



September 11<sup>th</sup>, 2025

## **Canadian Propane Association Response to ERO Posting 025-0923**

### **Consultation on the Future of Community Natural Gas Expansion**

Ontario's Natural Gas Expansion Program remains limited in providing real energy choice across the province. In fact, many regions of Ontario will never have access to natural gas pipelines due to distance, population, and geography. They include Indigenous, rural, and remote communities.

The province's recent roadmap for energy, Energy for Generations recognizes this important fact and outlines the importance for Ontarians to have access to energy, such as lower emission propane, beyond the natural gas footprint.

*"As Ontario continues to grow and diversify its energy mix, natural gas liquids — especially propane — remain essential to supporting reliable energy access in off-grid communities and as an input for domestic value-added production." Energy for Generations, Page 107*

*"Propane and other natural gas liquids (NGL) like butane play a key role in Ontario's energy system — particularly in regions that are not served by the natural gas grid. These fuels support residential heating, agriculture, industry, and petrochemical production." Energy for Generations, Page 107*

As the province notes, propane is and continues to be a vital part of Ontario's energy mix. For those Ontarians that are off the natural gas grid, propane provides critical energy needs in a multitude of sectors such as residential, agricultural, commercial, transportation, construction, mining etc.

There are limits to natural gas expansion due to geography or financial considerations, propane has and will continue to fill in these gaps. For example, in Churchill, Manitoba, propane not only provides heat to homes, but supplies electricity. The same application could be used in some northern and remote communities in Ontario that currently rely on diesel for electricity generation.

The Canadian Propane Association (CPA), the national association for Canada's propane industry, is proposing if the province moves ahead with the next phase in natural gas expansion that the program be renamed the Gas Expansion Program. This will allow the program to meet the needs of Indigenous, rural, and remote communities and include propane, a derivative of natural gas that can provide essential lower-emission energy to these communities that are currently using heavier emitting fuels such as heating oil and diesel.

As part of a Gas Expansion Program, the Ontario government can offer a program that would address gas expansion beyond the natural gas grid — the Rural Propane Retrofit Program as proposed by the CPA. This program would provide support for those wishing to change their oil furnaces to lower-emission propane.

## Background

Indigenous, rural, and remote communities face unique challenges. Electricity, even with a provincial subsidy amounting to over \$7.3 billion per year, is costly. These areas face increased costs in all manner of goods, including food and clothing. Transportation and energy costs are also much more expensive.

Because of the challenges facing these communities, affordable and lower-emission propane is particularly suited to address their energy needs, especially given its portability and unique distribution infrastructure.

Unlike natural gas, propane is not restricted by pipelines. Propane energy is unique in that it is distributed to every corner of the province. Importantly, propane is 30% to 40% cheaper than heating oil.

From a greenhouse gas perspective, propane, like natural gas, is much cleaner than diesel and heating oil. In addition, as renewable propane and propane blended with renewable dimethyl ether come on stream in Canada—as we are seeing in Europe and the U.S.—propane energy will become even cleaner.

## Public Concerns

We have received feedback from propane customers expressing concerns about the Natural Gas Expansion Program. They worry about the overall costs involved in bringing natural gas to their homes and fear that this expansion could limit their access to an affordable energy source that they have been using for years – lower emission propane.

The United Way of Simcoe-Muskoka has raised another critical concern:

*“More than 14% of households contacting us for financial assistance with their heating costs report that their homes are heated with propane, furnace oil or wood and therefore are not eligible for LEAP. Unfortunately no such support is in place for households in Ontario that heat their homes with propane. This is not a local issue, energy poverty is impacting households across Ontario and from coast to coast.”*

We recommend that LEAP be amended to include propane to ensure that low-income households also have access to financial support. In addition, there is the issue of supply of natural gas, a CPA member reports that,

*“We have seen a big increase in demand for propane to back up and/or supplement the natural gas infrastructure in Ontario. We are currently working on large installations for greenhouses and smaller agricultural installations like corn dryers all with the same issue. These customers were not propane customers previously but are now installing dual fuel units because the natural gas supplier cannot meet the needs of their business, frankly speaking, they can't supply enough gas.”*

## Conclusion

As noted in Energy for Generations, propane is an important part of Ontario's energy mix. As has been noted, there are many areas of the province that do not have access to the natural gas grid due to distance, population, and geography. For the people of these communities, propane plays a critical role in providing lower emission, affordable and reliable energy.

If the province were to move ahead with the next phase of Natural Gas Expansion without including propane, it would be favouring certain areas of the province over others. All Ontarians deserve to be treated fairly, regardless of where they live.

Propane can ensure the fundamental fairness of energy choice; a principle that was reflected in the province's own Energy for Generations strategy.