

INVESTING STRATEGICALLY IN ONTARIO'S ELECTRICAL TRANSMISSION SYSTEM

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Please select which category from the OCC economic vision best represents your issue:

- Identifying, championing, and strategically investing in our competitive advantages in the global economy

Issue:

Ontario's capacity to generate sufficient energy for its long-term needs continues to be a concern, which the government is seeking to address by diversifying its energy supply mix. While there remains significant potential to create the required levels of renewable generation, the lack of adequate transmission infrastructure constrains the ability to transfer it to high-demand centres.

Current Situation (Why the issue matters)

Renewable energy is slated to play an increasingly growing role in Ontario's supply mix to help accommodate the shift away from coal, and the anticipated 15 percent growth in consumption in the next two decades.¹ To this end, the Ontario Power Authority (OPA) has identified numerous sites throughout the province as "significant" sources for future renewable generation. However, the existing transmission system is insufficient to support much of this potential development, particularly in northern Ontario.²

To address the problem and bolster the long-term energy supply for high-demand areas, the government committed in 2010 to an \$884-million enhancement of the North-South Tie, a critical transmission line running between Sudbury, Barrie, and the Greater Toronto Area.³ It allows excess capacity to be transferred between regions, and would potentially serve as the primary delivery route of much the province's future renewable energy generation.

While preliminary development work has occurred, true capital investment has yet to take place, despite an initial completion date of 2015. It has since faded from provincial planning documents, even as the OPA continues to insist it is required for transporting cost-effective, renewable generation created north of Barrie to high-load areas to the south.⁴ This is in addition to several other OPA-recommended projects to reinforce transmission at locations throughout the province to support this North-South Tie, and to help provide the energy necessary for a variety of resource projects, including the "Ring of Fire."⁵

Although provincial planning is focused on ensuring sufficient supply through 2018, the OPA says additional transmission facilities may be required by 2023 to address

¹ Long-Term Energy Plan, Ontario Ministry of Energy, November 2010

² Integrated Power System Plan II Planning and Consultation Overview, May 2011

³ Transmission Green Energy Plan, Hydro One, May 2010

⁴ Integrated Power System Plan II Planning and Consultation Overview, May 2011

⁵ Progress on Energy Planning in Ontario, OPA's Approach to Long-Term Transmission Planning, Jan. 31 2012

potential long-term supply mix needs⁶. Despite the OPA's assurance that this represents a "long timeframe" for a decision, business planning requires long-term certainty with regards to energy supply and stability. A near-term resumption of studies and investment into the North-South Tie and related generation capacity would provide that certainty in a responsible, timely manner.

RECOMMENDATIONS:

The Ontario Chamber of Commerce urges the Government of Ontario to:

1. Commit to a specific timeframe for resuming studies and investment in the reinforcement of the North-South transmission tie;
2. Prioritize investment in support-level transmission infrastructure to enable the capacity necessary for new generation, in accordance with long-term supply mix strategies and economic development opportunities.

⁶ Progress on Energy Planning in Ontario, OPA's Approach to Long-Term Transmission Planning, Jan. 31 2012