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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-2019-0255 Guidelines for Potential Projects to Expand Access to Natural Gas Distribution
Pollution Probe Comments**

Dear Ms. Long:

Please find attached Pollution Probe's comments related to the Draft Guidelines for Potential Projects to Expand Access to Natural Gas Distribution. Please reach out if you require any additional information.

Respectfully submitted on behalf of Pollution Probe.

Original signed by

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cc: OEB Participant List (via email)
Richard Carlson, Pollution Probe (via email)

ONTARIO ENERGY BOARD

EB-2019-0255

**POLLUTION PROBE COMMENTS IN REGARD TO
THE DRAFT OEB GUIDELINES FOR EXPANSION OF
NATURAL GAS**

January 10, 2020

**Submitted by: Michael Brophy
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Consultant for Pollution Probe

Introduction

On December 12, 2019, the Ontario Energy Board (OEB) received a letter from the Minister of Energy, Northern Development and Mines and the Associate Minister of Energy under section 35 of the Ontario Energy Board Act, 1998 asking the OEB to examine and report back to the Ministry of Energy, Northern Development and Mines (Ministry) by August 31, 2020 with information on potential projects to expand access to natural gas distribution to communities that are not currently connected to a natural gas distribution system.

The government intends for approximately \$130 million in rate-payer funded financial support to be made available for new projects that can reasonably be expected to commence construction between 2021 and 2023.

On December 17, 2019 the OEB issued a letter inviting stakeholder participation to comment on Draft Guidelines for Potential Projects to Expand Access to Natural Gas Distribution (Draft Guidelines) and on December 19, 2019 the Draft Guidelines were released for comment.

Please find below Pollution Probe's comments related to the Draft Guidelines. Pollution Probe represents the interests of consumers and provides policy understanding directly related to the scope of the Draft Guidelines. Based on the scope defined by the OEB, Pollution Probe has focused on the most pertinent issues based on the Draft Guideline and is willing to provide additional context and information should the OEB require it.

A) General Comments

Pollution Probe works with consumers, communities and is an active supporter of community energy planning that provides cost-effective energy solutions to communities in an organized manner that also supports local community goals such as reduced air emissions (including climate change), economic development, jobs, clean transportation, distributed energy and other related goals. At the core of the Ministry policy direction to assess options to expand natural gas access is an intent to provide clean cost-effective energy options to all Ontarians. This the same policy driver for other complimentary policy initiatives including increased local distributed energy resources and community energy planning. In order to achieve the policy objectives, it is important to avoid analysis and decision making based on artificial barriers such as fuels silos and instead leverage local community energy plans to ensure that the right solutions are supported for each community based on their local conditions, needs and objectives. This will achieve the greatest benefits for Ontarians given the funds available.

Pollution Probe would like to highlight that the process proposed is not likely to result in the most effective process for consumers in Ontario. Resources planning for linear infrastructure leverages several principles in order to ensure that the objectives are achieved in a cost-effective manner. The first includes assessing province-wide potential using available data such as population density, geological features, soil conditions, etc. to identify areas that would be cost effective for natural gas pipeline infrastructure (from existing pipelines or other sources such as LNG). For example, this would outline areas that have a sufficient consumer (residential, commercial and industrial) density to support economic expansion given the soil conditions and other geographic features (i.e. areas of rock would require higher density to support expansion). This top-down approach would provide consistent province-wide information to all potential proponents to rank economic potential and reduce duplication of costs (e.g. for soil surveys). This approach is what was used by IESO to successfully expand the market for wind and solar resources in Ontario.

Pollution Probe is aware of the urgency for the OEB to finalize the Guidelines in order to meet the timing outlined by the Ministry. Therefore, to assist the OEB Pollution Probe has provided a list of issues and also provides specific recommendations per section of the Draft Guidelines in this document.

Summary of Issues that should be addressed in the Draft Guidelines

- Require projects to indicate how they meet all relevant Provincial policy (e.g. OEB Directives, Provincial Policy Statement, Environment Plan, etc.) to the extent possible. This will enable the OEB to ensure alignment and screen projects prior to other approvals such as a Leave to Construct.
- Support and alignment with local community energy plans to ensure alignment with local policy and investment plans. This will ensure that consumer, municipal and business investment goals align and that capital funding and local investment is optimized. This will also help the OEB identify which projects will benefit consumers most.
- Require that community expansion projects leverage all cost-effective DSM opportunities. New communities provide one of the most cost-effective opportunities for DSM since all new customers need to hire contractors and change out equipment. This supports the policy goals to reduce consumer energy bills (programs reduces both natural gas and electricity) and also supports the Province's Environment Plan.

- Require proponents to indicate how a proposed project fits into the utilities Integrated Resource Plan (IRP). Prudent grant funding should require that funds be used in a manner that benefits the most consumers over the life of the assets and identifies all current and future Ratepayer costs related to these assets. The utility IRP would provide an indication of the lifecycle costs associated with these assets and potential synergies with other projects (e.g. reinforcements or additional community expansion projects). Including the utility IRP during project assessment ensures that these funds are used in the most efficient manner and that consumers are not stranded (e.g. pipeline become under-sized to reach the next community).

B) Specific Comments by Draft Guideline Section

The following includes specific recommendations per section in the Draft Guideline to resolve issues identified above.

Draft Guideline Section	Update Recommended
Preamble Wording (new to be added)	Add the following wording: This Guideline has been developed to assist the OEB in reviewing proposals to expand the distribution of natural gas to new communities in Ontario and should be considered in association with the Section 35 Letter to the OEB, provincial policy documents (e.g. Provincial Policy Statement) and all relevant OEB policy, codes, guidelines and decisions. Consideration should also be provided to local policies such as community energy plans.
Part I	No Change Proposed
Part II (addition) 2.3	Describe what energy efficiency (e.g. DSM) programs the proponent has available (directly or through partnerships) that could reduce bills for natural gas consumers.
Part III (addition) 3.8	Provide details on all energy efficiency programs that will be available to residential, commercial and industrial consumers in the proposed community. Include a summary of how outreach on these programs will be integrated with public consultation, marketing and attachment activities.
Part III (addition) 3.9	Provide details on how the proposed project is being coordinated and will be operated in alignment

	with the local community energy plan (or equivalent if called a different name for that community).
Part III (addition) 3.10	Provide the current fuel use assumptions that will be displaced by natural gas in this community, including an estimate of annual costs and emissions reductions that will result from switching to natural gas.
Part IV (addition) 4.5	Please indicate what the shareholder Rate of Return (ROR) assumption is in the proponent's model. If the proponent is willing to use a Rate of Return for this project less than the current approved ROR, please indicate what that is and what the savings would be to consumers over the life of the assets.
Part V (addition) 5.4	Provide the total capital contribution from customers, if any, required for this project based on current assumptions.
Part VI	No Change Proposed
Part VII (addition) 7.3	Provide the number of residential, commercial and industrial consumers in this community and how many by customer type are proposed to be attached by year 10 of the project.
Part VII (addition) 7.4	With all other model assumptions the same, provide the PI of the project if all consumers in the community were attached by year 10.
Part VIII	No Change Proposed