

Ministry of Energy

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DEC 16 2016

Ms Rosemarie Leclair
Chair and Chief Executive Officer
Ontario Energy Board
PO Box 2319
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms Leclair:

Re: Renewable Natural Gas

I am writing to you today to confirm the government's interest in the Ontario Energy Board's (OEB) further examination of renewable natural gas (RNG) as a component of Ontario's natural gas supply.

RNG is interchangeable with conventional natural gas and compatible with the same infrastructure. It has recently been identified by the government in both the May 2016 *Climate Change Action Plan* and the Ministry's September 2016 *Fuels Technical Report* as a potential fuel that could help reduce greenhouse gas (GHG) emissions from the consumption of natural gas. In addition, RNG provides an important step in the decarbonization of Ontario's fuels sector. For example, the *Fuels Technical Report* modelled the results of injecting as much as 155 petajoules (PJs) of RNG into the current natural gas system by 2035, reflecting estimates of Ontario RNG production of 4.3 billion cubic metres per year by 2030. Once injected, RNG can displace conventional natural gas in applications across all sectors.

The *Climate Change Action Plan* noted the government's intention to invest up to \$100 million of cap and trade auction proceeds to support the implementation of a renewable content requirement for natural gas and encourage the use of RNG throughout the province. As a low-carbon fuel, RNG can assist in achieving the GHG emission reduction targets specified in the November 2015 *Climate Change Strategy*:

- 15 per cent reduction below 1990 levels by 2020;
- 37 per cent below 1990 levels by 2030; and
- 80 per cent below 1990 levels by 2050.

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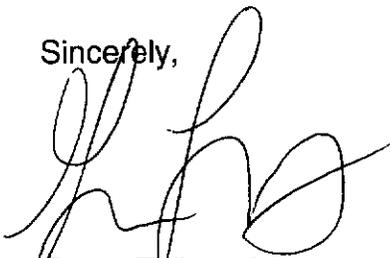
I note that in its July 12, 2012 interim decision and order on applications by Union Gas and Enbridge Gas Distribution to include the cost consequences of purchasing RNG in rates, the OEB indicated its willingness to consider the inclusion of RNG in the utilities' gas supply portfolios and provided direction to the gas utilities on the additional evidence that would be needed for the OEB to further consider the matter. Those applications were later withdrawn, and the OEB therefore did not have occasion to finally determine the merits of including RNG in the gas supply mix.

More recently, in its September 2016 *Regulatory Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities*, the OEB specifically identified RNG as a potential GHG abatement measure that gas utilities can undertake to meet their compliance obligations. The three rate-regulated gas utilities have now filed their first compliance plans under that *Framework*. Both Enbridge and Union have indicated in their filings that they anticipate moving toward the integration of RNG in the future. The OEB will be considering the utilities' initial compliance plans in an adjudicative process based on the evidence before it, and I acknowledge that the process for approving those initial plans is not expected to be the forum for an in-depth examination of RNG.

The government remains supportive of the economic and environmental benefits that RNG can provide in optimizing the use of existing assets while reducing the province's carbon footprint. We intend to consider how RNG will help meet Ontario's future energy needs during the development of the next Long-Term Energy Plan and subsequent implementation directives.

In light of the developments noted earlier in this letter, I encourage the OEB to move forward in a timely manner to include RNG as a potential fuel that could help reduce GHG emissions as a part of the gas utilities' supply portfolios.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Thibeault', written over the word 'Sincerely,'.

Glenn Thibeault
Minister

c: Serge Imbrogno, Deputy Minister
Carolyn Calwell, Director, Legal Services Branch, Ministries of Energy; Economic Development and Growth; Infrastructure; Research, Innovation and Science; and Accessibility