



Ontario Federation of Agriculture

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April 29, 2016

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Kristen Walli, Board Secretary
E-mail: boardsec@ontarioenergyboard.ca

Re: EB-2016-0004 GENERIC PROCEEDING ON NATURAL GAS
EXPANSION IN COMMUNITIES THAT ARE NOT SERVED

Dear Ms. Walli,

The Ontario Federation of Agriculture advocates on behalf of over 36,000 farmers and farm businesses throughout rural Ontario. The limited availability of reliable energy options and the associated high costs to secure and deliver energy to rural farm businesses and communities is a key concern for our sector.

We appreciate the initiative Union Gas Limited showed in proposing natural gas expansion projects to unserved rural communities under EB-2015-0179. The OFA also recognizes the complexity of such an undertaking and supports the OEB decision that this warrants a Generic Review of potential cost recovery approaches. This review is necessary, considering EB188 regulations, and broader decisions beyond specific expansion proposals. It will certainly impact future expansion into thinly populated rural and remote Ontario communities. Although we are disappointed with the associated delays in putting shovel to ground, we recognize flexibility and alternative approaches are vital, or there will simply be no infrastructure expansion.

At this stage of the EB-2016-0004 review, the OFA does not propose interrogatories for any intervenor. We will monitor the proceedings and provide final comments at the end of the hearings as laid out by OEB Committee vice-chair Quesnelle during the pre-hearing held on April 26, 2016. However, we submit the following comments related to the Review.

In their proposal, Union Gas Limited presented and defended exceptions to EB188 to enable projects to proceed. Rural municipalities and the communities they represent have presented

broad support for various options, including the incremental tax equivalent and temporary surcharge mechanisms, cross customer and/or cross utility subsidies, and exceptions to PI viability tests to facilitate natural gas access. Clearly these are valid approaches to consider.

Although we understand special interest groups have positions to share with the OEB, ourselves included, we are disappointed that the initial OEB process was encumbered by urban rate payer alliances and fuel sector lobbyists determined to promote their agendas at the expense of the genuine objectives of the OEB review – to explore regulatory flexibility to facilitate natural gas expansion into unserved rural communities. We do recognize and support the OEB intention to control the scope of topics argued during EB-2016-0004.

As illustrated by the number of participants in the Generic Review with conflicting schedules, we hope the OEB has the ability to rule on the admissibility of intervenor evidence where witnesses will not attend any hearing dates either in person or by electronic means. Logically and to balance risk of bias by any single intervenor, the interrogatories submitted by the OEB itself, must be specifically and completely answered by intervenors to ensure their admissibility.

The Ontario government has made one thing abundantly clear; natural gas expansion to rural Ontario is a key objective, and the Ministries of Energy, and Economic Development, Employment & Infrastructure, utilities and communities, will work to find creative and affordable opportunities to expand natural gas availability. Although the Ministry of Energy has not indicated how they anticipate the Natural Gas Loan and Grant programs fit with regulatory flexibility, they undoubtedly have left that to the OEB to determine recommendations.

Specific to the OEB Issues List, the OFA submits the following comments related to scope;

- The definition of a community need only include sufficiently low levels of population and population density to warrant exceptional feasibility. Generally, all communities sparse enough to trigger failed viability tests should be eligible to trigger exception rules. A broad range of additional checks including community economic, social and environmental benefits would further inform project validity.
- Determining EB188 exceptions and cross utility or cross customer subsidies should also consider issues of public good, additional to economic and environmental assessments. EB 188 regulations are the result of information originally presented by utilities and must permit flexibility for First Nation, remote, rural and thinly populated communities. At a minimum, existing gas consumers should recognize and accept the public benefits of subsidizing otherwise non-viable expansion. In effect, all Ontarians will subsidize at least part of the expansion in the form of taxpayer funded loan and grant programs.
- Although Ontario's proposed cap and trade program is important and will directly and indirectly impact natural gas distributors and consumer rate payers, the only way cap and trade and a low carbon community lies within the scope of this proceeding is as the OED indicated in Issues List number 11; all fuel types have a carbon footprint that should be incorporated in comparing the economic and environmental benefits of each fuel type.



To be clear, implications that the proposed cap and trade program will decrease natural gas demand or necessitate reductions are not in scope of this review. I am confident that many scenarios related to each energy source available in Ontario, could be submitted by special interest groups. There are environmental and carbon offset consequences with all energy use, from manufacturing solar cells and burning fossil fuels, to anaerobic digesters, renewable natural gas, and advanced energy storage technologies. However, the EB-2016-0004 review is specifically related to regulatory flexibility options meant to facilitate natural gas expansion.

- Finally, processes to enable service to unserved communities should not deter new entrants but should not provide preferential treatment. For example, if the OEB rules pooled funds be made available for all proposed non-viable expansion to unserved communities, a scenario is presented whereby more projects are proposed than could be covered by pooled funds.

All projects would include the same criteria for allowing exceptional flexibility, and all utilities would abide by the same rules, as is the current case for financially viable community proposals which any utility may compete to serve. Once a community is identified for a proposal, the process should then determine the most economical solution for rate payers.

Thank you for the opportunity to present these comments for your consideration. We look forward to monitoring the proceedings.

Respectfully submitted,

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