



July 15, 2013

Regional Planning and Infrastructure Siting Dialogue
c/o Ontario Power Authority
120 Adelaide St. West, Suite 1600
Toronto, Ontario
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Please find OSPE's comments on the Ontario Dialogue on Regional Planning and Siting Large Energy Infrastructure attached. OSPE's comments reply to the questions set out in the Regional Planning and Siting in Ontario Discussion Guide, June/July 2013.

Yours sincerely,

A handwritten signature in black ink that reads 'Paul Acchione'.

Paul Acchione, P.Eng.
President & Chair, OSPE

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The Regional Electricity Planning Process

1. Who needs to be engaged in regional energy planning to represent municipal, Aboriginal, and community interests?

Traditionally municipalities have been a key stakeholder, but not a direct participant in Regional Electricity Planning. Local distribution companies (LDCs) have been assumed to represent or speak for municipal/community electricity matters. However, increasingly municipalities are developing capacity in integrating energy into land use planning and economic development in the form of Community Energy Plans. Similarly, LDCs' territories increasingly do not match political boundaries and therefore make them less able to represent municipal/community energy interests. Some LDCs are no longer owned by one local municipality/community and are therefore are not able to reflect local needs that are not aligned with the broader constituency served by that LDC. Consequently it is important to seek input from the municipal/community planning organizations directly affected.

In addition to municipalities, various conservation and environmental management organizations (such as Oakville-Clarkson Air Zone Management Advisory Committee (OCAZMAC) should be involved since they bring important expertise to the planning process.

2. What is needed to ensure that municipalities and community information is integrated at each stage of regional electricity planning?

A paradigm shift is needed to create an open and collaborative process, whereby municipalities are invited to participate from the beginning in developing Regional Electricity Plans. As direct participants, municipalities can then speak first-hand to the local challenges and opportunities for energy solutions, including balancing economic development, energy resiliency, social friction and environmental impact. Municipalities should have regular access to data about local energy challenges so that they can be informed partners in developing solutions to those challenges.

3. If a community prefers a certain option should that preference be paid for by the community or all Ontarians?

Current Regional Energy Planning tends to have a bias towards large, electricity only, rate base funded solutions. Municipalities/communities tend to prefer small-scale, integrated energy solutions (e.g. thermal, electricity, water), and funded by private sector investment, such as:

- New district energy systems (e.g. Markham, Toronto, Hamilton, Guelph, Vaughan)
- Behind the meter combined heat and power (e.g. campuses for academic, health care, government and industrial uses)

Therefore, it may not be an either/or funding proposition, but an opportunity for innovation to attract private investment in demand side energy solutions that relieve stress on the large electricity

infrastructure and rate base, with the bonus of potential for reduced social friction, increased resiliency and net environmental benefit.

A collaborative planning process will make it clear that local energy needs must be supported – at least in part – by local energy solutions, typically a combination of small-scale integrated solutions such as those listed above, as well as traditional generation, transmission and conservation mechanisms. For generation and/or transmission, the community’s direct contribution to the solution, if selected, would typically be to allow the siting of the facility in the community, with the costs of the facility to be addressed through normal rate-based mechanisms.

OPA/IESO questions on Siting of Large Energy Infrastructure – allocating responsibilities and costs

1. What works well with the existing siting process? What doesn't work well?

Where there is low potential for social friction, the current procurement process of bundling site selection with proponent selection works well. Where greater potential exists, the decision about what large energy infrastructure is needed should flow from the Regional Electricity Planning process, which in turn should involve the community and stakeholders. Regardless of the social context, site selection should respect community-based land use planning and municipal Official Plans in particular, rather than treat them as a by-product of proponent bid preparation and pursuit.

Lack of appropriate recognition in the evaluation criteria of the broader societal benefits of higher efficiency and lower environmental impact of distributed infrastructure, biases the evaluation process in favour of large energy infrastructure.

2. What advice do you have for OPA and IESO as they work to improve the siting process?

In areas where municipalities are developing capacity in integrating energy into land use planning and economic growth, and where Community Energy Planning is occurring, a bottom-up approach is preferable to the current top-down approach. Otherwise, the existing bundled site and electricity developer/proponent procurement process pits proponent against community.

3. If a large energy infrastructure project is the preferred electricity source identified through the Regional Electricity Planning process, and the local community object to the siting of project, then how should that community's needs be met?

If municipalities are involved from the beginning in the creation of their respective Regional Electricity Plans they will have participated in the process that identified the need for the large infrastructure in their community. This will create buy-in for the projects that result from the planning process, reducing local community objections. If community-developed land use plans (such as Official Plans) are used to establish siting options this will also reduce resistance to specific siting decisions.

Even where a given infrastructure project largely creates benefits beyond the local community, Ontario's nuclear facilities demonstrate how local communities can be made into supporters of large energy infrastructure, through a combination of local economic benefits and responsible environmental stewardship.

Current Regional Energy Planning tends to have an exclusive pursuit of large, electricity only, rate base funded solutions. A counter point to that would be to in fact strengthen the existing large electricity infrastructure by addressing load growth at the source by implementing small-scale, integrated energy solution (i.e. thermal, electricity, water), and funded by private sector investment. Examples include:

- New District energy systems (e.g. Markham, Toronto, Hamilton, Guelph, Vaughan)
- Behind the meter combined heat and power (e.g. campuses for academic, health care, government and industrial uses)

The system as a whole will benefit from a combined approach of large and small energy solutions that complement each other.

In the event that neither large nor small-scale energy solutions are acceptable to a community, then that community must understand that its energy needs may not be met.

4. What are the pros and cons of the alternative approaches above?

People who are impacted by energy facilities are demanding a greater share of the economic benefits of those facilities. Some technologies and system configurations are more community friendly. Unless we recognize that within the evaluation criteria, strong local resistance will continue to plague energy planning efforts.

"If we do not change direction we will end up where we are going."

Anonymous

We have no choice but to innovate our way into the future. Engineers are a great resource in the emerging field of Community Energy Planning for demand side energy solutions that can easily be funded with private investments. OSPE will be studying Community Energy Planning in greater detail in the coming months and looks forward to sharing its findings with the OPA.