

Energy Transition and Infrastructure

AMO Position

- Municipalities are important partners in energy planning. A clean, reliable and affordable energy supply will support local communities and economic growth.
- Municipal governments also advocate for strong action to reach “net zero” emission goals to combat climate change. Municipalities pay a heavy price responding to extreme weather events, including emergency services and infrastructure repairs.
- AMO is calling on the province to take the lead on a comprehensive long-term plan for the electrification and growth of Ontario’s energy grid, including the role that natural gas will play as part of the energy transition.
- Such planning will equip municipalities to make long-term energy infrastructure decisions in their communities.
- This plan should ensure reliable, long-term funding for energy distribution and transmission infrastructure. Funding models should minimize additional financial burdens on municipalities.
- AMO’s proposed *Social and Economic Prosperity Review* could include the cost of energy infrastructure and services as part of a joint provincial-municipal review of revenues, costs, services and needs.

Context

Meeting growing demand while cutting carbon emissions

- Ontario is facing a surge in electricity demand at the same time that the federal government has set a net-zero emissions target for 2050. This means reducing power generation that produces carbon emissions.
- The province’s Electrification and Energy Transition Panel has recommended that the province develop a plan to meet this target.

Ontario’s Energy System

- Energy in Ontario is regulated by the Ontario Energy Board (OEB) which determines energy rates, oversees investments into energy transmission and distribution infrastructure.
- The Independent Electricity System Operator (IESO) oversees the operation of Ontario’s electricity grid. It estimates that Ontario’s electricity supply capacity needs to increase by more than double over the next 25 years to meet Ontario’s growth projections. This does not account for increased demand from decarbonization. By hosting new energy infrastructure, municipalities are crucial partners in expanding energy supply.
- There are about 60 local distribution corporations (LDCs) each serving a defined geographic region.

Key Facts

- Historically, local distribution corporations (LDCs) have spent around \$2.5 billion annually to support new infrastructure and ongoing maintenance.
- The Electricity Distributors’ Association (EDA) estimates that Ontario LDCs could spend up to \$120 billion on new local infrastructure from 2024 to 2050 to support transition to a net-zero emissions energy supply.

- LDCs and Hydro One manage the construction and maintenance of local energy infrastructure.
- Municipalities are the majority shareholders of LDCs, but unlike other local utilities, do not directly own or manage the infrastructure.
- The IESO-led process to procure new energy projects gives municipalities a say in deciding whether or not to host local projects.
- These proposals are often technical and/or involve innovative new technologies, like battery energy storage systems. Municipalities seek to learn more about energy procurement so they can make informed decisions on projects proposed for their communities.
- Clearer provincial guidelines on land use, fire safety, and community benefit agreements would further help municipalities evaluate these projects.

Other Resources and Reports

- [Report of Ontario's Electrification and Energy Transition Panel](#)
- [Independent Electricity System Operator "Pathways to Decarbonization" Report](#)
- [AMO letter to the Ontario Energy Board regarding electricity distribution infrastructure funding](#)
- [AMO submission to the Ministry of Energy on Bill 165](#)

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