changing climate, referencing the Climate Emergency declaration and establishing a goal of achieving net zero carbon emissions by 2050. Several goals and policies of the Urban Hamilton Official Plan both directly and indirectly contribute to improvement of air quality and the reduction of greenhouse gas emissions.

Corporate Energy and Sustainable Policy

The Corporate Energy and Sustainability Policy (CESP) was adopted by Council in 2007 and was most recently updated in 2020. The purpose of the CESP is to provide City staff and external stakeholders with a set of guidelines and protocols to assist in the making of decisions or choices relative to energy using equipment, processes, systems and activities. The policy establishes City-wide energy reduction targets, provides for ongoing energy monitoring and targeting of utility usage and contains direction respecting capital investment, energy procurement and greenhouse gas emissions. Staff comments are consistent with the CESP.

Hamilton's Climate Action Strategy

Hamilton's Climate Action Strategy is the community-wide strategy for realizing net zero carbon by 2050 or sooner. The Strategy consists of a mitigation and an adaptation plan. ReCharge Hamilton is the City of Hamilton's Community Energy and Emissions Plan to meet Hamilton's future energy needs while improving energy efficiency, reducing greenhouse gas (GHG) emissions, and fostering local sustainable and community-supported energy solutions. The Climate Change Impact Adaptation Plan is designed to build climate resilient and includes actions focused on transitioning to low/no carbon energy sources. Staff comments are consistent with the goals of Hamilton's Climate Action Strategy.

RELEVANT CONSULTATION

Staff from within the Planning Division, Office of Climate Change Initiatives, Economic Development and Corporate Facilities and Energy Management were consulted in the drafting of this report and appendices.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

It is stated the intent of the proposed policy, legislative and regulatory changes are to help enable an energy system in Ontario which is affordable, reliable and clean while supporting intensifying electrification and economic growth.

Staff-level comments submitted for ERO Posting Nos. 019-9284, 019-9285 and 019-9300 contains feedback to the Province on achieving this goal. The comments highlight the importance of coordination between different levels of government, improving energy efficiency and energy conservation to reduce overall demand, recognizing the importance of decarbonization and reducing dependency on fossil fuels and providing orderly energy supply for orderly growth.

For more detail, Council can refer to Appendix "A" to Appendix "C" to Report PED25030 containing staff comments submitted to the Environmental Registry of Ontario.

ERO Posting Nos. 019-9284 – Enabling an Affordable Energy Future

The Province is proposing legislative changes through ERO Posting No. 019-9284 including amendments to:

- the *Electricity Act, 1998* to enable the development of the integrated energy resource plan and to enable the IESO to administer enhanced energy efficiency programs which support beneficial electrification;

- the *Ontario Energy Board Act, 1998* respecting cost allocation for certain electricity system connections; and,
- the *Electricity Act, 1998*, *Ontario Energy Board Act, 1998* and, *Energy Consumer Protection Act, 2010* to support the growth of EV adoption in Ontario.

Staff's principal comments on this posting were:

- An Integrated Energy Resource Plan should prioritize the phasing out of fossil fuels in the system and facilitate replacement with renewable sources. Large corporations and manufacturers are increasingly locating their operations in jurisdictions where they can best achieve their corporate sustainability priorities.
- New incentives that encourage replacement of direct fossil fuel use to energy generated from renewable sources aligns with the goals of the City of Hamilton's Community Energy and Emissions Plan. Enhanced energy efficiency programs should focus on sustainable on-site electricity generation to reduce a development's demand on the grid and the ancillary costs needed to facilitate on-site electricity generation.
- Where implementations plans are not required by Independent Electricity System Operator (IESO) and Ontario Energy Board (OEB), clear information should be made publicly accessible. This streamlined implementation to bypass the IESO and OEB should only be provided for servicing an area identified for growth through a municipal Official Plan.
- Costs for servicing developments occurring outside of anticipated growth areas should continue to be borne by the developer or property owner. Costs should only be shared where additional infrastructure is required to enable growth in accordance with municipal Official Plans.
- The Province should recognize the full spectrum of transitions that are already underway and being supported by municipal governments such as new regulations for rough-ins for electrical vehicles. The City of Hamilton recently approved new zoning regulations for electric vehicles including the requirement for rough-ins for charging infrastructure. The Province could consider province-wide standards and regulations respecting electrical vehicles to ensure grid capacity exists for electric vehicles in addition to heating/cooling systems that will require electricity.

ERO Posting No. 019-9285 - Integrated Energy Resource Plan

ERO Posting No. 019-9285 is seeking input for the development of Ontario's first integrated energy resource plan. This plan is expected to be released in 2025 and will include actions and policy steps needed to create an affordable and reliable clean energy system while also supporting economic growth.

Staff's principal comments on this posting were:

- It is important for the Province to work closely with municipalities to understand where growth is occurring to plan for the anticipated energy needs. Provincial support for municipal-level energy plans is important due to the close connection between energy planning and municipal-level climate action planning. Additionally, consultation with different entities already looking at ways to innovate the local energy systems for opportunities to reduce demands should be utilized.

The Province should provide guidance on appropriate development regulations for the location and design of the electrical generation facilities and associated storage which take the protection of human health and the natural environment into consideration. This guidance will assist municipalities when updating their Official Plans to recognize and accommodate new renewable energy generation facilities like wind and solar. Staff note with the repeal of the *Green Energy Act, 2009* in 2019, renewable energy generation facilities now secure land use approvals from municipalities.

- There is a need for more support for renewable energy generation and associated energy storage systems, in proximity to the demand for power. Energy conservation and renewable energy should be prioritized wherever possible to avoid the infrastructure costs associated with increased energy demand for a growing population. Incentive programs should be provided to support and encourage households and businesses to undertake deep energy retrofits to help reduce energy consumption and energy demands. Incentive programs should focus on sustainable private on-site electricity generation to reduce a development's demand on the grid.
- New incentives that encourage replacement of direct fossil fuel use to electricity generated from renewable sources should also be provided to help improve energy efficiency, reduce greenhouse gas (GHG) emissions, and foster local sustainable and community-supported energy solutions. That said, sustainability should be prioritized over affordability with respect to electricity generation. The

upfront cost of new natural gas connections must properly reflect the risks associated with stranded assets in line with goals to achieve net-zero by 2050.

- Existing industries and businesses are looking for access to green electricity and other low carbon forms of energy which are critical to effectively compete in global markets. The Province should recognize the economic benefits of decarbonization and that energy generation will increasingly become a significant factor in business location considerations.

ERO Posting No. 019-9300 – New Regulation under the *Ontario Energy Board Act, 1998*

The Province is seeking input on potential regulatory changes to the cost responsibility framework for customer connection infrastructure to certain electricity systems. This includes cost allocations for customer connection infrastructure and the cost recovery by the utility companies who build the infrastructure. This proposed regulation does not apply to infrastructure benefiting the entire system which is paid by ratepayers.

The intent of the new regulation(s) under consideration is to:

- Reduce the cost and financial burden on ‘first mover’ customers in an area where there is currently insufficient electricity infrastructure capacity from the distribution or transmission network to service new development; and,
- Enhance system readiness for anticipated growth by building certain connection infrastructure needed to support the anticipated growth without confirmed customers for all the capacity.

Staff commented that when allocating costs and financial risk for electricity system connection infrastructure, considerations should only be given to orderly development occurring within existing municipal urban boundaries as established through an Official Plan. This ensures the costs for developments occurring outside of these areas are not being facilitated at the expense of taxpayers. Costs should only be shared where additional infrastructure is required to enable growth occurring in anticipated and planned growth areas in accordance with municipal Official Plans.

Furthermore, Ontario’s energy system must support local energy planning and innovation and prioritize energy efficiency and energy conservation to reduce demands for new infrastructure; as well as support electrification and reduce reliance on fossil fuels for energy supply.

ALTERNATIVES FOR CONSIDERATION

Council may amend the staff-level comments attached as Appendix “A” through Appendix “C” to Report PED25030 or supplement the staff-level comments with additional comments.

APPENDICES AND SCHEDULES ATTACHED

- Appendix “A” to Report PED25030 - City of Hamilton Staff Submission for ERO Posting 019-9285
- Appendix “B” to Report PED25030 - City of Hamilton Staff Submission for ERO Posting 019-9300
- Appendix “C” to Report PED25030 - City of Hamilton Staff Submission for ERO Posting 019-9284