



150 Ferrand Drive, Suite 208
Toronto, Ontario M3C 3E5
T 416.926.1907 F 416.926.1601
www.pollutionprobe.org

Ms. Christine Long
Registrar and Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

January 10, 2020

**Re: EB-2019-0137 Draft OEB Staff Report on Enbridge's Natural Gas Supply Plans
Pollution Probe's Comments**

Dear Ms. Long:

Please find enclosed Pollution Probe's written comments on the Draft OEB Staff Report on Enbridge's Natural Gas Supply Plans.

Respectfully submitted on behalf of Pollution Probe.

Original signed by

Michael Brophy, P.Eng., M.Eng., MBA
Consultant to Pollution Probe
Phone: 647-330-1217
Email: Michael.brophy@rogers.com

cc: All Parties (via email)
Richard Carlson, Pollution Probe (via email)

ONTARIO ENERGY BOARD

EB-2019-0137

**POLLUTION PROBE COMMENTS IN REGARD TO
DRAFT OEB STAFF REPORT FOR THE ENBRIDGE
NATURAL GAS SUPPLY PLAN**

January 10, 2020

Submitted by: Michael Brophy
Michael.brophy@rogers.com
Phone: 647-330-1217
28 Macnaughton Road
Toronto, Ontario M4G 3H4

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 Natural Gas Supply Plan. Following the Stakeholder Conference stakeholders filed written submissions.

On December 19, 2019 the OEB issued for comment a Draft OEB Staff Report to the OEB: Consultation to Review Natural Gas Supply Plans (draft OEB Staff Report). The draft OEB Staff Report sets out OEB Staff's initial assessment of Enbridge Gas Inc.'s (Enbridge) natural gas supply plans.

Please find Pollution Probe's comments on the draft Board Staff Report below and recommendations on the path forward for the OEB.

Comments

Pollution Probe recognizes that the multi-year natural gas plan includes a large number of issues (direct and indirect) that are complicated. This would make it difficult for Board Staff to provide a detailed assessment of all issues in a single report and require the OEB to consider the full public record related to the Enbridge Natural Gas Supply Plan. In its draft report OEB Staff acknowledge the value associated with stakeholder input during the stakeholder session and through participation in the review process. The draft OEB Staff Report provides a high-level assessment of the Enbridge Natural Gas Supply Plan and concludes that the Enbridge Natural Gas Supply Plan generally meets the requirements outlined in the OEB's Framework for the Assessment of Distributor Gas Supply Plans. OEB Staff identify a few issues and suggest that some of these gaps could be dealt with in the annual review process. It was recognized by Enbridge, Board Staff and all stakeholders that this is the first of its kind plan and that although it provides the foundation for all future updates, the annual improvement process will provide opportunity to improve the plan into the future. Pollution Probe agrees that an annual review and improvement process would provide an opportunity to improve the plan and close gaps, but it is unclear to Pollution Probe exactly how that process would work and how the OEB and stakeholders would fit in. It is also unclear to Pollution Probe if Board Staff would address any issues or gaps in its draft report or if the OEB

would use the draft report and all stakeholder comments to determine next steps in the proceeding.

Pollution Probe recognizes the limitation of the consultative process use to this point and supports the option to leverage the adjudicative component that the OEB has provided for this proceeding to address the unresolved issues. Despite significant effort on behalf of stakeholders during the consultation, Enbridge has not made a single change to its plan up to this point. As part of the adjudicative component of the process, it is recommended that the OEB include a Settlement Phase to enable Enbridge to resolve the outstanding issues and make the appropriate updates to its plan.

Gas costs represent the single largest costs to Ratepayers in their monthly bills and changes or improvements to the plan will have large impacts on costs and benefits to consumers. There is also unanimous agreement that the QRAM process is not a suitable place for review and OEB approval of the complicated issues associated with the gas supply plan. If the OEB chooses to defer some of these issues to other proceedings, it would be helpful to have a roadmap or table in the draft OEB Staff Report of where and when each natural gas supply related issue would be reviewed by the OEB. Without that, it is difficult to ensure that issues do not get stranded or delayed.

The Enbridge Gas Supply Plan is a complex document that links to many other business processes and areas at Enbridge as an input or output. For example, the draft Board Staff Report suggests that gas supply opportunities related to DSM do not require attention in this proceeding since they can be considered in EB-2019-0003. With the updated EB-2019-0003 schedule (i.e. not coming into effect until at least 2022), the Enbridge 5 Year Natural Gas Supply Plan will be more than half over if these issues are deferred. Additionally, the DSM Framework Review in EB-2019-0003 has not included these issues in its issues list or discussions to-date and there is a high likelihood that gas supply issues could be considered out of scope in EB-2019-0003. Deferring the review of relevant gas supply issues to other proceedings does not appear to meet the requirements of a complete plan review (emphasis added) under the Framework for the Assessment of Distributor Gas Supply Plans.

This issue exemplifies one of the major challenges in dealing with the review of the Enbridge Natural Gas Supply Plan, in that the gas supply plan impacts could end up linked to many other proceedings and without a fulsome review in this proceeding the outstanding issues could become orphaned. There is significant benefit to consumers to review all related gas supply issues in this proceeding since it would provide a complete review on the issues related to the largest items on a customer's bill.

This document is focused on providing comments related to the draft OEB Staff Report and does not replicate the other issues identified in Pollution Probe’s submission dated October 21, 2019. One area that seems to remain a significant issue is the interpretation of what a scorecard is and what it is meant to achieve. Enbridge included proposed scorecards related to its gas supply plan in Appendix J of its evidence. The metrics and sample scoring for the Public Policy area of the scorecard requires improvement and it is unclear how these metrics would be assessed objectively in their current state. The initial assessment of Board Staff is that the plan meets the inclusion of all elements as required by the OEB’s Framework for the Assessment of Distributor Gas Supply Plans. Pollution Probe does not share this view and believes that the Public Policy Scorecard in its current state is inadequate. Scorecards by their very nature need to include metrics that are clear, transparent and well understood to drive business activities and monitor performance. Using ineffective metrics and only filling them in after the year is over misses the entire point and value of what a scorecard is meant to be.

The table below provides specific comments and references based on the draft OEB Staff Report.

Draft OEB Staff Report Reference	Comment
Section 2 Summary of Natural Gas Supply Plans An Overview	Board Staff recognize that Enbridge is in the process of harmonizing policies, with the final internal approval targeted for December 2019. It is recommended that Enbridge include updates on this as part of its annual update. OEB clarity for process and timing expectations would be required for those updates (e.g. prior to year-end or with its annual rates filing).
Section 3 Natural Gas Supply Plans by Rate Zones	On December 5, 2019 the OEB issued an interim Rate Order for EB-2019-0194 that includes a commitment for Enbridge to complete and file a rigorous study examining the various available methodologies for average use, NAC and degree day forecasts, including those currently in use by Enbridge Gas. The outcome of this review is relevant to the gas supply plan and changes in modelling will impact the plan.
Section 4 Written Comments Consultation Process	Board Staff acknowledged stakeholder concern related to a consultative format instead of an adjudicative format. Pollution Probe shares these concerns and suggests that the gaps could be

Draft OEB Staff Report on Enbridge Natural Gas Supply Plan

EB-2019-0137

Comments on behalf of Pollution Probe

Draft OEB Staff Report Reference	Comment
	resolved through the adjudicative step for issues that remain outstanding.
Section 4 Written Comments Demand Forecasts and Gas Supply Integration	See section 3 comments above. The rigorous study could help address some of the gaps outlined in this section of the draft Board Staff Report.
Section 4 Written Comments Public Policy	Pollution Probe does not agree with the Board Staff assertion that gas supply costs are not important or controllable since they are a pass-through cost to consumers. Commodity is the largest cost component to consumers on their monthly bill and commodity costs are controllable by Enbridge even if they are a pass-through. Costs are impacted by elements including supply contracts, infrastructure supply decisions (e.g. IRP), DSM programs, community energy plan supply decisions and other related tools. Including clear metrics and specific targets in the scorecard will provide greater ability to reduce these costs.
Section 5 OEB Staff's Initial Assessment of the Plan Overview	The draft report indicates that Board Staff are of the view that "overall the Plan successfully balances the three OEB guiding principles of: i) cost effectiveness, ii) reliability and security of supply and iii) public policy in a way that is prudent and delivers value to customers". Pollution Probe disagrees with this conclusion and suggests several areas where the Public Policy plan elements are significantly inadequate. Board Staff use RNG as an example of how Enbridge addresses public policy when in fact the Enbridge scorecard (see Appendix J of the Enbridge evidence) indicates no focus in RNG. Specific recommendations have been provided to assist Enbridge in resolving these gaps. This gap is one of the areas recommended for inclusion in the adjudicative phase of the proceeding.
Section 5 OEB Staff's Initial Assessment of the Plan Demand Forecast Analysis and Gas Supply Integration	OEB staff recommend that the interruptible policies in each of the rate zones be addressed at the time of rebasing as there may be rate implications to any changes (e.g., updating penalty charges and assumptions related to interruptible load in meeting design day demand forecasts). If the OEB agrees, this condition could be included in its decision.
Section 5 OEB Staff's Initial Assessment of the Plan Performance Management	The initial assessment of Board Staff is that the performance management metrics outlined in the Enbridge Scorecard are adequate. Pollution Probe does not share this view and believes that the

Draft OEB Staff Report Reference	Comment
	<p>Public Policy Scorecard in its current state is inadequate. Scorecards by their very nature need to include metrics that are clear, transparent and well understood to drive business activities and monitor performance. Enbridge has several activities underway that relate to effective gas supply planning, including IRP, community planning, DSM and other related policy activities. Not including clear metrics in the foundational gas supply scorecard on these elements sends a signal that these are not important. Significant Ratepayer and provincial policy benefits will be lost if this is not corrected and this cannot be prudently deferred to other proceedings.</p>