

127.5

**EB-2015-0029/0049**

**Ontario Energy Board**

**Union Gas Limited/Enbridge Gas Distribution**

**2015-2020 DSM Multi-year Plans**

Federation of Rental-housing Providers of Ontario

Reference Documents for Oral Hearing  
Enbridge Gas Distribution Panel 4

1           We asked questions back in -- questions 49 and 50, and  
2 I think you offered to try -- to ask Navigant to provide an  
3 undertaking on that. That would also take care of  
4 number --

5           MR. POCH: Okay. So we don't have anything further on  
6 that. I think that is all of GEC's questions.

7           MR. MILLAR: Thank you very much, Mr. Poch and your  
8 assistants.

9           MR. POCH: Thanks, everyone, for their assistance.

10          MR. MILLAR: Mr. Quinn, did you want to go next?

11          MR. QUINN: Yes. Yes, thank you, Mr. Millar.

12          **QUESTIONS BY MR. QUINN:**

13          Good afternoon, panel. Hopefully -- I am going to  
14 actually go in a different order. I'm going to stick with  
15 the avoided-costs theme, since it is fresh in our minds and  
16 hopefully will be helpful to all parties in what I may ask.

17          We too were asking questions about avoided costs, and  
18 it emanated from FRPO 4, which I don't know that you really  
19 need to turn up, because we were referred to the same piece  
20 of evidence that GEC was referred to, and that was the  
21 Enbridge evidence in EB-2012-0394. Thank you, Bonnie.

22          So I am going to just ask questions from this vantage  
23 point. I understand that undertakings may be required to  
24 get clarity, but my first and most simple question would  
25 be, on page 2 of that document -- and for hopefully Mr.  
26 O'Leary's benefit I am going to separate methodology from  
27 input.

28          I understand this is the methodology. We referred to

1 this document because this was the methodology in that  
2 proceeding, and that methodology continues to this day. Is  
3 that Enbridge's understanding?

4 MS. OLIVER-GLASFORD: The date on this one, yes, it is  
5 my understanding that the methodology is consistent.

6 MR. QUINN: Great, thank you. So in paragraph 5, as  
7 you see on the screen, there is a methodology that talks  
8 about separating annual NYMEX prices and seasonal  
9 adjustment factors were developed and applied to future  
10 base differentials, which is -- and I don't want to speak  
11 to our friends from GEC, their questions, but can you tell  
12 us the vintage of the forecast that was used for the  
13 evidence that the company has applied for in this  
14 proceeding?

15 In other words, what was the date on the NYMEX  
16 forecast that was used? If you could help us with that, to  
17 know is it a current date or are you still referring to the  
18 2012 data?

19 MS. OLIVER-GLASFORD: I will seek to do an undertaking  
20 on that particular...

21 MR. MILLAR: So JT1.30.

22 **UNDERTAKING NO. JT1.30: TO PROVIDE THE DATE ON THE**  
23 **NYMEX FORECAST THAT WAS USED.**

24 MR. QUINN: I was hoping it would be easier than that,  
25 but maybe if I ask the question this way. There had to be  
26 data that was provided to Navigant for them to do a review.  
27 There had to be analysis that was done to provide that to  
28 Navigant.

1           Was that analysis done very recently? Or did they  
2 review the 2012 analysis? Including the inputs from 2012?

3           MS. OLIVER-GLASFORD: Subject to check, I believe we  
4 used 2013, but I will check on that, Mr. Quinn.

5           MR. QUINN: Okay, thank you. Maybe it is not going to  
6 be as short as I had hoped. But I guess what I'm trying to  
7 get to is, there have been some significant structural  
8 changes in the way Enbridge is sourcing gas, and those have  
9 impact on both your commodity and your transport prices.

10          You would agree with me in that area?

11          MS. OLIVER-GLASFORD: Yes, yes, we would.

12          MR. QUINN: Okay. So you're sourcing gas closer to  
13 your franchise, not the traditional source of Empress and  
14 Alberta. Your portfolio has changed significantly over  
15 this last few years.

16          And I guess what we would be seeking is, can Enbridge  
17 provide the date of the analysis, and if the date of the  
18 analysis is not consistent with its current outlook, that  
19 you can either identify if there will be a material  
20 difference or rerun it with current price forecasts in  
21 place.

22          And I'm talking about a Q3 price forecast. Whatever  
23 your most recently approved price forecast, so it's Q3,  
24 2014, we would be satisfied with that.

25          [Witness panel confers]

26          MS. OLIVER-GLASFORD: Clearly I am not a gas supply  
27 expert and nobody on this panel is, but we will certainly  
28 seek to see whether that can be provided.

1 MR. QUINN: Okay.

2 MR. MILLAR: So that is JT1.31.

3 **UNDERTAKING NO. JT1.31: ENBRIDGE TO PROVIDE THE DATE**  
4 **OF THE ANALYSIS, AND IF THE DATE OF THE ANALYSIS IS**  
5 **NOT CONSISTENT WITH ITS CURRENT OUTLOOK, TO EITHER**  
6 **IDENTIFY IF THERE WILL BE A MATERIAL DIFFERENCE OR**  
7 **RERUN IT WITH CURRENT PRICE FORECASTS IN PLACE.**

8 MR. QUINN: Thank you, Mr. Millar.

9 I am going to provide some clarity hopefully in terms  
10 of context that I think will be helpful to our enquiry and  
11 potentially others, but what I am trying to make sure is  
12 copied -- sorry, captured in this analysis is two main  
13 factors. One is the sourcing of gas closer to franchise --  
14 our friends from GEC were asking about the reduction in  
15 transportation costs going over the next five years. That  
16 is clearly a result of your transportation costs to your  
17 franchise decreasing because you're sourcing gas in  
18 Marcellus and not out west.

19 I believe that as long as that factor is taken into  
20 account, my hope and belief is there is not a material  
21 change between what is going on in 2014 versus 2015, and  
22 that may overcome some issues.

23 The other part is -- and I have to refer to your  
24 response to us, and this is where I will refer to FRPO 4. And  
25 -- no, it's not in that. Actually, it may be back on --  
26 when I reread this -- I apologize, Bonnie, if you go back  
27 to the 2012-0394.

28 My concern -- and this will have to have the gas

1 supply folks involved with it. And I can't even pull up  
2 the exact reference. But it was -- the evidence was done  
3 in the multi-point winter forecast. That is your evidence,  
4 and I will find a reference for you if it is helpful, and I  
5 will give it to you at the break. But your evidence is  
6 stating that Enbridge continues to use the multi-point  
7 winter seasonal forecast, and you can -- for the benefit of  
8 your gas supply folks, they can provide hopefully some  
9 background with their answer.

10 But Enbridge over this last year, in the 2015  
11 evidence, basically went on the record to state that you  
12 are varied from that approach to your winter and you are  
13 modelling more towards a storage-target forecast. And I'm  
14 not sure if Mr. Culbert or somebody can acknowledge that,  
15 or if Mr. Lister can.

16 MR. LISTER: Perhaps as part of the previous  
17 undertaking we can address that, and of course we're going  
18 to have to ask the gas supply people to provide that for  
19 us.

20 MR. QUINN: Okay, thank you, Mr. Lister, if you could  
21 do that. What I want to do is, for the benefit of the  
22 Board, is to make sure that your forward forecast takes  
23 into account material changes in how you procure and you  
24 plan for your gas supply during the winter, because that  
25 will have an impact on a lot of assumptions of avoided  
26 cost. So I would ask Enbridge on a best-efforts basis to  
27 work that in with their gas supply folks.

28 And then with that, you might choose to do an updated

1 forecast using SENDOUT or, if it has already been taken  
2 into account, put that on the record, because that's very  
3 important, that for the next six years we're actually using  
4 what Enbridge does today, not what they did in 2012.

5 MR. LISTER: Understood. We will make sure that is  
6 addressed in the undertaking.

7 MR. QUINN: Okay, thank you, Mr. Lister.

8 Just one final point on that, and I think it may be  
9 part of the GEC undertakings, but if -- no, I will go  
10 forward instead of going back to the GEC undertakings.

11 If there is a revision of the forecast, if the company  
12 could consider whether Navigant takes a look at the updated  
13 forecast and renders its opinion to that forecast? Because  
14 right now, what we have on the record is Navigant's review  
15 of what you have done to this point and are satisfied with  
16 that.

17 My concern is that it may be a significantly different  
18 forecast in front of the Board when it comes to the time of  
19 hearing.

20 So as opposed to having that question be asked at the  
21 hearing, we could have it asked at the technical conference  
22 and that would aid the Board, I think, at that point.

23 [Witness panel confers]

24 MR. O'LEARY: Mr. Quinn, if I could respond to that?

25 MR. QUINN: Sure.

26 MR. O'LEARY: I think whether or not an undertaking is  
27 given to approach Navigant will depend upon the results of  
28 the company, and certainly we will take it under

1 consideration.

2 But to give an undertaking, I don't think at this  
3 stage to approach our experts is necessarily appropriate.  
4 But we will certainly reasonably consider it.

5 MR. QUINN: That is all I'm asking for is due  
6 consideration. Thank you, Mr. O'Leary. I was just trying  
7 to expedite the process and hopefully help us at the  
8 hearing.

9 With that, I think our friends from GEC touched on  
10 more of the detailed concerns that I had, so I am not going  
11 to wade in any further in that area.

12 I wanted it turn to the other area that we wanted to  
13 ask about, and that's the low-income DSM that Enbridge is  
14 -- I am stalling because I am trying to get back to my IRs,  
15 here we go.

16 So if we could turn up Exhibit T2, Enbridge-FRPO 1.  
17 Since Ms. Lontoc hasn't been able to join the panel, and  
18 she has a lot of the detail, I'm not sure who to ask these  
19 questions to. But anyone can take a shot at this.

20 In the table, you have produced the differentiation  
21 between social assisted housing and private rental for low-  
22 income for the past three years, and we thank you for that  
23 response.

24 With that background, if you would just turn to FRPO  
25 2, it was actually referred to earlier. And the Enbridge  
26 panel referred to what they called retrofit fatigue that  
27 was part of the concern that we experienced in that table  
28 that shows a reduction in the amount of cubic metres saved



1 in the social housing sector.

2 So with those two together, I guess, I want to ask  
3 just a couple of questions in that regard.

4 So if we could turn back to the table in FRPO 1, would  
5 you agree with me that given where you're at at this  
6 juncture, the private rental sector has a greater potential  
7 for Enbridge moving forward?

8 MR. PARIS: Sorry, in comparison to the social housing  
9 or just --

10 MR. QUINN: Yes. In comparison to social housing.

11 MR. PARIS: It definitely has taken on greater  
12 importance for us, yes.

13 MR. QUINN: Okay. And I want to say this respectfully,  
14 because I understand Board Staff have some questions and  
15 they have not been as involved in some of the low-income  
16 consultatives that Enbridge has put on, which we  
17 appreciate.

18 But if I ask the question this way: If the Board were  
19 to require Enbridge to have low-income benefits only go to  
20 those customers who directly pay their bill, would Enbridge  
21 be able to forecast what change in their targets they would  
22 produce for the 2016-2020 period?

23 What I am trying to get at, Mr. Lister -- and I think  
24 you understand this -- is that in our view, there is an  
25 opportunity for private rental. If that was removed  
26 because of limitations we've talked about through the  
27 consultatives, and with folks like Mr. Neme from GEC and  
28 other low-income groups, we've recognized that the private

1 rental market, because of the differentiation in metering  
2 that not many end use customers pay their bill in the  
3 private rental sector.

4 So if the Board required that the low-income benefits  
5 could only go to those customers who are paying their bill  
6 directly, would Enbridge be able to give a hypothetical  
7 forecast as to what cubic metres they believe could be  
8 saved in the part 3, low-income multi-residential sector?

9 MR. LISTER: I was going to start my response with  
10 that would be a very difficult undertaking to provide.

11 Certainly I was going to address the point that our  
12 observation is that so many of the residents who live  
13 within the low-income eligibility or parameters are not  
14 separately metered, that it would effectively -- I can say  
15 for certain that it would effectively seriously diminish  
16 that target, and our ability to serve that market.

17 That, I think we could say unequivocally. Our ability  
18 to estimate the size of that market, I'm a little less  
19 certain of.

20 MR. QUINN: I didn't want to go through too much  
21 detail, because you have answered some of our other  
22 enquiries in the next interrogatory.

23 In FRPO 3 I asked about percentages, and you have  
24 given us what percentage of private low-income billing  
25 participated in an Enbridge incentive program, which is not  
26 necessarily a low-income program.

27 I am reading that correctly, am I?

28 MR. PARIS: Yes, correct.

1 MR. QUINN: Okay, so it is just a general Enbridge  
2 incentive program.

3 What I am trying to drill down to, Mr. Lister -- and  
4 I'm saying a hypothetical forecast plus or minus 10 percent  
5 -- what percentage reduction would Enbridge forecast if it  
6 were not able to provide part 3 low income to the private  
7 sector because the customers aren't paying their bill  
8 directly.

9 [Witness panel confers]

10 MR. LISTER: As you correctly pointed out at the  
11 beginning, Ms. Lontoc is not on the stand with us, and she  
12 is certainly the foremost expert on this. Why don't we  
13 take that away and converse with her, and if we can provide  
14 it, we will.

15 MR. QUINN: Just on a best efforts basis, and put a  
16 range of contingency or tolerance around that. I'm okay  
17 with that.

18 But I believe the number would be significant, but  
19 it's a bigger-than-a-breadbox that we don't even have on  
20 the record, so that is what I'm trying to get to.

21 MR. LISTER: Will do.

22 MR. MILLAR: JT1.32.

23 **UNDERTAKING NO. JT1.32: ENBRIDGE TO PROVIDE A**  
24 **HYPOTHETICAL FORECAST OF PERCENTAGE REDUCTION, PLUS OR**  
25 **MINUS 10 PERCENT, IT WILL BE ABLE TO PROVIDE IF IT**  
26 **WERE NOT ABLE TO PROVIDE PART 3 LOW INCOME TO THE**  
27 **PRIVATE SECTOR BECAUSE THE CUSTOMERS AREN'T PAYING**  
28 **THEIR BILL DIRECTLY**

UNDERTAKING JT1.15UNDERTAKING

Technical Conference TR, page 75

Enbridge to provide more clarity as to what is going into the avoided gas costs for the numbers shown on B-2- 5, page 3.

RESPONSE

The 2015 Gas Avoided Costs are based on avoided gas costs that were determined in EB-2012-0394 and adjusted annually in accordance with the 2012 to 2014 Demand Side Management Guidelines for Natural Gas Utilities.

The input parameter information that was used in SENDOUT to determine the EB-2012-0394 avoided gas costs included demand forecasts, commodity price forecasts at various receipt points, transportation tolls and fuel, and storage unit costs.

The annual demand forecasts are included in EB-2012-039, Exhibit B, Tab 2, Schedule 2, page 7 of 10. The monthly distribution of annual demand forecasts is included in Attachment 1 of this response.

The forecasted annual commodity prices were provided in EB-2012-0394, Exhibit B, Tab 2, Schedule 2, page 8 of 10. The monthly distribution of annual commodity prices is included in Attachment 2 of this response.

The transportation tolls are discussed in EB-2012-0394, Exhibit B, Tab 2, Schedule 2, page 2 of 10. The tolls and related fuel ratios are summarized in Attachment 3 of this response.

The storage unit costs are determined by commercial arrangements that cannot be disclosed as requested absent an order from the Board requiring the information to be treated confidentially and not disclosed publicly. The Company is therefore not at liberty to provide the storage unit cost information being requested.

The updated Commodity costs which account for over 95% of the Total Avoided Gas costs have been updated on an annual basis and filed with the Board in the following applications:

Witness: A. Welburn