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April 22, 2021

By Email: [Terry.Young@ieso.ca](mailto:Terry.Young@ieso.ca)

Mr. Terry Young  
President  
Independent Electricity System Operator  
Toronto, Ontario

Dear Mr. Young:

**Re: Phasing-Out Ontario's gas-fired power plants**

As you know, the Independent Electricity System Operator's (IESO) *Annual Planning Outlook* is forecasting that the greenhouse gas (GHG) pollution from Ontario's gas-fired power plants will rise by more than 300% by 2030 and by 500% or more by 2040. If this occurs, we will lose approximately 40% of the pollution reduction benefits that we achieved by phasing-out our dirty coal-fired power plants.

In April 2020 the Ontario Clean Air Alliance (OCAA) released its report: [Phasing-Out Ontario's Gas-Fired Power Plants: A Road Map](#).

Our report recommended the following two-step process to phase-out Ontario's gas-fired electricity generation:

1. Cap their GHG pollution at 2.5 million tonnes per year – their 2017 level – as soon as possible; and
2. Achieve a complete phase-out of gas-fired electricity generation by 2030.

Furthermore, our report outlined a strategy to phase-out our gas plants and lower Ontario's total electricity costs.

To-date our report's recommendations have been endorsed by [over 60 organizations](#) including the Registered Nurses' Association of Ontario, the Canadian Association of Physicians for the Environment and the David Suzuki Foundation.

In addition, [23 municipalities](#) have passed resolutions requesting the Government of Ontario to phase-out our gas-fired power plants.

Our recommendations are also consistent with President Biden’s goal to [phase-out all fossil-fuel electricity generation in the U.S. by 2035](#).

#### *Ontario Energy Association report*

On April 14, 2021 the Ontario Energy Association (OEA), which represents Enbridge Gas, TC Energy and Shell, released a report which asserts that phasing-out Ontario’s gas plants by 2030 will raise Ontario’s electricity costs by billions of dollars per year.

The OEA’s report<sup>1</sup> has the following fundamental flaws:

1. It claims that a gas phase-out would require the replacement of 11,300 megawatts (MW) of gas-fired generation despite the fact that during Ontario’s peak demand day in 2020 (July 9<sup>th</sup>) we only needed 6,845 MW of gas-generation to keep our lights on.<sup>2</sup>
2. It arbitrarily claims that the capital cost per MW of the replacement resources would be 2.61 times greater than the IESO’s actual cost of procuring incremental capacity for the summer of 2021.<sup>3</sup>
3. It asserts, without any evidence, that the replacement capacity’s total costs (e.g, capital, fuel and operating costs) would be more than 3 times greater than their above-noted alleged capital costs despite the fact that energy efficiency investments and renewables have no fuel costs and very low operating costs.
4. It ignores the capital, fuel and carbon tax savings associated with the phase-out of the gas plants. In particular, it fails to note that approximately 80% of the IESO contracted gas-fired capacity (MW) will expire on or before December 31, 2030.<sup>4</sup>
5. It falsely suggests that the Government of Ontario will have to provide financial compensation to the gas-fired generators if it does not renew their 20-year contracts, most of which will expire on or before December 31, 2030.

In short, the OEA report is simplistic, evidence-free, biased and fundamentally flawed.

#### *The IESO’s report*

According to your March 9, 2021 letter to Mayor Tory and Toronto City Council, the “IESO is undertaking a comprehensive study to address the challenges, costs and reliability issues that would need to be addressed in any phase out of natural gas.”

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<sup>1</sup> Power Advisory, *Implications of Shutting Down Ontario’s Gas-Fired Generators by 2030*, Prepared for Ontario Energy Association, (April 12, 2021), pages 12 & 13.

<sup>2</sup> IESO, *Summer Operation Review: Stakeholder Advisory Committee*, (August 11, 2020), pages 2 & 11.

<sup>3</sup> IESO News, “Capacity Auction Results Demonstrate Value of Competition”, (December 10, 2020).

<sup>4</sup> IESO, *A Progress Report on Contracted Electricity Supply: Third Quarter 2020*, page 9; and <http://www.ieso.ca/power-data/supply-overview/transmission-connected-generation>.



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We hope that the IESO study will analyse the costs and benefits of:

1. Capping the gas plants' annual GHG pollution at 2.5 million tonnes per year as soon as possible;  
and
2. Achieving a 100% phase-out of gas-fired electricity generation by 2030.

We believe that the gas plants' GHG pollution can be quickly capped at 2.5 million tonnes per year by increasing our spot market purchases of Quebec water power, curtailing our gas-fired electricity exports, and ramping up the IESO's energy efficiency programs and budgets.

To achieve a complete gas plant phase-out by 2030 at the lowest reasonable cost, we believe that the IESO must also procure Made-in-Ontario wind and solar energy, expand our transmission links and electricity supply and storage agreements with Hydro Quebec, and invest in battery storage (e.g., harnessing our electric vehicles' batteries to help us meet our peak hour demands).

We hope that the IESO, in consultation with Hydro Quebec, will develop a comprehensive, unbiased and fact-based analysis of the benefits, costs and challenges that will be associated with the phasing-out Ontario's gas-fired power plants.

Yours sincerely,

Jack Gibbons  
Chair

cc. Sophie Brochu  
Stephen Rhodes