

ONTARIO ENERGY BOARD

Enbridge Voluntary RNG Program

POLLUTION PROBE SUBMISSION

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Background

Enbridge Gas Inc. (Enbridge) filed an application with the Ontario Energy Board (OEB) on March 5, 2020 seeking approval to implement a Voluntary Renewable Natural Gas Program (Voluntary RNG Program) which offers customers the opportunity to pay \$2 per month towards the purchase of RNG that will displace system supply of traditional natural gas. Customers will be able to join the Program at any time, and there will be no ongoing commitment for customers who wish to discontinue their participation.

Given that the scope of this proceeding is very narrow, with only the consideration of the details of the proposed Voluntary RNG Program being at issue, the OEB determined to proceed by way of written hearing.

A virtual, transcribed technical conference was held on June 16, and June 18, 2020 followed by filing of undertakings responses and Enbridge's Argument-in-Chief on July 3, 2020.

In accordance with Procedural Order No. 3, the following is the written submission of Pollution Probe.

Overview

Pollution Probe works with consumers, communities and policy makers across Ontario and supports providing RNG program options (including on a voluntary basis) which are directly aligned with current and growing consumer and policy demands. Municipalities across Ontario have developed energy and emission plans that also require access to programs like the one proposed by Enbridge. Consumer and policy demand for RNG is supported by many factors including:

- Public interest and economic benefits.
- Consumer concern with climate change and interest in accessing and supporting RNG in Ontario.
- High demand for RNG in communities in alignment with community energy and emissions plans.
- There is no competitive RNG market in Ontario, or in Canada which is why other utilities in Canada (and globally) have filled this void to support public policy and provide RNG options for customers. Lack of RNG programs has left a void in Ontario.

- Policy support across Ontario including the Government of Ontario's Made-in-Ontario Environment Plan (MOEP)¹, Provincial Regulations (e.g. Ontario Regulations 20/17 and 397/11), Municipal Energy and Emissions Plans (supported by Provincial program funding), Municipal Climate Emergency declarations and complimentary policy at all levels of government.
- Policy requirements for Natural Gas Supply Plans set by the OEB² (RNG was identified by Enbridge as an important element to meet policy requirements during review of its current 5 Year Natural Gas Supply Plan).
- Developing an RNG market in Ontario will produce net economic benefits, reduce fugitive emissions (i.e. extracting useful energy from waste) and provide clean energy options for consumers. Use of organic sources promotes source separation and reduced load on our municipal landfill sites.
- Current and increasing requirements to keep up with industry innovation and adoption of lower carbon energy options for consumers (i.e. Ontario is lagging other jurisdictions despite policy supporting RNG).

Although Enbridge's proposed Voluntary RNG Program is very conservative, it will at least provide a starting point and provides a risk-free and simple way for the OEB to support cleaner energy options requested by consumers, municipalities and policy makers. Do nothing is not an option if Ontario wants to keep up with industry innovation, evolution and consumer demands. The Enbridge program proposes just 0.01% RNG by year 10 (2031) of the program, which is much less than leading jurisdictions in Canada. By way of example, Quebec recently announced 5% RNG by 2025 and BC has a similar target. Ontario is already in a position of playing catch-up on RNG and delaying program options will put Ontario consumers at a further disadvantage in the short, medium and long-term.

Approval of the Voluntary RNG Program will enable Ontario to start to play catch-up and collect real-time information to allow additional informed assessment and enhancements of RNG programming as part of the Enbridge 2024 Rate Case. In the interim, Enbridge has agreed to carry the program costs and there will be no program costs for non-participants. In fact, program benefits (e.g. reduced carbon costs) will accrue to all Ratepayers through this program. Pollution Probe recommends that the OEB approve the Voluntary RNG Program, subject to some additional recommendations included at the end of this document.

¹ Exhibit C, Tab 4, Schedule 2, Made-in-Ontario Environment Plan (MOEP), page 23

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

The Future of Natural Gas

Technology and energy options for consumers continue to evolve and the pace of that change is accelerating with public policy, global innovation and increasing demand for lower emissions energy in communities across Ontario. Cost for renewable energy continue to decrease relative to fossil fuels as has been proven with innovation in renewables like solar PV. Ontario is not immune to this global consumer shift and keeping up with customer demands and industry innovation requires change. The OEB has recognized these demands and the need to innovate and diversify through initiatives including Responding to Distributed Energy Resources³ which consider the broader current and future consumer and industry needs. RNG is one option that is being used across Canada and globally to meet evolving energy needs as part of a broad energy portfolio that also includes clean electricity, renewable energy (e.g. heat pumps) and other options that must be considered together as part of Integrated Resource Planning⁴.

Enbridge indicates that the Voluntary RNG Program is consistent with and responsive to public policy⁵. Pollution Probe agrees and this is true at all levels of policy right down to the municipal level. The Voluntary RNG Program aligns with the Government of Ontario's Made-in-Ontario Environment Plan (MOEP), which directs gas distributors to implement a voluntary RNG option for customers. Enbridge outlines the requirements from the MOEP that this program intends to satisfy⁶. Additionally, the Provincial government recently reinforced those statements as part of its one year anniversary celebration for the MOEP indicating that "as we move forward, the plan will continue to evolve with new updates and information as we continue to consult and collaborate with stakeholders and other governments to implement our plan to protect our air, land and water, address litter and reduce waste, reduce greenhouse gas emissions, and help communities and families prepare for climate change"⁷.

Supporting Consumers and Communities Across Ontario

Enbridge conducted market research to investigate consumer perspectives related to energy, climate change and other factor pertinent to the Voluntary RNG Program. The study found that 74% of consumers are worried or very worried about the impacts of

³ EB-2018-0288

⁴ <https://www.pollutionprobe.org/wp-content/uploads/Future-of-Natural-Gas-November-2019.pdf>

⁵ EB-2020-0066 Argument in Chief of Enbridge Gas July 3, 2020 Page 1 of 13

⁶ Exhibit C, Tab 4, Schedule 2, Made-in-Ontario Environment Plan (MOEP), page 23

⁷ <https://news.ontario.ca/ene/en/2019/11/ontario-appoints-advisory-panel-on-climate-change.html#:~:text=Ontario%20Appoints%20Advisory%20Panel%20on%20Climate%20Change%20New,Made-in-Ontario%20Environment%20Plan%20November%2028%2C%202019%2010%3A00%20A.M.>

climate change⁸, 76% of consumers have experienced impacts due to climate change⁹ and 81% of consumers support shifting to cleaner energy alternatives¹⁰. This awareness, concern and interest in action will only continue to rise in the future.

Community energy and emissions planning (also referred to as Municipal Energy Planning by the Province of Ontario for its MEP Program¹¹) is used across Ontario and RNG is an element identified in many of these plans. For example, the City of Ottawa Energy Evolution Plan estimates that RNG will be required to contribute approximately 12% of required community emissions reductions by the year 2050. Municipalities need support from Enbridge and the OEB to meet these objectives. A large and growing number of municipalities across Ontario have also declared a climate emergency and need innovative and aggressive energy programs (including RNG, DSM, Distributed Energy, renewables, etc.). The Province of Ontario supports municipalities in developing and executing community energy and emissions plans. More clean energy options from utilities are badly needed to meet those objectives.

Program Benefits and Costs

Enbridge's research shows that \$2 per month is a 'sweet spot' for customers who are willing to pay a premium to participate in a Voluntary RNG Program. Once the program is established and experience builds, it may well be possible to provide additional future options to increase the amount or provide complimentary options which enable greater benefits (e.g. direct delivery of RNG to all consumers). The current proposal provides a very conservative starting point for which to start offering a base program.

The proposed program requires no incremental funds and Enbridge confirmed that any grants or incentives it receives will be cycled back into the program or to the benefit of Ratepayers¹². Enbridge has confirmed that the Voluntary RNG Program will not increase rates for non-participants during the incentive rates period¹³. In fact, Enbridge customers will benefit from reduced costs due to reduction in carbon costs as a result of this program.

Enbridge also confirmed that it is requesting approval to start the program and that the program will be assessed as part of its 2024 Rate Case which provides a risk-free way for the OEB to assess real program benefits and progress at this time. Without approval of the program now, there will be no additional real information and results to assist in the 2024 review.

⁸ EB-2020-0066, Exhibit I.EP.15, Attachment 1, Page 5 of 61

⁹ EB-2020-0066, Exhibit I.EP.15, Attachment 1, Page 11 of 61

¹⁰ EB-2020-0066, Exhibit I.EP.15, Attachment 1, Page 13 of 61

¹¹ <https://www.ontario.ca/page/municipal-energy-plan-program>

¹² EB-2020-0066 Exhibit I.PP.7

¹³ EB-2020-0066 Argument in Chief of Enbridge Gas July 3, 2020 Page 1 of 13

The proposed program will provide **real** benefits to consumers, municipalities and Ontario's economy. It will also provide a badly needed clean energy option to consumers and communities. Enbridge outlines benefits of the proposed program, including reducing GHG emissions, maximizing the use of existing infrastructure, supporting the growth of RNG options, and aligning with existing and pending policy. In reality, there are even more benefits to approving the program. Meeting consumer and community demand for RNG using the vast transmission and distribution assets paid for by consumers avoids having to duplicate costs associated with those assets. RNG generation from Ontario feedstock (e.g. organic waste, landfill, waste treatment plants, etc.), using surplus electricity for energy to gas and treatment of RNG provides additional net benefits to Ontario consumers. Use of organics also supports source separation and diversion from landfill. As RNG programs develop and mature in Ontario (similar to Ontario's experience with DSM), it will be easier to document and highlight additional net economic benefits not currently identified.

Enbridge indicates that the procurement will follow the same processes as used for the procurement of traditional natural gas, which provide for ratepayer protection and effective outcomes¹⁴. Given that one of the primary marketing features is that RNG will reduce GHG emissions compared to natural gas, it is essential that Enbridge also include procurement criteria that consider the emission factor of the RNG sourced. It is impossible to report on GHG reductions without that information. Enbridge indicated that there is uncertainty on standards to calculate emission factors, although standards exist in other jurisdictions that can be leveraged as best available information until more local standards are developed. Enbridge indicates that "each unit of RNG procured will reduce GHG emissions by displacing traditional natural gas"¹⁵. That statement can only be proven if the emission factors for the RNG procured is requested. The OEB has a role to protect consumers and will need this information to ensure that the program claims are not misleading.

¹⁴ Exhibit I.STAFF.6(2). See Exhibit I.ANWAATIN.3(a) for Enbridge Gas's Gas Supply and Procurement Policies and Practices.

¹⁵ EB-2020-0066 Argument in Chief of Enbridge Gas July 3, 2020 Page 7 of 13

Conclusions and Recommendations

Many benefits for the Voluntary RNG Program are outlined above and include the following:

- The proposed Voluntary RNG Program is funded by Enbridge and willing participants who can cancel at any time if they choose.
- It helps to meet the existing and growing demand for RNG from communities and consumers in Ontario.
- It provides a clean energy option supported by policy at all levels of government.
- The program is in the public interest¹⁶ and provides net economic benefits for Ontario.
- The program will result in net benefits for Ratepayers through reduction in carbon costs.
- The program will support Ontario community energy and emission plans objectives.
- Access to an easy and accessible RNG program aligns with the needs of consumers, municipalities, and policy in Ontario.
- Approving the Voluntary RNG Program will help Ontario keep up with industry innovation and adoption of lower carbon energy options in the short, medium and long-term. Action is needed now and delaying will jeopardize Ontario's position in keeping up with industry peers.

Pollution Probe has a few recommendations to the OEB to ensure that the program achieves its stated goals and to enhance its effectiveness. The following are Pollution Probe's recommendations.

- Approve Enbridge's program request with a clear indication that Enbridge should look for opportunities to enable consumers to access RNG offerings in the future. RNG is not a competitive market in Ontario and requires Enbridge's direct support.
- Require the collection of information on carbon (GHG) intensity for sourced RNG during the RFP and procurement process and share that information as part of annual program reporting and in the 2024 Rate Case evidence to evaluate and help assess opportunities to strengthen the program. This information is also required to validate Enbridge's marketing claim that RNG will have lower GHG emissions than regular natural gas.

¹⁶ EB-2020-0066 Exhibit I.SEC.4 Page 2 of 2

- To the extent possible, include assessment of carbon criteria during procurement using best available quantification methodologies. Assessment is ideally in a quantitative manner, but at the very least in a qualitative manner.
- Make program information and results available to all consumers and municipalities on an annual basis.
- Enbridge indicates that as part of its rebasing application, it will make a proposal regarding how Program operating costs will be funded in 2024 and beyond. Pollution Probe recommends that Enbridge also consider a menu of options that include greater levels of RNG and the ability to make it easier for all customers to procure RNG directly.
- Pollution Probe proposes that the Voluntary RNG Program should be available to all customers, not just general service customers. It will be up to each customer whether they decide to join the program, so there is no downside associated with open access. It is true that certain large volume customer may (theoretically) be able to access RNG through more complex contractual arrangement, Enbridge has no knowledge of any customers leveraging the more complicated procurement approach¹⁷.
- Enbridge indicates that it plans to “provide annual communications to participating customers outlining information such as the total amount of RNG procured under the Voluntary Program, related GHG emission reductions, future forecasts, Program participation, and/or other relevant metrics”¹⁸. Pollution Probe recommends that any marketing material claims be validated by a credible third party and that copies of materials be shared with the OEB, interested stakeholders and files as part of the 2024 Rate Case.
- Ensure a fair and transparent process for procurement of RNG, particularly given the apparent conflict of interest Enbridge could have as a supplier of RNG. Including 3rd party objective participation in the evaluation committee is recommended.
- Given that the proposed Voluntary RNG Program aligns with the public policy requirements outlined by the OEB¹⁹, Pollution Probe recommends that the OEB include two metrics on the Enbridge Gas Supply Scorecard under public policy,
 - annual tonnes of CO₂e reduced due to Enbridge RNG Program
 - cumulative tonnes of CO₂e reduced due to Enbridge RNG Program

¹⁷ EB-2020-0066 Exhibit JT2.5

¹⁸ EB-2020-0066 Argument in Chief of Enbridge Gas July 3, 2020 Page 9 of 13

¹⁹ 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.