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Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

October 21, 2019

**Re: EB-2019-0137 Consultation to Review Enbridge's Natural Gas Supply Plans
Pollution Probe's Comments**

Dear Ms. Walli:

Please find enclosed Pollution Probe's written comments on the above noted proceeding.

Respectfully submitted on behalf of Pollution Probe.

Original signed by

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cc: All Parties (via email)

ONTARIO ENERGY BOARD

EB-2019-0137

**POLLUTION PROBE COMMENTS IN REGARD TO THE ENBRIDGE
NATURAL GAS SUPPLY PLAN**

October 21, 2019

Submitted by: Michael Brophy
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Consultant for Pollution Probe

Introduction

The Ontario Energy Board (OEB) has initiated a consultation to review Enbridge Gas Inc.'s (Enbridge) five-year natural gas supply plan in keeping with the gas supply plan assessment process contemplated in the OEB's Report of the Board: Framework for the Assessment of Distributor Gas Supply Plans (Gas Supply Framework).

A Stakeholder Conference was held on September 23 and 24, 2019 where Enbridge provided a response to stakeholder questions related to its 5 Year Gas Supply Plan.

Please find below Pollution Probe's comments related to Enbridge's 5 Year Gas Supply Plan.

Comments

Pollution Probe recognizes the effort of Enbridge to develop its first integrated Gas Supply Plan and its attempt to try to address many of the difficult issues that are directly and indirectly related to this plan.

In the OEB's Framework for the Assessment of Distributor Gas Supply Plans, it was indicated that "the OEB expects that the implementation of the Framework will introduce greater transparency, accountability and performance measurement to the review of gas supply plans to ensure that customers are receiving value from the distributors' gas supply activities."¹ This sets the context for the level of rigour that the Gas Supply Plan should meet in order to achieve the objectives outlined above. Pollution Probe understands that future improvements will likely be made by Enbridge during the course of this and future Gas Supply Plans and Enbridge mentioned the potential for an annual continuous improvement process. A key factor to the current review is whether the plan proposed by Enbridge provides enough substance and certainty to achieve greater transparency, accountability and performance measurement to ensure that customers are receiving value from the distributors' gas supply activities.

The OEB has also defined guiding principles that are consistent with its legislated mandate to protect the interests of customers with respect to price and the reliability of gas service. "The guiding principles for a distributor's gas supply plan are to deliver gas supply that is cost-effective, reliable (secure) and achieves public policy objectives.

¹ EB-2017-0129: Report of the Ontario Energy Board, Framework for the Assessment of Distributor Gas Supply Plans, October 25, 2018. Page 7.

- 1) Cost-effectiveness – The gas supply plans will be cost-effective. Cost-effectiveness is achieved by appropriately balancing the principles and in executing the supply plan in an economically efficient manner.
- 2) Reliability and security of supply – The gas supply plans will ensure the reliable and secure supply of gas. Reliability and security of supply is achieved by ensuring gas supply to various receipt points to meet planned peak day and seasonal gas delivery requirements.
- 3) Public policy – The gas supply plan will be developed to ensure that it supports and is aligned with public policy where appropriate.”²

The three guiding principles above are a “three-legged stool” which provides balance and transparency across the plan. If any of these legs are unstable or missing it will result in a plan that does not meet the framework outlined by the OEB. The presentation and responses by Enbridge during the Stakeholder Conference exhibited more experience and confidence with principles #1 and #2 above and it is important that principle #3 also be equally considered for the assessment of the plan.

Demand Forecasting

Enbridge indicated that demand forecasting (and other areas of the gas supply plan) are impacted by many influences outside of the control of the Gas Supply team. Those impacting factors include, but are not limited to community expansion, degree day forecast, DSM activity, community energy planning and policy drivers (e.g. increasing distributed energy resources in Ontario) and many other areas. It was difficult to identify all of the factors that should be considered by the Gas Supply Plan and how effectively they have been considered. There needs to be a clear feedback loop between the inputs and outputs of the Gas Supply Plan. For example, the decisions as part of the Gas Supply Plan directly impact the cost of gas and the avoided gas costs that are an input to the DSM programs³. However, the Gas Supply team indicated that they do not have responsibility for the avoid gas costs. This iterative nature between Enbridge’s functional areas can make it difficult to optimise results for consumers and provide transparency for stakeholders. Pollution Probe suggests that a simple logic map could be provided by Enbridge as part of its plan to show the major data/assumption inputs and outputs between Gas Supply and other functional areas.

² EB-2017-0129: Report of the Ontario Energy Board, Framework for the Assessment of Distributor Gas Supply Plans, October 25, 2018. Page 7.

³ September 23, 2019 Stakeholder Conference Day 1 transcript. Page 43, lines 23-27.

Enbridge indicated that there is a difference in the policy of Union Gas regarding interruptible customers that enables 100% of legacy Union Gas customers to be interrupted, while Enbridge was only comfortable that 75% of its legacy customers would be interruptible. Pollution Probe recommends that Enbridge consider moving to the Union Gas standard to avoid customers from taking an interruptible rate without the ability or intent to be interrupted.

Public Policy & Related Items

This guiding principle is clearly a challenging one for Enbridge to address as part of its Gas Supply Plan and there are some gaps still remaining that Enbridge was unable to address during the Stakeholder Conference. Given that Gas Supply impacts the core of so many functional areas at Enbridge, it will be difficult to ensure that all relevant policy has been considered as required by the OEB guiding principles. Policy impacts can impact Gas Supply team directly and others may come from other operational areas as an input to Gas Supply. Pollution Probe identified a few policy areas that were not directly considered in development of the Gas Supply Plan and others may also exist in the future⁴. Pollution Probe recommends that Enbridge look at opportunities to better integrate policy considerations into the Gas Supply Plan, starting with the following:

- Increased Distributed Energy Resources (DER)
- Community Energy Planning
- Integrated Resource Planning (IRP)
- Increased Demand Side Management
- Provincial Air Quality and Climate Change

Execution and Risk Mitigation

The OEB's Framework indicates that "it is expected that a distributor will develop performance metrics that reflect the criteria the OEB has established to demonstrate how the principles have been achieved. The measures should demonstrate the value proposition for customers and how it balanced the Framework's guiding principles. Effective metrics will allow the OEB to focus its assessment on results that deliver value for customers and not a line-by-line review of expenditures."⁵ It is recommended that the OEB not accept Enbridge's draft scorecards in its current state. In alignment with the comments above, it is important to have a set of sound metrics that the utility, OEB, consumers and other stakeholders can rely on. This does not mean that Enbridge can't improve metrics over time based on lessons learned and feedback from stakeholders.

⁴ September 23, 2019 Stakeholder Conference Day 1 transcript. Page 173, lines 14-19.

⁵ EB-2017-0129: Report of the Ontario Energy Board, Framework for the Assessment of Distributor Gas Supply Plans, October 25, 2018. Page 11.

Using a plan with incomplete and inadequate scorecard metrics will not enable utility staff to integrate these metrics with their day to day activities and will actually impeded the ability for continuous improvement. It is recommended that the OEB include a process for resubmission of the scorecards by Enbridge prior to final stakeholder review.

Based on the draft scorecard and initial discussion during the Stakeholder Conference, below are a few additions to the scorecard that would promote more effective transparency, accountability and performance measurement.

- # of improvements to the Gas Supply Plan identified through Stakeholder consultation
- Cubic meter increase in DSM results due to the Gas Supply Plan improvements
- % of municipalities in Enbridge franchise area with community energy plans⁶
- Cubic meter decrease in gas supply due to Integrated Resource Planning activities (includes DSM)
- % variance of actual degree days vs. forecast (note: would also reflect accuracy of model to accommodate changing climate data)
- Efficiencies from integrating Gas Supply activities and policies

Next Steps

During the Stakeholder Conference and as outlined in the notice, Board Staff indicated that they will produce a draft report for stakeholder review and comment and that a proceeding may be held to deal with outstanding issues not resolved in the final Board Staff report. The Stakeholder session provided an opportunity for Enbridge to respond to questions and gaps in their Gas Supply Plan. There are several outstanding issues as outlined above that may not make it possible for Board Staff to complete its full review at this time. In order to bridge these gaps Pollution Probe recommends that the OEB consider a step prior to the Board Staff final report that requires Enbridge to resolve the gaps identified. Particularly, it does not seem possible to operate under draft scorecards that have “N/A”, missing metrics and metrics that indicate “needs improvement”⁷. In alignment with the OEB’s requirements, a more complete set of metrics would promote greater transparency, accountability and performance measurement to the review of gas supply plans to ensure that customers are receiving value from the distributors’ gas supply activities.

⁶ Impact outlined in September 23, 2019 Stakeholder Conference Day 1 transcript. Page 73, lines 4-7.

⁷ Enbridge 5 Year Gas Supply Plan, EB-2019-0137, Appendix J. Page 3 of 3

This is a foundational Gas Supply Plan for the newly merged Enbridge companies and it is critical to ensure that this plan provides a stable and robust base. If there are significant gaps, it will lead to confusion and risk over the life of this plan, complicate future plans and impacts other related proceedings (e.g. Enbridge indicated that the issues this plan link to many other proceedings such as the Post-2020 DSM Framework). Pollution Probe recommends that the OEB take the appropriate time to ensure that these gaps are resolved and that this plan can be used as a firm foundation to ensure alignment and measure success effectively.

During the Stakeholder Conference Enbridge indicated that as part of its continuous improvement process it would likely do annual updates⁸ and that an annual continuous improvement process would be an opportunity for stakeholder input. Pollution Probe request that Board Staff provide clarity via its draft report on how or where that process would fit into the regulatory review process.

⁸ September 23, 2019 Stakeholder Conference Day 1 transcript. Page 32, lines 6-7.