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April 1, 2021

VIA E-MAIL

Ms. Christine Long
Registrar & Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: EB-2020-0091 – Enbridge Gas Inc. Integrated Resource Planning Proposal
Final Submissions of the Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the final submissions of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

(Original Signed By)

John Lawford
Counsel for VECC

Copy to: Enbridge Gas Inc. Regulatory Affairs

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EB-2020-0091
Enbridge Gas Inc.
Integrated Resource Planning Proposal

VECC's Final Submissions

March 31, 2021

Enbridge Gas Inc. (Enbridge Gas) filed an Integrated Resource Planning (IRP) proposal on November 1, 2019, as part of a Dawn-Parkway Expansion Leave to Construct (LTC) proceeding (EB-2019-0159). The OEB determined that the IRP Proposal would be heard separately from the LTC proceeding.¹ This proceeding (EB-2020-0091) reviews Enbridge Gas' IRP Proposal.

Enbridge Gas is seeking OEB approval of its proposed Integrated Resource Planning (IRP) process and approach to treat IRP alternatives (IRPA) in a similar manner as new natural gas facility infrastructure to address long-term system constraints/needs.

The OEB's intention is to establish an IRP Framework for Enbridge Gas. In determining the Issues List in this proceeding, the OEB provided further direction on the scope. The OEB has determined that this proceeding will include broad consideration of the definition and goals of IRP, and the process and approach for incorporating IRP into Enbridge Gas's system planning process, including consideration of alternatives to Enbridge Gas's IRP Proposal.²

VECC is generally supportive of Enbridge Gas' IRP Proposal. VECC agrees Enbridge Gas's IRP Proposal includes the key steps necessary to identify, evaluate, compare and implement IRP solutions for future system constraints or needs, subject to VECC's comments on specific components as follows:

Issue #1: What is Integrated Resource Planning (IRP) and what should the comprehensive goals of IRP be?

Enbridge Gas defines IRP as 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.

VECC does not fully support Enbridge Gas's above description of IRP. VECC's issue is with respect to Enbridge Gas's proposal that the solution provide the best combination of cost and risk for Enbridge Gas customers. VECC submits the solution should provide the best

¹ EB-2019-0159, Procedural Order No. 1, January 30, 2020, P2

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combination of cost and risk for Enbridge Gas and its customers. As discussed below, VECC does not accept that customers should bear 100% of the risk of IRP. Enbridge Gas should share in the risk.

Guiding Principles

Enbridge Gas' IRP Proposal is underpinned by four Guiding Principles (Reliability and Safety, Cost Effectiveness, Public Policy and Optimized Scoping). The proposed Guiding Principles are consistent with the OEB's statutory objectives in relation to gas. Enbridge Gas seeks approval of the four Guiding Principles as appropriate to inform and influence how Enbridge Gas implements IRP.

VECC takes no issue with Enbridge Gas's IRP definition and the four guiding principles and submits overall affordability for customers is important. Now more than ever with the significant challenges resulting from COVID19, customers especially low-income customers, are facing uncertain times financially and otherwise. The risk of increased costs to customers is inherent in the investment in IRPAs.

Consistent with the Guiding Principle of Cost Effectiveness, VECC submits the OEB should prioritize the least cost option as a key driver for the selection of either a facility or non-facility solution. The recommended solution should be a lesser cost for customers on-the-whole.

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?

Enbridge Gas plans to include IRP consideration in its system planning processes, starting from when a need or constraint is first identified. Enbridge Gas indicates it will consider whether IRP is an appropriate alternative to a facilities solution through a staged evaluation process. The Company's asset decisions, including in relation to IRPAs, will be documented in the Asset Management Plan (AMP).

Enbridge Gas's approach for incorporating IRP into Enbridge Gas's system planning process is reasonable. However, VECC has concerns there may be obstacles to implementation within Enbridge Gas. Enbridge Gas considers IRP to be a significant undertaking for the company.³ Enbridge Gas agrees incorporating IRP into Enbridge Gas's planning processes has the potential to result in a cultural shift.⁴ VECC submits IRP is a new way of doing things and it may require a long lead time to guide and educate staff and secure internal buy-in. Enbridge expects that the establishment of an IRP Framework aligned with its IRP Proposal will be transformative to its traditional planning processes, will require extensive new work to administer/manage and operationalize and could have far-reaching implications in terms of how the Company continues to grow and earn revenues, and how it interacts with its customers and communities

³ Transcript Volume 1 P170

⁴ Ex I.VECC.2

in which it operates. VECC submits the annual monitoring and reporting component of the framework should address any challenges faced by Enbridge Gas internally with respect to successfully incorporating IRP into its planning process and company culture.

Stakeholder Outreach and Engagement Process:

Enbridge Gas seeks approval of a proposed three-component stakeholdering process, including a purpose-specific stakeholder technical working group to support IRPA development and to identify and discuss new IRP solutions and IRP avoided costs and benefits.

The stakeholdering process consists of three engagement components:

- Component 1: Gather and analyze data and insight from ongoing stakeholder engagement initiatives. These ongoing stakeholder engagement initiatives may be modified to elicit any new information required to enable IRPA analysis;
- Component 2: Discussion on IRP during Stakeholder Days;
- Component 3: IRPA project geographically-specific stakeholder engagement completed prior to filing a proposed IRPA with the OEB.

Enbridge Gas also proposes the creation of a “purpose-specific technical working group” comprised of interested parties to have discussions regarding IRP issues of more general impact and interest. Topics that might be addressed include potential IRPAs, determination of the best approach to consider avoided costs and benefits for IRPAs and facility alternatives, and the relevant development of natural gas IRP in other jurisdictions.⁵

In response to interrogatories, Enbridge Gas clarified that it expects that the stakeholders to be included in engagement activities may include: local government representatives; local LDC staff; IESO representatives; Indigenous communities; local key customer and industry groups, local private residential customers (including low income customers / local low income representative groups and associations); and local project developers and builders. Further, Enbridge Gas explained that engagement initiatives will be tailored according to the relevant geotargeted area and are anticipated to be in the form of open houses, webinars, surveys, and online opportunities to provide written feedback.⁶

VECC supports Enbridge Gas’s proposed three-component stakeholdering process. Vulnerable customers are an impacted community and require an opportunity to provide input on their preferences and views regarding IRP decisions. VECC asks that the OEB determine that low-income stakeholders are key stakeholders in the engagement process, and direct consultation with low-income stakeholders is a requirement of the three-component stakeholdering process.

⁵ AIC P35

⁶ Ex I.STAFF.9

IRP Pilot Project Proposal

Enbridge acknowledges pilot projects are important and most jurisdictions that are now considering gas IRP are starting with pilot projects.⁷

Enbridge Gas seeks approval for Enbridge Gas to develop two pilot projects to be developed and initiated by the end of 2022 – one of which will apply the new IRP Framework through development and implementation of an IRP Plan to meet an identified need/constraint and the other of which will test a promising IRPA such as Demand Response (DR), along with Automated Metering Infrastructure (AMI), if possible.⁸

VECC fully supports the development of two pilot projects as a means to test, update and potentially improve all of the components of the IRP Proposal.

Enbridge Gas indicates the IRP pilot projects that might provide the most value immediately, include: a low carbon technology solution program, and a demand response program. Further, any IRP pilot project should be sited in an area that includes a broader diversity of customer types and complexities so as to better test deployment.⁹

VECC submits the OEB should make it a requirement of the framework that any IRP pilot project be sited in an area that includes a broader diversity of customer types and complexities. This will ensure the maximum value from pilot projects is derived.

Enbridge Gas intends to maintain a listing of innovative technologies that can be analyzed and considered as an IRPA (or part of an IRPA).¹⁰ Enbridge Gas intends to continually consider new technologies and solutions as they become available. Enbridge Gas does not intend to apply any generic prioritization to the technologies being considered for application as IRPAs.

Enbridge Gas indicates it will keep a close eye on DR pilots in the residential space.¹¹ VECC submits Enbridge Gas should be required to prioritize, document and report on its tracking of DR pilots in the residential space to align with the development of the pilot projects.

After the scope, membership and terms of reference for the technical working group are established, Enbridge Gas expects that a good first area of focus for the technical working group would be to provide input on the consideration and implementation of IRP Pilot Projects. VECC fully supports this approach.

⁷ AIC P11

⁸ AIC P15

⁹ Ex I.STAFF.12

¹⁰ Ex I.VECC.6

¹¹ Ex B P26

Issue #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 indicates IRP is a new activity, and it is being pursued for the benefit of the Company's ratepayers. 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.¹²

Enbridge Gas's proposal inappropriately places all of the risk onto customers. Enbridge Gas benefits from IRP in many ways including its proposal to earn a return on IRP investments. Enbridge Gas is seeking OEB approval of like-for-like treatment of IRPA investments, such that longer term investments in IRPA Plans will be capitalized as rate base, with cost recovery similar to the facilities investments that they are replacing at the time of in-service (with IRPA costs amortized over their useful lives).¹³

VECC submits customers should not be expected to bear 100% of the risk and Enbridge Gas should be required to share the risk of IRPA investments with its customers.

Monitoring and Reporting

Issue 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 seeks approval of the proposed annual IRP reporting from Enbridge Gas that will address IRP integration into existing planning processes, IRPA effectiveness, IRP pilot projects planned or underway, IRP stakeholdering and IRPA implementation.¹⁴

The annual IRP Report would include the following items:

- i. A summary of IRP stakeholdering activities from the past year, including Components 1 to 3, as well as reporting from the IRP technical working group;
- ii. Updates on IRP Pilot Projects underway;
- iii. Updates on incorporating IRP into AMP planning;
- iv. Updates on status of potential IRP Plans;
- v. Updates on status of approved IRP Plans, including details of adjustments made by the Company;
- vi. Annual and cumulative summaries of actual peak demand reductions/energy savings generated by each IRPA to-date, including annual and cumulative summaries of actual peak period demand reductions/energy savings generated by each IRPA compared to the initial

¹² Enbridge Gas AIC P18

¹³ Enbridge Gas Argument in Chief Page 36

¹⁴ Enbridge Gas Argument in Chief Page 42

forecasted reduction/energy savings and the actual amount of expenditure on each IRPA to-date; and

vii. Other IRP related matters that are required by the Board or that Enbridge Gas feels are necessary to bring to the Board's attention.

VECC supports Enbridge Gas's annual monitoring and reporting proposal. VECC submits as part of this process, Enbridge Gas should specifically report on any differences, challenges or barriers, and under-performance with respect to the adoption rate in the residential/low-income market and other markets, and the corrective action proposed.

Enbridge Gas indicates it is currently undergoing a review of its existing planning practices to integrate its IRP Proposal into those processes and states "At this time, as that review is ongoing and in the absence of an IRP Framework, it is unknown what additional employee training and/or unique obstacles to integration, if any, will be required and experienced respectively." VECC submits Enbridge Gas should specifically report on any internal obstacles or challenges with respect to IRP implementation within Enbridge Gas, and provide the corrective action proposed.

Continuous Improvement

Enbridge Gas proposes that the pilot projects be selected and implemented following the development and issuance of an IRP Framework for Enbridge Gas. Enbridge Gas indicates it could then apply the learnings from those pilot projects to future IRPAs.

VECC submits it may make sense for the OEB to approve Enbridge's Gas's IRP framework under a phased iterative approach meaning a preliminary IRPP framework could be put in place to guide the pilots and the incorporation of IRP into Enbridge Gas's system planning process. At the end of the pilot timeframe, the OEB could then formally revisit the framework and make adjustments as required, based on the lessons learned from the pilots and the implementation experience within Enbridge Gas.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 31ST DAY OF MARCH, 2021