

VIA E-MAIL

August 5, 2020, 2020

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

RE: EB-2020-0091 – EGI Integrated Resource Planning - FRPO Submission

Introduction

We are writing on behalf of the Federation of Rental-housing Providers of Ontario (FRPO) pursuant to paragraph 5 of Procedural Order No. 2 and the “Next Procedural Steps” chapter of the Board’s Decision on the Issues List.

FRPO intends to file and seek cost recovery for the preparation and presentation of evidence in this proceeding.

The purpose of this evidence is to present a process and approach for incorporating supply side “contracted deliveries” as a one of the resources to be considered by EGI when conducting its IRP system planning as outlined in Issue 2 of the Procedural Order.

This approach adheres to the broad definition of Integrated Resource Planning (IRP) adopted by the Board in its EBO 169 Report and involves meeting demand with an integration of supply-side resources and demand side resources. While EGI and intervenors have focused on demand-side resources for good conservation reasons, FRPO’s evidence will focus on supply-side.

Reliable Supply-Side Solutions are Available

Utilities that contain both transmission (providing ex-franchise services) and distribution provide services that its customers, both in- and ex-franchise, count on to be reliable. To establish reliability, the utility must forecast demand of its in-franchise customers and contracted ex-franchise deliveries and meet those firm requirements with a mix of assets (pipes, compressors, etc.) and contracted deliveries on a peak day. This matching of demand with supply is generally done by the Facilities Planning department of a utility.

The contracted deliveries can come in many forms, but a crucial component is whether the utility can rely on those deliveries for the purposes of meeting peak day demands. To ensure that reliability, utilities will contract on a firm basis for deliveries to the point needed. These deliveries can be made annually, seasonally or on peak demand basis. The contracts are created with the requisite financial assurances to ensure performance.

An assessment of the market and pipeline flow dynamics over the planning horizon can contribute to the testing of the market to evaluate what term of deliveries could be a resource that can be integrated into the plan economically. This assessment is often performed by the Gas Supply department of a utility. Gas Supply evaluates market developments over multiple time horizons to determine opportunities to bring gas to the franchise in a way that meets gas supply principles. Once Facilities Planning identifies a short fall in supply to meet forecasted demands, the knowledge and insight of market development of Gas Supply can determine potential opportunities for an application of Contracted Services. These opportunities can be tested economically by a Request for Proposal to the market.

Facility planners and Gas Supply planners can and need to work together to achieve an overall system plan that best serves the public interest.

Enbridge Gas and Union Gas Have Used Supply-side Services for Years

In the case of Enbridge and its legacy companies, this type of resource acquisition has been used for decades to provide reliable service to the customers of the utilities. One example well known to the Board is the Parkway delivery obligation which has been used for decades to provide reliability and reduce facility cost on the Dawn-Parkway system. Another less known supply service is peaking service where a utility enters into a contract in which it can call (or nominate) for a certain quantity of gas to be delivered to specific locations for a specified number of days in the year for a certain demand price. The demand price is paid for the right and is generally not tied to actual utilization. Both Enbridge Gas and Union Gas have used peaking services over the years. In our view, these supply-side resources are under-represented in the evidence of EGI and ICF.

FRPO's Evidence of Supply-Side Solutions

FRPO's intended evidence would provide the Board with information and data on the gas market and flow dynamics in Ontario and the opportunity for the utility to make use of supply-side resources as part of its integrated plan. Further, the evidence would address real or perceived barriers to implementation. One of the benefits that our evidence would address is the scalability and optionality of these supply side services. These characteristics can contribute to the implementation of an interim solution that could allow for the development

of longer-term solutions such as DSM and the opportunity to assess how other factors such as carbon tax may affect demand over time.

Very importantly, the supply-side solutions can be implemented in a very economic manner. Beyond the characteristics described above, if these solutions are implemented to defer or obviate investment in capital asset investments that would have to be recovered over a number of decades, the savings would be in the tens of millions of dollars. Being ratepayers, FRPO members would directly benefit from the implementation of more economic solutions contributing to reduced rates for all ratepayers in the first year and over time.

FRPO's Evidence to be Provided by DR QUINN & ASSOC. LTD.

The evidence will be prepared by Dwayne Quinn, P. Eng., MBA of DR QUINN & ASSOCIATES LTD. with the contribution of Peter C.P. Thompson Q.C, as co-consultant.

Mr. Quinn has an engineering and business background with over twenty years of working in and ten years of leading a natural gas utility. In addition, he has a dozen years of consulting for public and private utilities, inside and outside of Ontario. A significant aspect of his work for Ontario utilities is providing gas supply management including short and long-term storage and transportation contracting and gas supply procurement. Expertise in the integrated operations of the many gas supply, transmission and distribution resources that can be combined to bring gas services to Ontario consumers is necessary to identify and then procure "contracted services" as a component of an IRP for utilities. Mr. Quinn possesses this expertise and the plan is to ask the Board to accept him as a witness with that particular expertise. Mr. Quinn first testified at the Ontario Energy Board in EB-2002-0130.

Mr. Thompson has served the Board for decades as a representative for both IGUA and CME and most recently completed a term as an Ontario Energy Board member. Currently Mr. Thompson is a part-time professor at the University of Ottawa and provides consulting services including a recent engagement with the Newfoundland and Labrador Department of Justice in connection with the Commission of Inquiry Respecting the Muskrat Falls Project.

FRPO's Evidence Will Not Duplicate that of Board Staff nor Other Intervenors

FRPO has contacted Board Staff to ensure that our evidence does not create overlap. Board staff's consultant will be reviewing IRP best practices in other jurisdictions. One of those jurisdictions identified is National Grid. FRPO made inquiries with National Grid regarding its IRP planning process including its use of Contracted Supply-side Deliveries. Our evidence would provide a Canadian and Ontario context for inclusion of this type of resource option in the IRP framework for natural gas utilities in Ontario.

Further, we have contacted other intervenors to reduce risk of overlap with their requested submissions. We submit that our supply-side focus and the evidence contemplated will not duplicate the efforts of others but should conflict arise, we would work to minimize or eliminate such duplication.

Cost Estimates for Evidence Preparation and Presentation

Procedural Order No. 2 requested an estimate of the cost to produce the proposed evidence. Mr. Quinn will research and prepare the evidence. Mr. Thompson's role in evidence preparation will be primarily that of an editor. Mr. Thompson will appear at the hearing for the limited purposes of presenting Mr. Quinn's oral testimony. In all other respects Mr. Quinn will be FRPO's representative at the hearing.

We estimate that the incremental time to be spent by Mr. Quinn to prepare and present his evidence will be about 70 Hours with a cost of about \$23,000 dollars. Mr. Thompson's time related to evidence preparation and presentation is expected to be about 30 hours at a cost of about 10,000 dollars. Thus, the total estimated cost would be approximately \$33,000 inclusive of additional consultant time plus applicable tax. These cost estimates related to the preparation and presentation of FRPO's evidence are made without knowing the details of the proposed company evidence and the quality of responses we may receive in the discovery process.

Interrogatories

FRPO seeks guidance from the Board with respect to Interrogatories on matters related to EGI's current practices pertaining to the co-ordination of gas supply and facilities planning functions. Examples of these matters can be drawn from circumstances described by EGI in parts of its evidence in the now adjourned Dawn Parkway system expansion proceeding. Should generic Interrogatory questions of this nature be posed to EGI now? Or should parties with such questions wait until EGI has filed all of its additional evidence on the October 15, 2020 deadline referenced in paragraph 3 of P.O. 3 before posing all of their discovery questions of EGI?

Conclusion

FRPO appreciates the Board's desire to explore Integrated Resource Planning in a comprehensive manner which we believe will benefit Ontario. We submit that our evidence would assist the Board in examining the supply-side, non-build solutions that could be available from the market as an integral component of an economically effective strategy for Ontario natural gas utilities.

Respectfully Submitted on Behalf of FRPO,

Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

- c. A. Stiers, EGIRegulatoryProceedings -EGI
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Interested Parties – EB-2020-0091