



BY EMAIL and RESS

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Our File: EB20190137

Attn: Christine Long, Registrar & Board Secretary

Dear Ms. Long:

Re: EB-2019-0137 – Gas Supply Planning Consultation – Comments

We are counsel to the School Energy Coalition (“SEC”). As part of the Board’s Consultation to Review Natural Gas Supply Plans, these are SEC’s comments on the Enbridge Gas Inc. (“EGI”) 5-year Gas Supply Plan.

Hard to Assess Plans. SEC notes that the Gas Supply Plan is just that, a plan, on how it will assess and undertake commodity, transportation and supply decisions over the next five years. Those decisions will ultimately rely on market supply and customer demand dynamics, and the need to balance competing principles (i.e. cost, reliability, flexibility, diversity, etc.). While the Gas Supply Plan tries to explain how EGI processes to evaluate and execute those decisions, the nature of gas supply decision-making is often very fact specific and their reasonableness can only be evaluated at the time the decisions are made or are expected to be made.

For example, the Gas Supply Plan explains what *considerations* EGI will consider when certain transportation contracts expire and its preferred option.¹ But as EGI notes, when the contract renewal date gets closer, “a complete supply option analysis will be completed in order to make the most appropriate decision for ratepayers “.² SEC may take no issue with the high-level analysis described in the Gas Supply Plan, but until the detailed supply option analysis is completed, and understanding the market conditions and its overall portfolio at or near the time the decision needs to be undertaken, it is hard to achieve much comfort.

Consultation Not a Substitute For a Hearing. Similar to the comments above, since this is a consultation and not a hearing, the process did not allow for a testing of the Gas Supply Plan to a sufficient level to where even if the plan executed as described, would necessarily lead to rates that are just and reasonable. This should not be taken as a criticism of EGI, as the process was determined by the Board and not the utility. In fact, EGI was very helpful during the Stakeholder Meeting responding to questions, but that is not a substitute to a proper interrogatory process, where interested parties can request detailed information to look ‘under the hood’ to test the evidence.

¹ See 5 Year Gas Supply Plan, p.92-94

² *Ibid*, p.94



The Board must ensure that the annual gas supply updates are considered and tested through a hearing process. It is not appropriate that the only time gas supply costs are evaluated through a hearing is through the QRAM, which is meant to be a summary mechanistic process undertaken on a very short timeline. A more appropriate forum would be EGI's annual rate adjustment application.

One Utility but Two Gas Supply Plans. While EGI has filed a single plan for the utility, in substance it has really filed two separate plans based on each of its legacy utilities (i.e. Enbridge Gas Distribution and Union). SEC understands that EGI is working towards harmonization of the gas supply planning processes of its predecessors Enbridge and Union, and we recognize that there are challenges in doing so before the deferred rebasing period ends. Yet, SEC would have expected to see a more detailed timeline and plan on how it will transition to a single gas supply planning process. SEC would hope that an integrated gas supply planning process would yield increased purchasing power in the market, which could benefit EGI's customers. The sooner this can occur, the better.

Storage Blind RFP Process. EGI and its affiliates both own and operate significant unregulated storage facilities. EGI also procures storage for its regulated operations. While it has put in place a blind RFP process to try to ensure that it is not favoring itself or its affiliates when it goes out to the market to procure storage services, some concerns remain. As made clear during the Stakeholder Meeting, the process is not entirely blind. While EGI uses a third-party RFP manager to anonymize initial bids it received, it often needs to require further information from those bidders, including attributes of the service that is being provided in the bid. This can provide EGI's expert staff with enough information that it can decipher who the bidder is likely to be.³

SEC submits that EGI should be required undertake a third-party independent expert assessment of its blind RFP process, by someone who has natural gas experience. The problem is that EGI's third-party RFP manager (Deloitte) may be an expert in RFP processes, but it is not an expert in natural gas. At the same time EGI is an expert in natural gas, but not in RFP processes.

Yours very truly,
Shepherd Rubenstein P.C.

Original signed by

Mark Rubenstein

cc: Wayne McNally, SEC (by email)
EGI and interested parties (by email)

³ Tr.2, p.31-32