

**Ministry of Energy,
Northern Development
and Mines**

Office of the Associate Minister
of Energy

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**Ministère de l'Énergie,
du Développement du Nord
et des Mines**

Bureau du ministre associé
de l'Énergie

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June 9, 2021

His Worship Alar Soever
Mayor
Town of the Blue Mountains
mayor@thebluemountains.ca

Dear Mayor Soever:

I am writing to update you about our government's efforts to expand access to natural gas for families and businesses in rural, Northern and Indigenous communities in Ontario through Phase 2 of the Natural Gas Expansion Program.

Access to natural gas both lowers heating costs and drives economic development. The Natural Gas Expansion Program encourages communities to partner with natural gas distributors on potential projects that are not currently financially viable and would not be built without additional financial support.

While I appreciate your interest in Phase 2 of the program, I regret to inform you that we will not be able to provide funding for the SWISS MEADOWS proposal at this time.

I would like to ensure that you understand how this decision was reached.

There was tremendous interest in Phase 2 of the program. The 210 submissions received by the Ontario Energy Board requested a total of \$2.6 billion in funding. The government originally intended to make \$130 million in ratepayer-funded financial support available for Phase 2 projects over the three-year period from 2021 to 2023. Even with our decision to increase the budget to \$234.24 million and extend funding to 2025, the total requested funding for the 210 submissions still greatly exceeded the funding available. With so many worthy proposals to consider, I'm sure you can appreciate our challenge.

I can assure you that, in assessing the project submissions, my ministry used consistent criteria to assess each and all projects.

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Our top priority was to connect the most customers, as broadly across the province as possible, in the most economically feasible way. To account for these factors, we used the Ontario Energy Board's Profitability Index (PI) indicator to guide us in recommending the most suitable projects for eligibility under Phase 2.

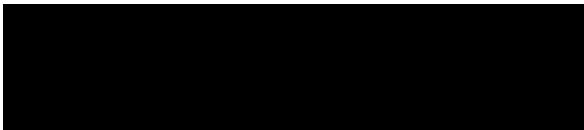
The PI measures the economic viability of a project. The OEB determines whether a project is economical based on the number of customers forecast to connect to the project over a 10-year period in relation to the costs of the project. While none of the projects were fully viable without support, after ensuring that short-listed projects were regionally distributed, the projects that were ultimately selected were the ones with the strongest indexes.

Going forward, we will continue to consider opportunities to further support natural gas expansion beyond Phase 2. I would note that natural gas utilities are welcome to propose expansion projects to the OEB at any time if they are economically viable, and municipalities may want to consider what they can do to assist with the economics of projects in their areas.

Our government will continue to work hard to deliver on our commitment to reduce energy costs.

Thank you for your interest in the Natural Gas Expansion Program and please accept my best wishes.

Sincerely,

A large black rectangular box redacting the signature of the Associate Minister of Energy.

The Honourable Bill Walker
Associate Minister of Energy

c: Jim Wilson, MPP, Simcoe-Grey
Hon. Greg Rickford, Minister of Energy, Northern Development and Mines,
Minister of Indigenous Affairs