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Jan. 17, 2020

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

Dear Ms. Long,

RE: EB-2019-0137 – Consultation to Review Natural Gas Supply Plans – Draft OEB Staff Report – Comments of London Property Management Association

Introduction

The Ontario Energy Board (“OEB”) issued for comment a Draft OEB Staff Report to the OEB Consultation to Review Natural Gas Supply Plans (“draft OEB Staff Report”) on December 19, 2019. The draft OEB Staff Reports sets out staff’s initial assessment o the Enbridge Gas Inc. (“EGI”) five-year natural gas supply plan.

These are the comments of the London Property Management Association (“LPMA”).

In its October 21, 2019 comments on the EGI five-year natural gas supply plan, LPMA indicated that it was generally supportive of the plan, but provided comments on specific components of the plan, including peak day forecasts, sensitivity analysis and SENDOUT integration.

LPMA has reviewed the comments of other parties, the reply comments of EGI and the draft OEB Staff Report.

LPMA agrees with the concerns expressed by staff in the Overview section of the draft OEB Staff Report with respect to the blind RFP process for storage, the need for more supporting information in a number of areas as noted by staff.

The comments that follow are related to specific areas where LPMA believes improvements could be made in the gas supply plan and planning process.

Demand Forecast Integration

A number of stakeholders commented on the importance of integrating the demand forecasts across EGI's rate zones. LPMA submits that any such integration should not be done solely for the purpose of integration of methodologies. Indeed, in the view of LPMA, it may be better for different methodologies to be continued to be used in each of the rate zones, and different methodologies may even be appropriate for sub-rate zones. This comment relates to both volumetric demands and design day demand forecasts.

The demand forecasts are a key input into the gas supply plan. These forecasts (which include the impacts of DSM) inform the gas supply plan of what has to be accomplished. The gas supply plan itself, including transportation routes, supply basins, diversity and reliability, is about how this is accomplished.

It is the view of LPMA that it should not be whether there should be one methodology or many methodologies used in the demand forecasting process (volumes and design day) that are of importance. Rather it is the accuracy of the forecasts that is of paramount importance. If multi methodologies provide more accurate results than a common methodology, then this should be the approach taken.

The OEB has indicated that the approved methodologies for demand forecasts are to be utilized by EGI until the rebasing and EGI has indicated it will continue to use these approved methodologies until rebasing.

LPMA agrees with this approach but believes that it would be more useful to the OEB and stakeholders if EGI began investigating the forecast methodologies well in advance of rebasing. While these new methodologies or methodology would not be used before the rebasing year, if they were run in parallel with the current OEB-approved methodologies, there would be a better historical database to consider which methodologies or methodology that should be used in the rebasing year.

LPMA notes that staff expected EGI to be examining whether continuing to have different methodologies and criteria that underpin the demand forecasts for each rate zone is appropriate.

Gas Supply Integration

EGI has committed to provide a detailed plan about the stages of integration in its annual updates with respect to combining its gas supply procurement policies, integrating the IT systems that support gas supply execution and reporting and integrating its SENDOUT models.

LPMA supports this approach and encourages EGI to provide sufficient information in the annual updates to allow stakeholders to review the progress being made in these areas.

Risk Mitigation

LPMA commends EGI of its risk management process that identifies five types of risk – annual demand variation, design day variation, pricing variation, supply interruption and transportation interruption and how it intends to mitigate these risks.

LPMA, however, continues to be concerned about the sensitivity analysis with respect to the annual volumetric demand forecast. It is not clear to LPMA whether EGI's sensitivity analysis to weather, for example, is only on an annual basis (e.g. 5% more or less degree days for the year), or whether sensitivity analysis is performed where the weather is volatile within a year. For example, weather variance over the five month winter period might be within the +/- 5% heating degree day band, but hide significant swings within the period that could affect storage balances and pricing, among other things, that is noticeably different than a standard +/- 5% scenario.

LPMA also that while significant information is provided with respect to diversity and reliability is provided for supply basis and transportation routes, there appears to be less such information provided related to storage, including purchases at Dawn. While Dawn is connected to multiple storage wells, it is not clear what the impact would be if there was a disruption in either getting that gas to or through Dawn on a design or near-design day. LPMA believes that EGI should provide more information on this as part of its annual updates.

Blind RFP Process for Storage

LPMA agrees with the concerns expressed by staff in the draft OEB Staff Report. If EGI has a proposal other than RFP Manager proposed by staff, it should bring forward that proposal in the next annual update.

Process Improvements

LPMA supports the comments of FRPO relating to improving the stakeholder conference. In particular, there should be more time between stakeholders providing written questions to EGI and the stakeholder conference in order to provide EGI with time to prepare and distribute its presentation at least several days in advance of the stakeholder conference.

Sincerely,

Randy Aiken

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