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Ontario's Low-Carbon Hydrogen Strategy

By Christian Nianiaris and David Stevens

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* (the Discussion Paper). The Discussion Paper 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. The Discussion Paper suggests that this new industry can be an important part of Ontario's "evolving energy system" - especially considering that approximately 80% of Ontario's 2018 GHG emissions came from industries with hydrogen capabilities.

We recently wrote about the Ontario Energy Board approval of Enbridge Gas's plan to blend hydrogen with conventional natural gas distributed to customers as a means to reduce greenhouse gas (GHG) emissions. This project, which will supply blended gas to approximately 3,600 customers by fall 2021, is mentioned in the Discussion Paper as an example of the type of project that will promote the use of hydrogen.

The Ontario government's Discussion Paper emphasizes the importance of a new hydrogen economy in the midst of the COVID-19 pandemic. It states that while a hydrogen economy has the potential to help assuage the adverse economic impacts of COVID-19, the pandemic has offered a unique opportunity for new industries to contribute toward the effective mitigation of Ontario's greenhouse gas (GHG) emissions - a goal directly in line with the emissions reduction targets of the Paris Agreement and as mentioned in the Made-in-Ontario Environment Plan (2019). Note, however, the caution in the Discussion Paper that a hydrogen economy's GHG mitigation potential largely depends on how it is produced. How Ontario's Low-Carbon Hydrogen Strategy will interact with international GHG commitments - and with the federal government's recent introduction of Bill C-12 (*An Act respecting transparency and accountability in Canada's efforts to achieve net-zero greenhouse gas emissions by the year 2050*) - has yet to be seen.

The Discussion Paper includes a number of key principles that will guide Ontario toward the implementation of a hydrogen economy:

- reducing GHG emissions, thereby supporting the Made-in-Ontario Environment Plan;
- generating economic development and creating jobs via private partnerships and technological innovation;
- promoting energy resilience by considering the potential net-benefit hydrogen use will have on energy bills;
- reducing certain barriers to allow for additional investment and fair competition between different technologies; and
- using hydrogen in a cost-effective manner.

The Discussion Paper indicates that the Ontario government intends to "engage with stakeholders who would like to shape the development of Ontario's first ever low-carbon hydrogen strategy." Additionally, the

Discussion Paper is now open for public comment until January 18, 2021. The Discussion Paper includes 18 “discussion questions” upon which feedback is requested.

The provincial government’s plan to create a low-carbon hydrogen strategy for Ontario fits with plans in other jurisdictions. Canadian examples include the Federal government’s draft Hydrogen Study for Canada (released in summer 2020) and Alberta’s recent Natural Gas Vision and Strategy (including a strategy for hydrogen).

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