A. OVERVIEW

FRPO respectfully requests that the Report concluding this generic proceeding express the terms of the IRP Framework for EGI in language that the OEB regards as appropriate, after considering the views of all stakeholders on topics considered by the OEB to be relevant.

1. The scope of this proceeding is broader than and not circumscribed by the subject matter of the "approvals" that EGI requests in Section E of its Argument in Chief (AIC).

2. In the sections of this Argument that follow, FRPO elaborates on its rationale for its request that the OEB conclude this proceeding with a comprehensive Report that:
   (i) Encompasses but is not circumscribed by the proposals for which EGI seeks "approvals".
   (ii) Recognizes that Integrated Resource Planning (IRP) is not "new" or "early days" as EGI argues.[1] EGI's obligation to consider non-facility "Alternatives", including supply side IRPAs, has been a requirement of the LTC approval process for years.[2] What is new is the broadening range of IRPA's.
   (iii) Expresses the goal of IRP for EGI as a planning process that fairly and reasonably identifies, investigates, and evaluates credible[3] natural gas supply-side and demand- side options so that the OEB can approve the solution that best serves the public interest.
   (iv) Expressly emphasizes the OEB's regulatory power to step into the "alternatives" identification, investigation, and evaluation process to provide directions to EGI, if necessary, to ensure that the process is fair and reasonable, i.e., that the playing field in not being tilted by EGI to favour an infrastructure addition to its own system.
   (v) Categorizes non-facility alternatives for satisfying a future need or constraint to segregate supply side from demand side options and, within each category, to distinguish between long term solutions and shorter term "bridging"[4]options.
   (vi) Recognizes that the screening and evaluation criteria that apply to "market based" supply side "bridging" options can and should differ from those that apply to long-term nonfacility alternatives.[5]

[1] Transcript Volume 3, March 3rd, pg.20, line 23.
[2] For example, see Ex I Staff 4 Attachment1 that acknowledges the obligation to consider "non- facility commercial services" as part of the existing "Selection of Future facilities" process pertaining to the Dawn parkway transmission System.
[3] See footnote 22 below related to FRPO's use of the word "credible".
[4] Bridging denotes the filling of a gap as between supply and demand, but it also can mean transitional. In this proceeding, bridging solutions can be transitional as the energy industry evolves.
[5] See paragraphs 36 to 61 below for FRPO's further elaboration of this point.

(vii) Confirms that EGI cannot rely on long term gas supply planning approaches to exclude a good faith investigation and evaluation of supply-side non facility alternatives to an infrastructure increment to its own system to meet peak day demands.

(viii) Requires EGI to conduct good faith and timely market solicitations related to credible non facility supply side solutions in order to objectively evaluate their cost effectiveness.

(ix) Acknowledges that "Reliability" and "Safety" are "threshold" considerations that are to be applied fairly and consistently throughout the entire third-party contractual supply chain from the supply source of the commodity to end use consumers.[6] If two or more alternatives satisfy these "threshold" requirements, then the cost effectiveness criteria apply to determine the least cost option.[7]

(x) Refrains from determining now, as a matter of policy, that EGI shareholders are to be relieved of risk associated with the adoption and implementation of a non-facility IRPA. The extent to which the consequences a risk of this nature is to be allocated between ratepayers and shareholders should be determined when the causes for the materialization of such risks can be reasonably determined.

(xi) Refrains from "manufacturing" a return on items of expenditure not normally treated as capital expenses.[8]

(xii) Refrains from making any acknowledgements related to the AMI expenses that EGI postulates.

3. FRPO's priority focus is to ensure that credible non-facility market based supply-side opportunities are appropriately investigated and evaluated by EGI in connection with all of its pending and anticipated need/constraint based requirements.

4. To that end, FRPO relies on information related to the well-established PDO based non-facility supply side alternative to incremental infrastructure that has been a feature of EGI's system planning for years.[9] The submissions that follow highlight these opportunities to support the issuance of an IRP Framework for EGI that includes the features described in Paragraph 2.(iii) above.

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[6] The third-party contractual chain includes contracts related to acquiring the commodity from third party owned production/gathering facilities, the carriage of that commodity through third party owned transmission facilities to their interconnection with EGI facilities, the carriage of that commodity on EGI's system for delivery to end use consumers at the point of consumption.

[7] Once "threshold requirements have been satisfied, the question of whether one of two or more of these alternatives is more reliable than the other yields to the outcome of an application of the cost effectiveness criteria.

[8] See paragraph 125 of the AIC where justifies manufactured add-ons to the cost to ratepayers of an alternative that provides a return less than that under EGI's preferred solution competing to ensure that EGI is equally incented between the two competing options.

[9] See paragraphs 36 to 45 below for FRPO's detailed submissions on PDO.

5. FRPO has structured its submissions that follow under the topic headings used by EGI in its AIC.

6. The Table set out in Appendix A to these submissions summarizes FRPO's position in relation to each of the Issues in the Issues List and identifies where this Argument addresses each issue.

B. PROCEDURAL BACKGROUND

7. The procedural background that EGI presents in its AIC is limited in scope to the process steps that followed EGI's filing of its initial IRP proposal on November 1, 2019.

8. This narrow focus on "process" makes no mention of many prior proceedings before the OEB in which EGI's failure to conduct a timely and fair examination of non-facility alternatives has been the subject of comment and directives from the OEB.

9. EGI's responses to several years of directives of this nature have not remedied the unfairness of its practices in the identification, investigation, and evaluation of non-build options.

10. Some historical examples these situations merit consideration in the context of FRPO's request summarized in paragraph 2, subparagraph (iv) above. That request is for the IRP Framework for EGI to expressly emphasize the OEB's regulatory power to step into the alternatives' identification, investigation and evaluation process being conducted by EGI, IF NECESSARY, to ensure that the process is fair and reasonable.

11. To be clear, this is not a request that multiple points of OEB review and approval be determined now, with those milestones to then be embodied in the Framework.[10] FRPO's proposal is that the Framework emphasize EGI's EXPOSURE to the OEB's power to step in and issue directions to ensure process fairness and meaningful consultations with concerned stakeholders.

12. Any stakeholder seeking such directions would need to present information that the OEB regards as sufficient to support the unfair process assertion. What EGI needs to realize is that the OEB has the power to step in, and that, if necessary, it will exercise that power.

[10] AIC pg. 19, para. 42

13. FRPO regards a clear an unequivocal statement of this nature in the Framework to be essential for ensuring that EGI refrains from continuing to conduct its consideration of alternatives in a manner that tilts the playing field in favour of the infrastructure increment that EGI invariably favours.

14. Historic examples of EGI's unsatisfactory responses to OEB directives to ensure fairness include the following:

(a) EB 2012-0451 EGD and EB 2012-0433, EB 2013-0074 Union Gas-Decision and Order dated January 30, 2014 (more than 7 years ago). In that proceeding the OEB found that the consideration of non-facility alternatives was "cursory at best". The Board expressed an intention to examine IRP for gas utilities and, pending that review, the expectation that applicants provide "..a more rigorous examination of demand side alternatives ... in all gas leave to construct applications"[11].

(b) EB-2014-0134 DSM Framework for Natural Gas Distributors (2015-2020) Report dated December 22, 2014- The OEB mandated that, as part of all applications for leave to construct future infrastructure projects, the gas utilities must provide evidence of how DSM has been considered as an alternative at the preliminary stage of project development".

(c) EB 2015-0029/EB- 2015 0049 Union Gas and EGD- Decision and Order dated January 20,2016- The OEB directed EGD and Union "to work jointly on the preparation of a proposed transition plan that outlines how to include DSM as part of future infrastructure planning activities with that transition plan to be provided as part of the mid-term review".

(d) EB-2017-0127/EB-2017-0128, Mid Term Review of the DSM Framework for Natural gas Distributors (2015-2020) Report dated November 29, 2018-The OEB reiterated that leave to construct applications should include "a comprehensive evaluation of conservation and energy efficiency considered as an alternative to reduce of defer infrastructure investments".

(e) EB-2018-0097 EGD Decision and Order dated January 3, 2019- The Decision notes that, in that case, EGD internally approved its prosed build BEFORE it even considered the viability of the DSM alternative. The OEB found that EGD's "process for considering DSM as a viable alternative to the Project was not appropriate". Once again EGD was directed to provide, in future applications, "sufficient and timely evidence of how DSM has been considered as an alternative at the preliminary stage of project development".

[11] EB-2012-0451, EB-2012-0433, EB-2013-0074 Decision with Reasons, 20140130, pg, 53

(f) EB-2020-0192 EGI Decision and Order dated January 28, 2021- The Decision notes EGI's obligation to conduct a more rigorous IRP assessment at the preliminary stage of projects development and that, the failure to present detailed analysis of alternatives, in that case, "makes it unlikely that Enbridge would select an alternative including DSM or other non-build project option."

15. These decision excerpts convincingly demonstrate that, despite repeated directives from the OEB to the contrary, EGI will likely continue to tilt the playing field related to the consideration of alternatives to favour its preference for the construction of incremental facilities. This is likely to continue until the OEB makes it clear to EGI that it has the power and will exercise that power to eradicate EGI's inappropriate conduct.

16. FRPO submits that this procedural history convincingly demonstrates the appropriateness of its proposal that the IRP Framework for EGI emphasize EGI's exposure to the OEB's power to step into the alternatives' consideration process, if necessary, to ensure its fairness.

17. Having regard to this procedural history, FRPO submits that the OEB should clearly and unequivocally reject the request made by EGI in paragraphs 41 and 42 of the AIC that the OEB refrain from getting involved in the alternatives consideration process before EGI has applied for a LTC or IRPA

C. PURPOSE OF EGI IRP FRAMEWORK PROPOSAL

Integrated Resource Planning is not Just for Long Term Needs

18. FRPO submits that IRP is far broader and encompasses measures that are not long term[12]. They include "bridging" mechanisms that, by definition, are short- and medium-term solutions. Market-based supply-side bridging solutions are also effective as their lead time for implementation could be months and not years.

19. As an example, when faced with its own system constraint, TCPL implemented a service to receive gas daily for transport to the needed area. The service was named Dawn Overrun Service – Must Nominate (DOS-MN)[13]. By contracting for this service, the shipper was obligated to deliver gas daily to TCPL at Empress for daily delivery to Dawn. The time that elapsed from TCPL's identification of its system constraint and its notification to the National Energy Board of the

[12] EGI AIC, pg. 6, para. 19
[13] Exhibit I.FRPO.36

implementation of the service to overcome this constraint was a matter of months not years[14].

20. The original DOS-MN service was put in place for the winter of 2008/9. An evolved DOS-MN was put in place for the winter of 2009/10 but was not continued beyond that period[15] as the constraint was alleviated. During that time, Union Gas does not have any records of firm service interruptions as a result of the service.[16]

21. In our view, given the effectiveness of bridging solutions like market-based supply-side solutions, the Framework should ensure that EGI cannot eliminate market based "bridging" mechanisms through early binary screening.

22. Credible "market-based" supply-side alternatives cannot reasonably be excluded from consideration before EGI has fairly considered responses from market participants to timely market solicitations made by EGI in good faith after conducting meaningful consultations with its stakeholders.

<u>Guiding Principles Should be Enhanced for Clarity and Completeness</u>

23. FRPO accepts that guiding principles are helpful in providing a frame of reference for the consideration of multiple alternatives. EGI has proposed and defined certain guiding principles.[17] Like most guiding principles, the definitions are qualitative which creates uncertainty with respect to interpretation and application. We submit that these principles should be enhanced and supplemented to guide effectively.

<u>Reliability and Safety</u>

24. We agree that reasonable Reliability and Safety thresholds are of paramount importance. That said, EGI cannot reasonably be permitted to adopt a system design philosophy that selectively ranks utility ownership of assets as superior to reliable third-party asset ownership in the consideration of alternatives to utility infrastructure builds.

25. For example, a utility might argue that greater Reliability is created by having two utility-owned pipes serving a particular customer; one primary pipeline and another as back-up in the event that there is a problem with the service from the

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[14] TCPL Notification to National Energy Board, pages 21-27 found at https://apps.cer-rec.gc.ca/REGDOCS/Item/View/539076
[15] Exhibit I.FRPO.36
[16] Exhibit I.FRPO.37
[17] EGI AIC pg. 6, para, 21

primary line. Clearly, that course of action produces enhanced Reliability of service for the customer. But experienced ratepayers and regulators would regard such an enhanced reliability measure and its associated incremental costs as unreasonable. In our view, any system design philosophy that is premised on this kind of "belt and suspenders" approach should be questioned and rejected on unreasonableness grounds.

26. We reiterate that Reliability and Safety are objectively determined thresholds that are reasonable and not qualities that are to be subjectively judged to serve the interests of utility shareholders. All mechanisms that satisfy a threshold considered by the OEB to be reasonable quality for evaluation as alternatives on grounds other than reliability and safety. The question is not the extent to which one of two or more sufficiently reliable and safe alternative may be more reliable. Rather the question is whether each alternative satisfies a reliability and safety threshold. If they do, then each of them is assessed on the basis of evaluation criteria that fall outside the ambit of reliability and safety.

27. On fairness grounds, the Reliability threshold should not differ throughout the complete supply chain in producing, gathering, and procuring gas commodity for transmission and delivery to end users for their consumption. If appropriately structured contracts with third parties are reliable sources of supply, then appropriately structured contracts with third parties for transmission and delivery are equally reliable. Such contracts meet a reasonable reliability threshold[18].

28. The best example of structured contracts with third parties being deemed reliable is the Parkway Delivery Obligation ("PDO"). The PDO is a contractual obligation of a direct purchase customer to deliver its Daily Commitment Quantity ("DCQ') at Parkway unless authorized by the utility to forgo that obligation. The DCQ represents gas delivered to Parkway that otherwise reduces the amount that the EGI/Union has to provide to that point. The PDO is described in Exhibit A, Tab 7, page 13, of EGI's EB 2019-0159 evidence as follows:

> "*Enbridge Gas considers the PDO in the design day analysis of the Dawn-Parkway system to reduce physical transportation needs from Dawn to Parkway. Overall, this reduction of Dawn to Parkway transportation has reduced the amount of facilities required. This is achieved because volumes delivered at Parkway, directly offset the need for Dawn to Parkway transportation.*"

[18] In providing Reliability service, there is no difference from a Safety standpoint.

Optimized Scoping

29. Another EGI guiding principle that we believe requires clarification is Optimized Scoping. We respect EGI's concerns that evaluating all infrastructure projects through an IRP process could be time intensive[19]. As such, the guiding principle speaks to the step of binary screening to manage the scope of projects. At the same time, this preliminary elimination of projects should conditioned on the understanding that market-based solutions need to be informed by timely data[20]. As much as we appreciate that there is a need to manage the number of projects to be evaluated, we submit that market-based, supply-side bridging solutions should not be screened out early in the process due to the lack of availability of market data simply because the market cannot provide that data as far into the future as the constraint is identified.

Procedural Fairness and Reasonableness

30. FRPO submits that Procedural Fairness and Reasonableness is a very important guiding principle that is omitted from the Framework proposed by EGI. This principle requires the effective evaluation of IRPA's to be conducted on a level playing field.

31. Procedural Fairness considerations call for meaningful consultations between EGI and its stakeholders during the alternatives' consideration process. For example, stakeholders may require information from EGI in order for there to be meaningful consultations and a fair evaluation of alternatives under consideration.

32. In that situation it is important that, if asked, EGI provide information in their possession that stakeholders need to reasonably consider one alternative vs. another. Where there arises a genuine need for this information or any other genuine issue related to an objective evaluation of alternatives, then parties ought to be able to seek the Board's assistance in obtaining such information or resolving any other genuine dispute during the alternatives' consideration process.

D.ESTABLISHED PRACTICES & LEARNINGS FROM OTHER JURISDIUCTIONS

33. FRPO believes that matters related to best practices and learnings from other jurisdiction were raised by the OEB in its PO#5 to ensure that its IRP Framework for EGI reasonably aligned with what has been and is being done on the alternatives consideration policy front in Ontario and elsewhere.

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[19] EGI AIC pg. 6, para, 21 iv.

[20] Transcript, Volume 3, March 3rd, page 7, lines 20-24

34. FRPO accepts that the consideration of the going forward alternatives policy for EGI is not a Research and Development (R&D) exercise. On one hand, alternatives that have little if any established track record of success, may have to be first proven as credible by means of a pilot project process. On the other hand, alternatives that have been successfully used in the past (including the concepts on which they are based) to avoid or defer infrastructure additions are obviously credible. They can and should continue to be relied upon in the future to achieve that avoidance or deferral outcome.

35. The market-based supply side alternatives that FRPO wishes to have included in the consideration of alternatives by EGI derive from well- established mechanisms for successfully avoiding or deferring the installation of incremental infrastructure. They derive from the concepts underpinning the PDO as a non-facility alternative to a pipeline build. PDO based options of this nature have a well- established track record of avoiding or deferring incremental pipeline builds. Options based on well- established concepts are credible.[21]

Parkway Delivery Obligation (PDO)

36. The PDO is described in Exhibit A, Tab 7, page 13, of EGI's EB 2019-0159 evidence as follows:

> "*Enbridge Gas considers the PDO in the design day analysis of the Dawn-Parkway system to reduce physical transportation needs from Dawn to Parkway. Overall, this reduction of Dawn to Parkway transportation has reduced the amount of facilities required. This is achieved because volumes delivered at Parkway, directly offset the need for Dawn to Parkway transportation.*"

37. The PDO concept was first approved by the Board in 1986[22] and as provided by EGI in its response to our interrogatory[23];

> *The obligation to deliver, approved by the Ontario Energy Board in April 1989, has allowed Union to rely on these volumes in order to manage its deliveries efficiently and to meet Dawn Parkway System design and security criteria since that date.*

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[21] The OEB established "credibility" as a requirement for the consideration of competing pipeline alternatives or by-pass competitive rate request when those kinds of issues were brought before the Board in RP-2005-0022, EB-2005-0441, EB-2005-0442, EB-2005-0443, EB-2005-0473 .

[22] Exhibit I.FRPO.28

[23] Exhibit I.FRPO.29

38. While looking to other jurisdictions such as New York to gain insight on established or novel non-facility alternatives is a sound approach, there are important distinctions between those other jurisdictions and Ontario. The inability to get pipeline approvals for needed upstream capacity have created supply constraints for the LDC's in those other jurisdictions trying to meet growing demand. These constraints reached crisis levels to the point that the LDC placed moratoria on customer connections[24] and has driven regulatory expectation for IRP. However, Ontario does not face those same challenges[25].

39. In offering to provide evidence, FRPO understood the limitations of supply-side solutions in New York state and desired to inform the Board of the best practices and opportunities that are available to the gas market in Ontario. We foresaw that the provisions of the Framework materials related to supply side options that FRPO would be suggesting cannot reasonably be formulated without a basic understanding of how, in current circumstances, these market solutions are a well-established best practice that are available at a fraction of the cost of an infrastructure expansion. Moreover, these supply side options can be "bridging" mechanisms that materially reduce ratepayer exposure to cost and risk increases related to current and anticipated future demand for gas. These solutions could be bridges to other "cleaner" sources of energy which are expected to come in the future.

<u>Parkway Delivery Obligation is not a Novel IRPA</u>

40. While an IRP Framework for EGI covering a broad range of potential IRPAs must be constructed in accordance with OEB determined guiding principles, that Framework needs to acknowledge the reality that EGI as has been using non-facility supply side IRPAs for decades.

41. Moreover, as described above in the Procedural Background section, for more than 7 years, the Board has been directing EGI to provide detailed analysis of DSM and other non-facility alternatives for consideration in its planning to meet growing demand. However, in spite of these directions, no alternatives other than system builds have been applied for by EGI.

42. In our view, while we respect that the IRP Framework mechanisms for EGI need to be broadened, enhanced and implemented, this does not preclude the utilization and potential enhancement of IRPA's that have proven effective. The ability of the utility to meet demand through contractually committed deliveries at particular locations has been effective in reducing or deferring the need for facilities. The Parkway Delivery Obligation in its varying forms over the decades provides the best example.

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[24] Guidehouse Report, pg. 49
[25] Guidehouse Report, pg. 53, Table 5

43. As described above, the PDO has proven to be reliable. If it were not reliable, then EGI would have sought some level of derating of the supply impact of deliveries at Parkway. But that has not occurred.

44. The PDO has also proven to be cost effective. In its current form, contractually committed deliveries to Parkway are paid the Parkway Delivery Commitment Incentive ("PDCI"). The PDCI is set at the Board approved M12 Dawn to Parkway toll at 100% load factor including fuel based on the fuel cost included in Union's October 1st QRAM each year. Given that the M12 rate reflects the current capital cost of the Dawn-Parkway system, the PDCI is extremely cost effective relative to recent builds on the system[26].

45. As a reliable, cost-effective alternative to Dawn-Parkway facility builds, the PDO construct meets the Board's statutory objectives for rational expansion, prices and the reliability and quality of gas service. While we were not able to receive confirmation from EGI, it is a fact that the company has not sought an increase in additional deliveries at Parkway through the PDO or other mechanisms as an alternative to Dawn-Parkway builds. This is in spite of market evolutions which have decreased the difference in market price between Dawn and Parkway substantially in the last 7 years[27]. In our view, given past Board decisions, the efficacy of supply-side solutions should continue to be included in the IRP Framework for EGI and be considered as alternatives in meeting demands for large transmission projects such as Dawn-Parkway and Panhandle.[28] The existing alternatives policy that EGI is obliged to follow should become part and parcel of the broader Framework that the OEB will establish as a consequence of this generic proceeding.

Market Evolution Creates Supply-Side Alternatives

46. FRPO's experience in the gas market informs how evolutions in the gas market create opportunities for utilities to contract for reliable, economic solutions for meeting peak and seasonal demand. The evolution of the market creates the environment for accessing service from new or renewed sources of supply.

47. At the start of the last decade, the potential of natural gas supply from the Marcellus region of North America was being realized. Initially, it was believed that Ontario that Marcellus gas would not provide much of the supply to

[26] A comparison of the capital cost of the existing system as it was at rebasing with the capital cost of recent Dawn Parkway builds is most effectively displayed in EB-2015-0200 Exhibit B.TCPL.2, Attachment 1 which we have provided in the Appendix 2 to our submissions.
[27] Transcript EB-2020-0091 Enbridge Presentation Feb 19, 2021, pg. 20-25. We attempted to get actual market data to demonstrate this to the Board but were refused Transcript For EB-2020-0091 EGI Feb 10, 2021, pg. 209-210.
[28] EGI has recently conducted an open season for M12 https://www.uniongas.com/storage-and-transportation/newsroom/open-seasons/2020/nov-24-2020 and is currently conducting an expression of interest for distribution service from its Panhandle Transmission system https://www.enbridgegas.com/PanhandleRegionalExpansion

Ontario[29]. However, Union Gas believed differently[30]. During the middle part of the last decade, both Union Gas and Enbridge Gas Distribution brought applications to install well over a billion dollars of infrastructure[31]. Their need for approvals resulted in a substantial amount of information coming to the Board about the evolution of gas flow into Ontario and the potential benefits.

48. In 2017, TCPL was able to secure significant contracting on its existing system which increased contracted long-haul deliveries from Alberta to Dawn by 1.5 PJ. This Dawn Long-Term Fixed Price (Dawn LTFP") secured ten-year contracts from shippers increasing flow into Ontario which had a significant impact on the gas market. However, neither Enbridge nor Union Gas contracted for this service so there was little information about this service provided to the Board[32]. Without information from the utilities it regulates on current developments in services provided by connecting pipelines , the OEB are unaware of market developments that have a bearing on non –facility alternatives linked to services on pipelines that interconnect with EGI. This is an information asymmetry outcome that tends to leave intervenors and other stakeholders in the darkness of a Black Box on information relevant to a consideration of supply side alternatives linked to services available from pipelines interconnecting with EGI or those that hold rights to capacity on those interconnecting pipeline systems.[33]

49. Given our concerns about this information asymmetry and our desire to inform the Board regarding the efficacy of supply-side alternatives, we tried to enhance the record on the supply side. However, as evidenced by the number of refusals to IR's and undertaking requests[34] in this proceeding, we are limited in our ability to provide the Board with a better understanding of the potential for enhanced best practices that Ontario could generate. Desiring to inform the Board for consideration in the Framework, we did not contest the refusals but focused on our opportunity to present directly to the Board. If faced with similar resistance to information requests in the alternative assessment process, then the Board ought to be able to determine the dispute as outlined above.

50. In its presentation to the Board[35], FRPO emphasized the importance of supply-side, market-based solutions. We provided an overview of the Dawn LTFP service and how, through appropriate contracting, the capability of existing pipeline capacity could be harnessed to meet increasing demand without the addition of facilities. While the market would have to be tested, using the value

[29] EB-2010-0199 2010 Natural Gas Market Review, ICF_Market_Report_20100820, pg.9
[30] EB-2010-0199 UNION_LTR_Presentation_20101005.pdf
[31] EB-20112-0433, EB-2012-0451, EB-2013-0074, EB-2014-0261, EB-2015-0200
[32] In EGI's 5 Year Gas Supply Plan filed in EB-2019-0137 there was one reference to Dawn LTFP and that was included in the supporting evidence of ICF on page 14 of Appendix E which spoke to the impact of the additional deliveries on the Ontario market.
[33] Transcript, Volume 3, March 3rd, pg. 10, line 9 to pg. 11, line 4
[34] Exhibit.I.FRPO.58-64, 67, 69,70 and numerous Technical Conference requests
[35] FRPO_EGI IRP_Presentation_20210218, slides 9-17 and Transcript EB-2020-0091 Enbridge Presentation Feb 19 2021, pg.123-132

of the PDCI as a proxy, increased market demand could be met at approximately 10 percent of the annualized cost of building facilities. In addition, unlike a facility build, this **bridging** solution would be scalable to the amount of demand forecast and also not require a commitment of payments measured in decades with concerns over who is responsible for costs if demand decreases.

51. In describing the alternative, we emphasized the concept of displacement. Displacement underpins the ability of the Parkway Delivery Obligation to reduce facilities. It is used daily by system operators (e.g., planners and schedulers) at inter-connected pipes to optimize the flow and reduce costs.[36] Displacement is used daily by Enbridge.

52. We believe it to be important to inform the Board of this Displacement concept because the gas system in Ontario is operated by Enbridge and TransCanada whose owners can benefit from such operations and not by an independent operator like the IESO for electricity. Utilities and pipelines prefer facilities addition solutions to non-facility solutions that improve operations through contractual mechanisms that do not enrich their owners.

53. In our view, the Board ought to be better informed of the potential for supply-side, market-based solutions to provide effective bridging solutions at locations where there is an inter-connected third-party pipeline. FRPO recognizes that these solutions may not be effective for the long-term. However, limited-term, scalable bridging solutions provide time for other demand side initiatives or demand destruction due to market forces to eliminate the system constraint. Further, by their nature of needing timely, market-based data for evaluation, supply-side solutions should not be screened out by a binary screening process once a system constraint is identified.

54. In its initial evidence related to the PDO, EGI asserted that the PDCI Settlement Agreement evidenced the intent of the parties to phase out the PDO in its entirety. In testimony at the oral hearing EGI witnesses acknowledged that PDO based alternatives are to be considered[37]. This acknowledgement appears to accept that the PDCI Settlement Agreement did not relegate PDO based alternatives to the trash can.

55. Clearly the PDCI Settlement Agreement was focussed eliminating the inequity of certain direct purchasers being involuntarily obliged to deliver gas to Parkway without any compensation for the value that this provided to the system as a whole. The inequity existed because other direct purchases did not have a PDO imposed on them. The inequity was cured by requiring the system as a whole to pay those who remained obligated to deliver at Parkway the PDCI.

[36] Exhibit.I.FRPO.57 b)
[37] Transcript Volume 1, March 1st, pg. 87, lines 8-15

56. In the Oral Hearing, EGI testified that "number of parties settled to in fact move away from the PDO and that in the 2022 rates application that we've been asked to explore the value of the PDO". FRPO would like to correct the record by saying that parties agreed to assess the value of the PDO as there has been limited comparisons. The Board accepted the settlement by stating[38]:

"*As part of the settlement on the PDO, Enbridge Gas agreed that in its 2022 rate application, it will file evidence detailing infrastructure and market-based alternatives in order to determine whether it is cost-effective to eliminate or reduce the PDO and/or PDCI for 2022 and future years. The OEB accepts this commitment and understands that such information would allow parties to assess the continuation of the current PDO arrangement.*"

57. As the Board recognizes, the settlement was for a study of the cost-effectiveness and <u>not</u> "settled to in fact move away from the PDO". In our view, that study will demonstrate the value as provided in our Appendix 2 but we respect that is for another proceeding. However, we did not want incorrect interpretations of the settlement left unopposed.

58. The PDO based alternatives that FRPO presents are capable of avoiding of deferring transmission system expansion at a savings for ratepayers of millions and millions of dollars . These options are based on voluntary agreements between market participants. They are not imposed without the consent of the participating parties. Should EGI assert later that the PDCI Settlement Agreement operates to eliminate the availability of PDO based non facility solutions, then the OEB should be cognizant of the position that such an assertion is completely without merit. It is an assertion that is entirely incompatible with the public interest.

<u>Peaking Services</u>

59. EGI acknowledges that, in a facilities planning context, third party peaking services are a non-facility supply-side option that can defer the need for incremental facilities to respond to an anticipated need of system constraint. Peaking services can also be relied upon as a component of system supply in EGI's Gas Supply planning process.

60. The record reveals that in a non-facility alternatives context, EGI tends to rely upon principles related to long-term gas supply planning to justify a summary rejection of a peaking service alternative to a pipeline build. This conduct inappropriately thwarts any detailed analysis of the facilities avoidance or

[38] EB-2020-0095 Dec on SP_Interim Rate Order_EGI_20201106

deferral capacity of constraining specific peaking services. The Framework should put an end to this practice.

61. EGI should be required to consider peaking services as a facilities build avoidance or deferral mechanism regardless of the extent to which such services have been considered in the context of its long-term gas supply planning.

<u>Direct EGI to File Interruptible Contract Rate Design Study at Rebasing</u>

62. In its pre-filed evidence, EGI stated "*long optimized its rate design in order to offer interruptible services to its customers and reflected utilization of those services for system planning purposes*".

63. However, in the last several years, it has been our experience that the amount of interruptible contracting has been decreasing. From the discovery, Interruptible demand in the Union South rate zone has decreased by 30%[39] since 2013/14 and has decreased by 38% over the same period in the Enbridge rate zone[40]. While EGI attempts to provide reasons for this migration away from Interruptible contracts[41], in our experience, hospitals who have statutory requirements have back-up fuel systems in working repair, have moved to firm service as there is insufficient economic incentive.

64. Interruptible contracts provide one of the simplest and proven approaches for demand response. In our respectful submission, while the rate design is a re-basing issue, the Board would benefit from EGI providing a study filed prior to the rebasing proceeding that makes recommendations regarding how interruptible contract rates could be improved to provide an additional, economically sound IRPA.

E APPROVALS SOUGHT BY EGI FOR THE IRP FRAMEWORK

i) <u>Guiding Principles</u>

65. As described above in our Guiding Principles section, FRPO submits that Reliability and Safety are best viewed as thresholds as not as an evaluation tool to rank alternatives that meet the threshold requirements.

66. Further, we proposed that Optimized Scoping should be conditioned by the understanding that market-based, supply-side alternatives for system constraints where EGI's system inter-connects with a third-party pipeline should not be

[39] Exhibit.I.FRPO.49
[40] Exhibit JT2.1
[41] Ibid

screened out in the initial identification of a system constraint. Rather, the evaluation of these alternatives should be informed by market-based data as close as feasible to the timing of the need for supply.

67. Lastly, we identified the additional Guiding Principle of Procedural Fairness to ensure that all aspects of the identification, investigation and evaluation of credible alternatives take place on a level playing field.

ii) IRP Proposal Elements

a) IRPA Types Must be Categorized and Classified to Guide Assessment

68. Throughout the proceeding, we have emphasized the importance of classifying the different types of IRPA's. This is because different evaluation criteria apply to different categories and classes of IRPAs.
69. The universe of potential non-facility IRPAs should be segregated between supply-side options and demand reduction solutions. Within each of those categories the potential solutions should be classified as long term or shorter-term bridging solutions. We regard these categories as essential
70. FRPO proposed that a list of currently available IRPAs form part of the Framework document in the belief that adherence to the requirements of the alternatives policy would be facilitated by such a "menu". It was also believed that such a menu would serve an educative function for those not familiar with the range of IRPAs that currently exist.
71. We accept that including a "menu" of currently available options is not essential. What is essential is the higher-level categorization and classification of potential solutions that reflects the need to segregate the types of IRPA that call for an application of different evaluation criteria.

72. Very importantly, the classification of a measure shapes the screening and evaluation aspects of the assessment. As an example, one of those aspects is economic life of the alternatives. The OEB, utilities and stakeholders are familiar with the concept of measure life for Demand-side measures. These measure lives must be compared in an equitable fashion with other alternatives to evaluate the Demand-side IRPA effectively.

73. Supply-side, market-based alternatives tend to have shorter lives which must be accounted for in the assessment. In addition, while facilities have often been ascribed an economic life of 50 years, given the global initiatives, the long-term utilization of the assets face more uncertainty. These forces may result in the expected life being reduced[42].

[42] EB-2016-0186 UNION_APPL_PanhandleReinforcement_20160610, Union proposed a 20-year depreciation versus the traditional 50 years.

74. Having IRPA's categorized and classified would allow for a Board-approved assessment system that puts Supply-side, Demand-side and Facilities on equal footing for the purpose of evaluation.

b) IRP Assessment Process

Binary Screening Process Should Not Impact Market-based, Supply-Side IRPA's

75. Implicit in the above-described assessment is that market-based, supply-side solutions must be investigated and evaluated close to the time of implementation. As a result, by their nature, we submit that these solutions should not be screened out by binary screening. The company seems to infer that an alternative could be screened out but re-considered if the company is "triggered by notifications from stakeholders that such a novel opportunity exists"[43]. In our view, where there is an inter-connecting third-party pipeline, market-based, supply-side solutions should not screened out by the binary screening putting the onus on stakeholders to trigger an assessment. These assessments ought to be informed by good faith and timely market solicitations to objectively evaluate their cost effectiveness.

76. This understanding of the nature of the supply-side IRPA's extends to the issue of Timing as proposed by EGI. In its updated criteria for binary screening, EGI proposes if the system constraint is forecasted to be realized within three years, IRPA analysis is not prudent[44]. While EGI goes on to acknowledge there may be market-based IRPA exceptions, in our view, if there is an inter-connected, third party pipe, the market-based, supply-side solution should be the baseline for the evaluation of solutions to meet the short-term need. As described earlier, these solutions could be implemented within the year as opposed to the three plus years for facility alternatives.

Binary Screening Should Allow Projects under $10M as Potential Pilot Projects

77. FRPO understands that Optimized Scoping could be beneficial over time, the elimination of smaller projects may preclude testing of the IRP process through pilots. While the Branchton relocation project example advanced to the witness panel[45] has subsequently been withdrawn[46], the risk of screening out potential pilot projects of less than $10M was acknowledged by the EGI witnesses[47]. In our

[43] Transcript, Volume 3, March 3rd, pg. 9, lines 5-13
[44] EGI AIC pg. 25-26, para. 78
[45] Transcript, Volume 1, March 1st, pg.115-116
[46] EB-2020-0065 EGI_Ltr_Branchton_Withdrawal_20210325_eSigned
[47] Transcript, Volume 1, March 1st, pg.118, lines 1-4

view, consideration should be given to these projects for pilots. Clearly, once the IRP process has been implemented and refined through testing, adding a scale criterion to eliminate smaller projects may be advisable.

Evaluation Process Should Use TRC+ Type Test until OEB Test Created

78. The EGI Proposal has recommended the DCF+ test for economic evaluation[48]. At the same time, EGI acknowledges there is more work to do[49]. In our view, DCF+ does not provide the proper comparison for evaluation. Given the information on the record[50], we support the recommended approach advanced by expert witness Mr. Neme of a stakeholder workshop process to establish the benefit-cost analysis and in the interim use the TRC+ test[51].

c) Stakeholder Outreach & Engagement Process

79. Throughout the proceeding and as described in our Overview section, FRPO has sought a fair process that reasonably identifies, investigates and evaluates credible alternatives so that the Board can approve the solution that best serves the public interest. In our view, EGI's proposed process does not acknowledge the role of the Board as the arbiter of process fairness disputes.

80. The EGI process broadly describes the Company "seeking input" and "listening to concerns" without obligation to act on those concerns nor assist stakeholders in the development of their IRPA's. This assistance is especially critical when it is recognized that the utility holds much of the data that would be required to justify an alternative.

81. We understand that Enbridge has communicated that it intends to mimic the regional breakdown of the IESO Regional Electricity Networks where appropriate[52]. There is not much information available in the public realm on the effectiveness of this structure.. We are concerned that, while regional meeting may assist in getting input from a community located near a system constraint, generation of feasible alternatives may require more experienced input. Further, as pointed out earlier, Enbridge is not independent as the system operator. This lack of independence results in risks of the company soliciting community support for its approach as less sophisticated attendees are sold on the approaches endorsed by the company.

[48] EGI AIC pg. 28, para. 85
[49] EGI AIC pg. 29, para. 91
[50] Exhibit.N2.GEC-ED TAB 2, Enbridge 6.5 and Transcript, Volume 4, March 4th, pg. 93-94
[51] GEC_ED_Neme_IntrvEVD_EGI_IRP_20201123, pg. 8
[52] EGI AIC, pg. 34, para. 106 ii)

82. From our perspective, the creation of a "purpose-specific technical working group" could be a step in the right direction. However, we submit that having Board staff lead the group would create a balance between company and stakeholder interests while keeping a public interest perspective.

83. A crucial omission in the creation of a meaningful Stakeholder process is a recognition of the Board power to be called upon to resolve disputes and issue directives when the utility is not willing to provide the requested assistance. If this assistance and the documentation of ideas is left to the sole discretion of the utility, stakeholder engagement is window dressing to say that there is a process, but it does not put onus on the utility to work collaboratively with stakeholders. We respectfully submit that the Framework include opportunities to engage the Board in the resolution of genuine disputes.

d) IRPA Cost Recovery and Accounting Treatment Fundamentals

84. FRPO understands that the utility is seeking incentives to do the right thing while evaluating infrastructure and non-infrastructure solutions equitably. While we are not opposed to appropriately designed incentives for innovation while generating savings through IRPA's, we respectfully submit that capitalizing all IRPA costs because it is simple[53] and creates "like for like" treatment[54] is not in the public interest and should not be considered appropriate.

85. A utility company receives the privilege of being the monopoly provider of a service in a specific jurisdiction with opportunities to make a return of and on capital for investments made as part of the regulatory compact. However, in providing Safe and Reliable service costs are incurred which are paid for in rates as expenses but do not generate additional return by their very nature.

86. In the natural gas industry, one of those significant expenses is the procurement of the commodity. The utility receives revenue to cover the cost of gas as a pass through with no profit added to it. While subject to prudence, there is no incentive added to the cost for performance[55]. This construct has been in place for decades.

87. More specific to EGI's plea of "like for like" treatment, the Parkway Delivery Obligations in its many forms over the years, as described more fully above, has served to reduce the amount of investment in facilities for decades. Neither EGI

[53] EGI AIC, pg. 39, para. 125
[54] EGI AIC, pg. 36, para. 114
[55] Transcript, Volume 3, March 3rd, pg. 12, lines 8-18.

now nor its predecessor have received incentives to facilitate this arrangement[56]. In addition, there is not, nor has there ever been, any capitalization of costs that are accumulated in providing a Delivery Commitment Incentive. Capitalizing an expense like this, that is funded by ratepayers would clearly wrong. In our view, so would capitalizing all IRPA costs.

e) Future IRP Plan applications

88. FRPO is concerned that the use of the term investments[57] not be construed as capital investments for the purposes of receiving return. As noted in the section above, that designation is one we strongly oppose and is subject to the Board's determination. Beyond that stipulation, we do not oppose the Company having some budgetary discretion afforded by the 25% tolerance for individual IRPA cost differences[58].

f) Monitoring & Reporting Should Ensure Stakeholder Access to OEB

FRPO accepts that some sort of an annual reporting regime is appropriate. Of necessity the reporting requirements will need to be compatible with the elements that the OEB establishes in its IRP Framework for EGI.

iii) IRP Costs Deferral Account

89. FRPO respects that costs must be incurred to implement IRP and supports the utilization of a deferral account. We caveat our support in that the costs be clearly delineated in terms of categories that would allow for the discovery by parties and determination by the Board.

iv) IRP Pilot Project Proposal

90. FRPO supports the idea of doing pilot projects developed by the Technical Working Group. However, we do not support wide deployment of AMI as an initial pilot.

v) Advanced Metering Infrastructure Acknowledgement

91. In our respectful submission, the "green light" acknowledgement that EGI seeks related to AMI expenses is premature. EGI has not filed nor has it reviewed any

[56] Transcript, Volume 3, March 3rd, pg. 12, line 19 to pg. 13, line 4
[57] EGI AIC, pg. 41, para. 131
[58] EGI AIC, pg. 42, para. 133

studies that demonstrate the economic effectiveness in its territory or other jurisdictions[59]. We understand that strategically placed, electronic metering at feeds into single sourced distribution areas can provide macro level data that provides information in a much more cost-effective manner. EGI agreed that it would be informative[60]. Most importantly, EGI agreed that the Board would expect to receive an economic assessment of the value of AMI before approving it in a pilot of widespread deployment[61].

92. No relief related to potential AMI expenditures should be considered at this time.

F NEXT STEPS

93. In paragraphs 160 to 166 of its AIC EGI seems to imply that the alternatives policy that has existed for decades has effectively been suspended pending the OEB's establishment of a comprehensive IRP Framework for EGI. FRPO urges to OEB to reject this approach in forceful terms. The OEB should emphasize that the existing alternatives policy that has applied for decades continues to apply to all LTC applications that the OEB is asked to consider pending the outcome of this generic proceeding.

94. The directions that the OEB has issued relating to the existing policies over the past 7 years, presented in section B of this Argument, continue to apply. As a result of those directives, EGI is obliged to present detailed analyses of alternatives in any LTC case that it requests the OEB to consider before its Report concluding this proceeding ends.

95. Almost 18 months have elapsed since EGI filed its initial IRP Framework. This period of time is more than adequate for EGI to have collaborated with FRPO and any other stakeholders interested in formulating good faith market solicitations that are an essential pre-requisite to a consideration of the PDO based supply side alternatives to a transmission system build that have been outlined in materials presented by FRPO throughout the course of this proceeding. FRPO is available immediately to collaborate with EGI in formulating these solicitations.

96. Similarly, EGI has had more than sufficient time to develop detailed analysis of the DSM alternatives that other parties have been presenting for years. EGI should collaborate with those parties to facilitate a presentation, in any resumed or new LTC proceeding that it brings before the Board, of the detailed analysis DSM alternatives that EGD has repeatedly been directed to but has failed to provide over the course of the past 7 years.

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[59] Transcript, Volume 3, March 3rd, pg. 17-18
[60] Transcript, Volume 3, March 3rd, pg. 17, lines 2-5
[61] Transcript, Volume 3, March 3rd, pg. 19, lines 4-9

97. EGI's disregard for these repeated directives should not be condoned.

G RELIEF REQUESTED

98. For all of these reasons FRPO requests that the OEB conclude this proceeding with a Report that includes the relief specified in subparagraphs (i) to (xii) in paragraph 2 of these submissions.

H APPENDIX

99. In the Appendix to the AIC, EGI provides its position on each of the questions posed in the Issues List for this case. FRPO's position on each of these questions is summarized in the Appendix to these submissions.

100. An item of relief proposed by EGI in its responses to those questions to which FRPO wishes to respond is EGI's request that the IRP Framework Report contain a ruling allocating to EGI's ratepayers all of the risk associated with the failure of an IRPA to meet forecast demand reduction expectations.

101. FRPO's position is that any ruling related to an allocation of the consequences of any forecasting risks should only be made when the causes for such an outcome can be identified. Many factors may be relevant to the allocation of the cost consequences of forecasting and other risks associated with the consideration, selection, and implementation of an alternative under the auspices of the OEB's IRP Framework for EGI.

102. All of the costs consequences of such risks should not be presumed to rest with ratepayers. All matters related to an allocation of the consequences of forecasting risks between ratepayers and the utility owner (including matters related to the fundamental risk that rests with the utility owner) should be dealt with if and when such risks materialize; and not before.

ALL OF WHICH IS RESPECTFULLY SUBMITTED ON BEHALF OF FRPO,

Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

Appendix 1 – OEB Issues List, and Enbridge Gas's position on each issue **with FRPO Response**

	Issue	Summary of Enbridge Gas Position	Where Discussed in AIC/FRPO ARG
1.	What is Integrated Resource Planning (IRP) and what should the comprehensive goals of IRP be?	IRP is a multi-faceted planning process, underpinned by the Company's proposed Guiding Principles, that includes the identification, evaluation and implementation of realistic natural gas supply-side and demand-side options (including the interplay of these options) to determine the solution to an identified future need or constraint that provides the best combination of cost and risk for Enbridge Gas customers.	Section C
	FRPO RESPONSE	IRP is a planning process that fairly and reasonably identifies, investigates, evaluates and implements natural gas supply- side and demand-side options to determine the solution to an identified future need or constraint that best serves the public interest. The OEB should establish its IRP Framework for EGI on the basis of Guiding Principles that exclude any elements that create a systemic preference for longer term over shorter term "bridging" options (regardless of what might happen beyond the bridge) or for facility adds over supply-side non-facility solutions and/or demand side reduction options.	Section C
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?	Enbridge Gas will include IRP consideration in its system planning processes, starting from when a need or constraint is first identified. The Company will consider whether IRP is an appropriate alternative to a facilities solution through a staged evaluation process. The Company will engage with stakeholders, and will provide opportunities for feedback well in advance of any final determinations on the appropriate solution to meet an identified need. The Company's asset decisions, including in relation to IRPAs, will be documented in the Asset Management Plan.	Section E(ii)(b) and (c)
	FRPO RESPONSE	The appropriate process and approach to scope, timing, stakeholder consultation, and approvals is one that the OEB establishes for EGI as being fair and reasonable for all stakeholders. Meaningful stakeholder consultation should commence at an early stage and continue at timely intervals throughout the process. This approach should expressly reserve the OEB's power to provide case-specific direction to EGI and other stakeholders, at any time following EGI's identification in its plans of a particular future need or constraint.	Section E(ii) a), b) & c)
3.	What, if any, OEB approvals are required under the IRP Framework, including for IRP Plans?	Enbridge Gas believes that the only OEB approval required under an IRP Framework is at the stage where Enbridge Gas files an application for approval of an IRP Plan that has been prepared to meet an identified need/constraint.	Section E
	FRPO RESPONSE	A distinction should be made between OEB Directions and OEB approvals required under the IRP Framework for EGI. The Framework should empower the OEB to issue "Directions" to EGI when a genuine dispute between EGI and any stakeholder emerges related to the investigation and evaluation by EGI of an alternative for satisfying a particular need or constraint. OEB "Approvals" should be required for the alternative to be preferred and its implementation. In the interim, existing OEB directives and orders apply.	Section B, C, D & E
4.	Will the IRP Framework necessitate consequential changes to any other OEB policies, rules, or guidelines? If so, which policies, rules, or guidelines might be affected, and how should these changes be addressed?	Enbridge Gas requests that the OEB establish an approval application process for IRP Plans. Enbridge Gas believes that "like for like" treatment of IRPAs as capital assets can be accommodated under existing legal and regulatory structures (including section 36 of the *OEB Act* and the Minister's Directives expanding the Company's permitted business activities).	Section E(ii)(d) and (e)
	FRPO RESPONSE	The IRP Framework for EGI should emphasize that its provisions prevail over the terms of any OEB policies, rules and guidelines inconsistent therewith, Gas Supply Planning guiding principles should not be relied upon to frustrate supply-side alternatives for avoiding incremental facilities construction. The accounting treatment for IRPA's should be specified in the Framework. Capitalization of expenditures related to IRP alternatives not normally capitalized should be discouraged. The Framework should not "manufacture" a "return" of and on expenditures not normally capitalized.	Section E(ii) d) e) Section H
5.	What are industry best practices for IRP, and how are they applicable to the Ontario context?	There has not been significant activity or progress in developing gas IRP frameworks or advancing gas IRP in other jurisdictions to date. Enbridge Gas believes that its IRP Proposal is consistent with the learnings and guidance that can be taken from other jurisdictions, including: it is difficult to compare gas and electric IRP; local rules and conditions drive IRP; IRP pilot projects are important; no jurisdiction has implemented an overall natural gas IRP framework; and there is limited specific direction from utility regulators in other jurisdictions to draw from.	Section D

	FRPO RESPONSE	IN ONTARIO, Industry best practices for market-based supply-side include the use of a combination of deliveries to a particular delivery point and displacements between interconnecting transmission pipelines to avoid the construction of gas transmission facilities. This best practice and its variants are a significant addition to other third party services arrangements such as peaking services	Section D
6.	What screening criteria and methodology should be adopted to evaluate and compare IRP Alternatives (IRPAs) with one another and with facility projects?	Enbridge Gas proposes a two-stage evaluation process to consider IRPAs where the need/constraint has passed the initial IRP binary screening stage. The first stage of the evaluation process is to determine whether IRPA(s) could meet the identified need/constraint. The second stage of the evaluation process is to perform a Discounted Cash Flow (DCF) evaluation to compare the IRP Plan(s) that could meet the need/constraint to the baseline facility alternative. Enbridge Gas proposes to base this evaluation/test on the three-stage approach used for transmission system expansions under the EBO 134 parameters.	Section E(ii)(b)
	FRPO RESPONSE	Where there is an interconnecting pipeline, stage 1 Binary Screening should not exclude supply side IRPA. Such Interconnecting pipeline options should be open for consideration until market data close to the time of meeting the constraint is available. The methodology used to compare IRPAs to one another and to with facility projects should recognize that shorter term "bridging" solutions should address costs of alternatives for the duration of the "bridge"., and not beyond.	Section D and Section E i) & ii) b)
7.	What is the appropriate approach to the recovery of the costs resulting from an approved IRP Plan and the costs for additional investments to support IRP?	Enbridge Gas proposes "like for like" treatment of IRPA costs, such that they are treated and recovered in the same manner as the facilities investments that are being avoided. Enbridge Gas proposes that where additional IRP or facilities investments are required because of IRP under-performance, then the associated additional costs should be recovered in the same manner as the initial investments.	Section E(i) and E(ii)(d)
	FRPO RESPONSE	See response to Issue #4.The Framework should not "manufacture" a "return" on items of expenditure that are not normally treated as "capital" expenses. Questions related to the responsibility for "risk" that materializes as a result of the implementation of IRP measures should be addressed on a case-by-case basis. The causes for the materialization of a particular risk in a particular situation should be determined after the event has occurred. Shareholder responsibility, if any, should not be predetermined.	Section E ii) a) & e) Section H
8.	Who should bear the risk of an IRP Plan that does not accomplish its planned expectations and should there be consequences for not achieving planned expectations?	Enbridge Gas's view is that the Company should not bear the risk that an approved IRP Plan may not succeed in creating the forecast peak demand reduction. Enbridge Gas's position is that where an IRP Plan does not meet expectations, and therefore it needs to be expanded, or where facilities need to be built notwithstanding the IRP Plan, then the costs of the additional activities should be paid by ratepayers.	Section E(ii)
	FRPO RESPONSE	See Response to Issue #9. The issue of "responsibility" can and should be addressed when the costs of any additional activities has materialized.	Section E ii) a) & c) Section H
9.	What incentives are appropriate to ensure effective IRP outcomes?	Enbridge Gas proposes that, at least initially, like for like cost treatment of IRPAs (consistent with cost treatment for facilities investments) may be a sufficient inventive to create a "level playing field" and drive effective outcomes.	Section E(ii)(d)
	FRPO RESPONSE	The "like for like' concept advocated by EGI envisages depreciation (return of expenditure), profit (return on capital) and taxes (notional or otherwise) on items of expenditure not normally capitalized. This is inappropriate. Any "add-on" amount to be paid by ratepayers for IRPA expenditures for items not normally capitalized should be in the form of a modest and transparent "incentive" amount.	Section E ii) a) & c) Section H
10.	What is the appropriate approach for monitoring and reporting on the progress of IRP Plans, including consideration of metrics and a scorecard?	Enbridge Gas proposes detailed annual reporting on IRP activities, including planning, stakeholder consultation and implementation. This will provide the OEB and interested parties with regular information. Where Enbridge Gas makes modifications to an in-progress IRP Plan, details will be provided in the Annual Reporting.	Section E(ii)(f)
	FRPO RESPONSE	The appropriate Monitoring and Reporting approach is likely to vary with different types of IRPAs. For example, the monitoring of Supply-side market- based measures will be different from the monitoring of DSM options. Any claimed deferral account amounts would be subject to the evidence based processes that currently apply.	Section E(ii) f) &iii)

Filed: 2015-09-22
EB-2015-0200
Exhibit B.TCPL.2
Attachment 1

Transmission Facilites Expansion Program

Long Term Expansion Plan for the Dawn - Parkway System

	Original Estimate			Actual		
	Design Day Capacity Added (GJ/d)	Facility Capital Costs ($000's)	Capital Cost per Unit Capacity Added ($/GJ/d)	Design Day Capacity Added (GJ/d)	Facility Capital Costs ($000's)	Capital Cost per Unit Capacity Added ($/GJ/d)
Existing Dawn - Parkway Facilites	6802651	923912	135.8			
Net Plant Source: EB-2011-0210, Updated as per EB-2013-0365						
2008 Projects						
Bright A1 and A2 Compressor Upgrade	342454	57400	168	335587	73244	218
2011 Projects						
Dawn J plant Compression to replace retired Dawn A Plant	0	41719	-	0	40555	-
2015 Projects						
Parkway D and Brantford to Kirkwall 2	433000	204000	471			
Parkway C LCU Compressor 1	0	219430	-			
2016 Projects						
Lobo C and Hamilton to Milton 3	442770	415700	939			
2017 Projects						
Lobo C, Bright C and Dawn H 4	456647	623000	1364			

1 Parkway C estimate from EB2013-0433 - Revised Capital Cost
2 Parkway D and Brantford to Kirkwall as per EB-2013-0074
3 Lobo C and Hamilton Milton as per EB-2014-0261
4 Lobo D, Bright C and Dawn H as per EB-2015-0200