

July 21, 2020

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

Dear Ms. Long:

EB-2020-0066 – Enbridge Gas Inc. – Voluntary Renewable Natural Gas Program

Please find, attached, the Final Argument of the Consumers Council of Canada in the above-reference proceeding. We apologize for the late filing of our argument.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All Parties
EGI, Regulatory Affairs

FINAL ARGUMENT OF THE CONSUMERS COUNCIL OF CANADA

RE: ENBRIDGE GAS INC. – VOLUNTARY RENEWABLE NATURAL GAS PROGRAM

EB:2020-0066

Introduction:

On March 5, 2020, Enbridge Gas Inc. (“EGI”) applied to the Ontario Energy Board (“OEB”) for approval to implement a Voluntary Renewable Natural Gas Program (“Voluntary RNG Program” or “Program”). EGI’s proposal is to offer customers the opportunity to pay \$2 per month towards the purchase of RNG that will displace system supply of traditional natural gas.

These are the submissions of the Consumers Council of Canada (“Council”) regarding EGI’s Voluntary RNG Program. The Council is generally supportive of the Program. The Council of the view that the OEB should approve the Program for the years 2021-2023, subject to a number of conditions set out below.

Submissions:

The Voluntary RNG Program:

The key features and benefits of the Voluntary RNG Program have been described by EGI and include the following:

- The Program will offer customers the opportunity to pay \$2 per month toward the purchase of RNG that will displace traditional natural gas;
- This will reduce the overall greenhouse gas emissions from the natural gas consumed by EGI’s customers;
- The program is simple and scalable and will not increase the rates of on-participating customers throughout the deferred rebasing period;
- 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;
- EGI expects the number of participants to grow to 25,000 over three years;
- In the immediate term, until deferred rebasing, EGI will fund the program operating costs through existing distribution revenues;

- All funds received from Program participants will be used to fund the incremental cost of RNG above the cost of traditional natural gas;
- The Program is consistent with the Ontario Government's Made-in-Ontario Environment Plan, which will require Ontario natural gas distributors to implement a voluntary RNG Program for its customers; and
- The anticipated benefits include: reductions to GHG emissions while maintaining the value of existing distribution infrastructure, increase customer awareness of the benefits of RNG, and support for the growth of RNG supply options.¹

EGI has projected that the contributions made by participating customers in the first year of the Program (2021) will be approximately \$385,000 growing to approximately \$850,000 annually by the tenth year of the Program. The expected procurement in the first year is over 22,000 GJ, growing to 52,000 GJ in the tenth year. The expected operating costs over the first ten years of the program will be \$2.7 million.

EGI's evidence is that there is little or no competition in the sale of injected RNG to residential and other low-volume consumers in Ontario. Only one marketer is offering RNG to consumers in Ontario.² Accordingly, there is no evidence that EGI's Program could, at this time, impede competition in the RNG market.

The Council acknowledges that the Government of Ontario has stated that it will require Ontario natural gas distributors to implement a Voluntary RNG Program. EGI's proposal is in response to that requirement. At this time there is no legal requirement, but EGI has indicated that the Government of Ontario has expressed support for the Program.³

EGI has stated that the rates of the non-participants will not be increased during the deferred rebasing period⁴. However, EGI has acknowledged that it will include the operating costs of the Program as part of utility results for the purpose of calculating earnings sharing for each year of the deferred rebasing period.⁵ In effect, 50% of the costs of the Program will be funded by all customers, participants and non-participants.

The Council's Submissions:

The Council supports introduction of the Voluntary RNG Program as it is voluntary and customers may opt out of the Program on a monthly basis. It is consistent with stated

¹ EGI Argument-in-Chief, dated July 3, 2020, pp. 1-2

² Technical Conference Tr. Vol 1, pp. 63-65

³ Technical Conference Tr. Vol. 2, p. 48

⁴ Ex. I.CCC.1

⁵ I.LPMA.10

Government Policy and is intended to reduce the overall greenhouse gas emissions consumed by EGI's customers, although in a relatively limited way.

The Council's support is conditional on the following:

- EGI should be directed to exclude the full costs of the Program from the earnings sharing mechanism ("ESM") in each year of the deferred rebasing period. EGI is opposed to excluding the cost of the Program for the purposes of calculating the ESM, on the basis that the costs are not material.⁶ In order for the program to be truly voluntary the costs should be excluded from the ESM calculations. EGI has stated that its program will enable customers to support the introduction of RNG into its gas supply while "insulating" non-participating customers from incremental RNG costs⁷. Under its proposal non-participating customers are not insulated;
- In the alternative, EGI could include all of the costs of the program in the monthly fee. From the Council's perspective those that are not participating should not be required to cross-subsidize a program that they have not chosen to participate in. EGI has explicitly stated that the "Ontario Government has no interest in supporting a voluntary program that would impact ratepayers not participating in the program."⁸
- If the OEB determines that there will be negative impacts on gas marketers EGI should not be permitted to offer the Program as a regulated service;
- Approval of the Program should only be granted for the period 2021-2023. In its Application to rebase its 2024 rates EGI should be required to file a full report on the Program. That report should include, but not be limited to:
 1. A full assessment of all direct and indirect costs of the program;
 2. Participation rates;
 3. Volumes procured;
 4. Federal Carbon Charge costs avoided by the Program;
 5. Any risks to ratepayers associated with the Program;
 6. An independent assessment of the competitive market for RNG in Ontario; and
 7. EGI's RNG procurement strategy.

The Council is of the view that the OEB should undertake a full review of the Voluntary RNG Program as part of EGI's 2024 rebasing Application. At that time, on the basis of the review, the OEB will be in a position to determine if the Program should be continued, restructured, or eliminated. Approval beyond 2023 would from the Council's perspective be premature.

⁶ Technical Conference Tr. Vol. 3, p. 111

⁷ Ex. JT2.6, Attachment 1, p. 3

⁸ Ex. JT1.13, Attachment 1, p. 3

All of which is respectfully submitted.