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January 12, 2018

Ontario Energy Board  
2300 Yonge Street  
27th Floor  
Toronto, Ontario M4P 1E4

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Ontario Sustainable Energy Association  
Interrogatories to Enbridge Gas Distribution Inc. (EB-2017-0224), Union Gas  
Limited (EB-2017-0255), EPCOR Natural Gas Limited Partnership (EB-2017-0275),  
Applications for Approval of the Cost Consequences of 2018 Cap and Trade  
Compliance Plans**

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OSEA has no comments on the Draft Issues List.

Please find enclosed OSEA's interrogatories on evidence filed by Union Gas Limited and Enbridge Gas Distribution Inc. for Issue 1.10.1 pursuant to Procedural Order No. 1 dated December 28, 2017.

Yours truly,

Robert Woon  
Encl.

cc: Dennis O'Leary, David Stevens – Aird & Berlis LLP  
Andrew Mandyam – Enbridge Gas Distribution Inc.  
Crawford Smith – Torys LLP  
Adam Stiers – Union Gas Limited  
Intervenors

Document #: 1306822

## ONTARIO ENERGY BOARD

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B).

**AND IN THE MATTER OF** the Applications by Enbridge Gas Distribution Inc. and Union Gas Limited for an order or orders approving and/or accepting the cost consequences of their 2018 Cap and Trade Compliance Plans

### **INTERROGATORIES OF ONTARIO SUSTAINABLE ENERGY ASSOCIATION (“OSEA”) ON ISSUE 1.10.1 IN PROCEDURAL ORDER NO. 1 DATED DECEMBER 28, 2017**

January 12, 2018

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#### **I. INTERROGATORIES FOR ENBRIDGE GAS DISTRIBUTION INC.**

##### **Issue 1.10.1, OSEA Interrogatory 1**

Reference: Exhibit C, Tab 5, Schedule 2, Page 8

Preamble: “The typical development timeline for RNG and P2G hydrogen projects is expected to range from 18 to 30 months. Some potential producers of renewable gas supplies are at the early stage of project development in anticipation of market opportunities developing in Ontario while others are closer to fruition. As a result, the 2018 Compliance Plan does not anticipate the introduction of significant RNG volumes into the Company’s 2018 gas supply portfolio.”

- a) What are Enbridge’s projections for the annual volumes of RNG it is estimating to introduce in its gas supply portfolio for the next ten years?
- b) How many potential producers does Enbridge estimate will be operational and able to supply RNG to Enbridge within each of the next ten years?

**Issue 1.10.1, OSEA Interrogatory 2**

Reference: Exhibit C, Tab 5, Schedule 2, Page 9

Preamble: “Enbridge plans to undertake the following steps in 2018 with respect to the procurement of RNG supplies: (a) Conduct a rigorous RFP process to determine the cost, contract term, and other RNG procurement terms and conditions; (b) Negotiate and enter into a contractual arrangement between the Company and the Province whereby the Province agrees to compensate ratepayers for the difference between the cost of the RNG purchased and the carbon abated cost of natural gas.”

- a) At what stage are Enbridge’s negotiations with the Province about funding? Has the Province provided any commitments that it will contribute towards the proposed RNG funding proposal?
- b) When does Enbridge expect to have a contractual arrangement finalized with the Province?
- c) When does Enbridge expect it will conduct the RFP process?
- d) If the Province ultimately does not agree to compensate any or all of the ratepayers for the difference between the cost of RNG purchased and the carbon abated cost of natural gas, how will Enbridge incorporate RNG into its gas portfolio?
- e) What is Enbridge’s forecast for the annual subsidy that will be required from the Province based on Enbridge’s volume forecasts for the next 10 years?
- f) Does Enbridge propose the Province’s subsidy will be part of the \$60-\$100 million that the Province proposed in the CCAP for introducing renewable content in natural gas?
- g) Has Enbridge considered and/or approached the Province about subsidies for other potential customer abatement measures? If so, please describe each abatement measure and the proposed subsidy.
- h) Do the other RNG markets cited by Enbridge (e.g. Europe, California, British Columbia, and Quebec) rely on government subsidies to provide RNG? If not, did Enbridge consider

the funding models used in these other jurisdictions? If so, please describe and provide Enbridge's analysis.

## **II. INTERROGATORIES FOR UNION GAS LIMITED**

### **Issue 1.10.1, OSEA Interrogatory 1**

Reference: Exhibit 3, Tab 4, Page 18

Preamble: "In order to advance the adoption of RNG in support of provincial GHG emission targets and incent the development of the RNG market, additional provincial funding and MOECC program support is required."

- a) What specific MOECC program support is required to enable Union to meet its goals for implementing RNG, as outlined in the application?

### **Issue 1.10.1, OSEA Interrogatory 2**

Reference: Exhibit 3, Tab 4, Page 19

Preamble: "Earlier in 2017, Union and EGD developed an RNG proposal for the province that will achieve the market objectives of the province by providing a mechanism to facilitate RNG procurement funding and cost recovery."

- a) Was a document setting out this RNG proposal provided to the Province? If so, please provide a copy.

### **Issue 1.10.1, OSEA Interrogatory 3**

Reference: Exhibit 3, Tab 4, Page 19

Preamble: "As a result, Union expects to enter into fixed price RNG procurement contracts with terms up to 10 years in duration, subject to provincial funding. Based on these RNG contracts, Union will then enter into a contractual arrangement with the province to provide provincial funding equal to the difference between the fixed price of RNG contracted with the producer, and the cost of the conventional natural gas plus the avoided cost of carbon. The inclusion of the avoided cost of carbon is to recognize that customers would have incurred a carbon cost in the absence of RNG."

- a) Does Union propose to enter into a new contract with the Province for each RNG producer?
- b) At what stage is Union's negotiation with the Province? Has the Province provided any commitments that it will contribute towards the proposed RNG funding proposal?
- c) If the Province ultimately does not agree to Union's funding proposal, how will Union incorporate RNG into its gas supply?
- d) What is Union's forecast for the annual subsidy that will be required from the Province based on Union's volume forecasts for the next 10 years?
- e) Does Union propose that the Province's subsidy will be part of the \$60-\$100 million that the Province proposed in the CCAP for introducing renewable content in natural gas?
- f) Has Union considered and/or approached the Province about subsidies for another potential customer abatement measures? If so, please describe each abatement measure and the proposed subsidy.
- g) Has Union reviewed funding models used for other jurisdictions (e.g. Europe, California, British Columbia and Quebec) that have RNG markets? If so, please describe and provide Union's analysis.

**Issue 1.10.1, OSEA Interrogatory 4**

Reference: Exhibit 3, Tab 4, Page 22

Preamble: "Union expects that procurement for RNG supply will begin with an RFP process, for delivery of supplies beginning early in 2018. In order to support this timing and secure development of important local resources of RNG, Union requests approval of this proposal as early as possible, but no later than the end of January 2018"

- a) How many potential RNG producers does Union estimate will be operational and able to supply RNG to Union in 2018? Within the next ten years?
- b) What are Union's projections for the annual volumes of RNG it is estimating to introduce in its gas supply portfolio for the next ten years?

- c) What criteria will Union use to evaluate the bids from the RFP process?

**Issue 1.10.1, OSEA Interrogatory 5**

Reference: Exhibit 3, Tab 4, Page 23

Preamble: “To support the development of RNG supply, Union is pursuing commercial opportunities within the province and will continue to work with RNG project proponents and producers. In addition, Union has been in discussions with landfills, waste water treatment plants, industrial sites, and biogas associations seeking to understand the cost of production, the size, the proximity to pipelines required for project viability, and the commercial barriers to market development.”

- a) Please provide notes and/or reports from these discussions.
- b) Has Union assessed the project with the City of Hamilton’s Woodward Avenue Wastewater Treatment Plant to understand the feasibility of RNG and associated costs? If so, please provide reports.