

Jan 21, 2021

A Look Back at Our Top Energy Stories From 2020

By David Stevens

2020 was an interesting and unprecedented year. Obviously, we were inundated with news about COVID-19 no matter where we turned. It was on the news, in the newspapers and it seemed to be an unavoidable topic in every conversation. In the energy sector, the Ontario government announced a number of initiatives to help those who were struggling to pay their energy bills. However, a few other issues made headlines as well and as we look back over the past year, we see that changes to electricity rates in Ontario, environmental initiatives, the expansion of natural gas to communities across Ontario, energy storage, the Trans Mountain pipeline and the Ontario Energy Board's new governance structure were a few of the top stories we covered on EnergyInsider.

1. The Ontario Government Introduced the COVID-19 Energy Assistance Program

In response to COVID-19, the Ontario government introduced the COVID-19 Energy Assistance Program (CEAP) and the COVID-19 Energy Assistance Program - Small Business. CEAP is an initiative by the government to make available a total of \$9 million to support residential customers struggling to pay their energy bills as a result of the COVID-19 emergency, while the COVID-19 Energy Assistance Program - Small Business has made \$8 million in funding available to small business and registered charity customers. The Minister of Energy, Northern Development and Mines and the Associate Minister of Energy asked for the Ontario Energy Board's (OEB) support to implement CEAP, and to take action as necessary to ensure that licensed electricity distributors, unit sub-meter providers (USMPs) and natural gas distributors provide CEAP to their customers.

On June 16, 2020 and August 7, 2020, the OEB issued decisions amending the licences of all licensed electricity distributors and USMPs (referred to by the OEB as "Utilities") to support the implementation of these programs. On September 30, 2020, the OEB issued a further decision "to address issues that have arisen in terms of the level of participation by customers in the programs and facilitate achievement of the government's goal for the programs." As a result of the slower than expected uptake of funding, the OEB decided to make further amendments to the licences of the Utilities to revise the eligibility conditions for both programs.

2. Time-of-Use Pricing

The Ontario government announced last summer that consumers who pay time-of-use (TOU) prices will be able to opt out of TOU pricing in favour of tiered prices, starting November 1, 2020. Under TOU pricing, consumers are charged a rate for electricity commodity costs that varies depending on when they use electricity. The tiered prices include one rate up to a set limit of consumption and then increased rate(s) for higher amount(s) of consumption.

The goal in allowing consumers to choose between these two pricing plans is to allow consumers to choose a plan that best suits their household and lifestyle. TOU will continue to be the default price structure, but consumers who specifically elect to change to the tiered prices must do so before their next billing period.

In July 2020, the OEB issued proposed changes to the Standard Supply Service Code (SSSC) pricing to enable customers to switch between TOU and RPP, and asked for comments from stakeholders. On August 25, 2020, the OEB issued a revised Notice of Proposal to Amend the SSSC, including changes prompted by stakeholder feedback. In September 2020, the OEB issued final amendments to the SSSC to support the customer election process necessary to switch from TOU pricing to tiered pricing. The OEB has established a dedicated "customer choice webpage for consumers, including a bill calculator."

3. Ontario's Low-Carbon Hydrogen Strategy

Ontario's first Low-Carbon Hydrogen Strategy is in the works. On November 19, 2020, Jeff Yurek, the Minister of the Environment, Conservation and Parks, announced a plan to foster an Ontario hydrogen economy. As part of this announcement, the government released the *Ontario Low-Carbon Hydrogen Strategy: Discussion Paper*, which will "inform the creation of the province's first hydrogen strategy."

The provincial government seeks to understand how it can encourage short- and long-term growth in the clean technology and hydrogen sectors. To do so, Ontario's hydrogen strategy will include supporting low-carbon hydrogen production with related technological developments; building distribution infrastructure to support these new technologies; and improving end use capabilities.

One example of the type of project that will promote the use of hydrogen is Enbridge Gas's plan to blend hydrogen with conventional natural gas distributed to customers as a means to reduce greenhouse gas emissions. This project, which was approved by the OEB on October 30, 2020, will supply blended gas to approximately 3,600 customers by fall 2021.

Following on the heels of Ontario's announcement, Canada's Minister of Natural Resources, the Honourable Seamus O'Regan, *announced on December 16, 2020 the Hydrogen Strategy for Canada* (the Strategy). As stated in the announcement, Canada will be leveraging its position as one of the world's top hydrogen producers to stimulate the Canadian economy and reduce its annual greenhouse gas emissions. Deemed by Natural Resources Canada to be one aspect of solidifying Canada as a global leader in clean renewable fuels, the Strategy purports to allow Canadians to meet the goal of net-zero carbon emissions by 2050 while creating around 350,000 jobs and participating in a nearly \$12 trillion global hydrogen market. This will be supported by a \$1.5 billion federal investment in a Low-carbon and Zero-emissions Fuels Fund for Canada's climate change strategy, which includes hydrogen.

4. Climate Change Initiatives

On September 21, 2020, the Ontario Minister of the Environment, Conservation and Parks announced that the federal government has accepted Ontario's Emissions Performance Standards (EPS) as an alternative to the federal carbon pricing regime. The federal regime, which is called the Output-Based Performance System (OBPS), applies to large emitters in all provinces that do not have a carbon-pricing regime which the federal government has accepted.

The Ontario regime differs from the federal regime in that it phases in the emission-lowering requirements more gradually over time. Ontario's EPS takes into account specific industry and facility conditions in its standards and does not enforce a blanket cap on emissions. The province's goal was to help achieve 2030 emission reduction targets pursuant to the Paris climate agreement while supporting the overall growth of the Ontario economy.

The federal government has also accepted New Brunswick's carbon pricing system. For both provinces, the transition date remains uncertain. As a result, the federal OBPS continues to apply and all compliance obligations under the OBPS must continue to be met for the time being.

5. Expanding Natural Gas Distribution to Communities Across Ontario

A number of initiatives have been approved by the Ontario Energy Board that will expand access to natural gas distribution to communities across the province. In May 2020, the OEB approved a project that, with funding granted under the *Access to Natural Gas Act*, will extend natural gas distribution into a previously unserved area in the northeast of North Bay, Ontario. In its findings with regard to the need for the project, the OEB noted that providing northern Ontario communities with access to less expensive and reliable sources of energy is consistent with the Government of Ontario's energy and economic development policies.

Further to that mandate, on October 30, 2020, the OEB released its Report to the Minister of Energy, Northern Development and Mines and to the Associate Minister of Energy on Potential Projects to Expand Access to Natural Gas Distribution. The Report was the result of a letter dated December 12, 2019, in which the Minister, with the support of the Associate Minister, required the OEB to report back to the

Ministry with information about natural gas expansion projects that the government could consider as potential candidates for financial support. The Report identified 210 potential natural gas expansion projects. Roughly 60% of the projects are situated in southwest and southeast Ontario and the rest are located elsewhere across the province. Seven of the proposed projects include service to on-reserve First Nation communities.

6. Energy Storage

The energy storage market in Canada, the United States and beyond continues to have a growing prominence. According to data supplied by Enel X, energy storage resources for commercial and industrial classes were used five times as much in 2020 as they were the previous year to help reduce peak electricity demand across Ontario, New York, California, and Massachusetts during the summer months.

In Ontario, the regulatory landscape related to energy storage has seen modest activity this past year. The challenges of the current COVID-19 pandemic appear to have slowed the progress of some important initiatives.

In January 2020, the OEB issued a decision in a Toronto Hydro rate case indicating that utilities wishing to include behind-the-meter storage in their regulated operations should seek policy changes in the OEB's ongoing Responding to Distributed Energy Resources consultation. Since that time, in August 2020, OEB Staff issued a Staff Bulletin suggesting that local distribution companies (LDCs) may own and operate behind-the-meter (BTM) energy storage, and treat the assets as part of regulated operations, if the purpose is to remediate poor service reliability. This Staff Bulletin may signal that LDCs could provide certain BTM energy storage services without the need for regulatory changes.

In July 2020, Energy Storage Canada (ESC) released a report titled "Unlocking Potential: An Economic Valuation of Energy Storage in Ontario." The report stated that the introduction of at least 1000MW of energy storage can provide as much as \$2.7 billion in total savings for Ontario's electricity customers as a result of more efficient utilization of the province's long-term generation assets.

7. Are the Legal Challenges to the Approval of the Trans Mountain Pipeline Expansion Project Now Over?

On July 2, 2020, the Supreme Court of Canada (SCC) dismissed an application for leave to appeal from a group of First Nations in British Columbia who sought to challenge the federal Cabinet's second approval of the Trans Mountain Pipeline Expansion Project.

By dismissing the appeal, the SCC effectively upheld the *Federal Court of Appeal's (FCA) decision in Coldwater First Nation v. Canada (Attorney General) (Coldwater)*, released on February 4, 2020. In *Coldwater*, the FCA dismissed judicial review applications from a group of First Nations, which challenged the adequacy of the federal government's Indigenous consultation process.

Now that the SCC has essentially upheld the *Coldwater* decision, it does not appear that opponents of the Trans Mountain Expansion Project have any further legal recourse to overturn the federal Cabinet's decision.

8. New Governance Structure for the Ontario Energy Board

On October 1, 2020, the Ontario government announced that the Ontario Energy Board's new governance structure is now in place. The OEB's new governance structure includes a new Board of Directors, including a new Chair, who will provide "overall guidance and strategic oversight," an executive team, led by a new CEO, that is "accountable to the Board of Directors for the efficient and effective management of the operations of the OEB," and a team of Commissioners who will perform the adjudicative functions of the OEB, including a Chief Commissioner "who is accountable to the CEO for ensuring the efficiency and timeliness of case management by panels of commissioners."

The new CEO of the Ontario Energy Board, Suzanna Zagar, indicated in an October 30, 2020 letter that the OEB is "moving forward on the OEB Modernization Review Panel recommendations and its position that the OEB must be more than a prudent regulator." Ms. Zagar pointed to the new Mandate Letter from

the Minister of Energy, Northern Development and Mines to the OEB Chair, Richard Dicerni, which indicated that the OEB is expected to implement the recommendations of the OEB Modernization Review Panel.

On a related note, the OEB has also announced a pilot project “aimed at enhancing transparency of the status of OEB proceedings.”

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