

Common Voice Northwest

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ENERGY TASK FORCE

To The IESO

The following is the response from the Common Voice Northwest Energy Task Force on the ongoing use of natural gas for the generation of electricity.



Iain Angus
Chair

Gas Phase Out Impact Assessment

The Common Voice Northwest Energy Task Force welcomes the opportunity to provide the perspective of this region on the appropriateness of Ontario continuing to utilize natural gas as a fuel source to generate electricity.

The Northwest's Experience

Natural Gas plays an integral role in the energy requirements of the Northwest as does hydraulic and biomass generation. Other renewables such as wind and solar contribute a small percentage of the supply.

The Northwest does not currently have functioning natural gas generation feeding into the provincial power grid. One generator, located at Vermillion Bay was shut down following a major fire. The second one, located near Nipigon, and operated by Atlantic Power reached agreement on a Long-Term Enhanced Dispatch Contract (LTEDC) that became effective in November 2018 and will expire in December 2022. Under this arrangement, the project returned to service in single-cycle mode and will operate on a flexible basis. The LTEDC provides for monthly capacity-type payments. The project will earn energy revenues when it operates, although the capacity factor is expected to be low. There has been no generation from this site in the past 12 months.

A privately owned, behind the fence natural gas generator, is planned by Greenstone Gold at Geraldton within the Municipality of Greenstone. This plan occurred when the energy authorities failed to achieve a financial arrangement that would result in additional transmission capacity installed to serve the mine and the Greenstone area.

In order to free up electrical capacity to serve the mines of Red Lake, a consortium of Governments came together to fund the construction of a natural gas line to the community that enabled residential and ICI facilities to move off electrical heat and onto natural gas. The pipeline was oversized to allow for future behind the meter natural gas generation which has an approved SIA and environmental permitting for. The electrical feed to this mining community is at or near its capacity and if the radial line serving the community is not upgraded or replaced, natural gas generation is the only option for existing mine expansion or new mine construction.

The communities of the North Shore of Lake Superior have combined efforts to create a system for the delivery of compressed natural gas (CNG) from a facility at Red Rock to community depots for local distribution to an estimated 13,000 customers. Once implemented this will reduce the demand for high-cost electricity for all users in the 5 participating communities.

There are two facilities currently supplying electricity under contract with the IESO using biomass as a fuel source. One is the OPG Thermal Generating Station at Atikokan and the other is the Resolute Forest Products, Non-utility generator. Both of these generators can supply energy on demand or on a scheduled basis, filling in any shortfall in the supply. Both have the ability to expand their output, with Atikokan having the largest growth potential. Also, both require natural gas to ignite the fibre as well as sustaining its combustion.

The Norwest currently is under harvesting its allowable cut somewhere in the 50% range. The option for further development of new biomass facilities designed to meet the emerging need for distributed energy is a realistic source of power. It has the added benefit of increasing the employment in the forestry industry within the region while at the same time converting stored carbon into a useful fuel rather than rotting on the stump and generating CO₂ with its implications on the environment.

Ensuring that existing facilities that consume biomass for electricity generation are provided ongoing access to the provincial market at fair compensation for the value they provide, as described in the draft Biomass Action Plan will be critical for future success. This includes recognizing and, where possible, removing barriers that prevent biomass facilities from optimizing their assets.

The Northwest does not benefit from the electrical generation produced by the nuclear component of the Ontario system. There is little opportunity for that electricity to move to the Northeast let alone to the Northwest. Southern Ontario has many more options for their supply and with a ratio of 80:20 in favour of residential services vs industrial, there is greater flexibility in the use of renewables like solar or wind. The Northwest, on the other hand, currently experiences a 50:50 ratio but will return to 80% industrial as the new mines come on stream.

Implications of Phasing Out Natural Gas Generation

As the IESO is aware, the Northwest's electricity demand continues to grow thanks in large part to the ongoing mineral exploration and conversion to functioning mines. Some of those new mines will be able to connect to the provincial grid with minimal investment in new wires. Others will likely require distributed generation as a solution to their power needs.

It must be noted that neither solar or wind generation is able to provide the continuous power required by the mining and mine processing industries. While they certainly can supplement the supply from hydraulic and biomass generation, they do not have the ability to sustain that supply.

With TC Energy's¹ TransCanada natural bulk pipeline crossing through the Northwest through or close to the major mining projects, natural gas generators of a size relative to the requirements of the mine would be an appropriate option. So too will be the gas distribution network of Enbridge which serves many of the communities of the region.

The option of natural gas generation must be available if the Northwest is to grow and prosper. That being said, we support the continued research into the technology designed to reduce greenhouse gas emissions from the consumption of natural gas as well as the development of additional biomass generation facilities throughout the region.

¹ Formerly known as TransCanada Pipelines