

Feedback Form

Clean Energy Credits – February 24, 2022

Feedback Provided by:

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Following the February 24, 2022 engagement webinar, the Independent Electricity System Operator (IESO) is seeking feedback from stakeholders on the items discussed during the webinar. The webinar presentation and recording can be accessed from the [engagement web page](#).

Please submit feedback to engagement@ieso.ca by March 17, 2022. If you wish to provide confidential feedback, please submit as a separate document, marked "Confidential". Otherwise, to promote transparency, feedback that is not marked "Confidential" will be posted on the engagement webpage.

Opportunities & Challenges

Topic	Feedback
What are the key opportunities and challenges the IESO should be aware of in developing a voluntary clean energy market?	See below.

Design considerations

Topic	Feedback
Which design considerations outlined in this presentation are most important to you and why?	See below.

Topic	Feedback
What other design considerations should IESO be aware of?	See below.

Engagement Process

Topic	Feedback
Which stakeholder groups and/or design topics are most important to include in the planned focus group discussions?	

Topic	Feedback
Are there any additional engagement opportunities the IESO should consider?	

Topic	Feedback
Would you be willing to participate in a technical session? If so, on which topic(s)?	We would be interested in attending.

General Comments/Feedback

The Atmospheric Fund (TAF) appreciates the opportunity to provide feedback to the IESO on this matter. TAF is a regional climate agency based in the Greater Toronto Hamilton Area (GTHA) supporting a net zero future.

A regulated clean energy credit market has potential to support decarbonization by channeling investment into clean energy infrastructure. However, the proposed Clean Energy Credit (CEC) system will not increase clean electricity in the province and, in fact, **is highly likely to increase emissions from electricity generation**. The program, as designed, is fundamentally flawed and will not lead to investments in new clean energy infrastructure. The IESO already foresees a carbon emissions increase of 316% by 2030 from gas power plants. The proposed CEC system will only further increase that forecast.

We recommend the IESO either completely revise the proposed system or abandon it altogether because the system, as it is proposed, will not reduce carbon emissions. Ontario's existing clean power facilities will be eligible to generate credits for continuing to produce clean energy. Allowing nuclear and hydro plants to generate unlimited credits **will not increase the supply of clean energy** because these plants already operate non-stop under contract to the province. The companies that buy these credits will not actually contribute to any reduction in carbon emissions. This means none of the revenue generated by the credits will go towards building new clean power infrastructure.

Additionally, the IESO proposes using the revenue generated from the clean energy credits to subsidize electricity rates. Cheaper electricity leads to increased electricity consumption, and currently, the natural gas is the marginal resource for new energy demand in Ontario. **Without new clean energy supplies to meet increased electricity demand, we'll see an increase in carbon pollution from natural gas power plants.**

With any carbon offset or credit system, the key to legitimacy and impact is additionality. That is, the sale of credits must result in, or incentivize, new investments in carbon reduction. The proposed clean energy credit system has no additionality. To address this problem, **we recommend the province require all credit revenues be invested in new clean energy projects**. Alternatively, the system could limit credit generation eligibility to new clean energy facilities. Either approach would ensure the system channels investment into new clean energy infrastructure. New investments in clean energy will lead to reduced emissions and support long-term energy affordability for Ontarians.

We strongly urge the IESO to redesign the proposed Clean Energy Credit market and to include our recommendations in its proposal to the Minister of Energy. We look forward to reading the full report in July.