

June 18, 2018

VIA RESS AND COURIER

Ms. Kirsten Walli
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Dear Ms. Walli:

Re: EB-2017-0129: Framework for the Assessment of Distributor Gas Supply Plans.

IGUA Comments on Draft Report of the Ontario Energy Board.

By letter dated April 12, 2018, the Board invited interested parties to submit written comments on the Board's *Draft Report of the Ontario Energy Board: Framework for the Assessment of Distributor Gas Supply Plans*. By letter dated May 2, 2018 the Board extended the deadline for interested parties to submit comments to June 1, 2018.

IGUA has an interest in this topic, and appreciated being included as one of the members of the Board's Technical Working Group convened to assist OEB Staff by providing advice on a number of topics addressed in the Board's review of this topic. Unfortunately, my own schedule (both in matters before the Board and in a number of pre-committed matters which involved travel) delayed this submission, through no fault of IGUA's. While we appreciate that the deadline for comments has passed, given that this matter is not a proceeding in which these late comments could prejudice any interested party we are taking the liberty on behalf of IGUA of providing this brief submission, in the hope that it might inform the Board's ongoing consideration of the draft report.

In brief:

1. The draft report provides helpful clarity on the nature of the Board's review of utility gas supply plans, when and how such reviews will occur, and how the Board will consider and evaluate the plans. There has for some time been a lack of clarity,

indeed differences of opinion, on the extent to which the Board should consider and provide direction on gas supply planning, and the clarification provided in the report (that the Board will do so in respect of evaluating price, reliability and public policy impact of gas supply planning) is very helpful.

2. IGUA agrees that regular assessment of gas supply planning and resulting plans will support an understanding of the utilities' gas supply planning approaches and the application of the resulting plans to other aspects of regulation of the utilities (i.e. setting rates and considering facilities approval applications).
3. However, the proposed 5 year period between full plan reviews and assessments may be too long in the context of a very fast moving energy sector evolution. Significant and ongoing changes in gas supply options and, in particular, overall energy demand patterns, commends a more frequent full review (in particular given the relationships between gas supply planning and other regulatory applications and approvals as identified in the draft report). Balancing the need for timely understanding and transparency on the one hand with proportional regulatory efforts on the other hand, IGUA suggests 3 years between full plan reviews and assessments.
4. With acceptance of a 3 year period between full plan reviews and assessments, as recommended above, an annual update and "variance" review process would be appropriate, as is well described in the report.
5. The evaluative principle of the degree to which gas supply plans support "public policy goals" may be expressed too broadly, and should not be elevated to a "guiding principle" in line with cost effectiveness and reliability and security of supply [see pages 1, 4, 6 and 21 of the draft report]. The Board should continue to be guided by its legislative objectives, including (in respect of "public policy" considerations) competition in the sale of gas to users, rational expansion of the gas transmission and distribution systems, energy conservation and efficiency, and financial viability, as well as by any directives provided by government pursuant to legislative authorities. It is also appropriate for the Board to be cognizant of broader government energy policies (such as GHG regulation and government energy plan emphasis on RNG and heat pumps, for example) in discharging its regulatory mandate. The Board should consider a more particular, and constrained, expression of its intended consideration of "public policy" in evaluation of distributor gas supply plans.
6. In respect of RNG in particular, the draft report indicates expected consideration of RNG through price and supply security and diversification lenses, in accord with existing OEB policy (e.g. pre-approval for long term supply arrangements facilitative of new sources of supply and associated infrastructure investments) [see page 17 of the draft report]. This is an appropriate approach to recognition of the policy support

for, and potential benefits of, RNG supplies. (That is, RNG is properly considered and encouraged to the extent that it can support other legitimate regulatory objectives in a cost effective manner.)

7. In respect of the proposed gas supply plan review process [pages 13-15 of the draft report]:
 - (a) IGUA endorses the recognition in the draft report of the importance of stakeholder engagement in the review process.
 - (b) IGUA supports the proposed first step of a stakeholder conference for presentation of the plans by the utilities and the opportunity for interested stakeholders to explore the details of, and better understand, the filed plans.
 - (c) IGUA also endorses the proposed post-conference opportunity to provide written submissions.
 - (d) IGUA believes that the utilities should be afforded an opportunity to respond to the submissions, including those of OEB Staff, and further explain/support their views in respect of those submissions. This additional step would enable a better understanding of the utilities' plans.
 - (e) To this end, IGUA also believes that OEB Staff should provide submissions (rather than a "report to the Board" as suggested in the draft report), and should do so prior to, and in order to inform, the utilities' responses.
 - (f) The Board should, in any event of its determination regarding the need for any further review, publicly indicate its determinations (and section 4.3 of the report at page 14 of the draft should be clarified to so indicate).
8. IGUA questions the proposed need for the utilities to demonstrate "continuous improvement" in gas supply planning. IGUA does agree that a proactive and prudent planning standard should be applied to the utilities' gas supply planning function, but believes that "continuous improvement" means something different and may not apply in this area.
9. IGUA agrees [see page 9 of the draft report] that evaluation metrics should focus on gas supply planning results which drive value for customers, and should not be an exercise in a line by line review and "second guessing" of distributor planning decisions and resulting expenditures.
10. In respect of the proposed filing guidelines, the Board might consider adding direction to provide a discussion of "market context" in the section on gas supply plan outlook, on the basis that market context can be important in considering the wisdom

(prudence) of particular commodity/transportation/market based initiatives and solutions.

Again, we apologize for the delay in filing these submissions, which is in no way a reflection of a lack of interest in this matter on IGUA's part, and hope that these comments might be accepted and of assistance to the Board.

Yours truly,



for: Ian A. Mondrow

c: S. Rahbar
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