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January 29, 2018

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: Ontario Sustainable Energy Association Interrogatories for 2018 Cap and Trade Compliance Plans, EB-2017-0224 (Enbridge Gas Distribution Inc.)

Please find enclosed Ontario Sustainable Energy Association's interrogatories for the above-noted matter.

Yours truly,

Robert Woon

Document #: 1315869

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. 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”)

January 26, 2018

Issue 1.1, OSEA Interrogatory 1

Reference: Exhibit B, Tab 2, Schedule 1, Page 1 of 8 and Appendix A

Preamble: “The total customer-related obligation was determined by using the 2018 volumetric natural gas forecast for all customers, adjusted for gas-fired generation, Demand Side Management (“DSM”), incremental customer-related abatement, mandatory and voluntary participants, as well as volumes derived from biomass, or consumed outside of Ontario.”

- a) Is the DSM forecast based on the currently approved DSM Plan? Across Canada and around the world, reductions in GHG emissions have been calculated from a baseline and a forecast of business as usual.
- b) Has Enbridge considered fixing the ratepayer funded DSM at current levels for both budget and forecast of results going forward on a basis for GHGs that is consistent with this practice?

Issue 1.4, OSEA Interrogatory 2

Reference: Exhibit A, Tab 1, Schedule 2, Page 2 of 4

- a) The OEB Cap and Trade Framework contemplated a longer-term time horizon for each compliance plan. Has Enbridge considered using a longer time horizon, designating the

degree to which planning assumptions are likely to change in the near term and then only submitting an update to those assumptions and the impact of the updates to the Plan as a variance report?

Issue 1.7, OSEA Interrogatory 3

Reference: Exhibit C, Tab 5, Schedule 1, Page 7 of 15

- a) Does Enbridge intend to establish a standard format and content for developing and getting approval for its Compliance Plan options and analysis? Will the risk management analysis also be standardized?

Issue 1.10, OSEA Interrogatory 4

Reference: Exhibit C, Tab 5, Schedule 1, Page 12 of 15

Preamble: “In order to have confidence that the costs associated with implementing and advancing the Abatement Construct are recoverable, Enbridge is requesting approval (or a finding of reasonableness) of... available funding of up to \$2 million for 2018 through the LCIF to pursue abatement initiatives.”

- a) Union is also requesting \$2 million in funding for 2018 through the LCIF to pursue abatement initiatives. If each utility’s funding is approved and the amalgamation of Union and Enbridge is approved, will the amalgamated utility have access to a combined \$4 million in funding through the LCIF, funded by ratepayers, to investigate, conduct studies and pilot projects, and otherwise pursue abatement initiatives?
- b) Does Enbridge anticipate that a merger with Union will generate cost-efficiencies, reduce duplication in terms of investigating and testing abatement initiatives and technologies, and increase capacity for proceeding with abatement initiatives? If so, does how does this affect Enbridge’s timeline for realizing abatement initiatives? If not, why not?

Issue 1.10, OSEA Interrogatory 5

Reference: Exhibit C, Tab 5, Schedule 1, Page 15 of 15

Preamble: “Enbridge made specific use of the Board’s MACC study in the following ways: Enbridge considered the guidance and information in the MACC study about energy efficiency

programs to assess whether it should be expanding DSM programs...Enbridge concluded that additional DSM programs would not be cost-effective; in some cases the marginal costs of new programs may be higher than the cost of compliance instruments...Enbridge used the information about RNG found in the MACC to consider and develop its proposal for RNG procurement.”

- a) Please explain Enbridge’s rationale for proceeding with RNG compared to other potential customer abatement measures given that the Board’s 2017 MACC study identified RNG as one of the few abatement measures that was not cost effective under the different long term carbon price scenarios.
- b) Please provide Enbridge’s calculations demonstrating that additional DSM programs would not be cost-effective.
- c) Has Enbridge considered using the Total Resource Cost net benefits used in DSM in its analysis of the cost-effectiveness of abatement measures in Cap and Trade? If no, why not?

Issue 1.10, OSEA Interrogatory 6

Reference: Exhibit C, Tab 5, Schedule 2, Page 3 of 29

- a) Please provide any calculations or analysis prepared by Enbridge of the initiatives that it selected in its Initiative Funnel Stage to explain how it selected these particular initiatives including how the the screening criteria Enbridge developed were considered such as (i) potential GHG volume abatement forecast, (ii) potential costs and cost effectiveness, (iii) potential government funding available, (iv) market size, (v) potential market acceptance, and (vi) potential timelines for introduction into the market.
- b) Has Enbridge considered other abatement initiatives not listed in Table 1? If so, please provide Enbridge’s rationale and its analysis for excluding those abatement initiatives from consideration.
- c) Given that the feasibility of RNG is heavily dependent on securing funding from the provincial government, has Enbridge considered prioritizing other abatement initiatives that do not rely on government funding? What abatement measures selected by Enbridge in its Initiative Funnel Stage are feasible without government funding?

Issue 1.10, OSEA Interrogatory 7

Reference: Exhibit C, Tab 5, Schedule 2, Page 12 of 29

Preamble: “With respect to the advancement of RNG production in Ontario, Enbridge sees that it can play an important role as a facilitator that can assist RNG producers in the process of upgrading raw untreated biogas into pipeline quality RNG and the injection and transportation of this gas to market. To that end, Enbridge is proposing the “RNG Enabling Program”

- a) OSEA’s experience in the development of the FIT program indicated that both the Ontario Power Authority and Hydro One lacked interest in assisting project developers and customers to break new ground on renewable energy. How will Enbridge avoid this pitfall through the enabling program?

Issue 1.10, OSEA Interrogatory 8

Reference: Exhibit C, Tab 5, Schedule 2, Page 17 of 29

Preamble: “The Company’s 10 year customer forecast was based on several factors including expected demand for geothermal systems (which will be driven in part by a Green Ontario Fund Geothermal Rebate program), current capacity in the market, and ramp-up capability of the market to meet future demand. The Company expects about 170 customers in 2018 and over a period of 10 years a total of about 18,000 customers.”

- a) Please provide Enbridge’s calculations/analysis for its 10 year customer forecast.
- b) Please describe how Enbridge can overcome the potential barriers to increase the market penetration of geothermal systems.

Issue 1.10, OSEA Interrogatory 9

Reference: Exhibit C, Tab 5, Schedule 2, Page 26 of 29

Preamble: “In the Framework, the Board also acknowledges that offering customer abatement programs “creates the potential for significant overlap between existing DSM programs and future Compliance Plans... [However the Board] is confident that any potential overlap can be

appropriately address through the robust Evaluation, Measurement and Verification (EM&V) process of the DSM Framework.”

- a) How does Enbridge think the potential overlap between its DSM programs and its Compliance Plans should be dealt with? Is it Enbridge’s position that all customer abatement should be done through the DSM framework?

Issue 1.10, OSEA Interrogatory 10

Reference: Exhibit C, Tab 5, Schedule 2, Page 27 of 29

Preamble: “As indicated in the Company’s DSM Mid-Term submission (EB-2017-0127/0128), the Company believes the Board has an opportunity to ensure that the existing DSM Framework does all that it can to support a level of abatement activity that produces the best value for ratepayers. Enbridge believes that in light of the new policy environment, certain features of the DSM Framework should be enhanced to ensure that DSM activity is maximized to meet the needs of ratepayers moving forward.”

- a) Please explain how Enbridge proposes that the DSM Framework should be enhanced. Is Enbridge in support of expanding custom programs to more customer segments?