



Ontario
Home Builders'
Association

January 16, 2025

Ministry of Energy and Electrification
77 Grenville Street
Toronto, ON
M7A 2C1
Canada

Re: ERO #019-9501 Consultation to support the important role for natural gas in Ontario's energy system and economy.

The Ontario Home Builders' Association

The Ontario Home Builders' Association (OHBA) is the voice of the residential construction industry in Ontario, representing 4,000 member companies organized into 28 local associations across the province, from Niagara to Thunder Bay and Windsor to Ottawa. Members include builders, developers, professional renovators, trade contractors, suppliers, and manufacturers serving the residential construction industry. The residential construction industry employed over 550,000 people, paying \$38.8 billion in wages, and contributed over \$83.8 billion in investment value across Ontario in 2023.

Please accept the below as our submission to the government's request for feedback on a consultation to support the important role for natural gas in Ontario's energy system and economy, which is being submitted on behalf of OHBA and its 28 local associations including but not limited to the Building and Land Development Association (BILD), West End Home Builders' Association (WE HBA), Greater Ottawa Home Builders' Association (GO HBA), and London Home Builders' Association (LHBA).

Environmental Registry Background

The Ministry of Energy and Electrification (ENERGY) is seeking feedback on principles and commitments for how the continued role of natural gas should be reflected in the vision statement on the province's energy future, Ontario's Affordable Energy Future: The Pressing Case for More Power, which will be released as part of Ontario's integrated energy plan in early 2025.

The Government has committed to include a Natural Gas Policy Statement in the province's integrated energy plan, to provide clear direction on the important role of natural gas in Ontario's future energy system. The development of a Natural Gas Policy Statement was also a recommendation of Ontario's Electrification and Energy Transition Panel (EETP).

Natural gas currently makes up almost 40 per cent of Ontario's total energy use. Natural gas provides a combination of low cost and high energy density that cannot be matched by other energy sources, and as such it is Ontario's dominant fuel used for heating, serving about 3.8 million customers. It is a vital component of Ontario's long-term mix and the province's first integrated energy plan.

It fulfills diverse roles across the industrial, residential, commercial and agricultural sectors. It is also a critical component of the province's electricity generation mix to maintain reliability and meet peak electricity demand: increased electricity generation through natural gas can help reduce province-wide emissions by supporting cost-effective electrification in other sectors like transportation and heavy industry.

There is a need for the energy system to adapt to the rapid pace of change occurring, so consumers continue to be empowered to make choices about their energy sources. That will require coordination among natural gas utilities, electricity utilities and the Independent Energy System Operator (IESO) to manage energy system costs and ensure reliability as significant investments in energy infrastructure are needed to support a growing and evolving economy. This coordination ensures that electricity resources keep pace with demand as an increasing number of consumers switch energy sources over time, while reducing the risk of stranding assets before the end of their useful life.

Ontario has committed to include a Natural Gas Policy Statement in its integrated energy plan to provide clear direction on the role this fuel source plays in Ontario's long-term energy future.

Previous Engagement

In April 2023, OHBA presented to the Standing Committee on the Interior, regarding Bill 165. We spoke of Ontario's need to ensure housing supply levels support population and employment growth while also addressing affordability. This topic is no longer debatable as we continue to experience a generational crisis. Builders investing and constructing new communities also require cost predictability and certainty of access to housing supportive infrastructure, including energy. Every decision by government and its regulatory authorities must fundamentally consider the consequences of their actions and ensure that housing supply remains the highest priority in public policy and decision making.

OHBA supported Bill 165 in that it sent a strong signal about the importance of ensuring all Ontarians can access the affordable and reliable energy they need today and into the future. The legislation reversing the Revenue Horizon decision was an important step in the right direction to support accessible and affordable energy while addressing housing affordability and choice through increased supply.

In May 2024, OHBA submitted further submitted a letter of comment on Enbridge Gas Inc.'s Rate Rebasing Application Phase 2 (EB-2024-0111). For several years, OHBA has consistently supported the Ontario government's continued work to advance access to affordable energy and propel economic growth, including through the Natural Gas Expansion Program and the *Keeping Energy Costs Down Act*.

OHBA wrote to support a measured approach to Ontario's energy transition; one that leverages existing natural gas infrastructure and invests in lower-carbon alternatives such as renewable natural gas and hydrogen – in addition to building incremental electricity supply. An integrated approach to Ontario's energy transition, where pipes and wires work together, ensures Ontario maintains an energy system that is resilient and cost-effective while supporting the province's decarbonization efforts.

OHBA stressed that that growing communities and new developments have significant energy needs to support housing developments, new businesses (office/commercial and retail), community centres, hospitals, and schools—and all Ontarians benefit from this growth. We reiterated that any consequential reduction in capital spending on natural gas distribution system expansion to new residential communities' places severe uncertainty on thousands of housing units that were planned and, in many cases, approved by municipal Councils across much of Ontario's fastest-growing communities. This significantly constrains OHBA members' ability to positively contribute to addressing Ontario's housing and affordability crisis.

OHBA Response

The public consultation regarding the role that natural gas plays in the energy mix within Ontario has been highly anticipated by the industry. The average timeline of a housing project from acquisition to home occupancy in this province is approximately 10-12 years. Most of Ontario's expected annual housing targets have been in the planning and municipal approvals pipeline for several years already. Therefore, any decisions that alter the status quo may have a material consequence to meeting the province's stated housing supply targets of 1.5 million homes and impacts the uncertainty of future investment and jobs across Ontario.

Working with municipalities, OHBA members are investing, designing and planning for immense future growth. In turn, certainty and predictability are critical. Assurances that affordable, resilient natural gas will be available to support economic and community development is crucial, as is preserving customer choice.

Natural gas meets 40 percent of Ontario's energy needs, plays a critical role in Ontario's energy evolution, and supports the reliability of Ontario's electricity system. We continue to stress the need for consultations and stakeholder input, that must offer opportunities for a full breadth of representation of not only our members' voices and priorities, but of the public and the governments alike, on the need for natural gas and natural gas infrastructure to support the province's diversified energy mix.

OHBA is one part of what we know is a united voice for a strong energy mix, that includes natural gas, which we recognize is the only way to achieve Ontario's goals of a reliable, safe and affordable energy system. Natural gas is a key part of a balanced energy mix, allowing for a realistic transition to lower emissions while ensuring energy remains affordable and reliable.

We agree with the government's position that the Ontario Energy Board must ensure a rational expansion of the natural gas system to support housing and economic growth. Natural gas provides energy that can support municipalities during power outages or when demand is high, improving municipal reliability. Ontario needs an all-of-the-above approach to integrated planning. The government must ensure that all households and businesses have the necessary flexibility to meet their energy needs according to their budget and timelines.

We need to ensure that Ontario households and businesses keep warm and safe, especially during extreme cold weather, as there is no proven, secure alternative available to meet peak winter demand. Maintaining a low-cost, resilient underground energy infrastructure is crucial in delivering

reliable and clean power. Ensuring a sustainable future for Ontario's families and industries is imperative. Natural gas is an unmatched energy source that provides twice the energy and four to five times the maximum electricity capacity at a quarter of the cost.

Electricity capacity is a critical concern, and we need to ensure that Ontario's energy system is ready to meet this important moment by ensuring that all forms of energy are readily available and affordable.

Affordability/ Reliability

Ontario has among the lowest rates of energy poverty in Canada, compared to Atlantic provinces who are mainly heated by electricity and propane and oil according to [Statistics Canada](#). Natural gas is an affordable and safe way to heat Ontario's homes. Natural gas provides municipalities with a stable and affordable energy source, which helps keep taxes lower for residents, business and public buildings like schools and hospitals.

Natural gas delivers four to five times the maximum capacity of the electricity system at a quarter of the cost and is much less affected by climate events, thus strengthening reliability. Natural gas' underground infrastructure means that it is not affected by storms that can disrupt customers. Burying electricity assets is expensive. According to BC Hydro, burying electricity lines can cost up to [10 times more than building overhead](#) infrastructure.

Capacity / Economic Growth

Municipalities continue to attract investors to their jurisdictions. Providing investors flexibility is essential to attracting new businesses. Not all industries can fully electrify (steel, concrete). Further, not all manufacturers are willing to take a risk on a sole source of energy. Ensuring a balanced energy mix gives investors the flexibility they need for their timelines, resilience and balance sheets.

Ontario communities need housing now and the province has several delineated 'high-growth' areas that require more energy capacity immediately. These communities cannot wait for the electricity grid alone to support them. They need to ensure that their regions and municipalities can meet the energy needs of today.

Conclusion

The Ontario Home Builders' Association and our local associations respectfully submit the feedback and recommendations contained within this submission regarding potential principles and commitments for how the continued role of natural gas should be reflected in the vision statement on the province's energy future, Ontario's Affordable Energy Future: The Pressing Case for More Power, which we are looking forward to its release as part of Ontario's integrated energy plan in early 2025.

We encourage the Minister of Energy & Electrification to take into consideration all content contained within as the government deliberates the intricacies and nuances of this vision statement and the development of Ontario's energy future.

Overall OHBA is supportive of the work the government is undertaking, in that it is recognizing that a strong and balanced energy mix is critical to achieve Ontario's goals of a reliable, safe and affordable energy system. OHBA reiterates that Ontario needs an all-of-the-above approach to integrated planning, ensuring that all households and businesses have the necessary flexibility to meet their energy needs according to their budget and timelines.

We continue to applaud the government for recognizing the need for securing energy choices for Ontario's communities, being vital to support economic development, energy access and reliability while undertaking a measured step toward energy transition. In an unprecedented housing and affordability crisis, now is not the time for any additional costs to be placed on builders or home buyers. Deliberations by government and its regulatory authorities must continue to consider the consequences of all decisions on affordability and supply and ensure that housing supply remains the highest priority in public policy and decision making.

OHBA appreciates the opportunity to provide feedback on the upcoming vision statement and looks forward to ongoing dialogue and consultation with the provincial government. We appreciate the opportunity to comment on this proposal. We look forward to continuing our ongoing engagement with the Ministry staff to ensure that our collective efforts are fulfilling our shared goals of delivering on Ontario's housing supply targets while improving housing attainability for current and future Ontarians.