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**BY EMAIL**

January 12, 2021

Ontario Energy Board  
P.O. Box 2319  
27th Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

Attention: Ms. Christine E. Long, Registrar

Dear Ms. Long:

**Re: OEB Staff Interrogatories to Green Energy Coalition/Environmental Defence  
Enbridge Gas Inc. – Integrated Resource Planning Proposal  
OEB File Number: EB-2020-0091**

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Pursuant to Procedural Order No. 7, please find attached the interrogatories of OEB staff in regards to the report filed by Energy Futures Group on behalf of the Green Energy Coalition and Environmental Defence in the above referenced proceeding. This document has been sent to Enbridge Gas Inc. and all intervenors.

Yours truly,

*Original signed by*

Michael Parkes  
Project Advisor, Application Policy and Conservation

cc: All parties in EB-2020-0091

Encl.

# **ONTARIO ENERGY BOARD**

## **OEB Staff Interrogatories to Green Energy Coalition/Environmental Defence**

**Enbridge Gas Inc. – Integrated Resource Planning Proposal**

**EB-2020-0091**

**January 12, 2021**

## NOTE ON TERMINOLOGY AND ISSUES:

OEB staff has grouped its interrogatories using the Issues List included as Schedule A of the OEB's [Decision on Issues List and Procedural Order No. 2](#) of July 15, 2020). In cases where it may not be clear as to which Issue an interrogatory on the filed evidence should be grouped under, OEB staff has indicated the approach it has used.

In its interrogatories, OEB staff has attempted to use the terms below as defined by the OEB within its Decision on Issues List and Procedural Order No. 2:

- **IRP Framework:** Guidance or requirements for IRP for Enbridge Gas established by the OEB.
- **IRP Plan:** A plan filed by Enbridge Gas in response to a system need. IRP Plans would follow the guidance established in the IRP Framework. The preferred IRPA (defined below) identified in an IRP Plan would be compared to one or more alternatives to demonstrate it is the best option.
- **IRP Alternative (IRPA):** A potential solution considered under the IRP Plan in response to a specific system need of Enbridge Gas. IRPAs determined by Enbridge Gas to be the preferred solution to meet the system need would likely be brought forward for approval from the OEB. The OEB notes that the potential Alternative solutions would also likely include consideration of a facility project.

[Issue 2: What is the appropriate process and approach for incorporating IRP into Enbridge Gas's system planning process, including scope, timing, stakeholder consultation, approval process and evaluation?](#)

*(Note: OEB staff interrogatories regarding general considerations for incorporating IRP into system planning, as well as interrogatories on scope, timing, and stakeholder consultation are included under this issue. Interrogatories regarding approval process and evaluation are included under Issues 3 and 6, respectively)*

[Timing Considerations involving IRPAs](#)

### IR 2-Staff-1-GECEd

Ref: Exhibit M2.GEC-ED / p. 17 of 55

Preamble: Energy Futures Group (EFG) recommends a mechanism that stakeholders and the OEB can utilize to trigger formal OEB review of both forecast needs and proper consideration of alternatives before potentially viable alternatives are precluded due to concerns about inadequate lead times (i.e. to preclude the potential for leave to construct applications to be filed and resolved too late to reasonably consider and cost-effective alternatives).

Questions:

- a) Does EFG intend that this review mechanism could be triggered at a stage prior to Enbridge Gas bringing forward an application seeking rates or facilities approval for a project? Can EFG provide any examples of how such a review mechanism works in other jurisdictions that may be of relevance for Ontario?
- b) Does EFG believe this review mechanism should trigger review of higher-level plans/forecasts that encompass multiple projects (e.g. the Utility System Plan/Asset Management Plan), or would it be project-specific in nature?

**Issue 5: What are industry best practices for IRP, and how are they applicable to the Ontario context?**

*(Note: where appropriate, interrogatories based on “best practices” from other jurisdictions, including New York State, have been included under the specific issue they are relevant to, as opposed to this issue. Interrogatories on two “best practices” that do not fit into other issues – the use of pilots and learnings from IRP in the electricity sector – are included here)*

**Pilot Projects**

**IR 5-Staff-1-GECED**

Ref: Exhibit M2.GEC-ED / pp. 27-29 of 55

Preamble:

EFG recommends that Enbridge Gas develop two IRP pilot projects, noting that most jurisdictions considering IRP have started with pilot projects.

Questions:

- a) Please provide any perspective as to how advanced an “IRP framework” (or similar policy guidance) was in the other jurisdictions mentioned by EFG that initiated IRP pilots. Does EFG believe that all aspects of an IRP Framework need to be addressed prior to the pilot stage? If not, which elements are most important to receive OEB direction on, in EFG’s view?

**Learnings from IRP in the Electricity Sector**

**IR 5-Staff-2-GECED**

Ref: Exhibit B, Appendix A / p. 67 of 92; Exhibit M2.GEC-ED / pp. 47-55 of 56

Additional Public Documents: Planning Process Working Group Report to the Board, [The Process for Regional Infrastructure Planning in Ontario](#), May 17, 2013; Independent

Electricity System Operator, [Regional Planning Process Review Straw Man Design](#),  
February 28, 2020

Preamble: ICF discusses electricity system planning in Ontario, including the regional planning process and how it has considered non-wires solutions.

EFG discusses the applicability of lessons learned from IRP in the electricity sector to natural gas IRP.

The public documents listed provide more information on Ontario's experience considering non-wires alternatives in electricity system planning. The OEB-endorsed [Process for Regional Infrastructure Planning in Ontario](#) (2013) details the planning process for addressing regional infrastructure needs, including needs screening, and how non-wires alternatives should be considered as potential solutions, and has informed regional planning since that time. The regional planning process is currently under review. The IESO's [Regional Planning Process Review Straw Man Design](#) report summarizes many of the learnings of how this process has worked in practice to date, and recommendations for improving the regional planning process, including discussion of addressing barriers to non-wires alternatives.

Questions:

- a) Has EFG reviewed Ontario's experience with non-wires alternatives in the regional planning process, including the documents mentioned above?
- b) If so, does EFG have any observations or lessons learned from Ontario's experience with non-wires alternatives (e.g. practices that should or should not be transferred to IRP planning for Enbridge Gas)?

### **IR 5-Staff-3-GECEd**

Ref: Exhibit M2.GEC-ED / pp. 53 of 55

EFG describes Consolidated Edison Company of New York as "arguably the leader in non-wires alternatives" and notes its projects to defer distribution system investments.

Questions:

- a) In EFG's view, are there specific elements of the planning approach or regulatory framework which have made Con Ed particularly successful in using non-wires alternatives to defer infrastructure investments in its electricity operations? If so, please describe.
- b) In EFG's view, are there other electric utilities that have experienced notable success in using non-wires alternatives to avoid infrastructure investments (particularly with regards to transmission/distribution investments, as opposed to

generation investments)? If possible, please identify these utilities, and any elements in the planning approach or regulatory framework that EFG believes are important factors in their success.

## Issue 6: What screening criteria and methodology should be adopted to evaluate and compare IRP Alternatives (IRPAs) with one another and with facility projects?

### **IR 6-Staff-1-GECEd**

Ref: Exhibit M2.GEC-ED / p.34 of 55; Exhibit C / pp. 8-13 of 46

#### Preamble:

Energy Futures Group recommends that the Total Resource Cost + (TRC+) test should serve as the foundation for assessing the relative cost-effectiveness of pipe and non-pipe solutions.

#### Questions:

- a) One issue with the use of the TRC+ test is that transfer payments (e.g. incentives to customers) are not considered costs or benefits, meaning that an IRPA could be cost-effective but have a very unequal distribution of costs and benefits. For IRPAs, these transfer payments might potentially accrue to a small number of participants (e.g. a demand response program for large customers). Does EFG have any information on how other jurisdictions have addressed this issue, specifically in the context of infrastructure planning?

### **IR 6-Staff-2-GECEd**

Ref: Exhibit M2.GEC-ED / pp.42-43 of 55; Exhibit C / pp. 8-13 of 46

#### Preamble:

Energy Futures Group recommends that a societal discount rate be used for cost-benefit analysis.

#### Questions:

- b) Enbridge Gas has proposed that the OEB develop a staged economic evaluation, noting the three potential stages of cost-benefit analysis in the E.B.O. 134 process (economic, customer, and societal). If multiple stages of cost-benefit analysis or multiple cost-benefit tests are used, as proposed by Enbridge Gas, would EFG recommend that the societal discount rate be used in each of these tests? Why or why not?

### **IR 6-Staff-3-GECEd**

Ref: Exhibit M2.GEC-ED / p. 34 of 55; Exhibit C / pp. 8-13 of 46

Preamble:

Energy Futures Group discusses how to address economic risk in cost-effectiveness analysis, and recommends that scenario analysis (with different levels of demand) be used to conduct cost-effectiveness analysis.

Questions:

- a) In EFG's view, could the differing economic risks associated with IRPAs and facility projects be addressed in cost-effectiveness testing without explicitly reviewing Enbridge Gas's demand forecasting methodology and requiring scenario analysis of multiple demand forecasts? For example, could this be addressed more generally through a risk adder, which EFG mentions specifically in the context of gas price volatility?

### **Issue 9: What incentives are appropriate to ensure effective IRP outcomes?**

### **IR 9-Staff-1-GECEd**

Ref: Exhibit M2.GEC-ED / pp. 44-47 of 55

Preamble: EFG discusses three options for cost recovery/incentivization of IRPAs, and states that capitalizing and ratebasing IRPAs may be the best option.

Questions:

- a) EFG notes that, if capitalizing and ratebasing IRPAs is adopted, "the specific details of this option would need to be designed to ensure that utilities have an incentive to implement the optimal solution (pipe or non-pipe) that it is the best solution for customers". Does EFG have any additional comments as to what specific changes might be needed in order to achieve this objective?