

February 23, 2018

DELIVERED VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc. (“Enbridge” or the “Company”)
File Number: EB-2017-0224/0255
2018 Cap and Trade Compliance Plan**

This letter relates to the evidence outline submitted by Mr. David Poch on behalf of GEC and ED dated February 14, 2018 in response to Procedural Order # 2 in this matter. Given what GEC/ED are proposing, Enbridge feels compelled to provide its concerns about the material expansion of this proceeding which is being proposed by GEC/ED. These comments are in addition to those made in our letters dated January 12 & 17, 2018.

In addition, ED/GEC is proposing that the Utilities be put at risk of disallowance of its legally mandated carbon obligation. To be clear, ED/GEC are proposing that where the Utilities have not pursued incremental abatement which according to GEC/ED's methodologies is adequate, they will be “asking the Board to disallow some of the utilities' costs” (Poch February 14 letter page 3). In other words, if the Utilities fail to undertake sufficient incremental abatement which by GEC/ED's calculations are theoretically cost effective and available in a particular year, the Utilities should be denied recovering costs actually incurred in meeting their legally mandated compliance obligations. To implement this proposal it must be recognized that the Board is being asked to undertake a review, several years from now, of the Gas Utilities DSM and Abatement activities actually undertaken in 2018 using estimated savings based on engineering estimates and presumably using adjustment factors that some argue must be updated and applied retroactively. In the case of DSM, the impact of savings not materializing is an adjustment to an incentive. In the case of Cap and Trade, the impact of savings not materializing may result in the Company needing to procure additional financial instruments at a later date for a premium price.

In considering this matter further, Enbridge believes it is helpful to recall several of the determinations made by the Board in its Decision and Order in the 2015-2020 Demand

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Side Management Plan Applications (EB-2015-0029/EB-2015-0049) where the Board stated at page 85 the following:

“While cost-effectiveness screening and avoided costs are important considerations in pursuing all cost effective DSM, the OEB does not expect that there will be sufficient experience with cap-and-trade at the mid-term review to set a new direction for screening DSM programs. **In addition, the gas utilities are not expected to have the capability to expand the DSM programs to the extent of delivering all cost-effective programs prior to the end of this five-year term**”. [Emphasis added]

It is apparent that GEC/ED are attempting, in this proceeding, despite the above clear determinations and expectations of the Board, to expand the proceeding to include a significant departure from the current screening of programs and to obligate the Utilities to undertake a substantial and costly expansion of abatement programs using what GEC/ED will adduce in evidence is a more appropriate cost-effectiveness test. This is contrary to the above-noted Decision and Order of the Board and is unfair to the Utilities and ratepayers who reasonably relied upon the Board’s Decision and Order for the purposes of not only undertaking their approved Multi-Year DSM Plans but also in preparing and filing their Cap and Trade Compliance Plans.

If the GEC/ED proposal is accepted, Enbridge further notes that it will mean a substantial delay to any approval in this proceeding as the Company, as a matter of procedural fairness, must have the right to both ask interrogatories and possibly generate and file reply evidence. As Mr. Neme will be presumably seeking to give opinion evidence, it may be necessary for the Company to retain an appropriately qualified consultant to respond to the GEC/ED evidence. This will push the hearings schedule back even further.

While ED/GEC’s letter cloaks their proposal with language about it being consistent with several listed issues, what is being proposed goes far beyond and outside the scope of this proceeding. Enbridge therefore respectfully asks that the proposal by GEC/ED be rejected.

Yours truly,

AIRD & BERLIS LLP



Dennis M. O'Leary
DMO:vf

