

**EB-2017-0319**

**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 Distribution Inc. for an order or orders related to its Renewable Natural Gas Enabling Program and Geothermal Energy Service Program;

**AND IN THE MATTER OF** an application by Enbridge Gas Distribution 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, 2018

---

**Interrogatories  
Energy Probe Research Foundation**

---

**May 2, 2018**

**Enbridge Gas Distribution Inc. RNG Enabling and Geothermal Energy Service  
Programs EB-2017-0319  
Energy Probe Interrogatories**

**Issue 1 – New Business Activities**

**EP IR #1**

**Ref:** No Reference

**Preamble:** On April 27, 2018, EGD advised the Board (EB-2017-0224 Transcript Volume 2) that it had been notified by the Government that any funding for the RNG procurement Program (commodity) was on hold pending the Provincial Election in June.

- a) Please provide a copy of this notification.
- b) Please provide the implications for this application, including whether the RNG Enabling Program is also on hold, whether the application is suspended or withdrawn.
- c) Please clarify if there any effect on the proposed GESP and whether this part of the application still proceeding.

**EP IR #2**

**Ref:** Exhibit B / Tab 1 / Schedule 1 / p. 4 #11 and 12

**Preamble:** Energy Probe wishes to understand the legislative/regulatory framework for this application.

- a) Please provide in tabular format, the sections of the Act, Rules, Guidelines, legislative and other regulatory requirements that pertain to the specific relief requested in this application. Provide evidentiary references that relate to each.
- b) Specifically, please provide a detailed explanation why and how the Board's objects for rational expansion of the natural gas distribution, storage and transmission system apply to each of
  - i) The RNG Enabling Program and
  - ii) The Geothermal Energy Services Program
- c) Please explain, for each of these proposed activities how it fits within the Board's mandate to regulate monopoly natural gas supply and distribution services.

### EP IR #3

**Ref:** Exhibit B / Tab 1 / Schedule 1

**Preamble:** Under the RNG Injection Service, EGD will build a pipeline to attach a producer to its distribution system, odourize the bio-methane, measure the gas volumes and energy content of the gas, manage pressures and ensure that the gas meets required specifications. Energy Probe wishes to understand and compare this proposed RNG injection service relative that provided to Ontario Gas Producers.

- a) Does EGD provide a similar service for Ontario natural gas production?
- b) Please provide details of how the non-commodity Ontario gas production costs are allocated to the producer and the utility.
- c) Are Ontario gas producers required to use EGD's assets and injection service, or can they self-provide these?
- d) Does EGD have a specific rate for Ontario gas production injection/upgrading service? If so please provide details and how this rate is calculated?
- e) Does EGD have specific quality specifications/requirements for Ontario gas production? If so, please provide a copy of these.
- f) Comment on the major differences between Ontario gas production and RNG.

### EP IR #4

**Ref:** Exhibit B / Tab 1 / Schedule 1 / p. 8 #23

**Preamble:** On December 13, 2017, the Ontario government announced new rebates from the GreenON fund for ground source heat pumps (home geothermal). Homeowners will be eligible for rebates of up to \$20,000 for ENERGY STAR certified ground source heat pumps. This will offset the customer's costs under Enbridge's proposed Geothermal Energy Service program.

- a) Given the cited recent government announcement, why is the EGD GESP still required? Please explain.
- b) Please provide a DCF analysis for a typical GES from a homeowner perspective, including the government incentive. Include and discuss the assumptions and provide the resulting payback period.

- c) Please indicate the results of any discussions EGD has held with IESO for a cooperative GES program, using government incentives and potential incentives under IESO's demand management or other programs.

## **EP IR #5**

**Refs:** Application Exhibit A Paragraph 8; Exhibit B / Tab 1 / Schedule 1 / p. 4 #11

**Preamble:** The Geothermal Energy Service Program (GESP) is intended to allow Enbridge to own and maintain geothermal loops to encourage homeowners to choose and use geothermal energy systems for their home heating and cooling requirements as an alternative to natural gas and other fossil fuels.

- a) Please provide any and all precedents where EGD (regulated utility) owns, leases or rents rate base assets not required to deliver and meter regulated natural gas distribution services on customer premises.
- b) Please provide the risk analysis for the proposed estimated \$237 million investment (Appendix 11) including, but not limited to the following
- Capital risk
  - Revenue risk
  - Stranded assets
  - Government Policy

## **Issue 2 – Cost Consequences**

### **EP IR #6**

**Ref:** Exhibit B / Tab 1 / Schedule 1 / Appendix 5 and 6

**Preamble:** Enbridge asserts that the Discounted Cash Flow (DCF) analysis approved by the Board for Natural Gas Distribution System Expansion Projects under the E.B.O. 188 guidelines should be applied to the RNG BMS, Injection and GESP Projects. Energy Probe wishes to compare and understand this analogy in more detail.

- a) Please provide a comparison of the analysis in Appendix 5 to that for a typical (hypothetical) Natural Gas Community Expansion (CE) project under E.B.O. 188 Guidelines with the same capital cost.
- b) Specifically, please tabulate and compare the input assumptions for each of the BMS and CE Projects
- c) Please provide a revised analysis for the RNG BMS in Appendix 5, using the same assumptions as a CE Project.
- d) Please provide a revised revenue requirement schedule similar to Appendix 6.

## **EP IR #7**

Ref: Exhibit B / Tab 1 / Schedule 1 / Appendix 7

**Preamble:** Enbridge asserts that the DCF analysis approved by the Board for Natural Gas Distribution System Expansion Projects under the E.B.O. 188 Guidelines should be applied to the RNG BMS, Injection and GESP Projects. Energy Probe wishes to compare and understand this analogy in more detail.

- a) Specifically tabulate and compare the input assumptions for each of the RNG Injection and CE Projects.
- b) Please provide a revised analysis for the RNG Injection Project in Appendix 7, using the same assumptions as the hypothetical E.B.O. 188 CE project. Please provide a revised revenue requirement schedule.

## **EP IR #8**

Ref: Exhibit B / Tab 1 / Schedule 1 / Appendix 11 Pages 2-6

**Preamble:** Enbridge asserts that the DCF analysis approved by the Board for Natural Gas Distribution System Expansion Projects under the E.B.O. 188 Guidelines should be applied to the RNG BMS, Injection and GESP Projects. Energy Probe wishes to compare and understand this analogy in more detail.

- a) Specifically tabulate and compare the input assumptions for each of the GESP and CE Projects
- b) Please provide a revised analysis for the GESP Loop Project in Appendix 11, using the same assumptions as the hypothetical CE Project. Please provide a revised revenue requirement schedule similar to Appendix 12.

## **EP IR-9**

Ref: Exhibit B / Tab 1 / Schedule 1 / Appendix 10

**Preamble:** Energy Probe would like to understand the proposed rate design for Rate 401 Renewable Natural Gas Injection Service and compare this to the equivalent rate design for Ontario produced natural gas injection.

- a) Please provide an illustrative example of the services fee/rate calculation based on a cost-of-service calculation of the company's fully-allocated direct and indirect costs using the company's weighted average cost of capital ("WACC") of providing the services under the agreement for a period of time agreed to between the company and the producer.

- b) Please Indicate the Ontario Production equivalent rate to Rate 401 and provide a comparable rate design calculation for the same volume of Ontario natural gas production.

**EP IR #10**

**Ref:** Exhibit A Application Para 9

**Preamble:** EGD requests approval of including the annual sufficiency/deficiency of the programs within Cap and Trade Compliance Obligation Variance Accounts.

- a) Please Indicate why this is an appropriate treatment for recovery of the potential cost consequences. Please be specific to each of RNG and GESP.
- b) Has EGD undertaken an analysis of GES as a measure under its DSM Framework? If so please provide the analysis and TRC plus result.
- c) Please Indicate specifically, if GESP was approved, as a DSM measure, why incentive costs for GESP would not be included in EGD's DSM Programs rather than aap and trade account.

**EP IR #11**

**Ref:** Exhibit B / Tab 1 / Schedule 1 / p. 3, # 10

- a) Please provide a summary of administrative costs to date (including 2018F) related to RNG Enabling and GESP program development. Specifically breakout the staff resources and legal/regulatory costs related to this application.
- b) Please provide 5 year administrative cost projections for the post-implementation period of the programs, if approved, for each of RNG Enabling Service and GESP.