

Ontario Emissions Scenario as of March 25, 2022

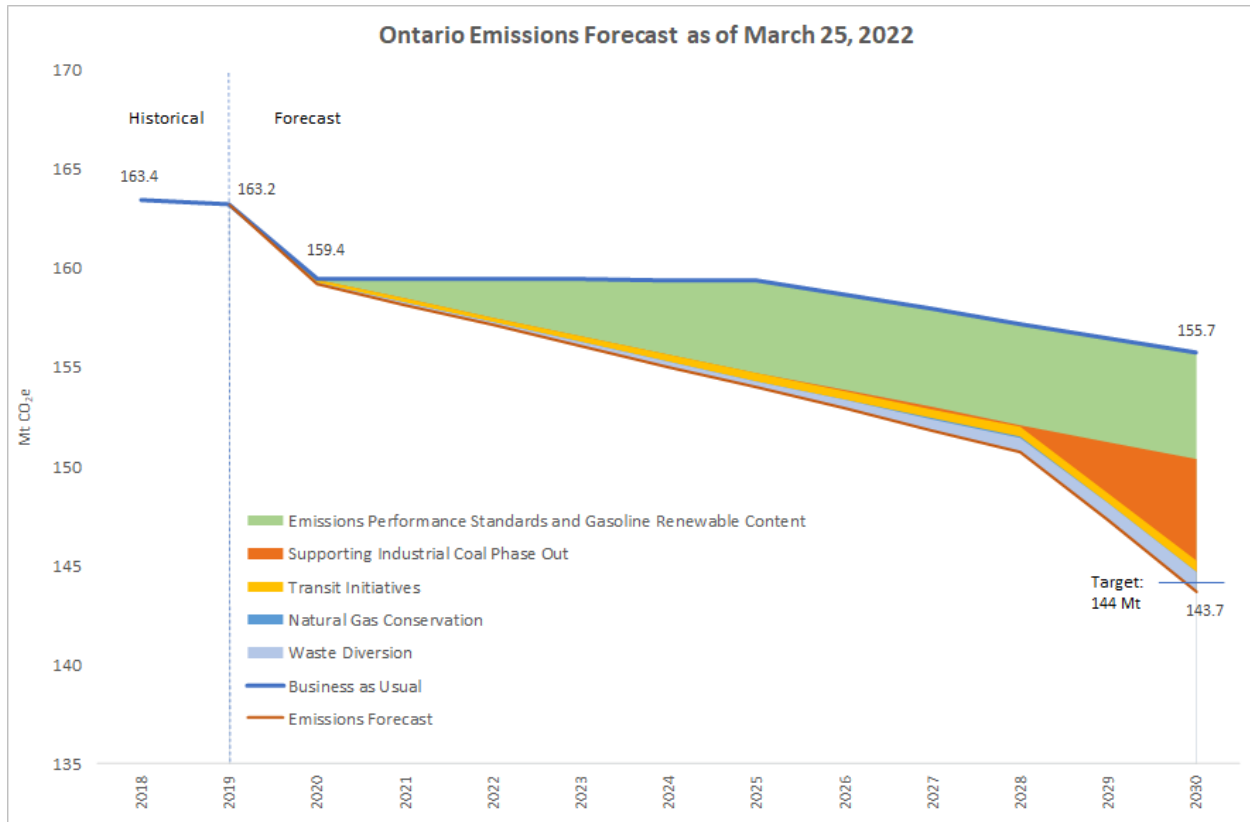
Ontario has already achieved greater reductions of greenhouse gas emissions than any other province or territory in Canada. The province remains steadfast in its commitment to meet the 2030 emissions reduction target and is confident in the plan and trajectory to get there – catalyzed by recent major investments in automotive, steel, and industrial electrification.

As the chart below shows, Ontario's plan is working and the province is on track to achieve its 2030 greenhouse gas emissions target. Ontario's reductions since 2005 surpass those of any other province or territory in Canada, in absolute terms.

This has been done while ensuring that our approach is flexible to the opportunities, needs, and circumstances facing job creators and not harmful to Ontario's economic growth.

The graph below presents Ontario's greenhouse gas emissions since 2018 along with a forecast of provincial emissions out to 2030. Emissions are estimated to be 143.7 Mt CO₂e in 2030, indicating Ontario **is on track** to achieve its greenhouse gas emissions target of 144.0 Mt CO₂e in 2030, or 30 percent below 2005 levels per the 2021 National Inventory Report.

The Ministry of the Environment, Conservation and Parks developed the forecast by applying gTech energy-economy model, created by the reputable and widely used third-party company Navius. The results demonstrate Ontario's clear trajectory toward the achievement of its 2030 emissions reduction target. The sophisticated model was used to incorporate actions that are either implemented or underway. Where feasible, policies included in both the business as usual and policy cases have been modelled in an integrated fashion (i.e., taking overlapping reductions from various policies into account).



The **Business-as-Usual forecast (BAU)** estimates emissions that would be expected if no policies are implemented beyond those that are already certain:

- The BAU includes federally announced and legislated policies.
- The BAU is calibrated to the National Inventory Report (NIR) 2021, IESO's Annual Planning Outlook (APO) 2022, and the Ministry of Finance's 2021 macroeconomic projections.

The **Policy Case forecast** estimates emissions assuming the BAU policy scenario, and the following policies that reduce emissions in Ontario:

- Ontario is taking a phased in approach to increased renewable content in gasoline, with 11% renewable content by 2025, 13% in 2028, and 15% by 2030. Furthermore, the 45% GHG performance requirement will be increasing to 50% in 2030. This is being done while providing for exclusions for mid- or premium-grade gasoline and fuel used for boats, aircraft, classic cars and off-road vehicles such as all terrain vehicles (ATVs) and snowmobiles, due to unique circumstances.
- To support the phase out of the industrial use of coal, Ontario has taken action to provide clean, reliable and affordable electricity to secure a landmark investment from Algoma Steel to transition from coal to all-new low-emission electric arc furnaces in Sault Ste Marie. In addition, Ontario has made a landmark investment to transform the ArcelorMittal Dofasco steel mill in Hamilton from coal-fed furnaces to new, low-emission direct reduction and electric arc furnace technology. These investments will help to sustain good paying jobs and anchor the Ontario auto industry for generations to come while also reducing emissions. As well, Ontario has simplified the approvals process for energy-intensive facilities, such as cement manufacturers, to substitute the use of coal and petroleum coke with fuels derived from materials that would otherwise be disposed in landfills. (Note: the overlap between these reductions and EPS has been captured in the estimates).

- Historic provincial investments across Ontario in transit initiatives continue to move forward at record speed, in various phases of development, including:
 - Ontario Line,
 - Yonge North Subway Extension,
 - GO Rail Expansion,
 - Eglinton Crosstown West Extension,
 - Eglinton Crosstown LRT,
 - Scarborough Subway Extension,
 - York Viva BRT,
 - Hurontario LRT,
 - Finch West LRT.
- Ontario continues to support natural gas conservation (Demand Side Management (DSM)). As the Ontario Energy Board's decision on Enbridge's proposed 2023-2027 DSM plan is pending, MECP used a conservative illustrative scenario, assuming a 10% real increase in funding in 2030 (1.2% real/year in 2023-2030).
- The Emission Performance Standards (EPS); Continuing the EPS program until 2030, assuming an approach consistent with the August 2021 federal benchmark requirements.
- Ontario has begun to engage landfill owners, stakeholders and the public on approaches to reduce emissions from landfills through improved collection of methane and increasing diversion of food and organic waste from landfills. This illustrative policy scenario assumes a phase out of the disposal of food waste to landfills by 2030 and an increase in Ontario's diversion rate for organics from about 42% currently, to 75% at implementation.

Caveats:

- It is important to note that our modelling presents a point-in-time view. It will continue to evolve and be updated as policy development progresses.
- Note that changes to the method to calculate the overlap between the EPS emissions and the reductions in coal use in the iron and steel sector will likely impact the estimates. The emission estimates might also change when coal reductions are run in an integrated manner in the model.
- The current DSM estimates do not account for interaction with increase in carbon pricing beyond \$50/tCO₂e, federal funding and overlap with other policies.