

June 1, 2018

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON
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DELIVERED BY EMAIL

Dear Ms. Walli,

**RE: EB-2017-0129 Draft Report of the Ontario Energy Board: Framework
for the Assessment of Distributor Gas Supply Plans**

These are the comments of the Canadian Biogas Association (the “CBA”) with respect to the Draft Report of the Ontario Energy Board: Framework for the Assessment of Distributor Gas Supply Plans (the “Framework”).

The CBA was pleased to have had the opportunity to participate in the Technical Working Group with respect to the establishment of the Framework, which provided advice on a number of topics, including issues related to renewable natural gas (“RNG”) as a component of gas supply plans.

The CBA is generally supportive of the proposed Framework. The CBA does believe, however, that regulated natural gas distributors (“Distributors”), the Ontario Energy Board (the “Board”), and ratepayers would benefit from additional detail in the Framework with respect to the current state of the RNG market in Ontario and how that will affect the Board’s consideration of proposals by a Distributor to include RNG and RNG related expenses in their Gas Supply Plans.

The role of RNG within a Distributor’s gas supply plan is most substantively discussed within the section of the proposed Framework dealing with “Public Policy Objectives”. Within that section of the proposed Framework “[t]he OEB recognizes that RNG can be an important strategy to achieving public policy goals and that it may take some time to build both experience and market knowledge.”¹

¹ EB-2017-0129 Draft Report of the Ontario Energy Board: Framework for the Assessment of Distributor Gas Supply Plans, page 11.

Currently Ontario is home to only one RNG project. The CBA is unaware of any significant Distributor in Ontario that has a material amount of, if any, RNG in its existing gas supply plan, and the CBA's research into the current state of the Ontario market suggests that the local supply of RNG will require time and specific effort to develop before achieving its potential as a viable and sustainable element of the Ontario gas supply.² At the same time, as is acknowledged in the Framework, Distributors provide gas supply services for the vast majority of their customers. Accordingly, in the CBA's respectful submission, if the RNG market is to develop into a legitimate and reliable source of supply in Ontario, it will require the direct participation of Distributors.

To that end the CBA would respectfully submit that the Framework should explicitly acknowledge the developmental stage of the RNG market, as well as the significant role that the Distributors will have in the development of the RNG Market in Ontario through their efforts to procure RNG as part of their gas supply plan. By providing this context the CBA believes that Distributors will be properly encouraged to participate in the development of RNG supply in Ontario in the short term, bringing forward RNG related proposals within their Gas Supply Plans with the knowledge that the Framework within which their gas supply decisions will be evaluated recognizes the nascent nature of the RNG market and the consequential need for Distributors, as the suppliers of natural gas for the vast majority of natural gas customers in Ontario, to participate in the development of the RNG market.

The CBA notes the absence of any language in the Framework with respect to customer and producer education as it pertains the inclusion RNG within the plan. The CBA believes it would be appropriate to explicitly note in the Framework the importance of customer and producer education, with a view to encouraging Distributors to advance RNG related education proposals in their gas supply plans.

Lastly, the CBA respectfully submits that the Framework should acknowledge that the inclusion of RNG related costs in a Distributor's gas supply plans in the near term should be considered in the context of the total costs of the gas supply plan. Costs incurred by Distributors related to the development and procurement of RNG in the near term should have an immaterial effect on the total cost of the Distributor's gas supply plan, such that there should be adequate latitude for a distributor to propose RNG related spending for the sake of the longer term goal of developing the RNG market in Ontario into a reliable supply source for their plans. This, again, should provide encouragement to Distributors in the near term that their efforts to participate in the development phase of the RNG market, including efforts to educate customers and producers, will be properly recognized in the evaluation of their gas supply plans.

² Renewable Natural Gas Developments in Ontario: An Evolving Outlook The Canadian Biogas Association, August 2017
https://www.biogasassociation.ca/images/uploads/documents/2017/rng/RNG_Ontario_Outlook_Aug_2017.pdf

Accordingly the CBA would suggest the following additions to the proposed Framework within 3.2.5 Achieving Public Policy Objectives, detailing how the Board will evaluate RNG related proposals in a regulated natural gas distributor's gas supply plan:

Distributors will be required to demonstrate that RNG supplies that they intend to include in their Gas Supply Plans are procured in a manner consistent with the guiding principles. The OEB recognizes that RNG can be an important strategy to achieving public policy goals and that it may take some time to build both experience and market knowledge. The OEB further recognizes that the RNG market in Ontario is in its infancy and will require a period of development in the near term to establish itself, and that Ontario's Distributors, as the suppliers of natural gas to the majority of natural gas customers in the province, have a critical role to play in the development of the RNG market, not only when interacting with potential RNG suppliers, but also when interacting with their distribution customers. The OEB is well equipped to assess RNG as a fuel source in a manner that is consistent with the Framework principles. Based on the information from the working group, the OEB understands that RNG is likely to cost more than conventionally sourced gas supply, but recognizes that this direct comparison may not be appropriate. The consideration of the benefits of RNG in terms of GHG emission reductions would also be part of the review of any RNG strategy. In addition, the RNG strategy in the Gas Supply Plan will need to describe how it supports the compliance plan for the distributor's Cap and Trade obligations. With respect to the participation by Distributors in the development of the RNG market and interactions with their customers and producers, the OEB will consider any costs related to RNG development activity and both customer and producer education in the context of the costs of the gas supply plan as a whole, with a view to encouraging Distributors to participate responsibly in the development of the RNG market.

The CBA respectfully submits that these additions, in conjunction with the Framework's process which contemplates the filing of a 5 year forward looking plan for evaluation by the Board coupled with annual updates, will appropriately encourage Distributors to participate in the development of the RNG market in Ontario and engage their customers with respect to RNG, while maintaining the Board's oversight over that participation and engagement to ensure that the cost consequences are appropriate.

Yours very truly,



Michael R. Buonaguro