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Environment and Climate Change Canada
Public Inquiries Centre
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Comments submitted via email to EDC-DEC@ec.gc.ca.

RE: Response to the proposed frame for the Clean Electricity Regulations

To whom it may concern,

On behalf of Ontario's more than 3,000 environment and cleantech firms, the Ontario Environment Industry Association (ONEIA) is writing to provide our comments on the clean electricity standard in support of a net-zero electricity sector discussion paper.

About ONEIA

Ontario is home to Canada's largest group of environment and cleantech companies. The most recent statistics from the federal government show that Ontario's environment sector employs more than 226,000 people across a range of sub-sectors. This includes firms working in such diverse areas as materials collection and transfer, resource recovery, composting and recycling solutions, alternative energy systems, environmental consulting, brownfield remediation, and water treatment – to name just a few. These companies contribute more than $25-billion to the provincial economy, with approximately $5.8-billion of this amount coming from export earnings.

ONEIA members are committed to engaging with governments as they develop policies and regulations that are consistent with our principles of sound science, sound environment, and a sound economy. To that end, we convened a working group of members drawn from across the energy sector to review the discussion paper.

Key Comments on the Clean Electricity Regulations

1. **Overall Goals**
   Environment and Climate Change Canada (ECCC) has stated that the Clean Electricity Regulations (CER) must maintain system reliability and affordability. While ONEIA supports these objectives, we also believe that the CER's overall objective should explicitly state that system reliability and affordability must be maintained while meeting the decarbonization goals set out under the CER. ONEIA is concerned that not framing the overall objective in such a way would create the false impression that reliability & affordability, and decarbonization are mutually exclusive goals.

2. **Renewable Gases**
   ONEIA believes the CER has missed an opportunity to include renewable gases such as green hydrogen and renewable natural gas (RNG) in the CER. ONEIA recommends that the government consider the role that RNG sources can play in decarbonizing the economy. We believe that RNG and other renewable gases

can play a crucial role in the decarbonization of the electricity sector and minimizing stranded natural gas generation facilities.

As an example, our members with operations in California are seeing that state's electricity system increasingly utilizing dispatchable power and flexibility to support the system when other non-emitting sources can't meet demand. Typically, this occurs in the evening ramping portion of the "Duck Curve" when solar generation dramatically falls and other units need to rapidly ramp up to meet the shortfall. Energy storage is seen as the primary solution, however, green hydrogen and other renewable gases (i.e. RNG) are starting to play a key role in the fuel supply for existing natural gas peaker plants, and also as cogeneration units at industrial facilities. Our members are also involved in projects that are using fuel-cells as a non-emitting back up to electricity supplies and using RNG as the fuel for these units in lieu of diesel backups.

3. **Proposed requirements for financial compliance for all emissions below the regulatory limit and potential compliance flexibility**

ONEIA supports incentives to build out renewables and compliance flexibility to ease compliance burdens and lower electricity costs to encourage electrification as a key pathway to decarbonization. In this regard, we would support fleet averaging approaches as well as Renewable Energy Certificate Trading while including in the definition, green hydrogen and renewable natural gas, methane gas from landfills, fuel cells using renewable fuels, clean behind-the-meter generation and other technologies for financial compliance and compliance flexibility purposes.

However, ONEIA does not support the use of carbon offsets for the decarbonization of the electricity system as we believe that these types of mechanisms are ineffective as they would create a disincentive to building out renewable electricity generation infrastructure.

4. **Remote Communities**

While ONEIA appreciates flexibility is needed for remote communities, the continued use of diesel which would be permitted through CRE exemptions would result in ongoing cost and health issues for these communities. ONEIA recommends that the government considers policies that promotes and allows these communities to utilize cleaner fuel sources for their generation of electricity. We also encourage the exploration of other mechanisms enabled by the CER that would accelerate the deployment of low carbon microgrids at these communities.

5. **Behind-The-Meter Resources and Complementary Measures**

ONEIA supports ECCC's discussions on complementary measures for increasing clean behind-the-meter generation to enhance the objectives of the CER. Our membership has a number of case studies that support the environmental benefits of demand-side management and would be happy to supply these. ONEIA also supports the development of a tax credit system, like the Inflation Reduction Act in the United States, to spur the development of solar, wind, battery, or other energy storage projects.

We recognize that other agencies, such as Natural Resources Canada have developed programs such as the Smart Renewables and Electrification Pathways Program (SREPs) to increase renewables deployment. However, the last tranche of SREPs was fully subscribed in under eight months, which is an insufficient time horizon to spur an industry. A more robust, long-term tax credit system would create longer-term incentives for investment in these renewable technologies.

ONEIA also recommends that the government include a tax credit for the development of electricity transmission infrastructure, as this is increasingly becoming a major barrier for the deployment of electrification technologies both in-front of and behind-the-meter. Additionally, other mechanisms to encourage provincial system operators and utilities to develop localized market mechanisms for flexible energy resources could be considered.

We welcome the opportunity to discuss our position and recommendations further. Please contact our office at info@oneia.ca or at (416) 531-7884 should you have any questions.

Yours truly,

Michelle Noble,
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