



October 24, 2023

The Honourable Todd A. Smith,
Minister of Energy, Ontario
Send electronically via email
MinisterEnergy@ontario.ca

Re: Leave to Construct Threshold

Dear Minister Smith,

On October 13, 2023, the WOWC passed a resolution in favour of the Government of Ontario updating the LTC cost threshold from \$2M to \$20M for hydrocarbon lines (by amending Ontario Regulation O.Reg.328/03) while maintaining current requirements and expectations for Indigenous consultation and environmental review for projects greater than \$2M and less than \$10M.

Western Ontario has seen significant growth in the past decade with pressures to build out the gas pipeline network. Many municipalities in our region have lost major investment opportunities because of the delays in getting natural gas to development sites. Any person or company planning to construct hydrocarbon transmission facilities within Ontario, must apply to the OEB for authorization, if the projected cost to build the pipeline is over \$2 million, a threshold that was set in 1998.

Industry proposes updating the LTC cost threshold from \$2M to \$10M for hydrocarbon lines (by amending Ontario Regulation O.Reg.328/03) while maintaining current requirements and expectations for Indigenous consultation and environmental review for projects greater than \$2M and less than \$10M. Increasing the cost threshold to \$10M would closer align Ontario with other Canadian jurisdictions (e.g., in B.C., these thresholds are \$15M for electricity and \$20M for natural gas). The WOWC is recommending a \$20M threshold for our Province to be competitive with other Canadian jurisdictions.

Ontario's outdated regulations are causing the LTC to apply far more broadly than intended when it was established over 20 years ago. Due to increased regulatory and cost pressures, as well as inflation, virtually all gas pipeline projects are now greater than \$2M rendering the threshold meaningless. Roughly 0.5 KM pipe in urban settings now often exceed the \$2M threshold.

Examples of businesses lost in the region due to the regulation include;

- EV Battery Manufacturer, investment of \$1 Billion
- New Distillery
- 2 New Agricultural processing plants - \$140 million total investment
- New Agricultural plant - \$225 million USD investment

Modernizing these outdated regulations would reduce delays and costs for economic development initiatives including new industries seeking to locate in Ontario and create jobs (or existing seeking to expand), transit projects, community expansion projects, housing developments, connections for low carbon fuel blending (e.g. renewable natural gas, hydrogen) as well as residential and business customer connections.

The WOWC supports an increase in the Leave to Construct threshold to \$20M.

Sincerely,

A handwritten signature in black ink that reads "Glen McNeil". The signature is written in a cursive, flowing style.

Glen McNeil
Chair, Western Ontario Wardens' Caucus

cc.

Western Ontario MPPs
WOWC Members
WOWC Local Municipalities