

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, as amended;

AND IN THE MATTER OF an application by Enbridge Gas Inc. for an order or orders related to its Voluntary Renewable Natural Gas Program;

AND IN THE MATTER OF an application by Enbridge Gas Inc. for an order or orders amending or varying the rates charged to customers for the sale, distribution, transmission, and storage of gas commencing as of January 1, 2021.

EGI Application for Voluntary Renewable Natural Gas Program

Energy Probe Research Foundation Interrogatories

May 1, 2020

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General

EP-1

Reference.: No Reference

Please discuss how the Provincial Response to Covid-19 may affect the participation forecast and timing of the Voluntary RNG Program.

EP-2

Reference: Exhibit B, Tab 2, Sch. 1, page 2

Preamble: *Enbridge Gas's proposed Voluntary RNG Program will offer system gas general service customers across all rate zones the option to pay a fixed \$2 monthly charge to fund the incremental cost of including RNG volumes in the Company's system gas supply. Participating customers will not receive a specified proportion of their gas as RNG, nor will their contributions fund a set volume of RNG purchases. Rather, Enbridge Gas will use the fixed contributions from participating customers to fund the incremental cost of RNG relative to traditional natural gas, procuring as much RNG as can be purchased with the amount collected.*

- a) Will the offer inform customers that participating customers will not receive a specified portion of their gas as RNG and that their contributions will not be used by Enbridge to purchase a specified volume of RNG?
- b) Please confirm that participating customers may not receive any greater economic benefit than non-participating customers.

EP-3

References: Exhibit B, Tab 2, Sch. 1, pages 2 and 3

Preamble: *The Program will have no minimum term for participation, allowing customers to cancel their enrollment on 30 days' notice. While the Company expects a certain percentage of participants will leave the Program each month, it is anticipated that this amount will at least be offset by new enrollments given marketing efforts and the relatively small financial commitment required for customers to join the program as new participants.*

Question:

- a) How many participants are expected to leave the program each month? Please explain the reasons for the expectation.
- b) Why does Enbridge expect that new enrollments will at least offset the number of customers leaving the program?

- c) Please describe the marketing efforts that Enbridge is planning, including the cost of such efforts, to ensure that new enrollments are adequate.
- d) Please describe the course of action that Enbridge will take if new enrollments are not adequate to offset the number of customers leaving the program?

EP-4

References: Exhibit B, Tab 2, Sch. 1, page 5 and Sch. 4, page 1

Preamble: *Enbridge Gas's Voluntary RNG Program will initially target a modest number of customers of approximately 16,000 in the first year, growing to 23,000 and 25,000 in the next two years.*

Supported by market research, the experience of Fortis BC, and the experience of DTE Energy, Enbridge Gas forecasts approximately 16,000 participants will enroll in the Company's Program in its first 12 months of operation.

- a) Please explain which customers will be targeted.
- b) Please explain how market research was used in the development of the target numbers of 16,000 in the first year, 23,000 in the second year and 25,000 in the next two years.

EP-5

Reference: Exhibit B, Tab 2, Sch. 1, page 6

Preamble: *During enrollment, customers will agree to the predefined terms and conditions of the Program such as the amount of the fixed charge and the terms of cancellation.*

- a) Will customers be required to sign a contract? If not, why not? If yes, please file a copy of the contract?
- b) What are the predefined terms and conditions? Please explain the adjective "predefined".

EP-6

Reference: Exhibit B, Tab 2, Schedule 1, Page 7

Preamble: In its Decision and Order (2011-00242/EB-2011-0283), the Board found the Utilities to have provided insufficient evidence to support approval of their applications.

- a) Please provide a tabulation showing the Board's Decision points regarding RNG in its EB-2011-00242/EB-2011-0283 Decision and the corresponding *specific* responses in this Application. Please provide relevant references.
- b) Please provide a cost/benefit analysis for a typical residential Voluntary RNG Program participant.

Procurement/Standards

EP-7

Reference: Exhibit B, Tab 2, Schedule 2, Page 1

Preamble: *Enbridge Gas will procure RNG in accordance with its “Gas Supply Procurement Policies and Practices.” The Company intends to procure RNG on short-term contracts from existing RNG producers or marketers in the secondary market.*

- a) Has EGI issued a request for Expression of Interest? If so, please provide the responses (names omitted).
- b) Please provide the expected sources and costs/m3 of RNG (indicate raw and/or processed).
- c) Please indicate the range of costs to upgrade RNG to pipeline quality gas.
- d) Who is responsible for these costs and for meeting pipeline gas quality standards. Relate the answer to the approved RNG Enablement Program.

EP-8

Reference: Exhibit B, Tab 2, Schedule 2, Page 1

Preamble: *Enbridge Gas will procure RNG in accordance with its “Gas Supply Procurement Policies and Practices.”*

- a) Please file a copy/extract of the referenced “Gas Supply Plan policies and practices”.
- b) Please indicate how EGI will ensure procured RNG meets all technical standards for pipeline natural gas (e.g. gas chromatograph analysis, bomb calorimeter etc.)
- c) Please provide a copy of the technical standards that will be included in each RNG procurement contract. Provide a side-by-side comparison to natural gas.
- d) Please confirm/show the quality standards that apply to Ontario natural gas production.

EP-9

Reference: Exhibit B, Tab 2, Schedule 1, Page 7

Preamble: *In 2018 the Board approved EGD’s RNG enabling program by allowing the Company to provide RNG upgrading services as an unregulated business activity and RNG injection services as a regulated business activity (EB-2017-0319).*

- a) How much has been spent to date in the RNG Enabling program? Please provide details for the regulated and unregulated portions of the business by year, including capital and operation costs.

- b) How are these costs being recovered now and in future?
- c) Please provide a table showing the range of projected average costs for procurement of a m3 of RNG, delivered into the distribution system. Include all cost components including commodity upgrade and administration costs. Please provide details of assumptions.

EP-10

Reference: Exhibit B, Tab 2, Schedule 1. Pages 3 and 4

Preamble: *To the extent that the RNG obtained by Enbridge Gas using Program funds reduces the Company's Federal Carbon Charge obligations, and subsequent remittance to the CRA, any variance between the Federal Carbon Charges remitted to the CRA and the amount charged to customers will be tracked in existing OEB-approved Federal Carbon Pricing Program customer-related variance accounts, and will flow to all customers subject to the Federal Carbon Charge.*

- a) How will EGI determine how much RNG is purchased with the \$24 per Voluntary RNG customer/year? Please provide an illustrative example.
- b) Show specifically how EGI will calculate the reduction claimed under the FCP Program from the Voluntary RNG Program. Please provide an illustrative example in Excel format. List all necessary assumptions.
- c) Please indicate why Voluntary RNG Program customers should not get a credit/rebate (\$) from the FCP Program equal to their reduction in natural gas volumes divided by their allocated/estimated RNG consumption \$/m3.
- d) Please provide a numeric example of the calculation of a rebate for a typical Voluntary RNG participant, using realistic assumptions regarding the number of Voluntary RNG Program participants and the volumetric reduction under the FCP Program.

Marketing/Sales

EP-11

Reference: Exhibit B, Tab 2, Schedule 3

- a) Please provide the estimated costs of the Voluntary RNG Marketing and Sales Strategy. Delineate by year and provide a detailed breakdown by cost category.
- b) How will these costs be recovered? Specifically, will existing ratepayers pay these costs or will they be recovered fully from the Voluntary RNG program participants?

Program costs

EP-12

Reference: Exhibit B, Tab 2, Schedule 4 and Exhibit C, Tab 2, Schedule 1

Preamble: *Enbridge Gas forecasts total Program operating costs over the first ten years of the Program will be \$2.7 million. It is estimated that approximately \$400,000 of the operating costs will be incurred in the first year of Program launch, offset by a tax credit of just under \$200,000 over the same period.*

- a) Please explain the \$600,000 Capital Cost.
- b) Please provide support for each of the categories of listed costs e.g. FTE, Consulting, etc.
- c) Explain the drivers for the second-year increase in the COS.
- d) Based on the Ten year Forecast please provide the average annual unit cost of RNG GJ and m3.
- e) Why is it appropriate that the Voluntary RNG Program incremental costs be managed with existing budgets, rather than recovered from the Voluntary RNG participants? Specifically explain how these costs relate to the business of provision of natural gas under the OEB Act.

Price comparisons

EP-13

Reference: Exhibit C, Tab 1, Schedule 1

- a) Please provide the sources and assumptions for the cost/price comparisons in the Exhibit.
- b) Why is electricity included?
- c) Specifically, does EGI consider that all electric power in Ontario is provided by renewable sources? If the answer is yes, please explain your answer. If the answer is no, please provide the percentage that EGI considers to be renewable and explain your answer.
- d) Provide the estimated Ontario cost/price for hydro-electric power off and on peak.
- e) Please provide a cost/price for Residential DSM/Energy Efficiency.

Jurisdictional Research

EP-14

Reference: Exhibit C, Tab 3, Sch. 1, Jurisdictional Research

- a) Did Enbridge engage an external consultant to carry out the Jurisdictional Research or was the research carried out by Enbridge staff?

- b) Was there a report or a presentation prepared, either by a consultant or by Enbridge staff, that discusses the advantages and disadvantages of each of the three main categories of programs? If the answer is yes, please file the report. If the answer is no, please explain why not.

Customer Surveys

EP-15

Reference: No Reference

Please file copies of all studies (e.g. Abacus) EGI is relying on in support of the proposed Voluntary RNG program.

EP-16

Reference: Exhibit C, Tab 3, Sch. 2, pages 1 and 2

Preamble: The Ipsos Public Affairs study for Enbridge was conducted in December 2018. The Abacus study was released in July of 2019.

Did Enbridge change its plan in any way when it became aware of the results of the Abacus study? If the answer is yes, please explain the changes. If the answer is no, please explain why not, and explain the reason for referring to the Abacus study in the evidence.

EP-17

References: Exhibits C, Tab 2 Schedule 2 and Tab 3, Schedule 2

Preamble: *To gauge awareness of and interest in RNG initiatives among Ontario's natural gas customers, Enbridge Gas commissioned a research study in December 2018.*

- a) Please file the Microsoft Word Document Survey instrument (Page 23).
- b) Please confirm the consultant/source of the survey results at Pages C Tab 2 pages 10-12.
- c) Please provide a more complete analysis of questions/responses relevant to the costing basis/rationale for the \$2.00/month charge for the Voluntary RNG Program Customers.
- d) Specifically relate this to the average residential system gas use and price and the 2% RNG shown.

EP-18

Reference: Exhibit C, Tab 2, Schedule 2, *Ontario Results – Report, Renewable Natural Gas – Residential Program*

- a) Were survey participants told prior to the questions leading to the results at pages 10-13 (customer-wide mandatory program):

- i. that they are already paying for Demand Side Management (EE page 20) and
 - ii. paying the Federal Greenhouse Gas Reduction Charge?
- b) If the answer to a) is yes, please indicate what were the amounts being paid provided to survey customers as part of the background information?
 - c) If the existing charges for DSM and the Federal Greenhouse Gas Reduction were not indicated to survey participants, please explain why this was not done and why is the result not biased due to lack of proper background information?
 - d) Is the Board being asked to approve the Voluntary RNG marketing program/messages, to ensure these reflect Provincial/Board policy and are factual?
 - e) Please list and where possible quantify, the benefits of the Voluntary RNG Program to EGI's shareholder, including financial (e.g. the return component) and non- financial benefits.

Rate Schedules

EP-19

Reference: Exhibit C, Tab 5, Schedule 2 and Exhibit B, Tab 2, Schedule 4

Preamble: *The Voluntary RNG Program will offer general service system gas customers the option to pay a \$2 fixed monthly charge to fund the incremental cost of including RNG volumes in system gas supply. The Program will be available to system gas customers in general service rate classes in the EGD and Union rate zones, specifically Rate 1, Rate 6, Rate 01, Rate 10, Rate M1 and Rate M2.*

- a) Please provide an example of the rate rider calculation and presentation on the bill.
- b) Please provide an example of a Residential Gas Bill showing additional charges for, FCP Program Carbon Charge and the Voluntary RNG charge.
- c) What is the incremental cost per bill?

Submitted on behalf of Energy Probe by its consultants:

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