

Sent by Email and RESS Filing

March 31, 2021

Ontario Energy Board  
2300 Yonge Street  
27th Floor  
Toronto, ON M4P 1E4

Attention: Christine Long, Board Registrar

Dear Ms. Long:

**Re: Board File No. EB-2020-0091 – Enbridge Gas Inc.’s IRP Proposal  
Ontario Sustainable Energy Association’s (“OSEA”) Submission**

---

Please find enclosed the Ontario Sustainable Energy Association’s submission pursuant to Procedural Order No. 9 dated March 5, 2021, in the above-noted matter.

Yours truly,



Raeya Jackiw

cc: Dan Goldberger, OSEA  
Travis Lusney, Power Advisory LLC

Document #: 1927736

## **ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), as amended

**AND IN THE MATTER OF** an Integrated Resource Planning Proposal by Enbridge Gas Inc.

### **WRITTEN SUBMISSION OF ONTARIO SUSTAINABLE ENERGY ASSOCIATION**

March 31, 2021

---

#### **I. OVERVIEW**

1 On November 1, 2019, Enbridge Gas Inc. (“Enbridge”) filed an Integrated Resource Planning (“IRP”) Proposal as part of its Dawn-Parkway System Expansion Project Application (EB-2019-0159).<sup>1</sup> The Ontario Energy Board (“OEB” or “Board”) determined that Enbridge’s IRP Proposal would be heard separately from the Dawn-Parkway Project Application.

2 Enbridge has requested that the Board:

- (a) Approve Enbridge’s Guiding Principles for implementation of IRP (Reliability and Safety, Cost Effectiveness, Public Policy, and Optimized Scoping);

---

<sup>1</sup> EB-2019-0158, Enbridge Gas Inc. IRP Proposal (November 1, 2019), Exhibit A, Tab 13.

- (b) Approve Enbridge's ability to use a wide variety of IRP Alternatives ("IRPA") including demand side and supply side alternatives to meet a need/constraint;
- (c) Approve Enbridge's IRP Assessment Process, consisting of the following steps: (i) Identification of Constraints, (ii) Binary Screening Criteria, (iii) Two-Stage Evaluation Process, and (iv) Periodic Review;
- (d) Approve Enbridge's Stakeholder Outreach and Engagement Process for IRP;
- (e) Approve Enbridge's proposed cost recovery of IRPA investments;
- (f) Approve a LTC-like process for reviewing and approving a proposed IRP plan;
- (g) Approve Enbridge's proposed annual IRP reporting on IRP integration, implementation, effectiveness, and planned Pilot Projects;
- (h) Approve an IRP Costs Deferral Account;
- (i) Approve Enbridge's proposal to develop and initiate two IRP Pilot Projects by the end of 2022; and
- (j) Indicate the OEB's support for the role of Advanced Metering Infrastructure ("AMI") as an important enabler of successful IRP and IRPAs.<sup>2</sup>

---

<sup>2</sup> EB-2020-0091, Enbridge Argument in Chief dated March 17, 2021, Para 39 [EGI AIC].

3 The Ontario Sustainable Energy Association's ("OSEA") submission focuses on Enbridge's (i) IRP Assessment Process, (ii) proposal to develop and initiate Pilot Projects in 2022, and (iii) request for the OEB's support of AML.

## **II. OSEA'S POSITION**

4 OSEA is generally supportive of Enbridge' IRP Proposal. OSEA asks that the Board approve Enbridge's application, with additional direction and requirements to support deployment of IRPAs. Specifically, OSEA requests that the Board consider the following:

- (a) for Enbridge's IRP Assessment Process,
  - (i) finding that there is a transitional role for shorter-term IRPAs in the IRP Framework;
  - (ii) explicitly stating in its decision that the IRP Framework would be assisted by a consideration of options for interruptible rates;
  - (iii) directing Enbridge to conduct an analysis of customer response based on the difference between firm and interruptible rates as part of Enbridge's 2024 re-basing application; and
  - (iv) directing Enbridge to not apply inflation to IRPAs that do not have the same operating life as pipeline assets during Stage 3 (Two-Stage Evaluation Process) of Enbridge's IRP Assessment Process. OSEA recommends that Enbridge instead conservatively assume that the current IRPA asset price will remain consistent over the equivalent operating lifetime of a pipeline asset;

- (b) for Enbridge's IRP Pilot Projects, requiring Enbridge to prepare or commission a summary report on Enbridge's review of Demand Response ("DR") programs in other jurisdictions, in advance of the stakeholder consultation process for Enbridge's proposed IRP Pilot Projects, and
- (c) for Enbridge's request for an AMI acknowledgement, directing Enbridge to bring forward an AMI deployment proposal as part of Enbridge's 2024 rebasing application.

### **III. IRP PROPOSAL ELEMENTS – IRP ASSESSMENT PROCESS**

5 OSEA's comments on Enbridge's IRP Assessment Process relate specifically to Stage 1 (Identification of Constraints) and Stage 3 (Two-Stage Evaluation Process).

#### **A. IDENTIFICATION OF CONSTRAINTS (STAGE 1)**

6 In Enbridge's IRP Assessment Process, a system need or constraint is identified when Enbridge "determines that its current facilities cannot balance the peak demand forecast with existing system facilities that can deliver the forecasted volumes safely and reliably."<sup>3</sup>

7 OSEA's comments on Enbridge's constraint identification process focus on the valuation of short-term IRPAs, and the impact of interruptible rates on demand evaluation.

---

<sup>3</sup> EGI AIC, Para 68.

Value of Short-Term IRPAs in Deferring Demand Constraints/Need

8 Enbridge is proposing to use ten year demand forecasts to determine system needs, and estimate baseline facilities (i.e., traditional pipeline solutions) for comparison to IRPAs. This approach assumes that Enbridge's demand forecast is accurate.

9 While this approach is reasonable for comparing long-term needs, it does not reflect the potential value of delaying system need using IRPAs to allow time for more certain demand forecasting. Requiring IRPAs to match traditional pipeline asset life does not recognize that different assets can play different roles through the organic growth of the system. Transitional mechanisms are important to address demand forecast uncertainty (including uncertainty associated with changes in climate policy), and have the potential to reduce the risk of generating stranded assets.<sup>4</sup> As Mr. Parkes (OEB Staff) noted at the Presentation Day,

*... there's an argument to be made that IRPAs can offer some unique value in comparison to facility projects in dealing with risk associated with deviations from natural gas demand forecast, in terms of perhaps being more modular than facility projects and at least with some IRPAs, lower carbon in nature and thus more resilient to future climate change policy implications.<sup>5</sup>*

10 At the Technical Conference, Enbridge acknowledged that use of shorter-term IRPAs to defer the need for pipeline projects may need to be considered going forward.<sup>6</sup>

11 In OSEA's view, Enbridge should be encouraged to purchase cost-effective IRPAs with a short operating life (e.g., 1-5 years), that could defer system need while demand forecasts are updated and refined.

---

<sup>4</sup> Technical Conference Transcript, February 10, 2021, Page 151-153; See also Presentation Day Transcript, February 19, 2021, Page 93-94.

<sup>5</sup> Presentation Day Transcript, February 19, 2021, Page 43, see similar discussion at 83.

<sup>6</sup> Technical Conference Transcript, February 11, 2021, Page 171.

12 The purchases could occur prior to the supply need date when there is actual value in deferring large spending on traditional pipeline projects. The IRPA term length could align with the pipeline development cycle, so both processes could work in tandem to offer an integrated, cost-effective solution.<sup>7</sup>

13 OSEA requests that the Board find that there is a transitional role for shorter-term IRPAs in the IRP Framework.

*Impact of Interruptible Rates on Demand*

14 In its Additional Evidence, Enbridge notes that “commercial and industrial customers have been moving away from interruptible rates for the natural gas volumes as they value certainty of supply over the cost reduction.”<sup>8</sup>

15 Enbridge has also stated that “the price differential between firm and interruptible services is not the primary driver for customers’ preference for firm service.”<sup>9</sup> This statement is not supported, and in OSEA’s view, does not reflect the many different aspects that would influence a customer’s decision to switch from interruptible rates to firm rates.

16 Enbridge has not conducted an analysis of customer response based on the difference between firm and interruptible rates.<sup>10</sup> Instead, Enbridge bases its conclusion that price differential is not the primary driver in customer preference for firm services on select customer feedback.<sup>11</sup>

---

<sup>7</sup> Technical Conference Transcript, February 11, 2021, Page 171.

<sup>8</sup> EGI Additional Evidence, Exhibit B, Page 27.

<sup>9</sup> Exhibit JT2.1; See also Exhibit I.OSEA.7, and Hearing Transcript, March 3, 2021, Page 45.

<sup>10</sup> Exhibit I.GEC.24; Hearing Transcript, March 3, 2021, Page 45.

<sup>11</sup> Oral Hearing Transcript, March 3, 2021, Page 47.

17 Interruptible rates are not only relevant to rate design, but are also relevant to incentives and technology issues in the IRP context.<sup>12</sup> In OSEA's view, interruptible rates are also relevant to the identification of system constraints/needs. Making adjustments to interruptible rates (i.e., creating a larger differential between interruptible and firm rates) in areas where a need/constraint is forecasted can provide a clear price signal to customers. The benefit to system planning is two-fold:

- (a) Interruptible customers reduce the need for firm delivery service.  
Enbridge is assuming that demand is always firm. If Enbridge assumes that demand is always firm, there is a risk of overbuilding the system, and
- (b) Interruptible rates can be linked to expectations of future system build costs. The value for customers to switch from firm to interruptible rates can be linked to the expectations of future system expansion costs. The larger the system expansion cost, the greater the differential between firm and interruptible rates.

18 There is value in monitoring changes in customer preference for firm and interruptible rates, particularly as the IRP Framework is being deployed. Understanding customer preference for firm or interruptible rates will assist in more accurately identifying both demand constraints, and potential IRPAs (e.g., DR programs with rate design components<sup>13</sup>) to address constraints (based on the type of demand needed). The type of demand needed will be influenced by the compensation offered to

---

<sup>12</sup> Oral Hearing Transcript, March 3, 2021, Page 95-96.

<sup>13</sup> Enbridge recognizes that DR may include a rate design component that could contribute to a reduction in peak demand, see Exhibit I.LPMA.9.



interruptible customers (as compared to cost of interruption), interruptible rate requirements, and new technologies.

19 At the Oral Hearing, Enbridge indicated that any changes in proposed rate design with respect to interruptible rates would be put forward as part of its re-basing application next year (2022).<sup>14</sup> Enbridge also acknowledged that it would “take input once [it has] a framework on the extent to which an interruptible approach for contract customers might assist in respect of IRPAs.”<sup>15</sup>

20 As such, OSEA requests that the Board

- (a) explicitly state in its decision that the IRP Framework would be assisted by a consideration of options for interruptible rates, and
- (b) direct Enbridge to conduct an analysis of customer response based on the difference between firm and interruptible rates as part of Enbridge’s 2024 re-basing application.

#### B. TWO STAGE EVALUATION PROCESS (STAGE 3)

21 Enbridge states that “ultimately, cost/economic evaluation together with a consideration of system safety and sustainability and broadly protecting the interests of customers will enable Enbridge Gas and the Board to determine whether it is preferable to proceed with an investment in an IRPA” at Stage 3 of Enbridge’s IRP Assessment Process.<sup>16</sup>

---

<sup>14</sup> Oral Hearing Transcript, March 3, 2021, Page 47-48, and 96.

<sup>15</sup> Oral Hearing Transcript, March 3, 2021, Page 96-97.

<sup>16</sup> EGI AIC, Para 84.

22 At the Technical Conference, OSEA asked how Enbridge intended to value the replacement cost of an IRPA for comparison with traditional pipeline assets (~40 year lifetime), given that IRPA technology will likely evolve rapidly over the IRPA's lifetime (~20 years).<sup>17</sup> Enbridge responded that it is assuming that there will be "some type of inflationary growth" of the cost of the IRPA asset.<sup>18</sup>

23 OSEA is concerned that applying inflationary growth to IRPA assets will give pipeline assets an unfair advantage at the economic comparison stage of IRPA evaluation.

24 OSEA respectfully requests that the Board consider directing Enbridge to not apply inflation to IRPAs that do not have the same operating life as pipeline assets. OSEA recommends that Enbridge not apply inflation to IRPA assets, and instead conservatively assume that the current IRPA asset price will remain consistent over the equivalent operating lifetime of a pipeline asset.

#### **IV. IRP PILOT PROJECT PROPOSAL**

25 Enbridge is seeking approval from the Board to develop two Pilot Projects to be developed and initiated by end of 2022. One of the Pilot Projects will "test a promising IRPA such as Demand Response (DR), along with Automated Metering Infrastructure (AMI) if possible."<sup>19</sup> Enbridge indicates that it will engage with stakeholders before deciding which IRP Pilot Projects to pursue,<sup>20</sup> but that it anticipates deploying the IRP Pilot Projects by end of 2022.<sup>21</sup> Enbridge also states in its Argument in Chief that it

---

<sup>17</sup> Technical Conference, February 11, 2021, Page 168-169.

<sup>18</sup> Technical Conference, February 11, 2021, Page 169.

<sup>19</sup> EGI AIC, Para 39(iv).

<sup>20</sup> EGI AIC, Para 149.

<sup>21</sup> EGI AIC, Para 150.

intends to share learnings internally and through reporting to the OEB and stakeholders following completion of IRP Pilot Projects.<sup>22</sup>

26 In its responses to interrogatories, Enbridge indicated that it is keeping apprised of DR program progress by reviewing publically available reports and corresponding with DR program managers in Michigan, California, and New York.<sup>23</sup> Enbridge noted that if Enbridge brings forward an IRPA application to the Board for approval to invest in DR, it “may include additional supporting information regarding DR observed in other jurisdictions.”<sup>24</sup>

27 At the Technical Conference, OSEA asked if Enbridge intends to report back formally on Enbridge’s DR program review.<sup>25</sup> Enbridge responded that it does not have a plan to report back on DR program check-ins, but if Enbridge were to go forward with a DR pilot Enbridge would “bring forward lessons from other jurisdictions.”<sup>26</sup> Enbridge has not committed to preparing or commissioning a report on Enbridge’s review of DR pilots in other jurisdictions.<sup>27</sup>

28 In OSEA’s view, a DR summary report would be helpful for understanding the capabilities and limitations of DR from different customer classes, the achievable potential of DR, and options for procurement of DR. Such a report would inform the Board’s and stakeholders’ consideration of Enbridge’s IRP Pilot Project proposals, to be developed and initiated in 2022.

---

<sup>22</sup> EGI AIC, Para 151.

<sup>23</sup> EGI Additional Evidence, Exhibit B, Page 26 to 27; Exhibit I.OSEA.6.

<sup>24</sup> Exhibit I.OSEA.8.

<sup>25</sup> Technical Conference Transcript, February 11, 2021, Page 161.

<sup>26</sup> Technical Conference Transcript, February 11, 2021, Page 161.

<sup>27</sup> Oral Hearing Transcript, March 3, 2021, Page 44-45.

29 As such, OSEA respectfully requests that the Board consider requiring Enbridge to prepare or commission a summary report on Enbridge's review of DR programs in other jurisdictions, in advance of the stakeholder consultation process for Enbridge's proposed IRP Pilots.

## **V. AMI ACKNOWLEDGEMENT**

30 Enbridge is seeking an acknowledgement from the OEB of the role of AMI as an important enabler of successful IRP and IRPAs.<sup>28</sup> Enbridge states that acknowledgement from the OEB "will give Enbridge confidence to consider and potentially request approval for targeting key geographic areas of AMI deployment where future constraints are identified and where AMI might be useful in evaluating IRPA's effectiveness."<sup>29</sup>

31 OSEA's position is that an AMI deployment strategy will support better IRPA decision-making. System visibility is critical, and the sooner more data is gathered, the better for future planning.

32 OSEA respectfully requests that the Board go further than acknowledging the importance of AMI to IRP. Specifically, OSEA requests that the Board direct Enbridge to bring forward an AMI deployment proposal as part of Enbridge's 2024 rebasing application.

33 Enbridge already monitors consumption, and more granular consumption data will give Enbridge better information about how the system is evolving, and where system needs/constraints exist. OSEA agrees with Enbridge that (i) without granular

---

<sup>28</sup> EGI AIC, Para 39(v).

<sup>29</sup> EGI AIC, Para 159.

consumption data that would be available through AMI implementation, IRPAs will be riskier and relatively less cost-effective,<sup>30</sup> and (ii) investment in AMI will allow for better IRPA design and monitoring.<sup>31</sup> OSEA also agrees with Enbridge that deployment of AMI will facilitate DR programs,<sup>32</sup> and enable further expansion of rate design for IRP.<sup>33</sup> In OSEA's view, AMI is needed to ensure the success of the IRP Framework, and to facilitate the approval of IRPAs under the IRP Framework.

34 Furthermore, AMI can be deployed in a cost-effective manner. OSEA would support strategic deployment of AMI at critical downstream nodes, to segment the system and obtain a better granularity of information (as opposed to immediate broad-based deployment at end customers).

35 Enbridge is already assessing the feasibility of AMI implementation, and has a team monitoring AMI developments in other jurisdictions.<sup>34</sup> Enbridge requires no approvals from the Board to be in a position to start rolling out its AMI strategy by 2022.<sup>35</sup> Furthermore, Enbridge has indicated that if Enbridge were to bring forward an AMI strategy for approval, it would do so as part of its 2024 re-basing application.<sup>36</sup> It should therefore be feasible for Enbridge to bring forward an AMI deployment strategy as part of its 2024 re-basing application, if directed to do so by the Board.

---

<sup>30</sup> Oral Hearing Transcript, Day 3, March 3, 2021, Page 43; EGI AIC, Para 154.

<sup>31</sup> EGI AIC, Para 157; Oral Hearing Transcript, Day 1, March 1, 2021, Page 200-201.

<sup>32</sup> EGI AIC, Para 157.

<sup>33</sup> Exhibit I.LPMA.9.

<sup>34</sup> Oral Hearing Transcript, Day 3, March 3, 2021, Page 42.

<sup>35</sup> Oral Hearing Transcript, Day 3, March 3, 2021, Page 43.

<sup>36</sup> EGI AIC, Para 158.

36 Enbridge will begin working on its 2024 re-based application this year.<sup>37</sup>

Direction from the Board to bring forward an AMI deployment proposal as part of Enbridge's 2024 rebasing application would be a timely option to expedite consideration of an AMI strategy to support the IRP Framework.

## **VI. CONCLUSION**

37 OSEA is generally supportive of Enbridge' IRP Proposal, and asks that the Board approve Enbridge's application. OSEA also asks that the Board consider making additional directions and findings to support IRPA deployment. Specifically,

- (a) for Enbridge's IRP Assessment Process, OSEA requests that the Board consider
    - (v) finding that there is a transitional role for shorter-term IRPAs in the IRP Framework;
    - (vi) explicitly stating in its decision that the IRP Framework would be assisted by a consideration of use of interruptible rates in IRP;
    - (vii) directing Enbridge to conduct an analysis of customer response based on the difference between firm and interruptible rates as part of Enbridge's 2024 re-basing application; and
    - (viii) directing Enbridge to not apply inflation to IRPAs that do not have the same operating life as pipeline assets during Stage 3 (Two-Stage Evaluation Process) of Enbridge's IRP Assessment Process.
- OSEA recommends that Enbridge conservatively assume that the

---

<sup>37</sup> Oral Hearing Transcript, Day 3, March 3, 2021, Page 43.

current IRPA asset price will remain consistent over the equivalent operating lifetime of a pipeline asset;

- (b) for Enbridge's IRP Pilot Projects, OSEA requests that the Board consider requiring Enbridge to prepare or commission a summary report on Enbridge's review of DR programs in other jurisdictions, in advance of the stakeholder consultation process for Enbridge's proposed IRP Pilot Projects; and
- (c) for Enbridge's request for an AMI acknowledgement, OSEA requests that the Board go further than acknowledging the importance of AMI, and direct Enbridge to bring forward an AMI deployment proposal as part of Enbridge's 2024 rebasing application.

Document #: 1926853