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BY RESS AND EMAIL

Ms. Christine Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (OEB) File No.: EB-2020-0091
Integrated Resource Planning Proposal
Reply Argument**

Consistent with the OEB's Procedural Order No. 9 (dated March 5, 2021), enclosed please find the Reply Argument of Enbridge Gas in the above noted proceeding.

If you have any questions, please contact the undersigned.

Sincerely,

(Original Signed)

Adam Stiers
Technical Manager, Regulatory Applications

cc.: D. Stevens (Aird & Berlis)
M. Parkes (OEB Staff)
M. Millar (OEB Counsel)
EB-2020-0091 (Intervenors)

ONTARIO ENERGY BOARD

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

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

ENBRIDGE GAS INC.

REPLY ARGUMENT

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A. OVERVIEW

1. On March 17, 2021, Enbridge Gas Inc. (Enbridge Gas, or the Company) filed its Argument in Chief setting out the elements to be included in an Integrated Resource Planning (IRP) Framework. Key aspects of the Company's IRP Proposal include: (i) a request to consider a broad range of IRPAs and to treat IRPA investments as capital expenditures; (ii) a wide-ranging and ongoing stakeholder engagement process; (iii) a proactive and measured approach to determine what identified system needs or constraints should be considered for IRP; (iv) a fit-for-purpose evaluation approach to compare and choose between IRP and facilities alternatives; (v) an Ontario Energy Board (OEB) approval process for IRP Plans; (vi) the design and implementation of two IRP pilot projects; and (vii) ongoing monitoring and annual reporting of relevant IRP activities, results and learnings.
2. The Company's IRP Proposal is informed by four Guiding Principles (Reliability and Safety, Cost Effectiveness, Public Policy and Optimized Scoping). The IRP Proposal is consistent with the OEB's statutory objectives, including protection of consumers with respect to prices and reliability of service, promotion of energy conservation and energy efficiency policies of the Government of Ontario (having regard to consumers' economic circumstances) and the maintenance of a financially viable gas industry.
3. Eighteen parties¹ filed submissions in response to Enbridge Gas. This Reply Argument sets out Enbridge Gas's response. Given the vast amount of material filed by other parties, Enbridge Gas is not able to respond to each and every item raised. Instead, the Company focuses upon the items that seem most relevant to the OEB's

¹ OEB Staff (OEB Staff); Anwaatin Inc. (Anwaatin); Association of Power Producers of Ontario (APPRO); Building Owners and Managers Association (BOMA); Canadian Manufacturers & Exporters (CME); Consumers Council of Canada (CCC); Energy Probe Research Foundation (EP); Environmental Defence (ED); Federation of Rental-housing Providers of Ontario (FRPO); Green Energy Coalition (GEC); Industrial Gas Users Association (IGUA); London Property Management Association (LPMA); Low-Income Energy Network (LIEN); Ontario Greenhouse Vegetable Growers (OGVG); Ontario Sustainable Energy Association (OSEA); Pollution Probe (PP); School Energy Coalition (SEC); and Vulnerable Energy Consumers Coalition (VECC).

determination of an IRP Framework for Enbridge Gas.² In this regard, the Reply Argument should be read together with the Company's Argument in Chief.

4. Notably, many parties generally agree with the Enbridge Gas IRP Proposal (including OEB Staff, APPrO, CCC, CME, EP, IGUA, OGVG, OSEA and VECC).³ Most of these parties argue for specific discrete changes or additions to aspects of the Company's IRP Proposal.
5. Several parties argue for relatively broad changes to the Enbridge Gas IRP Proposal (including Anwaatin, ED, FRPO, GEC, LPMA and PP). Only one party (SEC) argues that the OEB should not approve any version of the Company's IRP Proposal.
6. A key difference between those who generally support the Company's IRP Proposal and those who do not relates to the scope and applicability of the IRP Framework that the OEB will establish for Enbridge Gas. While parties like OEB Staff⁴, CCC⁵, IGUA⁶ and OGVG⁷ support the Company's approach to a "first generation" IRP Framework that will see Enbridge Gas consider the most likely candidate projects for IRPAs, other parties argue for a broader scope that will consider most or all future projects for IRPAs and put most or all decisions to the OEB for approval. Further, many of the parties opposing the Enbridge Gas proposal argue that the IRP Framework should take into account optimization between gas and electric solutions, which would involve coordination with electricity distributors.
7. Enbridge Gas does not agree that it is reasonable or appropriate to assess IRP potential for all future identified needs/constraints. The costs of that approach are not warranted. Moreover, optimization between gas and electric solutions to meet consumer requirements is not at issue in this proceeding. Determination of the broad

² In this regard, where the Company does not respond to a particular item, that should not be taken as agreement with a position.

³ Two parties make only limited submissions (BOMA, LIEN), making it difficult to determine whether they are generally supportive of the Enbridge Gas IRP Proposal.

⁴ OEB Staff Submission, page 5.

⁵ CCC Submission, page 3.

⁶ IGUA Submission, page 7.

⁷ OGVG Submission, page 20.

questions raised by that issue would require policy direction from the provincial government, not to mention participation by impacted electricity distributors and the IESO.

8. Enbridge Gas submits that its IRP Proposal sets out a measured but meaningful plan to integrate IRP into its planning and operations. IRP solutions will be considered, developed, proposed and implemented where IRPAs are the best way (as compared to facilities alternatives) to meet identified future system needs and constraints. This approach will ensure continued safe and reliable service, while taking a balanced approach to ratepayer impact.
9. In its Argument in Chief, Enbridge Gas generally organized its submissions around the elements of an IRP Framework that it asks the OEB to approve. In this Reply Argument, the Company uses the same structure to respond to submissions from other parties.
10. For the reasons set out in evidence, Argument in Chief and Reply Argument, the Company requests that the OEB establish an IRP Framework for Enbridge Gas that includes each of the items described in the “Approvals Sought by Enbridge Gas for the IRP Framework” section of the Argument in Chief.

B. RESPONSES THAT ARE NOT SPECIFIC TO THE APPROVALS SOUGHT

11. Before responding to specific submissions received in relation to each of the approvals requested, there are several additional items advanced in intervenor submissions to which Enbridge Gas wishes to respond.⁸ These items are: (i) Enbridge Gas compliance with prior OEB directions; (ii) impact of carbon pricing; (iii) proposed moratorium on facilities applications; (iv) allocation of risk; (v) timing of OEB review and approvals of IRP decisions; (vi) optimization of gas and electricity solutions; (vii) Indigenous consultation; and (viii) unsubstantiated assumptions and accusations.

⁸ At page 20 of its Submission, ED asks that the OEB adopt all of the detailed recommendations made by the Energy Futures Group (EFG). In the interest of limiting the length of this Reply, Enbridge Gas has not included direct responses to each and every one of the specific recommendations made by EFG. However, many of the issues raised by EFG are broadly addressed by Enbridge Gas.

(i) Enbridge Gas compliance with prior OEB directions

12. In their submissions, several parties assert that Enbridge Gas has not satisfied the OEB's earlier directions to consider and implement IRP in place of facilities solutions.⁹
13. In evidence, Enbridge Gas set out the OEB's previous directions in relation to IRP, and the way that the Company has responded.¹⁰ As explained, the Company has a long history of being responsive to its customers' needs and innovative in its approach to system operation, regulatory strategy and energy efficiency programming. The IRP Proposal in this case takes account of the Company's experience and learnings to date, and is responsive to OEB direction. Importantly, the IRP Proposal shows the Company's willingness to listen and adapt to OEB and stakeholder feedback and preferences. That can be seen, for example, in the evolution of the Company's proposals for initial screening and stakeholdering, each of which were expanded over the course of this proceeding in response to concerns noted by stakeholders.¹¹
14. The Company disputes the accusations that it has failed to heed OEB direction, or make progress with IRP. However, it is not clear that a determination on this question is relevant or necessary to the determination of an IRP Framework. That past history is not particularly relevant is supported by OEB Staff's comments regarding the relative status of development and implementation of natural gas IRP across North America:¹²

OEB staff agrees with Enbridge Gas that the evidence in this proceeding indicates that natural gas IRP is still at an early stage. In particular, the degree to which IRPAs will prove to be technical and economically viable alternatives to facility projects in meeting system needs cannot be determined with certainty at this time, and will depend on learnings from the IRP Framework, including results from the pilot projects and initial IRP Plans, advances in technology, learnings from other jurisdictions, and other factors.

⁹ See ED Submission, pages 5-7; FRPO Submission, pages 4-5; GEC Submission, page 5; PP Submission, pages 2-4; and SEC Submission, pages 3-7.

¹⁰ Exhibit B, paras. 5-12.

¹¹ See Exhibit JT1.3, for updates to Enbridge Gas's proposed Stakeholder Outreach strategy; See Exhibit JT2.11, for explanation of Enbridge Gas's additional Binary Screening Criteria for Pipeline Replacement and Relocation; See Exhibit J1.4 for a description of Enbridge Gas's final proposed Binary Screening Criteria that reflect their evolution over the course of this proceeding.

¹² OEB Staff Submission, page 16.

15. What is relevant in this case is that Enbridge Gas has made an IRP Proposal that will allow it to consider and implement IRP where appropriate. This will be an iterative process that will take some time to fully implement. However, work on IRP pilot projects and future IRP planning will start immediately after the IRP Framework is approved. When that happens, Enbridge Gas will be as advanced on IRP as any North American gas distributor, with the possible exception of utilities in New York State.

(ii) Impact of carbon pricing

16. One topic that occupied a lot of time at the Technical Conference and the Oral Hearing was the question of how Enbridge Gas is reflecting carbon pricing in its demand forecasts. The Company's evidence is clear that its forecasts reflect current legislated carbon pricing, and that when the federal government implements its announced intention to increase carbon pricing then the demand forecasts will be updated.¹³ The Company's position is that it is not appropriate to reflect announced, but not approved future carbon prices.¹⁴

17. Enbridge Gas agrees with OEB Staff¹⁵ that the appropriate time/venue to consider and debate the details of the Company's demand forecasting methodology (and/or the resulting forecasts) is at the upcoming rebasing proceeding.¹⁶ As explained by Ms. Giridhar in testimony at the oral hearing, the Company is working to complete such analyses to support its rebasing application and evidence.¹⁷ Similarly, review of the

¹³ See, for example, Exhibit B, para. 24; Exhibit C, para. 45; Exhibit I.OSEA. 2 and Exhibit I.VECC.1. For further discussion see 2Tr. 42-43 and 2Tr. 116.

¹⁴ Enbridge Gas does not agree with Anwaatin on this point – see Anwaatin Submission, pages 11-13. Note also that Anwaatin's submission that there is no legislative basis for a \$50 per tonne carbon price beyond 2022 is not correct. Schedule 2, Table 4 of the *Greenhouse Gas Pollution Pricing Act* indicates the applicable charge "after March 31, 2022", with no indicated end date.

¹⁵ OEB Staff Submission, page 25.

¹⁶ Enbridge Gas disputes Anwaatin's submission that the OEB should direct Enbridge Gas to reflect updated carbon prices into planning activities and demand forecasts now (Anwaatin Submission, page 12). That will be done if and when the federal government formally directs any updated carbon pricing.

¹⁷ 2 Tr. 116-117.

accuracy of demand forecasts (as GEC proposes¹⁸) is better suited to rates proceedings (or even the gas supply plan review process) than the IRP Framework.

18. ED and GEC argue that Enbridge Gas should be required to present and analyze a variety of carbon pricing scenarios and their relative impact on Enbridge Gas's underlying demand forecast as part of any IRPA assessment.¹⁹ The suggestion is that the scenarios should examine not only the status quo, but also a variety of scenarios where carbon pricing increases over time to levels previously announced but not yet legislated by the federal government and beyond, reaching \$500/tonne CO_{2e} by 2050.²⁰ ED assures the OEB (based on Mr. Neme's testimony) that this requirement is "not onerous".²¹ GEC suggests that the Company prepare three scenarios, based on different carbon pricing trajectories.²²

19. To the extent that parties are arguing for Enbridge Gas to prepare different demand forecasts based on a variety of scenarios²³, the evidence is that this would be very onerous.²⁴ As Ms. Giridhar explained: "[t]he demand forecasting and asset planning processes are very, very involved processes. They don't lend themselves to multiple scenarios."²⁵ Stated simply, Enbridge Gas is not able to easily prepare multiple demand forecasts based on different hypothetical input assumptions.

20. However, where the requested scenario analysis relates simply to adding an additional scenario using different carbon pricing assumptions for the DCF+ analysis, to compare an IRP Plan and facilities solution, then Enbridge Gas can accommodate

¹⁸ GEC Submission, pages 24-25.

¹⁹ ED Submission, pages 11-17 and GEC Submission, pages 24-28.

²⁰ GEC Submission, page 28.

²¹ ED Submission, page 17.

²² GEC Submission, page 28.

²³ This appears to be the GEC position – see GEC Submission, page 26. See also EP Submission, page 11.

²⁴ Exhibit C, para. 45.

²⁵ 2Tr.116. See also Argument in Chief, para. 66 and Exhibit J1.8 which provides an illustrative model of the complexity of Enbridge Gas's demand forecasting process.

that request.²⁶ That does not mean, however, that the Company will agree with the appropriateness or results of the additional scenarios.

(iii) Proposed moratorium on facilities applications

21. SEC submits that the OEB should establish a moratorium on new facilities projects between now and rebasing, with the only exception being projects that are too urgent to wait for rebasing, and are not likely to be affected by IRP analysis.²⁷ This position is connected to SEC's argument that the OEB should not approve an IRP Framework at this time.

22. There are many problems with SEC's position. Here are a few.

23. First, this position presupposes that the OEB will not approve an IRP Framework. Enbridge Gas does not believe that to be a proper or reasonable outcome from this proceeding. No other party appears to agree with SEC.

24. Second, this proposal is not within the scope of this proceeding, and was not even suggested to the Enbridge Gas witnesses for response.

25. Third, Enbridge Gas is under an IR framework (deferred rebasing) that includes rates designed to support a level of capital spending.

26. Fourth, SEC argues that one reason the OEB should establish a moratorium on new facilities projects until rebasing is that the Company's demand forecasts only reflect legislated federal carbon pricing, not proposed prices.²⁸ As discussed above, the Company has clearly stated its intention to update forecasts for legislated changes in carbon pricing in the future and has agreed to complete economic assessments (DCF+) under both the current and proposed carbon pricing scenarios.

27. Fifth, the projects that Enbridge Gas proposes to complete in the deferred rebasing period have been prudently sized and established based on the Company's approved

²⁶ 2Tr.116-117.

²⁷ SEC Submission, pages 25-26.

²⁸ SEC Submission, page 26.

forecasting methodologies. The need for and scope of the projects take into consideration current franchise and market trends. The modelling and continuity of forecasting is updated yearly and reflects any changes that have occurred each year. A moratorium inappropriately ignores these factors.

28. Finally, there would be adverse consequences from requiring Enbridge Gas to justify not only the need for a facilities project, but also that the project cannot wait. As was discussed in the course of this proceeding, Enbridge Gas has typically planned to construct facilities as close to the timing of identified system constraints/needs as possible, to maximize demand forecast certainty. The backlog of projects that would result from SEC's recommendations, and subsequent difficulties getting all required work done if everything is delayed to the same future time could place the safety and reliability of Enbridge Gas's systems at risk. Further, Enbridge Gas and nearly all intervenors in this proceeding have repeatedly acknowledged that adoption of IRP in Ontario will be an iterative process that "ramps up" over time in all respects. This fact will not be avoided by delaying adoption and implementation of IRP until the Company's 2024 rebasing application.

(iv) Allocation of risk

29. In Argument in Chief, Enbridge Gas explained its view that the Company should not bear the risk that an approved IRP Plan may not succeed in creating the forecast peak demand reduction.²⁹ 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.³⁰

²⁹ That is particularly the case where an IRP Plan reflects agreed or approved assumptions about consumer choice to make use of IRPAs, and then the impacts from those assumptions do not materialize.

³⁰ Argument in Chief, paras. 48-49.

30. Several parties take issue with Enbridge Gas's position. The common refrain is that Enbridge Gas should bear some risk for IRP investments, as it does with pipeline investments.³¹

31. Enbridge Gas acknowledges that, consistent with pipeline investments, where it does not act prudently and in accordance with an approved IRP Plan, then it may be at risk for recovery of some portion of IRP investments that are deemed imprudent. This position is supported by ED, EP and PP.³²

32. However, in the scenario where Enbridge Gas implements an OEB-approved IRP Plan, but finds that the IRP Plan does not perform as expected such that a facilities solution is required, then Enbridge Gas maintains that it should be entitled to recover the costs of both the IRP Plan and the facilities solution. As is clear from this proceeding, IRP is a new activity and the peak demand reductions that may be achieved through IRP Plans are much less certain than what will be achieved through facilities investments. For these reasons, Enbridge Gas proposes to apply derating factors to IRPAs. However, such mitigation measures do not eliminate these risks entirely. OEB Staff and CCC³³ acknowledge the fact that risks associated with IRP investments are incremental to existing forecast, operational and facility-related risks. Specifically, OEB Staff states:

There may be a greater degree of performance and cost risk associated with IRP as a new activity, in comparison with facility projects, and the OEB should take this consideration into account in its prudence review.³⁴

33. Taking the risk of whether an IRP Plan will deliver all the forecast peak demand reductions is not the same as taking the risk that a facility will operate as designed. The successful implementation of facilities solutions has been proven historically to be far more predictable and thus much lower risk than IRPAs like DSM, DR or

³¹ See, for example, APPrO Submission, page 20; BOMA Submission, page 2; CME Submission, pages 14-15; EP Submission, pages 15-16; GEC Submission, pages 28-29; LPMA Submission, page 15; and VECC Submission, page 5.

³² ED Submission, page 21; EP Submission, pages 7 and 27; PP Submission, Appendix, page 27.

³³ CCC Submission, p. 3.

³⁴ OEB Staff Submission, page 10.

geothermal, because those IRPAs depend on consumer behaviour for success. As discussed in the response at Exhibit I.GEC.7, Enbridge Gas stresses that:

IRPAs have varying levels of risk associated with them, in part due to their differing amounts of reliance on human behavior to drive the effectiveness of the solution, regardless of the how long the lead time is. Also, if the IRPA solution relies on the electricity system, that system is inherently less reliable than the natural gas system and subject to electrical system outages.

If Enbridge Gas is at risk for lower-than-expected results from IRP Plans, then it will essentially be penalized for pursuing IRP.

34. Enbridge Gas agrees that the specific determination of prudence and recovery of IRP Plan costs in the circumstance where a facilities solution becomes necessary will be made in a later proceeding (a facilities case, or a rebasing case). At that time, all relevant facts can be considered. Enbridge Gas submits, however, that there should be a presumption of recovery of IRP Plan costs, so long as the Company did not act imprudently. The Company does not agree with LPMA's suggestion that where an IRPA does not deliver the expected results, then Enbridge Gas should recover the IRP Plan costs exclusive of any return on equity component.³⁵ At the outset of IRP in Ontario, given the uncertainties noted by OEB Staff above, the OEB should reserve such penalties for extreme instances so as to avoid creating a disincentive.

(v) Timing of OEB review and approvals of IRP decisions

35. Enbridge Gas proposes that the OEB will review and approve the outcomes of the IRP process when the Company is ready to proceed with the chosen solution - either through an application for approval of an IRP Plan or through a leave to construct (LTC) application for approval of a facilities solution.³⁶

36. OEB Staff agree with Enbridge Gas's proposal that no explicit OEB approval of IRP-related decisions is required until Enbridge Gas requests a specific IRP Plan/LTC approval.³⁷ Similarly, APPrO³⁸ questions the merit of replacing targeted and customer

³⁵ LPMA Submission, page 15.

³⁶ Argument in Chief, paras. 40-42.

³⁷ OEB Staff Submission, pages 24 and 48.

³⁸ APPrO Submission, pages 7 and 11.

focused stakeholdering with a more costly and time consuming quasi-litigation process, and CCC³⁹ notes that all parties, through a formal application (IRP Plan/LTC) to the OEB, will have the opportunity to test the Company's decisions and to potentially propose alternatives. Several other ratepayer groups are silent on this item.⁴⁰

37. Other parties argue for the inclusion of more OEB process (discovery and adjudication). These proposals include the following:

- i. Anwaatin requests that the OEB establish a "robust adjudicative process" within annual rate cases which includes opportunities for discovery and written submissions.⁴¹
- ii. CME submits that the IRP Framework should include a process whereby interrogatories can be asked and must be answered, and OEB review of the outcome of IRP decisions can be made in advance of when those solutions would need to be implemented.⁴²
- iii. ED proposes that any decision to reject a non-pipeline solution be subject to an interrogatory process, and adjudication in the event of a dispute, prior to the LTC application. ED suggests that this could be done in annual rates cases.⁴³
- iv. FRPO asks that the IRP Framework include opportunities to engage the OEB "in the resolution of genuine disputes" that may arise in the stakeholder process when Enbridge Gas is not willing to provide "requested assistance".⁴⁴
- v. GEC proposes an OEB review process every three years of all IRP-related decisions in the Asset Management Plan (AMP). In the interim years, GEC proposes that there would be a working group that would review all screening and other IRP decisions and report annually to the OEB, potentially triggering more frequent adjudication.⁴⁵
- vi. IGUA argues for formal annual review of Enbridge Gas's implementation and compliance with the IRP Framework.⁴⁶

³⁹ CCC Submission, page 4.

⁴⁰ For example, EP, OGVG and VECC.

⁴¹ Anwaatin Submission, page 21.

⁴² CME Submission, page 13.

⁴³ ED Submission, pages 17-18. ED says that "an interrogatory process is a very low burden". On that point, Enbridge Gas expressly disagrees. In a case like a rate proceeding where there can be 15 or more intervenors, each of whom ask many interrogatories, the "burden" is significant on the Company, the OEB and to ratepayers.

⁴⁴ FRPO Submission, page 19.

⁴⁵ GEC Submission, pages 4, 13, 15 and 35-36.

⁴⁶ IGUA Submission, page 12.

- vii. LPMA proposes that there should be an annual filing of which needs or constraints are not suitable for IRP, followed by a stakeholder consultation, discovery, technical conference and (if necessary) OEB review.⁴⁷
- viii. PP recommends that the OEB provide a process following the filing of each Annual IRP Report and each AMP “for identification of areas where the Enbridge IRPA decisions require more assessment.” PP also submits that “adjudication should be arranged prior to Enbridge filing an [IRP Plan/LTC] application to save time and resources”.⁴⁸

38. In large part, the intervenor proposals are premised on the argument that Enbridge Gas has, in the past, filed LTC applications without adequate consideration of alternatives, at a time when it is too late to implement alternatives. As already noted, Enbridge Gas does not agree with these characterizations. Importantly, though, the elements of the proposed IRP Framework address such concerns. Enbridge Gas will consider IRP when new system needs/constraints are identified on an annual basis, up to 10 years in advance and will share its findings publicly in annual updates to its AMP. Enbridge Gas will take steps to implement IRPAs where appropriate. It will re-review decisions not to proceed with IRP when new facts arise or where forecasts change.

39. The approaches advocated by other parties will add a very large amount of regulatory process. Taking recent history into account, it is simply not reasonable to assume that each of the parties proposing the additional oversight and adjudication steps will be satisfied with outcomes that the Company proposes unless those are IRP Plans, and more specifically, that the IRP Plans contain the combination of IRPAs that they deem optimal. This will then lead to an exponential or at least very large increase in the number of adjudications that the OEB is called upon to make for Enbridge Gas, and a corresponding increase in the amount of work to be completed by Enbridge Gas to deal with the evidence, discovery and decision-making phases of the adjudication

⁴⁷ LPMA Submission, page 10.

⁴⁸ PP Submission, Appendix, page 29.

process. This does not fit with the recent direction from the Minister of Energy to the OEB to “reduce regulatory burden”.⁴⁹

40. As stated in Argument in Chief, Enbridge Gas acknowledges that it bears the risk that the OEB might not approve an as-filed LTC application in the circumstance where it is determined that an IRP Plan would be a better approach. The Company further acknowledges in that circumstance parties might argue that the OEB should approve something less than full cost recovery, for Enbridge Gas if a facilities option was the only feasible approach because of timing concerns.⁵⁰ The Company believes, though, that this risk will be low where Enbridge Gas follows the steps of the IRP Proposal, and listens to stakeholders and Indigenous groups and considers their feedback.⁵¹

(vi) Optimization of gas and electricity solutions

41. Some parties argue for a broader view of and approach to IRP, to consider “cross-sectoral” or “energy sector-wide” planning to assess how to meet consumer needs.⁵²

42. Enbridge Gas believes that such submissions go beyond what is at issue and can be determined in this proceeding. As recognized in the OEB Staff Submission⁵³, this case is about approving an IRP Framework for Enbridge Gas alone, to apply when it identifies system constraints/needs within its own gas systems. As noted by IGUA, “[t]he matter at hand is not to re-design our province’s growing energy demands in a carbon constrained future”.⁵⁴ Electricity sector players are not part of this proceeding. No policy direction has been given about whether, when or how gas distributors and electricity distributors could or should work or plan together. As noted by EP, “[c]onsideration of other matters, such as broad energy planning and multi-fuel planning are Policy Issues for the Government and the Ministry of Energy, Northern

⁴⁹ October 1, 2020 Mandate Letter to the OEB from the Minister of Energy, Northern Development and Mines, page 5 of 6.

⁵⁰ See OEB Staff Submission, page 48; and IGUA Submission, pages 11-12.

⁵¹ Argument in Chief, para. 43 and associated references.

⁵² See, for example, PP Submission, pages 2-3; LPMA Submission, pages 2 and 8; Anwaatin Submission, pages 2 and 4; and GEC Submission, pages 14 and 16.

⁵³ OEB Staff Submission, pages 12 and 14.

⁵⁴ IGUA Submission, page 2.

Development and Mines to consider and provide appropriate policy direction to the OEB and Enbridge Gas.”⁵⁵

43. Enbridge Gas understands that the Government of Ontario is currently conducting a consultation on the development of a new long-term energy planning (LTEP) process which will consider the appropriate roles for government, the IESO, the OEB and utilities in system planning with a focus on enabling better use of resources and increased benefits to customers.⁵⁶ The Company anticipates that the conclusions of this consultation will provide all parties further clarity in this regard.

44. While there may be opportunities for Enbridge Gas to implement electricity-based IRPAs in scenarios where that could reduce peak demand at a constrained location, Enbridge Gas believes that is the limit for how this first IRP Framework should include consideration of electrification. Indeed, as discussed in more detail below, some parties argue that the Company’s proposal on this item goes too far.

(vii) Indigenous consultation

45. Anwaatin argues that the proposed IRP Framework should have been the subject of consultation and engagement with Indigenous communities.⁵⁷ Anwaatin submits that, going forward, Enbridge Gas’s stakeholder engagement process must demonstrate stronger commitment to the duty to consult and accommodate.⁵⁸

46. In response to Anwaatin’s submissions, Enbridge Gas submits that it is committed to engaging with Indigenous peoples, in accordance with its Indigenous Peoples Policy and the duty to consult and accommodate, where applicable and where the procedural aspects have been delegated to Enbridge Gas.

⁵⁵ EP Submission, page 1.

⁵⁶ <https://ero.ontario.ca/notice/019-3007>.

⁵⁷ Anwaatin Submission, pages 14-19.

⁵⁸ Anwaatin also asks that the OEB find that Enbridge Gas failed to comply with its own Indigenous Peoples Policy (IPP), and require the Company to do so (Anwaatin Submission, page 18). Enbridge Gas specifically denies that it failed to comply with its IPP. In any event, though, it is not clear that it is appropriate, necessary or even available for the OEB to “require” a utility to comply with an internal policy such as the IPP.

47. In Enbridge Gas's view, the duty to consult is not triggered by the IRP proposal as the OEB's decision in this proceeding does not contemplate conduct that may adversely impact asserted or established Aboriginal⁵⁹ or treaty rights.⁶⁰
48. While Enbridge Gas acknowledges that strategic, higher level decisions can trigger the duty to consult, this is not the case here. The OEB did not direct that Enbridge Gas consult as part of its original direction to commission an IRP Study, or as a result of its review of the same during the Mid-Term Review of the 2015-2020 DSM Framework. Neither did the OEB direct consultation after receiving the Company's original IRP Proposal in November 2019. The IRP proposal itself has no impact on Enbridge Gas' current operations or any Indigenous community. Rather, if approved, the IRP Framework will enable the pursuit of IRPA investments in the future, which could then result in a change to Enbridge Gas' operations. It is at that time that Enbridge Gas will have sufficient information to determine which, if any, Indigenous community(ies) may be impacted by the IRPA and if so, what the impact of the IRPA may be on that Indigenous community's Aboriginal or treaty rights.
49. Anwaatin has not presented any evidence in this proceeding to demonstrate how the IRP proposal may adversely impact its rights or those of Indigenous rights-holding communities. Anwaatin simply asserts that the proposed IRP Framework may significantly diminish the procedural rights afforded to all stakeholders including Indigenous rights-holding communities, pursuant to the existing process for LTC applications.⁶¹
50. As stated in *R v. Van der Peet*, "in order to be an aboriginal right an activity must be an element of a practice, custom or tradition integral to the distinctive culture of the aboriginal group claiming the right."⁶² Enbridge Gas submits that the lack of any

⁵⁹ In this Reply Argument, the Company uses the terms Indigenous and Aboriginal interchangeably. A reference to "Indigenous" has the same meaning as a reference to "Aboriginal" in s. 35 of the *Constitution Act, 1982*, which defines the aboriginal peoples of Canada as the First Nations, Inuit and Métis.

⁶⁰ See, for example, *Haida v. British Columbia (Minister of Forests)*, 2004 SCC 73; *Taku River Tlingit First Nation v. British Columbia*, 2004 SCC 74; and *Mikisew Cree First Nation v. Canada*, 2005 SCC 69.

⁶¹ Anwaatin Submission, para. 45.

⁶² *R v. Van der Peet*, [1996] 2 SCR 507 at para 46.

specific Aboriginal or treaty rights identified by Anwaatin in this proceeding reinforces that it is premature to require Aboriginal consultation as part of the IRP Framework, since there is no project before the OEB.⁶³

51. Enbridge Gas submits that this case is analogous to the EB-2017-0319 RNG Enabling Program application, where Enbridge Gas sought approval for rates and services that would support future RNG projects. In that case, the OEB found that the duty to consult did not apply under the test set out in the *Carrier Sekani* case. In coming to that conclusion, the OEB noted that there were no projects or even areas for future development being approved and found that:

... it is not clear that the matters before the OEB have any impact on any identified Aboriginal or treaty right. This Decision approves a rate-setting methodology for an RNG Injection Service and a deferral account under Section 36 of the OEB Act. It does not authorize anyone to build anything. The OEB does not see any direct material impact that this Decision will have on Aboriginal or treaty rights.

Projects have not yet been defined. Accordingly, information does not exist on the specific sites or when projects might proceed in order to assess any impacts on Aboriginal and treaty rights. The lack of any specific Aboriginal or treaty rights identified by Anwaatin regarding this application reinforces the OEB's finding that it is premature to require Aboriginal consultation as part of this application. As indicated in the *Carrier Sekani* case, "mere speculative impacts, however, will not suffice".⁶⁴

52. With all that being said, regardless of whether the duty to consult has been triggered by this proceeding or whether Aboriginal consultation is required, Enbridge Gas submits that Anwaatin has been a full participant in the current proceeding before the OEB and Enbridge Gas has carefully considered its views.

53. Enbridge Gas has been clear in this proceeding that it intends to consult with Indigenous communities, together with other stakeholders, regarding system

⁶³ Commissioner Frank acknowledged this when asking Anwaatin how its engagement on Enbridge Gas's IRP Proposal is any different than the engagement for other parties. Mr. Richardson, in response, advised that First Nations across Ontario are dealing with fairly significant issues of energy poverty and significant issues of energy reliability. They want to be at the table to have a constructive meaningful dialogue and work to understand unique circumstances. See PD Tr. 161-165. While Enbridge Gas acknowledges and understands that energy poverty and reliability are significant issues facing First Nations in Ontario and elsewhere in Canada, this is a broader issue that does not represent a direct material issue caused by a decision on Aboriginal or treaty rights.

⁶⁴ EB-2017-0319 Decision and Order, October 18, 2018, page 25.

constraints/needs identified and specifically Indigenous communities with the potential to be affected by any IRPA investments selected, in accordance with the duty to consult. Enbridge Gas values the relationships it has with Indigenous communities who live near its projects and operations and recognizes it can always benefit from increased Indigenous perspective.

(viii) Unsubstantiated assumptions and accusations

54. In several places, parties advance positions or arguments that are not supported by the evidence. Without intending to address every such instance, there are a few items to which Enbridge Gas wishes to respond.

55. First, Anwaatin accuses Enbridge Gas of inconsistency between the IRP Proposal and the Enbridge Inc. “net zero” commitments.⁶⁵ There is no inconsistency. As discussed in its response to Anwaatin’s questions from the Technical Conference at Exhibit JT3.5, the Enbridge Inc. “net zero” commitment relates to the Company’s own operations, and does not take into account customer emissions.⁶⁶ Further, the IRP Proposal is not directly aimed at carbon reduction, but rather at supporting IRPAs in place of facilities solutions in appropriate circumstances.

56. Second, both ED and GEC argue that electrification of heating will lower electricity rates, at least initially, because it will increase winter consumption when there is excess capacity.⁶⁷ It is not clear to Enbridge Gas that this assertion has been established. For example, increased use of heat pumps could lead to higher consumption in both summer and winter.⁶⁸ Additionally, it remains an open question as to how the electricity system (transmission, distribution and generation) could accommodate the additional demand from wide-spread electrification of heating.

⁶⁵ Anwaatin Submission, pages 5 and 21.

⁶⁶ Exhibit JT3.5.

⁶⁷ ED Submission, page 13 and GEC Submission, page 8.

⁶⁸ When asked about this, Mr. Neme asserted that most houses in Ontario already have central air conditioning, so there would not be much impact from switching to heat pumps – see 4Tr.102.

57. Third, FRPO criticizes Enbridge Gas for having failed to “collaborate” with FRPO and other stakeholders in formulating “good faith market solicitations that are an essential prerequisite to consideration of the PDO-based supply side alternatives to a transmission system build”.⁶⁹ Enbridge Gas objects to this criticism. The Company is responsible for planning and operating its system. While Enbridge Gas will consider supply side alternatives to future infrastructure needs, the Company does not agree that it is necessary to “collaborate” with FRPO to design or solicit such alternatives, especially in the current context where there is no proposed transmission system build.⁷⁰

58. Fourth, SEC argues that the Enbridge Gas IRP Proposal “starts from the premise that Enbridge Gas will have to deliver more and more gas”.⁷¹ That is not the case. While the current AMP reflects the Company’s forecast of continued net increases in natural gas demand, that forecast includes reductions in demand driven by reverse open seasons, the impact of current DSM programming, actual changes in customer behaviour (e.g. due to current federal carbon charges), and customer elections to convert from firm to interruptible services. The Company will continue to apply OEB-approved demand forecasting approaches in future years, and will use the results to inform future AMPs. The Company’s IRP Proposal sets out the way that Enbridge Gas will address future identified system constraints and needs, including review of IRPAs in place of facilities solutions. The approach set out in Enbridge Gas’s IRP Proposal will continue to apply even in the event of dampened future gas demand forecasts and corresponding changes to the system constraints and needs identified in the AMP.

⁶⁹ FRPO Submission, page 21.

⁷⁰ On the specific topic of PDO, Enbridge Gas will meet its obligation to present evidence in the 2022 Rate Case to review the alternatives that Enbridge Gas has considered to determine whether it is cost-effective to eliminate or reduce the PDO for future years.

⁷¹ SEC Submission, page 12.

59. SEC also argues that Enbridge Gas “doesn’t really want to do IRP”, and SEC builds much of its argument on that false premise.⁷² As discussed in evidence⁷³, Enbridge Gas has: (i) been a leader in achieving demand side management (DSM) energy and bill savings for 25 years;⁷⁴ (ii) long optimized rate design to offer interruptible services (a form of DR); (iii) avoided construction of pipeline facilities in Ontario through the development of underground natural gas storage; (iv) been at the forefront of developing renewable fuel alternatives (green fuels); and (v) long optimized the planning/design efficiency of its natural gas transmission and distribution systems to ensure their rational expansion.⁷⁵ The Company’s proposal, evidence and testimony in this case demonstrate that Enbridge Gas is also ready and willing to implement IRP. Enbridge Gas may not be proposing the level of IRP implementation advocated by SEC and environmental groups (ED, GEC and PP), but that does not mean that the Company’s IRP Proposal is inappropriate. Indeed, many parties (including most ratepayer representatives) generally support Enbridge Gas’s position.

60. Finally, Enbridge Gas submits that PP’s Submission is replete with unfair accusations and unfounded assertions. Notably, none of these are repeated by any other party. Examples are below:

- i. PP asserts that Enbridge Gas has withdrawn recent LTC applications because of “poor planning” or “lack of project need”, implying that consideration of alternatives and/or stakeholder consultation would have avoided the applications.⁷⁶ That is not the case. The reason why certain recent Enbridge Gas LTC applications have been withdrawn is that circumstances (demand forecasts, code requirements) changed after the filing date.⁷⁷ As discussed above, Enbridge Gas has historically

⁷² SEC Submission, pages 7 and 10.

⁷³ Exhibit B, pages 3-4.

⁷⁴ Enbridge Gas has saved its customers 30 billion lifetime m³ of natural gas and 56.2 million tonnes of greenhouse gas emissions, the equivalent of taking 12.2 million cars off the road for a year, reducing natural gas usage and energy bills while passively mitigating infrastructure needs.

⁷⁵ PD Tr.11.

⁷⁶ PP Submission, pages 3-4.

⁷⁷ EB-2019-0159, Project Status Report filed Oct 22, 2020, indicates the application was withdrawn due to a change in demand forecast; See also EB-2020-0065 Notice of Discontinuance filed April 25, 2021, which indicates the application was withdrawn due to Code changes. These changes are embedded in CSA Z662-19, adopted by the Technical Standards and Safety Authority pursuant to an Oil and Gas Pipeline Systems Code Adoption Document Amendment to replace CSA Z662-15 effective February 8, 2021; See also the Decision and Order on Application Withdrawal Request for EB-2020-0198 filed February 19, 2021, which clearly indicates that through Settlement, Enbridge Gas was made aware of a change in deadline that resulted in revaluation of lower cost alternatives.

timed the approval and implementation of facility projects as closely to associated system constraints/needs as possible to minimize uncertainty. Withdrawal of these recent LTC applications is a clear demonstration of the prudence and diligence of the Company's existing system planning processes.

- ii. PP claims, without basis, that Enbridge Gas has refused to include municipalities on its stakeholder list to ensure they have input into project alternatives that impact their communities.⁷⁸ This is not true. As stated in its response at Exhibit I.PP.4, Enbridge Gas engages with municipalities in its assessment of potential facility projects consistent with the OEB's guidance for LTC applications. The Company's Municipal Energy Solutions team also directly supports municipalities in their efforts to develop and implement their Municipal Energy Plans and Community Energy Plans by offering aggregated consumption data, tangible conservation and low carbon opportunities and collaborations. Further, Enbridge Gas's IRP Proposal includes a Stakeholder Outreach strategy that includes engagement with potentially affected municipalities at every stage of IRP planning.
- iii. PP asserts that Enbridge Gas commissioned ICF to complete the 2018 IRP Study without a scope of work which it claims "seriously impacted the breadth and quality of information".⁷⁹ This is not true. The scope of work for the 2018 IRP Study was at issue in the Utilities' (EGD and Union) 2015-2020 Multi-Year DSM Plans proceedings (EB-2015-0029/0049). Further, a summary of the feedback received from external parties on the 2018 IRP Study, including its scope of work, was filed as part of the Utilities' submissions in the Mid-Term Review of the 2015-2020 DSM Plans proceeding (EB-2017-0127/EB-2017-0218).⁸⁰
- iv. PP asserts that gas IRP is "not new"⁸¹ and indicates that there is a "long and deep foundation of information, materials and best practices to draw from related to IRP and even specifically gas IRP".⁸² In making this submission, PP ignores the expert evidence that there is no jurisdiction in North America with a fully formed IRP Framework for natural gas.⁸³

⁷⁸ PP Submission, page 17.

⁷⁹ PP Submission, page 14.

⁸⁰ As noted in the response at Exhibit I.PP.3.

⁸¹ PP Submission, page 4.

⁸² PP Submission, pages 13-14.

⁸³ See Argument in Chief, para. 33, Section vi. None of the experts in this case have pointed to an example of a regulator-approved gas IRP framework that is similar in scope or content to what Enbridge Gas is proposing in this proceeding. Even in New York State, the most advanced jurisdiction on NPS, the New York Public Service Commission has not yet completed its NPS framework type process "to establish a modernized and improved long-term gas system planning process for each gas utility". That proceeding is still at a relatively early stage, with Staff having recently filed its proposal that will next be the subject of a stakeholder forum and written submissions. See 4Tr.7-9, 4Tr.12, and New York Public Service Commission, Case 20-G-0131 - Proceeding on Motion of the Commission in Regard to Gas Planning Procedures – Staff Gas System Planning Process Proposal, February 12, 2021, found as Tab 19 of Exhibit K3.3.2 (OEB Staff Compendium).

- v. PP asserts that the Company's binary screening criteria could scope 100% of projects out of consideration for IRP. That is not the evidence. Exhibit J1.1 shows that projects accounting for more than one third of its forecast capital spending in the current AMP would be eligible for IRP consideration under the Company's binary screening proposal.
- vi. PP argues against Enbridge Gas's proposed Guiding Principles, arguing that they are not needed and pointing to the Gas Supply Framework as an example where "there was no need for Guiding Principles".⁸⁴ This is simply incorrect. The Gas Supply Framework has a section titled "Guiding Principles for the Assessment of Gas Supply Plans", and it sets out the three applicable guiding principles (cost-effectiveness, reliability & security of supply and public policy) with explanations for each.⁸⁵ As explained in Argument in Chief, Enbridge Gas believes that the IRP Framework will also benefit from Guiding Principles.⁸⁶

C. PURPOSE OF ENBRIDGE GAS'S IRP FRAMEWORK PROPOSAL

61. As set out in Argument in Chief⁸⁷, Enbridge Gas submits that IRP is a multi-faceted planning process 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. IRP is aimed at considering facility and non-facility alternatives to address long-term system constraints/needs such that an optimized and economic solution is proposed and implemented to meet the identified constraint or need.⁸⁸

62. Some other parties have provided their own definitions of IRP.

63. OEB Staff's proposal seems reasonably aligned with the Enbridge Gas proposal, though OEB Staff place less emphasis on cost impacts to gas customers than the Company's proposal.⁸⁹

⁸⁴ PP Submission, page 18.

⁸⁵ EB-2017-0129, Report of the Ontario Energy Board Framework for the Assessment of Distributor Gas Supply Plans, pages 7-8.

⁸⁶ Argument in Chief, paras. 21-30.

⁸⁷ Argument in Chief, para. 19.

⁸⁸ Several parties indicate that they support all or parts of Enbridge Gas's description of IRP - see, for example, APPrO Submission, page 6; CME Submission, page 3; IGUA Submission, page 7; OGVG Submission, page 5; and VECC Submission, pages 1-2.

⁸⁹ OEB Staff Submission, pages 6 and 15-16.

64. FRPO, GEC, LPMA, PP and SEC disagree with Enbridge Gas's IRP definition, pointing to items that they indicate should be added or changed.
65. FRPO submits that IRP is "far broader" than asserted by Enbridge Gas and encompasses "bridging" mechanisms that are short-term or medium-term "regardless of what might happen beyond the bridge".⁹⁰ Enbridge Gas submits that its IRP definition already considers such solutions, so long as they are realistic supply side options to reliably meet an identified system constraint/need either alone or in combination with other alternatives.
66. GEC argues that the IRP Framework should encourage "rational planning ... with particular recognition of the emerging energy transition toward a low carbon economy".⁹¹ Enbridge Gas does not agree. IRP is not aimed at "energy transition", but rather at making optimal resource decisions based on current information. If the Ontario government intended the OEB to consider and accommodate "energy transition" through IRP, then this would be set out in the relevant statutory objectives or in a Minister's Directive. No such direction exists.
67. LPMA submits that IRP should be "a multi-faceted, multi-energy process, underpinned by the energy requirements of customers (not just natural gas customers) ... to determine the solution to an identified future need or constraint that provides the best combination of energy types, costs and risks to energy consumers in Ontario."⁹² Similarly, SEC submits that "IRP is about meeting the energy needs of the customer, not the gas needs of the customers".⁹³ Enbridge Gas does not agree.⁹⁴ As explained earlier, this initial IRP Framework for Enbridge Gas should be focused on natural gas, except where electricity-based solutions could be appropriate IRPAs to mitigate localized peak gas demand.

⁹⁰ FRPO Submission, page 5 and Appendix 1.

⁹¹ GEC Submission, pages 5 and 9.

⁹² LPMA Submission, pages 7-8.

⁹³ SEC Submission, page 11.

⁹⁴ Unlike some utilities in New York State, Enbridge Gas is not a dual fuel utility, and this means that Enbridge Gas is not serving both the electricity and gas needs of customers.

68. PP has a different definition of IRP from others, focusing on optimizing decisions for consumers and other stakeholders (a “community” perspective).⁹⁵ Enbridge Gas submits that this would lead to an overly broad view of IRP, with no specific attention being paid to the interests of gas ratepayers, either in terms of quality/reliability of service or price. That is not appropriate.

D. LEARNINGS FROM OTHER JURISDICTIONS

69. In Argument in Chief, Enbridge Gas highlighted the key learnings and guidance from other jurisdictions that is relevant to an IRP Framework for Enbridge Gas.⁹⁶ One key takeaway is that there has not been significant activity or progress in developing IRP frameworks or advancing gas IRP in other jurisdictions. To date, most activity has been focused on pilot projects.

70. Enbridge Gas believes that its IRP Proposal is consistent with the learnings and guidance that can be taken from other jurisdictions.

71. Most of the parties who commented on this topic have little to add to Enbridge Gas’s summary.⁹⁷ The main area of focus for those parties who expand on the Company’s submissions is the economic evaluation test to be used to compare IRP Plans and facilities solutions.⁹⁸

72. Importantly, EP submits that the first lesson learned is that no jurisdiction has economic feasibility tests for pipelines similar to the OEB’s guidelines, and the second lesson is that New York State tests for economic feasibility are not the same as the TRC+ test approved by the OEB to evaluate DSM in Ontario. Enbridge Gas endorses EP’s observations in this regard and addresses the related issues below.⁹⁹

⁹⁵ PP Submission, page 25 (Appendix).

⁹⁶ Argument in Chief, paras. 31-35.

⁹⁷ See, for example, APPrO Submission, page 6; LPMA Submission, pages 5 and 12; and OGVG Submission, page 5.

⁹⁸ GEC also discusses experience with stakeholder engagement in other jurisdictions – GEC Submission, page 10.

⁹⁹ EP Submission, pages 4 and 16.

73. PP is the only party to argue that there is a large amount of information and best practices from other jurisdictions to guide gas IRP in Ontario. PP suggests that the research and evidence provided for other jurisdictions “have just scratched the surface on what is being done in other jurisdictions.”¹⁰⁰ However, having made that submission, PP does not then point to specific details of relevant precedents from other jurisdictions, except for referencing eight documents that were attached to PP’s interrogatory questions (six of which relate to Ontario).¹⁰¹

E. APPROVALS SOUGHT BY ENBRIDGE GAS FOR THE IRP FRAMEWORK

74. Enbridge Gas has prepared an IRP Proposal that will allow it to appropriately consider how best to respond to future identified system needs and constraints. The proposed IRP Framework balances the Company’s proposed Guiding Principles and is consistent with the OEB’s statutory objectives in relation to gas.

75. Enbridge Gas is requesting that the OEB approve key elements of the IRP Proposal. Enbridge Gas organized its Argument in Chief under headings and sub-headings related to these requested approvals. While not all parties have followed the Company’s format in their submissions, Enbridge Gas will organize the balance of its Reply Argument using the same headings as in Argument in Chief.

(i) Guiding Principles

76. In Argument in Chief, Enbridge Gas explained the four Guiding Principles (Reliability & Safety, Cost-Effectiveness, Public Policy and Optimized Scoping) that should be taken into account throughout the IRP process.¹⁰² Enbridge Gas also explained how the proposed Guiding Principles are consistent with the OEB’s statutory objectives in relation to gas.¹⁰³ Many other parties agree that it is important and appropriate that

¹⁰⁰ PP Submission, page 13.

¹⁰¹ PP Submission, pages 15-16.

¹⁰² Argument in Chief, paras. 21-26.

¹⁰³ Argument in Chief, paras. 27-30.

the IRP Framework, and its Guiding Principles, be guided by and align with the OEB's statutory objectives in relation to gas.¹⁰⁴

77. Enbridge Gas submits that it is appropriate and helpful for the OEB to consider and approve the Guiding Principles, because they will provide direction and guidance to Enbridge Gas, as well as the OEB and interested parties, in the implementation of the IRP Plan, and in the determination of how to deal with unforeseen items. This is similar in concept to the Company's Gas Supply Plan, which is underpinned by guiding principles that inform the creation and assessment of the Plan.¹⁰⁵

78. The submissions received indicate general agreement with the appropriateness of including and approving Guiding Principles as part of the IRP Framework.¹⁰⁶ In general, parties accept or agree with the Company's proposed Guiding Principles, though some parties propose additional or amended Guiding Principles.¹⁰⁷

79. There is general agreement with the Company's proposed Reliability & Safety Guiding Principle.¹⁰⁸ Parties agree that this Guiding Principle aligns with the OEB's statutory objective to protect the interest of consumers with respect to the reliability and quality of gas service.¹⁰⁹

¹⁰⁴ See, for example, OEB Staff Submission, page 12; APPrO Submission, pages 6 and 8-10; CME Submission, page 6; EP Submission, pages 3 and 13-14; IGUA Submission, pages 4-5 and OGVG Submission, page 3.

¹⁰⁵ EB-2019-0137 5 Year Gas Supply Plan, May 1, 2019, pages 5-6.

¹⁰⁶ OEB Staff Submission, page 15; APPrO Submission, page 8; CME Submission, pages 3-6; EP Submission, page 18; FRPO Submission, page 6; GEC Submission, page 11; LIEN Submission, page 2; OGVG Submission, page 6; and VECC Submission, page 2.

¹⁰⁷ APPrO submits that the Guiding Principles should be based on the OEB's statutory objectives for gas set out in section 2 of the *OEB Act*. PP is the only party that asks the OEB to "dismiss" the request to approve Guiding Principles – PP Submission, page 18.

¹⁰⁸ CME submits that this is the most important Guiding Principle - CME Submission, page 4. See also, OEB Staff Submission, page 15; APPrO Submission, page 6; EP Submission, page 18; and GEC Submission, page 11. FRPO's Submission (pages 6-7) seems to argue that the "Reliability" Guiding Principle should not be used to disqualify supply side IRPAs that can be demonstrated to meet a need. Enbridge Gas agrees in principle with FRPO's position, but notes that there may still be disagreements about whether a particular supply side IRPA is, in fact, reliable.

¹⁰⁹ *OEB Act*, section 2(2).

80. OEB Staff and ratepayer groups support the proposed Cost-Effectiveness Guiding Principle.¹¹⁰ Parties agree that this aligns with the OEB's statutory objective to protect the interests of consumers with respect to prices.¹¹¹ VECC indicates that this Guiding Principle is most important, because of the risk of increased costs to customers "inherent in the investment in IRPAs".¹¹²

81. The proposed Public Policy Guiding Principle also received support.¹¹³ As CME points out, the relevant public policy goals should be taken from the OEB's statutory objectives. These include not only energy conservation and energy efficiency (having regard to a consumer's economic circumstances), but also protecting the customer's interests with respect to prices and maintaining a viable gas industry for distribution, transmission and storage of gas.¹¹⁴ GEC suggests broadening the Guiding Principle to require "Alignment with other governmental policy objectives". Enbridge Gas believes that this addition is not necessary, and could lead to confusion as to what "other" government policies are relevant, and which are paramount.¹¹⁵ That is all the more true in situations where a government announces policy preferences before enacting those policies into legislation. During that intervening period, there can be confusion and uncertainty about the interpretation and implications of the policy announcement.

82. On the Optimized Scoping Guiding Principle, CME correctly surmises that applying an IRPA review to all projects, even where IRPAs are clearly unsuitable or will not be cost-effective, would be inefficient and costly. OEB Staff suggest a change to call this Guiding Principle "Planning and regulatory efficiency", with a goal "[t]o focus on

¹¹⁰ See, for example, OEB Staff Submission, page 15; APPRO Submission, page 6; CME Submission, page 5; and VECC Submission, page 2. GEC argues that cost minimization should not focus solely on rate minimization, but rather on all cost impacts (GEC Submission, pages 11-12). In the economic evaluation section of this Reply, Enbridge Gas addresses why rate minimization is the primary concern.

¹¹¹ *OEB Act*, section 2(2).

¹¹² VECC Submission, page 2.

¹¹³ See, for example, OEB Staff Submission, page 15; and CME Submission, page 6.

¹¹⁴ *OEB Act*, section 2(2), (5) and (5.1).

¹¹⁵ It can be the case that government policies from different levels of government conflict with one another. Also, especially in the case of municipal government policies, these are often aspirational in nature with little budgetary backing or implementation plans – see Exhibit I.PP.4.

efficient and effective IRPA investment, resources are allocated to IRP activities in proportion to their expected impact, at all steps of IRP”.¹¹⁶ Enbridge Gas agrees with the principle noted by OEB Staff (efficient allocation of resources), but believes that its own description of the Guiding Principle, which is more broad, remains appropriate.

83. Below is a list of additional Guiding Principles proposed by parties, and Enbridge Gas’s response to each:

- i. OEB Staff propose to add a “Stakeholder perspective” Guiding Principle to reflect the importance of stakeholding, and to acknowledge that the preferences of communities impacted by specific projects will play a role in the choice of specific solutions.¹¹⁷ Enbridge Gas finds that OEB Staff’s proposed Stakeholder Perspective principle is consistent with the Company’s Stakeholder Outreach strategy and with the guidance set out within the OEB’s *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario, 2016*. Accordingly, Enbridge Gas supports the addition of this Guiding Principle.
- ii. OEB Staff propose to add a “Risk minimization” Guiding Principle, to recognize that economic risks associated with both facility and non-facility alternatives should be minimized and appropriately allocated between Enbridge Gas and ratepayers.¹¹⁸ Enbridge Gas supports minimization of all categories of risk, including economic/financial, operational, policy, etc. Enbridge Gas submits that minimization of risks is sufficiently and appropriately managed through the constituent elements of the Company’s IRP Proposal.
- iii. FRPO proposes to add a “Procedural Fairness and Reasonableness” Guiding Principle that would “call for meaningful consultations between EGI and its stakeholders during the alternatives’ consideration process”, including the provision of information from Enbridge Gas to stakeholders (which would be overseen by the OEB).¹¹⁹ Enbridge Gas does not believe that adding this proposed Guiding Principle is necessary or appropriate. The OEB always maintains control over its processes and over regulated entities. Further, in its response at Exhibit JT1.3, Enbridge Gas explains the many means by which stakeholders will be encouraged to raise alternative IRPAs and have them addressed by the Company. Enbridge Gas cautions that the special recognition implied here by FRPO, that it be afforded unencumbered access to any and all utility information it deems relevant to the determination of alternatives and that it be entitled to challenge any such decisions without restriction, would lead to

¹¹⁶ OEB Staff Submission, page 15.

¹¹⁷ OEB Staff Submission, pages 15-16.

¹¹⁸ OEB Staff Submission, pages 15-16.

¹¹⁹ FRPO Submission, page 8.

incremental regulatory process related to disputes regarding supply-side alternatives favoured by FRPO.

- iv. GEC proposes to add a “Equitable consideration of all viable resource options” Guiding Principle to reflect that all viable options to meet a reliability need should be considered and all the costs and benefits of each IRPA or facility option should be considered and evaluated.¹²⁰ Enbridge Gas does not believe that this is a necessary Guiding Principle. The issues noted by GEC here will be addressed in the constituent elements of the IRP Framework.
- v. GEC proposes to add a “Alignment of utility interests with IRP goals” Guiding Principle to recognize that utilities should have a financial incentive to implement non-pipe solutions where that is the most cost-effective option.¹²¹ While Enbridge Gas agrees with this principle, the Company does not believe that it is necessary to be included as a Guiding Principle. Instead, Enbridge Gas believes that this item is best addressed under the topic of IRPA Cost Recovery and Accounting Treatment Fundamentals.
- vi. GEC proposes to add a “Timely and accountable assessment of alternatives” Guiding Principle indicating that the screening, assessment and regulatory review process must occur with due process and far enough in advance of the need date to allow substitution of alternatives.¹²² Enbridge Gas does not believe that this is a necessary Guiding Principle. The issues noted by GEC here will be addressed in the constituent elements of the IRP Framework.

(ii) IRP Proposal Elements

84. Enbridge Gas’s IRP Proposal includes all of the steps necessary to identify, evaluate, compare and implement IRP solutions for future system constraints or needs, taking into account stakeholder input and the best interests of customers.
85. In the subsections of Reply Argument that follow, Enbridge Gas provides its response to intervenor and OEB Staff submissions on each of the elements of the IRP Proposal for which it is seeking OEB approval, including supporting elements such as the scope of available IRPAs and the cost treatment for IRPAs.

¹²⁰ GEC Submission, page 11.

¹²¹ GEC Submission, page 11.

¹²² GEC Submission, page 13.

(a) Types of IRPAs

86. Enbridge Gas is seeking OEB approval to use a wide variety of demand-side alternatives (gas and non-gas, including electricity-based solutions), along with appropriate supply-side alternatives, to meet an identified need/constraint. Access to a wide variety of IRPAs will enable Enbridge Gas to maximize the potential for IRP to replace, reduce or defer facilities requirements. As described in testimony and summarized in Argument in Chief, Enbridge Gas will tailor its role in relation to demand-side IRPAs to fit the circumstances – where an IRPA is available in the market as a fully commercialized cost effective product, the Company will not own the asset but instead will look to the market to provide solutions for consumers.¹²³
87. Enbridge Gas emphasizes that it is not asking the OEB for pre-approval of specific types of IRPAs. That approval request will be part of future IRP Plan applications, when there will be more details about the nature, costs and benefits of the proposed IRPA. What Enbridge Gas seeks in the IRP Framework is an indication of the types of IRPAs that the OEB is likely to endorse or approve. As noted, Enbridge Gas believes that a wide range of IRPAs should be available for use, including non-gas alternatives. However, if the OEB takes a different view (which Enbridge Gas hopes is not the case), it will be useful for Enbridge Gas and parties to have that understanding as efforts begin to integrate IRP into the Company's processes. Enbridge Gas therefore requests OEB direction on this item within the IRP Framework.
88. Parties agree with the Company's proposal to consider gas-related demand-side IRPAs, such as enhanced targeted energy efficiency and demand response (DR) programs.¹²⁴ FRPO and OSEA argue that Enbridge Gas should consider enhancements to interruptible rates, to increase adoption and drive reductions to peak

¹²³ Argument in Chief, paras. 51-62 and associated references.

¹²⁴ See, for example, OEB Staff Submission, page 17, "OEB staff notes that demand-side IRPAs, including geotargeted energy efficiency and demand response, draw on Enbridge Gas's long-time experience delivering DSM programs, and are also an important part of IRP activities in New York State. For these reasons, OEB staff submits that demand-side IRPAs should receive a high priority in the implementation of the IRP Framework."

hour demand.¹²⁵ These parties submit that Enbridge Gas should prepare an interruptible rate design study and proposal to be filed in the rebasing case. Though it is not entirely clear what these parties are suggesting, Enbridge Gas is prepared to formally investigate the drivers for recent declines in interruptible services described by the Company in its responses to interrogatories¹²⁶ as well as the potential for changes to interruptible and firm seasonal services/rates to make them more attractive to customers and to advance any changes to these services/rates as part of its 2024 rebasing application (together with evidence supporting its conclusions).

89. Parties indicate a range of views about whether Enbridge Gas should be permitted to pursue non-gas demand-side IRPAs, and about what role Enbridge Gas should play with such IRPAs.

90. OEB Staff indicates that the IRP Framework should enable Enbridge Gas to consider a broad range of demand-side IRPAs (including electricity IRPAs) so long as they are considered and implemented in support of meeting a specific system need.¹²⁷ OEB Staff support Enbridge Gas working with market participants for the procurement and supply of IRPAs for which there is a competitive market.¹²⁸ Other parties such as ED, GEC, LPMA and PP also support Enbridge Gas having access to a broad range of IRPAs, including non-gas solutions.¹²⁹

91. Two parties argue against allowing non-gas demand-side IRPAs in the IRP Framework. CME submits that Enbridge Gas should not be allowed to own or operate non-gas IRPAs because this goes beyond the Company's role as a regulated gas utility.¹³⁰ OGVG argues that non-gas IRPAs should not be permitted because they involve disconnecting existing customers or avoiding the connection of new

¹²⁵ FRPO Submission, page 15; and OSEA Submission, pages 6-8.

¹²⁶ See for example, the responses at Exhibit I.STAFF.15, Exhibit I.GEC.24, Exhibit I.LPMA.9, and Exhibit I.OSEA.7.

¹²⁷ OEB Staff Submission, pages 17-18.

¹²⁸ OEB Staff Submission, page 18.

¹²⁹ ED Submission, page 21; GEC Submission, pages 13-14; LPMA Submission, page 5; and PP Submission, page 19.

¹³⁰ CME Submission, pages 7-9.

customers.¹³¹ OGVG argues that this is not the proper role for a gas distributor. OEB Staff makes a similar argument, indicating that Enbridge Gas should not offer non-gas IRPAs to potential new customers who will never become Enbridge Gas customers because of the nature of the IRPA (for example, an electrification solution).¹³²

92. Enbridge Gas submits that the inclusion of non-gas demand-side IRPAs as available options under the IRPA Framework is appropriate. Targeted deployment of such options can be effective in reducing peak hourly demand, and can avoid the need for new or increased facilities. Where an IRP Plan including non-gas IRPAs is the most cost-effective option, then the use of these IRPAs is in the interest of gas ratepayers.¹³³

93. If Enbridge Gas is not permitted to offer non-gas IRPAs to customers who are not gas distribution customers, then this will greatly limit the ability of IRP to respond to system expansion projects. By their nature, system expansion projects involve the connection of new customers. Where Enbridge Gas is not able to offer non-gas IRPA solutions to such customers, then it is very likely that IRP will not be a feasible alternative to meet the system expansion need.¹³⁴

94. The question of Enbridge Gas's role in relation to non-gas demand-side IRPAs received a lot of attention in intervenor submissions. The main concern raised is that Enbridge Gas should not inappropriately participate in the competitive market.¹³⁵

95. As a preliminary matter, Enbridge Gas notes that the IRPAs proposed fit within the permissible business activities under the Company's Undertakings.¹³⁶ The undertakings do not distinguish between activities that are part of (or not part of) a

¹³¹ OGVG Submission, pages 6-7.

¹³² OEB Staff Submission, page 18

¹³³ Exhibit I.STAFF.17.

¹³⁴ Similarly, where Enbridge Gas cannot offer IRPAs that could result in a customer disconnecting from gas service, this will also be limiting to IRP potential.

¹³⁵ See, for example, APPRO Submission, pages 16-17; LPMA Submission, page 7; IGUA Submission, page 6; and SEC Submission, pages 16-17.

¹³⁶ The Minister's Directives that expanded the scope of the Company's permissible business activities can be found at Appendix A to the OEB's Decision in the RNG Enabling Program Application (EB-2017-0319). IGUA appears to agree with Enbridge Gas on this item – IGUA Submission, page 3.

competitive market. However, Enbridge Gas has agreed in this proceeding that it will not take a direct ownership or operations role for IRPAs that can be procured through the competitive market. As explained in Argument in Chief¹³⁷, Enbridge Gas submits that it is appropriate in such circumstances that the market enabling costs incurred by the utility be treated as capital investments.

96. Some parties, such as OEB Staff, ED, GEC and IGUA appear to agree with the Company's proposed approach where Enbridge Gas would engage with the market to procure available non-gas IRPA solutions except in the case where no competitive market exists.¹³⁸

97. Other parties question whether this approach will negatively impact the competitive market. The solution offered by GEC and OGVG is that where an electricity-based IRPA is identified as being appropriate, then Enbridge Gas should be required to work with "electricity sector partners" or "a local electricity distributor" to deliver the IRPA.¹³⁹ OGVG suggests that the electricity distributor would include the relevant costs in electricity rates.¹⁴⁰

98. Enbridge Gas submits that the proposal to work with electricity distributors to deliver non-gas IRPAs goes beyond the scope of this proceeding, and is not feasible.¹⁴¹ This proceeding has focused on an IRP Framework for Enbridge Gas. Electricity sector players have not participated. There is no information or evidence about whether they are interested, able or funded to provide non-gas IRPAs aimed at reducing peak hour gas demand. What GEC and OGVG have proposed amounts to a transfer of costs from Ontario's lower cost natural gas system to the province's more expensive

¹³⁷ Argument in Chief, para. 119.

¹³⁸ OEB Staff Submission, page 18; ED Submission, page 21; and GEC Submission, page 14. IGUA also appears to endorse this approach, indicating that "EGI should be required to procure NPA solutions whenever there are competitive suppliers for those solutions, rather than engaging itself in the provision of those solutions." – IGUA Submission, page 6.

¹³⁹ GEC Submission, page 14; and OGVG Submission, page 8.

¹⁴⁰ OGVG Submission, page 8.

¹⁴¹ Enbridge Gas notes that the testimony quoted by OGVG about having other parties implement non-gas IRPAs relates to the situation where Enbridge Gas procures IRPAs from the competitive market, not to the scenario where Enbridge Gas passes the obligation to administer and implement IRPAs to an electricity distributor who would include the costs in electricity rates (see OGVG Submission, pages 8-9).

electricity system. This proposed transfer of costs would be incremental to the current transfer of electrical generation costs to taxpayers of approximately 5 billion dollars.¹⁴² There is no provincial government policy that supports such incremental transfer of costs. Moreover, it is not clear how Enbridge Gas could rely on the efforts of electricity distributors to deliver IRPAs that will reduce peak hour demand on the Company's gas distribution and transmission systems in a reliable way. Where Enbridge Gas contracts or works with the competitive market to procure and deliver non-gas IRPAs, then the Company will have control and visibility on the level of adoption and ongoing results. In that case, Enbridge Gas will also receive some financial incentive, which will help ensure focus on intended results. The same cannot be said where Enbridge Gas passes along this role to another regulated utility.

99. On the topic of supply-side IRPAs, Enbridge Gas has repeatedly indicated a willingness to consider appropriate options that provide sufficient reliability to meet an identified need/constraint for a sufficient period of time.¹⁴³ What is available and appropriate will depend on the nature of the constraint (for example, supply-side options will be quite different for a localized reinforcement requirement embedded in the distribution system versus a requirement for additional transmission capacity on the Dawn Parkway system). Enbridge Gas agrees with FRPO's observation¹⁴⁴ that evolutions in the gas market may create new or different supply-side IRPAs. That being said, the question of whether there is an appropriate supply-side IRPA to meet an identified need will depend on what is available at the time that the need must be addressed. Enbridge Gas acknowledges that in some cases it could be appropriate to implement a "bridging solution" to meet the need on a short-to-medium-term basis, as long as that solution is combined with and is intended to "bridge" to a longer-term IRPA or facility alternative that would address the underlying system constraint/need on a long-term basis.¹⁴⁵ Alternatively, "bridging solutions" must carry a minimum term renewal right so that, subject to non-renewal, the Company can ensure that it has

¹⁴² 2Tr. 24.

¹⁴³ Argument in Chief, para. 59 and associated references. See also 1Tr. 82.

¹⁴⁴ FRPO Submission, page 11.

¹⁴⁵ FRPO Submission, page 1.

sufficient time to re-evaluate both facility and non-facility alternatives.¹⁴⁶ Again, though, this determination can only be made in the context of a specific identified need, and a review of what supply-side options are reliable, cost-effective and available at the time.

100. Enbridge Gas has explained in evidence and in response to interrogatories that it is estimated to take approximately three to five years to place a facility project into service.¹⁴⁷ Accordingly, in instances where an identified system constraint/need is five or less years from being realized and where approved non-facility alternatives have underperformed relative to forecast or where no such alternatives exist, then consistent with past practice, the Company would assess market-based supply-side alternatives (via market solicitation) and compare those to facility alternatives. If the Company concludes that a facility alternative is preferred, then it must ensure it has adequate time to design, gain approval for, construct and place that facility into service in order to meet its obligation to serve the firm contracted demands of its customers.

101. As a final comment on the topic of “Scope of Available IRPAs”, OEB Staff suggest that Enbridge Gas should be required to develop and maintain a document on the best available information on IRPAs.¹⁴⁸ This would be included in the annual IRP Report (but it would not be subject to OEB approval). OEB Staff submits that general learnings regarding a class of IRPAs will be transferable to assessing that IRPA’s role in meeting future system needs. OEB staff believes that this document “would serve as a useful starting point for Enbridge Gas and others to understand and consider the potential role of different IRPAs in meeting system needs, which would be further refined in the context of project-specific determinations [and] would also be helpful for the OEB in its review of LTC/IRP Plan applications”.

¹⁴⁶ Exhibit I.FRPO.17

¹⁴⁷ Exhibit B, page 35; Exhibit I.PP.8.

¹⁴⁸ OEB Staff Submission, pages 6 and 19-20. OEB Staff indicate that the information provided could include the types of IRPAs, estimates of cost, peak demand savings, status in Ontario, potential role and relevance to Enbridge Gas’s system, and learnings from pilot projects and other jurisdictions.

102. On reflection, Enbridge Gas believes that the proposed record of available demand-side IRPAs would be a useful addition to the annual IRP Report, subject to several caveats. First, Enbridge Gas agrees with OEB Staff that creating this document will be an iterative process, and that the first versions of the record will not likely include all information that will ultimately be expected and useful. Second, Enbridge Gas does not believe that this document should be considered a “technical resource manual” nor include detail comparable to the current DSM Technical Resource Manual which is over 350 pages in length as of November 2020, and which requires extensive time and resources, along with incremental regulatory process to update.¹⁴⁹ Third, Enbridge Gas does not expect that it will be useful for this record to include specific examples or classification/categorization of all available supply-side IRPAs at a moment in time because of the fact that supply-side IRPAs are market, situation and time-specific.

(b) IRP Assessment Process

103. Enbridge Gas is seeking OEB approval of a prescribed four-step process to determine whether to pursue IRP solutions for an identified need/constraint. Details of each step were included in Argument in Chief. Below, Enbridge Gas sets out its response to comments received from other parties about the IRP Assessment Process.

STEP ONE: Identification of Constraints

104. As a first step, the Company’s asset management process will identify potential system needs/constraints up to ten years in the future, and describe facilities solutions to meet those needs, along with relevant information about IRP evaluation related to alternate ways to address the system needs/constraints, in annual updates to the AMP. Enbridge Gas proposes that the first version of the AMP to reflect this updated process will be filed in Fall 2022.¹⁵⁰

¹⁴⁹ <https://www.oeb.ca/sites/default/files/OEB-Natural-Gas-DSM-TRM-V5.0-20201112.pdf>.

¹⁵⁰ Argument in Chief, paras. 65-71 and 163 and associated references.

105. Parties generally do not take issue with this part of the Company's IRP Proposal.¹⁵¹
106. OEB Staff support the proposed approach and timing for identification of constraints, as well as the focus on review of infrastructure needs, not gas supply planning needs. OEB Staff submit that the AMP should list identified system needs, and also provide the status of IRP consideration in regards to meeting these system needs, including the result of the initial binary screening, and details as to whether and why IRPAs had been screened out at subsequent steps, with supporting rationale.¹⁵² OEB Staff also submit that Enbridge Gas should file the ten-year demand forecast that underpins the AMP.¹⁵³
107. Enbridge Gas accepts OEB Staff's suggestion about the details of IRP consideration and screening to be included in the AMP, and commits to filing an aggregated ten-year demand forecast with the AMP consistent with the forecast set out in its response at Exhibit J1.7 (rate zone specific basis).
108. OEB Staff also argue that if a proposed IRPA is meant to mitigate or replace a proposed system expansion, then the facilities option must pass the EBO 134/188 test in order for Enbridge Gas to be permitted to offer IRPAs in lieu of the system expansion. If the facilities option does not pass the system expansion tests, then there should be no project (facilities or IRPA).¹⁵⁴
109. Enbridge Gas does not agree. It is entirely reasonable for the OEB to consider applications to implement cost-effective IRP Plans, even where there is no facilities solution that passes the system expansion test that exists. The foremost reason, being the fact that the identified system capacity constraint/need would otherwise go

¹⁵¹ See, for example, CME Submission, page 9; and OGVG Submission, page 10. SEC argues that the OEB should direct Enbridge Gas to integrate IRP into the AMP that will be filed in the upcoming rebasing case (SEC Submission, page 21). Enbridge Gas has already indicated that it plans to do that – see Argument in Chief, para. 163. PP argues that Enbridge Gas should make changes to integrate IRP into planning processes and the AMP before the 2022 Rate Application (PP Submission, page 9). That is not feasible – the IRP Framework will not be issued until around summer 2021 and the 2022 Rate Application will be filed on June 30, 2021 (Phase 1) and October 15, 2021 (Phase 2).

¹⁵² OEB Staff Submission, pages 7 and 24-25.

¹⁵³ OEB Staff Submission, page 25.

¹⁵⁴ OEB Staff Submission, page 18.

unresolved potentially forcing customers to consider other higher cost sources of energy and/or stifling economic growth. Rather than imposing a blanket rejection of such solutions, Enbridge Gas submits that it would be preferable to consider such IRP Plans on a case-by-case basis, taking into account the specific circumstances and justifications set out in an IRP Plan application.

110. EP and VECC raise concerns that the integration of IRP into Enbridge Gas's business and planning processes will be a challenging culture change. EP requests that Enbridge Gas describe any required "reorganization of its Internal Planning process"¹⁵⁵, and VECC requests that Enbridge Gas report on "any challenges faced by Enbridge Gas internally with respect to successfully incorporating IRP into its planning process and company culture".¹⁵⁶ As described below (under the Monitoring and Reporting heading), Enbridge Gas will provide information about the progress of IRP integration as part of the annual IRP Report.¹⁵⁷

STEP TWO: Binary Screening Criteria

111. As a second step, Enbridge Gas will apply five binary screening criteria to identified system needs/constraints in the AMP to determine whether further IRP evaluation is appropriate. As explained in Argument in Chief, this allows for efficiency and proper application of resources.¹⁵⁸
112. While some parties argue for narrower binary screening criteria, only one party asserts that no initial binary screening is appropriate. PP argues that there should be no "financial threshold or limits on the need to conduct effective portfolio IRP". PP asserts that this will eliminate "gaming", and is consistent with what is done by IESO, Fortis, ConEd and other utilities and jurisdictions.¹⁵⁹ There is no basis for much of PP's submission on this topic. It is unfair to accuse Enbridge Gas of "gaming". The Company has put forward a proposal that will see hundreds of projects evaluated for

¹⁵⁵ EP Submission, pages 5 and 19.

¹⁵⁶ VECC Submission, pages 2-3.

¹⁵⁷ Argument in Chief, para. 135.

¹⁵⁸ Argument in Chief, paras. 72-79 and associated references.

¹⁵⁹ PP Submission, page 8.

IRP beyond the binary screening stage.¹⁶⁰ Importantly, the experience in other jurisdictions is the opposite of what PP suggests – other jurisdictions use binary screening, so that IRP (or Non Wires Alternatives) efforts can be focused on appropriate projects with the highest likelihood for success.¹⁶¹

113. OEB Staff conclude that the Company's proposed binary screening criteria "are reasonable, and should encompass most infrastructure spending where IRPAs are potentially viable alternatives".¹⁶² CME and IGUA indicate that they "generally support" Enbridge Gas's binary screening proposal.¹⁶³
114. Both OEB Staff and CME submit that the binary screening criteria should be applied on a case by case basis, taking account of the specifics of a proposed project/need, rather than on a mechanistic basis.¹⁶⁴ Enbridge Gas generally agrees that binary screening should be applied carefully when reviewing whether IRP is possible in place of facilities projects that will meet an identified distribution/transmission system constraint or need.
115. A number of other parties made comments on Enbridge Gas's proposed binary screening criteria.¹⁶⁵ The general theme is that the proposed binary screening criteria are too narrow, and will screen out too many projects from IRP evaluation. Enbridge Gas disagrees. The proposed binary screening criteria strike an appropriate balance, and support attention, resources and efforts being focused on the facilities projects that are the best candidates to be avoided or reduced through the implementation of IRPAs.

¹⁶⁰ Exhibit JT2.11. The response shows almost 200 IRP-eligible projects in a five-year AMP. It can be expected that number would grow in a ten-year AMP. Anwaatin argues (at page 6 of the Anwaatin Submission) that there is a smaller number of projects eligible for IRP based on Exhibit J1.9, but fails to mention that Exhibit J1.9 shows only projects in the last two years of the current 5-Year AMP.

¹⁶¹ See Argument in Chief, para. 74 and the references cited, including reports from Mr. Neme (EFG).

¹⁶² OEB Staff Submission, page 28.

¹⁶³ CME Submission, page 10; and IGUA Submission, page 7. OGVG also endorses the screening criteria at a high level – OGVG Submission, page 10.

¹⁶⁴ OEB Staff Submission, page 28; and CME Submission, page 10.

¹⁶⁵ The binary screening criteria are described at para. 78 of the Argument in Chief, and summarized below.

116. The sub-paragraphs below summarize the Company's binary screening criteria proposal¹⁶⁶, list the comments from other parties and then set out the Company's response.

- i. Emergent Safety Issues – Enbridge Gas proposes that if an identified system constraint/need is determined to require a facility project in order for Enbridge Gas to ensure its continued ability to offer safe and reliable service or to meet an applicable law, it would not be a candidate for IRP analysis. Enbridge Gas has acknowledged that longer-term safety related system constraints/needs may be appropriate for an IRPA solution and would be considered on a case by case basis.
 - a) Anwaatin argues that the Company should provide more specificity about what specific timing and safety/reliability considerations it will apply.¹⁶⁷
 - b) GEC submits that this criterion should be confined to “emergent” safety needs.¹⁶⁸
 - c) SEC comments that this criterion could apply to most facilities options.¹⁶⁹

Enbridge Gas acknowledges that this criterion will apply to many identified needs. However, as can be seen from the description of the criterion, it will only apply to screen out “emergent” safety requirements that must be addressed in a timeframe that would not support development and implementation of an IRP Plan.

- ii. Timing – Enbridge Gas proposes that if an identified system constraint/need must be met in under 3 years, an IRPA cannot be implemented because its ability to resolve the identified system constraint/need cannot be verified in time. Therefore, an IRP analysis is not prudent. Exceptions to this criterion could include supply-side solutions like compressed natural gas (CNG) and bridging or market-based alternatives in combination with other IRPAs where such exceptions/IRPAs can address a more imminent constraint/need.
 - a) Anwaatin argues that the Company should reduce the time limit to one or two years “because that is more than sufficient” to evaluate and implement an IRPA.¹⁷⁰

¹⁶⁶ For more details, see Argument in Chief, paras. 77-79, as well as Exhibit J1.4.

¹⁶⁷ Anwaatin Submission, page 7.

¹⁶⁸ GEC Submission, page 16.

¹⁶⁹ SEC Submission, page 13.

¹⁷⁰ Anwaatin Submission, page 7. Once again, Anwaatin's reference to Exhibit JT1.9 as showing how many projects are excluded by a three year screening criterion is misleading. Exhibit JT1.9 exhibit shows the number of projects in the current five-year AMP are forecast in the coming three years. It does not show how many of those projects were identified for the first time within the last three years.

- b) FRPO argues that Enbridge Gas should not screen out projects with possible supply-side IRP solutions on the basis of timing, because supply-side IRPAs can be available and effective on a quicker basis.¹⁷¹
- c) GEC submits that this criterion is a reasonable interim proposal.¹⁷²
- d) OGVG submits that once a ten-year AMP is in place, the projects that fit within this criterion should be rare.¹⁷³
- e) SEC comments that the question to be asked should always be how can the “need” be avoided.¹⁷⁴

Enbridge Gas believes that three years is an appropriate lead-time to be able to identify, design and implement an IRP Plan, while leaving sufficient time before a need materializes to confirm that the IRPAs are reducing peak hour demand as expected. The Company agrees that over time the number of needs that are identified with less than three years notice will be relatively low. However, at the outset of the IRP Framework, this will not be the case (since there will be a certain number of near-term needs that are known, but which have not been subject to the IRP Framework). Enbridge Gas confirms that this timing criterion would not apply where there may be reliable and available and purpose-appropriate supply-side options that could meet the identified need.

- iii. Customer-Specific Builds – Enbridge Gas proposes that if an identified system constraint/need has been underpinned by a specific customer’s (or group of customers’) clear determination for a facility option and either the choice to pay a Contribution in Aid of Construction (CIAC) or to contract for long-term firm services delivered by such facilities (including new subdivision or small main extensions), then it is not appropriate to conduct IRP analysis for those projects.
 - a) OEB Staff and CME submit that Enbridge Gas should discuss IRP options with customers, including how this could reduce the size of the build and CIAC.¹⁷⁵
 - b) Anwaatin argues that the Company should provide more specificity about the circumstances where this criterion applies.¹⁷⁶
 - c) ED submits that this criterion should not screen out IRPAs for new subdivisions or small mains extensions, because these are “highly cost-

¹⁷¹ FRPO Submission, page 17.

¹⁷² GEC Submission, page 16.

¹⁷³ OGVG Submission, page 11.

¹⁷⁴ SEC Submission, page 13.

¹⁷⁵ OEB Staff Submission, pages 28-29; and CME Submission, page 10.

¹⁷⁶ Anwaatin Submission, pages 8-9.

effective opportunities for energy efficiency and fuel switching because they involve new construction”.¹⁷⁷

- d) GEC submits that this criterion is not appropriate because other customers bear financial risk if the new customer fails to fulfil its commitment. GEC also submits that where serving a new customer requires upgrades to other parts of the distribution/transmission system, then IRP should be considered.¹⁷⁸
- e) SEC agrees with this criterion, but only if customers are paying for 100% of the project.¹⁷⁹

Enbridge Gas agrees that it will discuss IRP options with customers who are requesting a facility option underpinned by a CIAC or long-term contract but reiterates that in many instances such (contract class) customers possess the sophistication to evaluate the economics of such alternatives on their own. Enbridge Gas also makes information regarding its current DSM offerings available to all new and existing customers, however, being a customer of the Company is a pre-requisite for participation. Enbridge Gas does not agree that it is appropriate to require an IRP review for projects where the properly informed customer indicates that it wishes to proceed with a facilities option. If the customer is not interested in “fuel switching”, then that should not be imposed.

- iv. Community Expansion & Economic Development – Enbridge Gas proposes that if a facility project has been driven by policy and related funding explicitly aimed at delivering natural gas into communities to help bring heating costs down, then it is not appropriate to conduct an IRP analysis.
 - a) OEB Staff submit that gas IRP should not apply to community expansion projects, because that would involve providing IRPAs to consumers who never become gas customers.¹⁸⁰
 - b) Anwaatin argues that the community expansion funding rules do not preclude combining a new pipeline to serve a new community with an IRP Plan.¹⁸¹
 - c) GEC submits that “absent a legal requirement to extend service to a particular community, Enbridge should be required to work with the IESO

¹⁷⁷ ED Submission, page 20.

¹⁷⁸ GEC Submission, page 16.

¹⁷⁹ SEC Submission, page 13.

¹⁸⁰ OEB Staff Submission, page 28.

¹⁸¹ Anwaatin Submission, pages 9-10.

and electricity distributors to ensure that the least cost alternative is pursued in all cases".¹⁸²

- d) LPMA submits that IRP analysis should be conducted for community expansion projects, with a goal of reducing the facilities required.¹⁸³
- e) SEC comments that this criterion could mean that communities will get natural gas even if cheaper alternatives are available.¹⁸⁴

Enbridge Gas maintains that its proposed criterion is appropriate. The goal of the Ontario Government's Access to Natural Gas legislation is to extend gas service to designated communities. Requiring IRP analysis to look at alternatives undercuts that goal and is not appropriate.

- v. Pipeline Replacement and Relocation Projects – Enbridge Gas proposes that if a facility project is being advanced for replacement or relocation of a pipeline and the cost is less than \$10 million, then that project is not a candidate for IRP analysis.
 - a) Anwaatin argues that the Company should provide more specificity about the projects to which this criterion applies, and that the cost threshold should be lowered to \$2 million.¹⁸⁵
 - b) GEC submits that this criterion should specify that it does not apply to replacement or relocation projects where capacity is being increased, and also that reinforcement projects over \$2 million should not be screened out.¹⁸⁶
 - c) OGVG submits that the proposed \$10 million threshold should be subject to future review, once there is experience under the IRP Framework.¹⁸⁷
 - d) SEC comments that this criterion would screen out a large number of projects.¹⁸⁸

Enbridge Gas does not believe that any changes are necessary for this criterion, other than to add the stipulation mentioned by GEC, which is that the criterion does not apply to replacement/reinforcement projects that include an increase in pipeline capacity. If a like-for-like relocation or replacement project is less than \$10 million, then it is highly unlikely that the project can be avoided through IRPA (since there is existing load to serve) and it is also unlikely that IRP will be cost-

¹⁸² GEC Submission, page 17.

¹⁸³ LPMA Submission, page 13.

¹⁸⁴ SEC Submission, page 13.

¹⁸⁵ Anwaatin Submission, pages 10-11.

¹⁸⁶ GEC Submission, page 17.

¹⁸⁷ OGVG Submission, page 12.

¹⁸⁸ SEC Submission, page 13.

effective to reduce the size of the project (because facilities costs are only modestly reduced when pipeline diameter is reduced).¹⁸⁹

STEP THREE: Two-Stage Evaluation Process

117. Where a project progresses past the initial binary screening, Enbridge Gas will determine whether to proceed with an IRP Plan through two steps. First, the Company will determine whether potential IRPAs could meet the identified system constraint/need. If yes, then the Company will develop one or more IRP Plans and compare those to the baseline facility alternative, using a DCF+ test, to determine the optimum alternative.¹⁹⁰
118. Enbridge Gas expects that the two-stage evaluation process will commence sufficiently far in advance of the date that the constraint/need must be met in order to allow time for an IRP Plan to be developed, approved, implemented and monitored for effectiveness in advance of the date when a facilities solution would otherwise be required.
119. As described in Argument in Chief, the first stage of the evaluation process is to determine whether IRPA(s) could meet the identified need/constraint. This will be done by reviewing potential IRPAs, using the best available information about their potential to reduce peak demand, and then determining whether one or more IRPAs will be a viable option.¹⁹¹
120. Parties have few comments on the first stage of the evaluation process. Those who do comment generally support the proposal.¹⁹² As noted by APPrO, “[i]t makes no

¹⁸⁹ Exhibit J1.4. Another consideration for replacement projects is that removing or downsizing one portion of a larger system can cause operational issues for the remaining system components.

¹⁹⁰ Argument in Chief, paras. 80-81.

¹⁹¹ Argument in Chief, para. 82, and associated references.

¹⁹² PP opposes the two-stage evaluation process, but gives no reason why the first stage should not be adopted – PP’s comments appear to be centred on its opposition to binary screening, rather than on the next stage, where Enbridge Gas determines whether there are available IRPAs that could meet an identified need/constraint. See PP Submission, page 20.

sense to complete a detailed cost analysis of an IRPA that does not adequately meet the required need/constraint.”¹⁹³

121. OEB Staff submits that a process that first assesses the technical ability of IRPAs to meet the identified need/constraint prior to detailed economic analysis is reasonable.¹⁹⁴ APPrO generally takes no issue with the methodology.¹⁹⁵ IGUA generally supports the assessment process.¹⁹⁶ LPMA supports the first stage analysis, assuming that it is transparent and includes input from stakeholders and potential service providers.¹⁹⁷ OGVG has no issues with the proposal, except that it wants to be certain that the OEB will be able to ensure that the “Stage One analysis” is capturing all viable IRPAs.¹⁹⁸
122. Enbridge Gas confirms that it will consider all feasible and available IRPAs when conducting the stage one analysis. This will be aided by the record that Enbridge Gas will maintain setting out the identified potential IRPAs (as discussed above), including details about their scope, estimates of cost, peak demand savings, status in Ontario, potential role and relevance to Enbridge Gas’s system, and learnings from pilot projects and other jurisdictions. Parties (including potentially the IRP technical working committee, as well as potential service providers) will have the opportunity to review and comment on this listing/description of the IRPAs as part of the annual IRP Report.
123. Where a project passes the first stage of the evaluation process, there will be one or more IRP Plans established (comprised of IRPAs or combinations of IRPAs with facilities that can together meet the identified need/constraint) and these will be compared to the baseline facility alternative.¹⁹⁹

¹⁹³ APPrO Submission, page 10.

¹⁹⁴ OEB Staff Submission, pages 31-32.

¹⁹⁵ APPrO Submission, page 14.

¹⁹⁶ IGUA Submission, page 7.

¹⁹⁷ LPMA Submission, pages 13-14.

¹⁹⁸ OGVG Submission, pages 12-13.

¹⁹⁹ Argument in Chief, para. 83. IGUA specifically endorses this approach – IGUA Submission, page 7.

124. The second stage of the Company's proposed evaluation process is to perform a Discounted Cash Flow (DCF) evaluation to compare the IRP Plan(s) to the baseline facility alternative. Enbridge Gas proposes to base this test on the three-stage approach used for transmission system expansions under the parameters established by EBO 134. Enbridge Gas believes that it is valuable and appropriate to prepare and present the results from each stage of the analysis separately, so that the OEB has a transparent view of the different impacts of each of the alternatives.²⁰⁰
125. Where the two-stage evaluation process reveals that an IRP Plan is the best alternative to meet an identified need/constraint, then the Company will proceed to finalize the IRP Plan, and then apply for OEB approval and then implement and monitor the IRP Plan and make adjustments as appropriate.²⁰¹
126. The main debate on this item is around whether IRP Plans and facilities options should be compared using Enbridge Gas's proposed DCF+ test, or by using a TRC+ test (with or without some type of rate impact evaluation).
127. In Argument in Chief, Enbridge Gas set out some of the reasons why a TRC+ test is not appropriate.²⁰² Ratepayer representatives such as APPrO, EP, IGUA and OGVG (endorsed by CCC²⁰³) have expanded on those reasons in their own submissions. As summarized below, many ratepayer group representatives agree with Enbridge Gas's proposal to use a DCF+ test approach to compare IRP Plans and facilities solutions.
- i. APPrO indicates its concern that parties advocating the TRC+ test "seek(s) to eliminate the gating function that Stage 1 of EGI's proposed DCF+ test serves, thereby requiring customer to pay more for an IRPA than they would otherwise have to pay for a pipeline solution that meets the same need. This would not be in the best interests of consumers with regards to price".²⁰⁴
 - ii. CME submits that the test selected "should be the one that reflects the goal and purpose of IRP planning – to meet system constraints in the most economic and

²⁰⁰ Argument in Chief, paras. 85-90 and associated references.

²⁰¹ Argument in Chief, para. 97.

²⁰² Argument in Chief, paras. 92-96 and associated references.

²⁰³ CCC Submission, page 2.

²⁰⁴ APPrO Submission, pages 10-11.

cost-effective way possible.” CME indicates that “[t]he DCF+ test, including its focus on ratepayer impacts, can achieve this goal.” CME agrees with Enbridge Gas that the DCF+ test will require more work to determine the appropriate inputs.²⁰⁵

- iii. EP indicates that, “[b]ased on the evidence, Energy Probe believes that repurposing the E.B.O. 134 Facilities DCF plus, as the appropriate direction to proceed”, noting that “the focus of IRP should be on system solutions that meet a constraint and that benefit ratepayers paying postage stamp transmission and distribution rates. The TRC plus used for DSM does not provide this perspective, nor do the other possible DSM tests such as Utility Cost Test and the Ratepayer Impact Measure.”²⁰⁶
- iv. IGUA includes lengthy submissions as to why the DCF+ test is more appropriate than the TRC+ test.²⁰⁷ At the outset of these submissions, IGUA indicates that “[t]o the extent that an NPA drives a higher cost than the baseline utility infrastructure which it is intended to avoid, it should not be approved. This is true even if its overall societal benefit is calculated to be superior to that of the baseline utility solution.”²⁰⁸ IGUA agrees with Enbridge Gas that a TRC+ test, which is used for DSM evaluation purposes, should not be used for IRP, noting that:

DSM is aimed broadly at reducing overall demand, primarily to reduce customer energy costs and also (in the “+” part of the “TRC+” test) to address environmental and other social externalities consequent on natural gas consumption. In contrast, an IRP Framework should be aimed at reducing peak demand in specific areas with identified delivery infrastructure constraints, in order to reduce or avoid specific utility infrastructure costs. This fundamental difference in the appropriate purpose of an IRP Framework as compared to Ontario’s existing DSM framework commends a different cost effectiveness test for approval of NPAs than the test used to approve DSM initiatives.²⁰⁹
- v. OGVG (whose submissions are endorsed by CCC) notes that “at a high level the DCF+ test at least attempts to address a critical aspect of cost-effectiveness that the TRC+ test ignores; the cost- effectiveness of a proposed IRPA from the specific perspective of existing ratepayers, otherwise referred to as the rate impact.”²¹⁰ OGVG’s submission addresses flaws with the TRC+ test, most notably that “under an extreme example the TRC+ test is indifferent to the fact that gas customers may be paying all of the costs and experiencing all of the negative impacts of a proposed non-gas solution, while non-gas customers will, to varying degrees,

²⁰⁵ CME Submission, page 11.

²⁰⁶ EP Submission, pages 6 and 25.

²⁰⁷ IGUA Submission, pages 7-11

²⁰⁸ IGUA Submission, page 7.

²⁰⁹ IGUA Submission, page 8.

²¹⁰ OGVG Submission, page 13.

enjoy all the benefits of a proposed non-gas solution without bearing any of the costs.”²¹¹

128. On the other hand, several parties argue that the TRC+ test is more appropriate.²¹²

Those submissions raise three main points. First, they argue that no other jurisdiction uses a DCF test to compare facilities and non-facilities options, and that the TRC test is better suited to that comparison.²¹³ Second, they argue that the TRC test is the best way to evaluate the overall cost-effectiveness of alternatives taking into account all relevant factors.²¹⁴ Finally, they argue that it is not logical to assess demand side IRPAs on a different basis than is currently used to evaluate DSM activities.²¹⁵

129. Enbridge Gas has already set out reasons why the DCF+ test is more appropriate than a TRC+ test in Argument in Chief.²¹⁶ Those reasons (along with the arguments put forward by APPrO, CME, EP, IGUA, and OGVG) are responsive to the arguments now raised by parties who support the TRC+ test.

130. Enbridge Gas has three additional comments. Enbridge Gas does not agree with OEB Staff that a TRC+ test is most closely aligned with appropriate Guiding Principles for IRP.²¹⁷ First, the TRC+ test does not look at impacts of the investments it evaluates from the perspective of impacts on gas customers. Enbridge Gas is undertaking IRP on behalf of its customers, who are the parties paying for IRP. Therefore, it is important to have an evaluation test that looks at impacts from the gas customer perspective. That is consistent with the OEB’s statutory objectives with respect to gas. Second, as articulated in the testimony of Enbridge Gas, the TRC+ test does not take into account incremental revenues associated with customer

²¹¹ OGVG Submission, page 14.

²¹² OEB Staff Submission, pages 32-34; BOMA Submission, pages 2-3; ED Submission, pages 8-11; FRPO Submission, page 18; GEC Submission, pages 19-32; LIEN Submission, pages 2-3; PP Submission, page 20; and SEC Submission, pages 17-18.

²¹³ See, for example, ED Submission, page 8; GEC Submission, pages 19-20; and SEC Submission, page 18.

²¹⁴ See, for example, OEB Staff Submission, pages 32-33; ED Submission, pages 8-9; GEC Submission, pages 21-22; and LIEN Submission, pages 2-3.

²¹⁵ See, for example, BOMA Submission, pages 2-3; ED Submission, page 8; LIEN Submission, pages 2-3; and PP Submission, page 20.

²¹⁶ Argument in Chief, paras. 92-96 and associated references.

²¹⁷ OEB Staff Submission, pages 32-33.

additions that investments in IRPAs would support.²¹⁸ Third, as discussed in its Argument in Chief,²¹⁹ the purposes of DSM and IRP are separate and distinct from each other, DSM being aimed broadly at reducing overall annual demand and IRP being aimed at reducing peak demand in specific geographic areas to replace infrastructure investment with an IRPA investment. Therefore, it is entirely logical that demand-side IRPAs are assessed in a manner consistent with other IRPAs and the facilities/infrastructure investments they serve to reduce or avoid.

131. Some parties supporting a TRC+ test note that it could be appropriate to include a “secondary test” to assess rate or ratepayer impact of IRP Plans and facilities alternatives.
132. OEB Staff suggest that phase 1 of the DCF+ test could be used along with the TRC+ test.²²⁰ OEB Staff also suggest that Enbridge Gas could apply for LTC or IRP Plan approval even where the chosen approach did not have the best TRC+ test result, if there are rate impact or other qualitative factors in support of the alternative.²²¹ ED and GEC acknowledge (but do not endorse) that the OEB could add a Rate Impact Measure (RIM) or similar test to the TRC+ test.²²²
133. In the event that the OEB determines that it will direct the use of the TRC+ test (which Enbridge Gas does not endorse), then the Company believes that OEB Staff’s proposal to also include results of the phase 1 DCF+ test is appropriate. That will allow Enbridge Gas and stakeholders to assess whether the alternative with better results under the TRC+ test is really the best choice for the Company and its ratepayers.

²¹⁸ 2Tr.7-9.

²¹⁹ Argument in Chief, para. 123.

²²⁰ OEB Staff Submission, page 35.

²²¹ OEB Staff Submission, pages 34-35.

²²² ED Submission, pages 8-9; GEC Submission, pages 29-31 (which also mentions a more complex approach to reviewing rate impacts)

134. The Company acknowledges the comments from OEB Staff and intervenors about some specific items that should be included in the evaluation test²²³, but submits that including these types of details into the IRP Framework is a level of granularity that is not necessary or possible at this time. As noted in Argument in Chief, Enbridge Gas acknowledges that there is more work to do in order to determine all the appropriate inputs into a DCF+ evaluation. Enbridge Gas accepts the Guidehouse recommendation that parties should work to complete a Benefit Cost Analysis (BCA) Handbook or supplemental guide to EBO 134 that would be used as a key input for economic evaluations.²²⁴ Enbridge Gas sees this as an appropriate activity for the IRP technical working group.
135. Enbridge Gas believes that the IRP pilot project that will be aimed at the implementation of an IRP Plan to meet an identified need/constraint (see below) will provide a good opportunity to test and implement the DCF+ evaluation process.²²⁵ Through that process, Enbridge Gas and stakeholders and the OEB will have a real-world example of how the evaluation test operates and how it might be refined and developed.²²⁶

STEP FOUR: Periodic Review

136. The final step of the IRP Assessment Process is the periodic review that will take place where circumstances change (for example, the nature or timing of an identified need/constraint alters materially, or significant policy changes are announced by government or the OEB). In that event, the Company will review its IRP

²²³ See, for example, OEB Staff Submission, page 33 (re. gas supply cost impacts, and costs and benefits of different options for new customers); LIEN Submission, page 3 (re. cost-benefit ratio for DSM for low-income customers); and OSEA Submission, page 9 (re. inflation assumptions for IRPA costs).

²²⁴ Argument in Chief, para. 91 and associated references.

²²⁵ OEB Staff agree that the IRP pilot projects will be a good place to test the evaluation process (though they say that in the context of the TRC+ test) – see OEB Staff Submission, page 34. In the event that, like LPMA (see LPMA Submission, page 13), the OEB is not in a position at this time to decide which evaluation methodology is preferable, then Enbridge Gas could be directed to file results for both of the tests in relation to the IRP pilot projects.

²²⁶ Exhibit I.STAFF.12; Exhibit I.APPRO.3; Exhibit C, para. 50 and 2 TC Tr. 90-91.

determinations related to identified needs/constraints and will report to the OEB and stakeholders.²²⁷

137. OEB Staff agree with this aspect of the Company's IRP Proposal.²²⁸

138. CME and OGVG support this component of the Company's proposal, subject to OEB oversight. OGVG submits that Enbridge Gas should inform the OEB and stakeholders at the time that a change in circumstances is identified, rather than after such change has been considered.²²⁹ CME submits that there should be a process to allow intervenors to ask interrogatories and provide submissions about Enbridge Gas's IRP choices.²³⁰

139. Enbridge Gas does not agree that additional reporting and engagement as proposed by CME and OGVG is required. The Company will not be reporting on and engaging with stakeholders on a project-by-project basis in the initial IRP evaluation process. That engagement and reporting will be a higher level, and done periodically. The same approach is appropriate where circumstances change and decisions are revisited.

(c) Stakeholder Outreach and Engagement Process

140. Enbridge Gas requests OEB approval of its 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.²³¹

²²⁷ Argument in Chief, paras. 98-100 and associated references.

²²⁸ OEB Staff Submission, page 38. APPrO and IGUA also take no issue with the methodology (APPrO Submission, page 14; and IGUA Submission, page 7).

²²⁹ OGVG Submission, page 15.

²³⁰ CME Submission, pages 12-13.

²³¹ Argument in Chief, paras. 101-113 and associated references.

141. Almost every party made submissions about the Company's stakeholdering process proposal.²³²
142. OEB Staff supports the Company's three-component stakeholdering process, and the commitment to keep a written record of consultation to inform future project-specific decisions.²³³ Similar statements of support (or non-opposition) are provided by APPrO²³⁴, CCC²³⁵, IGUA²³⁶, OGVG²³⁷ and VECC²³⁸.
143. Some parties argue for additional stakeholdering process and OEB involvement in the IRP review and development process. These proposals fall into three categories. First, some parties argue that OEB Staff should lead the proposed IRP technical working group.²³⁹ Second, some parties argue for one or more additional stakeholder or advisory committees (with a broader mandate than proposed by Enbridge Gas), to provide input or direction to Enbridge Gas on IRP implementation.²⁴⁰ Third, some parties argue for the addition of regulatory process and OEB oversight throughout the IRP review and development process.²⁴¹
144. The Company does not agree that it is appropriate for OEB Staff to lead the IRP technical advisory working group. The purpose of the IRP technical advisory working group is to provide Enbridge Gas with guidance and perspective from expert advisors who can assist in helping the Company determine the appropriate direction and approach for IRP process and decisions. Under the Ontario regulatory model,

²³² The only parties who did not make submissions on the stakeholder engagement proposal are BOMA and ED (though ED does attach and rely on the EFG Evidence, which includes proposals for stakeholder engagement processes).

²³³ OEB Staff Submission, pages 9 and 39.

²³⁴ APPrO Submission, pages 7 and 11.

²³⁵ CCC Submission, page 4.

²³⁶ IGUA Submission, page 11.

²³⁷ OGVG Submission, page 16.

²³⁸ VECC Submission, page 3.

²³⁹ See, for example, OEB Staff Submission, pages 39-40; and FRPO Submission, page 19.

²⁴⁰ See, for example, OEB Staff Submission, page 40; EP Submission, page 26; GEC Submission, pages 32-34; LPMA Submission, pages 6-7; PP Submission, pages 9 and 21-22; and SEC Submission, pages 24-25.

²⁴¹ See, for example, CME Submission, pages 13-15; FRPO Submission, page 19; and IGUA Submission, pages 11-12.

Enbridge Gas is the natural gas system operator with the sole responsibility to make final system planning decisions and to advance IRP Plan and/or LTC applications. Enbridge Gas is also the sole entity obligated to serve the firm contractual demands of gas customers. As such, it makes sense that the working group be led by Enbridge Gas, not by OEB Staff.

145. Stakeholder suggestions to create additional or more wide-ranging IRP committees vary in their breadth and scope. On one side of the spectrum, OEB Staff suggest an IRP Implementation Advisory Committee to provide input to the OEB and Enbridge Gas on a variety of topics, but then list topics that Enbridge Gas has already acknowledged would be in scope for the IRP technical working group.²⁴² On the other side of the spectrum, GEC proposes a funded IRP committee that would meet quarterly (along with sub-committee meetings), that would review all IRP screening and evaluation decisions and report annually to the OEB and that would be “mandated to make recommendations to the OEB for changes to the framework where the committee determines such changes are needed.”²⁴³
146. Enbridge Gas believes that its proposed IRP technical working group, intended to assist and advise on discrete issues such as IRP pilot project selection, IRP evaluation criteria and best practices from other jurisdictions, is a sufficient addition to the 3-component stakeholdering process. The Company does not agree that further committees and working groups are needed or appropriate.²⁴⁴
147. Broadly speaking, the proposals from some stakeholders inappropriately seek to transfer oversight and direction for IRP from Enbridge Gas (the gas system operator)

²⁴² OEB Submission, page 40.

²⁴³ GEC Submission, pages 32-34. LPMA (at pages 6-7 of the LPMA Submission) and PP (at pages 21-22 of the PP Submission) also advocate for much broader stakeholder or advisory committee involvement than the Enbridge Gas proposal.

²⁴⁴ Regardless of the committee or working group mandated by the IRP Framework, Enbridge Gas requests that the OEB indicate that where there are common evaluation/measurement/verification related inputs or assumptions being contemplated by the DSM Evaluation Advisory Committee (EAC) with respect to energy efficiency measures, to the greatest extent possible the conclusions of the EAC should take precedence over and inform the work of any IRP Framework related committee or working group on the same inputs or assumptions for similar purposes so as to avoid redundant debate and incremental regulatory process.

to stakeholders. Enbridge Gas does not believe that this is appropriate, and some parties appear to agree.

148. OEB Staff voice their agreement that “final determinations as to which projects to bring forward for OEB approval to meet identified system needs are the responsibility of Enbridge Gas, and [that] any stakeholdering model in the IRP Framework should not alter this”.²⁴⁵ CCC similarly states that “[u]ltimately it will be up to EGI to determine what IRPAs it should develop and seek approval for”.²⁴⁶ EP indicates that it is “opposed to a collective approach” and that “EGI should be given a clear mandate and responsibility for IRP in its franchise areas”.²⁴⁷
149. Enbridge Gas also does not agree with stakeholder proposals for more regulatory process and ongoing OEB oversight throughout the stakeholdering process. For the most part, these items have already been addressed in this Reply Argument, under the sub-heading “Timing of OEB review and approvals of IRP decisions”.
150. In summary, Enbridge Gas is concerned that implementation of these proposals for additional regulatory process (including the related proposals for OEB review throughout the IRP planning process) will lead to significant increases in regulatory burden and OEB process where it is not needed. This will add costs (which are ultimately borne by ratepayers) and delay IRP implementation. In this regard, Enbridge Gas adopts APPrO’s submission that:
- APPrO does not agree with the suggestions by some parties that a quasi-litigious process should be forced on top of this stakeholder outreach and engagement process. With the OEB’s ongoing efforts to streamline processes and identify efficiencies, it is not clear to APPrO that the benefits of such a process would outweigh the incremental administrative burden and costs that such a process necessitate.²⁴⁸
151. Enbridge Gas notes that parties raise a few discrete items related to stakeholder engagement that call for specific responses.

²⁴⁵ OEB Staff Submission, page 39.

²⁴⁶ CCC Submission, page 4.

²⁴⁷ EP Submission, pages 5 and 22.

²⁴⁸ APPrO Submission, page 11.

- i. OEB Staff asks for clarification of what parts of the LTC Guidelines²⁴⁹ will be followed by Enbridge Gas in its IRP Plan development and applications.²⁵⁰ Enbridge Gas expects that the question of what parts of the LTC Guidelines apply to an IRP Plan will depend on the nature of the IRP Plan (for example, the Guidelines will have less applicability to a targeted DSM IRPA than a district energy IRPA). The Company will provide details about the specific application of the LTC Guidelines when it prepares and submits IRP pilot projects for OEB approval.
- ii. Certain parties ask for representation in the IRP stakeholdering process.²⁵¹ Enbridge Gas confirms that interested parties will be invited and are welcome to participate in the three-component stakeholder process. The Company is open to creating a list of interested parties and ensuring that all such parties receive notice of stakeholdering activities. This may be most efficiently managed through an IRP dedicated web page.
- iii. LPMA submits that IRPA service providers should be part of the IRP advisory process.²⁵² Enbridge Gas agrees that IRPA service providers may wish to participate in IRP stakeholdering activities. However, Enbridge Gas does not believe that parties should be included in the IRP technical working committee unless they have relevant demonstrable technical expertise that relates to and informs the activities to be addressed by the gas IRP technical working committee.
- iv. PP suggests that Enbridge Gas should maintain an IRP webpage that would post relevant materials, including stakeholder engagement information.²⁵³ Enbridge Gas is open to this proposal, noting that its view of what is “relevant” to be posted may differ from other stakeholders.

(d) IRPA Cost Recovery and Accounting Treatment Fundamentals

152. 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

²⁴⁹ The OEB's *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario*.

²⁵⁰ OEB Staff Submission, page 40.

²⁵¹ LIEN and VECC request that low-income customer representatives be included, and Anwaatin asks for Indigenous representation.

²⁵² LPMA indicates that IRPA service providers (providing solutions such as heat pumps, geothermal systems and energy storage) should be part of an IRP Advisory Committee – LPMA Submission, pages 6-7).

²⁵³ PP Submission, pages 21-22.

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).²⁵⁴

153. At this time, so long as the OEB approves Enbridge Gas's proposal to create a level playing field between facilities and IRP investments by allowing capitalization of IRPA investments, then the Company is not seeking approval of any other incentive mechanisms.²⁵⁵ That is a topic that can be explored further in the future, perhaps as part of the Company's rebasing application.²⁵⁶
154. Many parties agree in concept with Enbridge Gas's proposal for like-for-like cost treatment. ED, GEC, IGUA and OGVG support the proposal.²⁵⁷ OEB Staff indicates this proposal addresses a financial disincentive to pursue IRPAs.²⁵⁸ CME agrees in principle²⁵⁹, and CCC, EP and VECC are not opposed to this proposal.²⁶⁰
155. Several of the parties noted above argue that the OEB should not make a determination as part of the IRP Framework that IRPA costs should be treated as capital investments, but instead should wait to make such determinations in IRP Plan applications.²⁶¹
156. In response, the Company believes that it is appropriate and useful for the OEB to issue a statement of general principles for cost treatment as part of the IRP Framework. Like-for-like treatment of IRP investments (to allow them to be treated

²⁵⁴ Argument in Chief, paras. 114-126 and associated references. As explained in Argument in Chief, both Guidehouse and EFG support the principle of like-for-like treatment of IRPA investments - Argument in Chief, para. 122 and associated references.

²⁵⁵ Several parties indicate opposition to further incentives (see, for example, IGUA Submission, page 14; EP Submission, page 27; and OGVG Submission, page 16). However, given that Enbridge Gas is not making such a request at this time, the Company does not believe that an OEB determination on this item is necessary.

²⁵⁶ Argument in Chief, paras. 125-126.

²⁵⁷ ED Submission, page 21; IGUA Submission, page 13; GEC Submission, page 34; and OGVG Submission, page 16.

²⁵⁸ OEB Staff Submission, page 43.

²⁵⁹ CME Submission, page 18.

²⁶⁰ CCC submission, page 4; EP Submission, page 27; VECC Submission, page 5. Enbridge Gas assumes that EP and VECC are not opposed to the proposal, because their submissions note the Company's proposal, and then do not indicate any opposition.

²⁶¹ See, for example, OEB Staff Submission, pages 43-44; and CCC Submission, page 4.

as capital investments) is an important aspect of Enbridge Gas's IRP Proposal, and it underpins the Company's decision not to request different incentives for pursuing IRP.

157. Enbridge Gas agrees that the IRP Framework cannot predetermine the cost treatment for particular IRPAs in a specific future IRP Plan. Enbridge Gas also agrees that the details of which specific costs qualify to be treated as capital investments²⁶², and what asset life applies, will be addressed in an IRP Plan application. However, these determinations will be less contentious with the benefit of an IRP Framework that indicates general principles that should apply to the cost treatment of IRP investments.
158. A small number of parties do not agree with the Company's "like-for-like" cost treatment proposal.
159. APPrO argues that the OEB should not accept Enbridge Gas's proposed cost treatment at this stage, and should instead invite the Company to propose a more innovative approach at rebasing.²⁶³ While the Company agrees that it may make an a supplementary cost treatment proposal in its rebasing application, the decision in that case will not be effective until January 1, 2024. In the meantime, Enbridge Gas expects to implement IRP pilot projects and potentially other IRP Plans. The Company submits that its proposed cost treatment is appropriate during that time.
160. LPMA submits that there are "too many unknowns at this time" for the OEB to include any specific rules for the appropriate approach to cost recovery.²⁶⁴ Enbridge Gas does not agree. If enough is known to direct Enbridge Gas to pursue IRP, then it is reasonable to set out the general principles of cost recovery for IRP activities.

²⁶² For example, Enbridge Gas agrees with FRPO that there may be legitimate debates about the appropriate cost treatment for supply-side IRPAs (FRPO Submission, pages 19-20).

²⁶³ APPrO Submission, pages 16-19. APPrO points to the "totex" approach used by OFGEM (UK) as an example of an "innovative" rate making model.

²⁶⁴ LPMA Submission, page 14.

Specific details (for example around how income tax expense will be treated) can be dealt with in the application for approval of a specific IRP Plan.

161. SEC argues that “normal accounting treatment” should be followed, otherwise there is a risk of stranded assets with IRPAs.²⁶⁵ The implication is that IRP costs should generally be expensed. There are several problems with this proposal. First, it will lead to volatile rates, with potentially significant impacts in the first years of IRP implementation. Second, it will cause intergenerational inequity where year 1 ratepayers are paying for IRPA benefits that may persist for many years. Third, it gives no notice of the fact that other jurisdictions have adopted like-for-like treatment and capitalization of non-wires/non-pipes solutions.²⁶⁶ Finally, expensing IRP costs provides no incentive or compensation to the utility for pursuing IRP. When the utility engages in its traditional role of providing safe and reliable service, it is compensated for its capital investments. It is not a balanced approach to direct the utility to pursue alternate activities from those of its traditional role while at the same time indicating that there will be no compensation for pursuing the alternate activities that are being prescribed.²⁶⁷

(e) Future IRP Plan Applications

162. Enbridge Gas is seeking OEB approval of an LTC-like process to review and approve a proposed IRP Plan designed to meet an identified need/constraint. The type of evidence that would be filed in the IRP Plan application is described in Argument in Chief.²⁶⁸
163. In the near term, the Company expects to request OEB approval for all IRP Plans. When more experience is gained, the Company proposes that the then-current LTC

²⁶⁵ SEC Submission, pages 14-16.

²⁶⁶ EFG points to Illinois, Vermont and New York as jurisdictions that allow utilities to rate base investments in non-wires solutions – EFG Report, pages 45-46.

²⁶⁷ On this last point, SEC proposes that Enbridge Gas could have some sort of incentive, but indicates that this would only be based on sharing benefits from IRPAs (SEC Submission, page 23). Therefore, in the case where an IRP Plan is only modestly better than a facilities option, Enbridge Gas would enjoy very little benefit but would still be required to proceed with the IRP Plan.

²⁶⁸ Argument in Chief, paras. 127-130, and associated references.

threshold (likely \$10 million) be used to dictate what IRP Plans require OEB approval. Enbridge Gas requests that it be given flexibility to adjust an approved IRP Plan without further OEB review as long as the costs being adjusted are less than 25% of the total approved cost.²⁶⁹

164. OEB Staff support the concept of an LTC-like approval process (including the evidence described by Enbridge Gas) for an IRP Plan, and the proposed materiality threshold.²⁷⁰ OEB Staff suggest that the IRP Plan evidence should also include a record of stakeholder engagement, and proposed approaches to project cost recovery and cost allocation as well as evaluation and monitoring.²⁷¹
165. APPrO asserts that the Company's proposed approach to cost recovery, rate design and cost allocation (including bill impacts) should be described and approved in the IRP Plan application, because those are items that are important for stakeholders to understand before determining whether they support the IRP Plan.²⁷²
166. Enbridge Gas agrees that the items proposed by OEB Staff and APPrO should be included in an IRP Plan application. It will be helpful to the OEB, and to the Company and stakeholders, to have full understanding of not only the IRP Plan and its costs, but also about how those costs will be recovered and the resulting bill impacts. That will make inclusion/recovery of the costs (in the IRP Costs Deferral Account and/or at a rebasing case) administratively simpler.

²⁶⁹ Argument in Chief, paras. 131-134, and associated references.

²⁷⁰ OEB Staff Submission, page 46. OGVG and IGUA submit that, at least initially, all IRP Plans (regardless of their cost) should be subject to OEB approval (OGVG Submission, page 17; and IGUA Submission, pages 12-13). No party directly opposes the Company's proposal to seek OEB approval of an IRP Plan. Some parties, like GEC, argue that the IRP Plan application (or an LTC application) should not be the first and only OEB review of the Company's decision to proceed with either an IRP or facilities solution. The Company's position on this question is described earlier in this Reply Argument.

²⁷¹ OEB Staff Submission, page 46.

²⁷² APPrO Submission, pages 12-13.

167. Several parties raise questions about the OEB's legislative authority to approve an IRP Plan under section 36 of the *OEB Act*.²⁷³ OEB Staff also requests that Enbridge Gas detail what Decision or Order the OEB would issue in an IRP Plan proceeding.²⁷⁴
168. Enbridge Gas will implement IRP Plans in order to maintain safe and reliable gas service to its customers, by meeting forecast peak demand through an IRPA rather than through facilities investments. In this way, the costs incurred by Enbridge Gas in implementing an IRP Plan will be related to the sale, distribution, transmission and/or storage of gas, and can be included in rates under section 36(2) of the *OEB Act*. This proposition does not appear to be disputed.²⁷⁵
169. Enbridge Gas agrees that the OEB's LTC powers (under sections 90-92 of the *OEB Act*) do not apply in relation to IRP Plans. However, the OEB can still approve the cost consequences of a proposed IRP Plan under section 36 of the *OEB Act*, with that approval operating as an endorsement of the underlying IRP Plan. The concept of a "pre-approval" of cost consequences of a project is already familiar to the OEB. For example, the OEB's Advanced Capital Module provides pre-approval for recovery of capital expenses of an infrastructure project that is planned for a future year during an Incentive Regulation term. As another example, the OEB's Filing Guidelines for Pre-Approval of Long-Term Natural Gas Supply and/or Transportation support OEB pre-approval of the cost consequences of long-term contracts. In each circumstance, the OEB will look at all relevant facts around the proposed project/contract and determine whether the undertaking is in the public interest and whether the forecast costs are reasonable. The costs are then recoverable in the future, after they are incurred. The same approach could be applied to an IRP Plan application.

²⁷³ See, for example, Anwaatin Submission, page 20 and APPrO Submission, page 12. Other parties expressly (APPrO and IGUA) or implicitly agree that section 36 of the *OEB Act* provides authority to approve the cost consequences of IRP Plans.

²⁷⁴ OEB Staff Submission, page 47.

²⁷⁵ The Company acknowledges that some parties question whether Enbridge Gas can include IRPAs related to electricity in rates – that is discussed earlier in this Reply Argument.

170. Enbridge Gas expects that an OEB Decision for an IRP Plan application would set out the OEB's views on the purpose, need, timing, cost, cost treatment and cost allocation for the IRP Plan. The Order would approve the cost consequences of the IRP Plan (including the cost treatment for forecast expenses), and could address the cost allocation that would apply. The costs would then be recovered (subject to a prudence review) through the IRP Costs Deferral Account and/or at the Company's next rebasing application (or within a future ICM request in a future IR term).
171. OEB Staff does not support Enbridge Gas's proposal that supplementary OEB approval of an IRP Plan is only required where the forecast costs of changes to the IRP Plan exceed 25% of the approved cost.²⁷⁶ Instead, OEB Staff suggest that the OEB could confirm that prudently incurred costs associated with an approved IRP Plan would be eligible for cost recovery, and that Enbridge Gas would have the option to apply to the OEB for amendment of an approved IRP Plan if (in the Company's view) circumstances warrant.²⁷⁷
172. Enbridge Gas believes that, at least initially, it would be preferable to have a predetermined expectation about what changes to an IRP Plan warrant review and supplementary approval from the OEB. That will reduce later disputes (at rebasing or at the clearance of the IRP Costs Deferral Account) about whether the Company should have sought OEB approval for changes to an approved IRP Plan before implementing such changes.

(f) Monitoring and Reporting

173. Enbridge Gas is seeking OEB approval of its proposed annual IRP reporting that will address IRP integration into existing planning processes, IRPA effectiveness, IRP pilot projects planned or underway, IRP stakeholder engagement and IRPA implementation.

²⁷⁶ On this point, EP and APPrO argue that a 25% threshold is too high – EP Submission, page 8; and APPrO Submission, page 21. FRPO, on the other hand, does not oppose the “25% tolerance for individual IRPA cost differences” – FRPO Submission, page 20.

²⁷⁷ OEB Staff Submission, page 48.

174. Enbridge Gas proposes to file an annual IRP Report with the OEB, as part of either its annual Rates application or Non-Commodity Deferral Account Clearance and Earnings Sharing Mechanism application, or as otherwise directed by the OEB.²⁷⁸ The items that will be included in the annual IRP Report were listed and described in Argument in Chief.²⁷⁹
175. OEB Staff agree that the list of items that Enbridge Gas proposes to include in the annual IRP Report is appropriate. OEB Staff suggest that the annual IRP Report should be filed in the proceeding where Enbridge Gas proposes to clear the IRP Costs Deferral Account.²⁸⁰ Enbridge Gas agrees with that suggestion. The annual deferral and variance account clearance application, which currently includes review of earnings sharing results from the previous year, would be an appropriate proceeding to receive the prior year's annual IRP Report.
176. OGVG and VECC also support the Company's annual reporting proposal.²⁸¹ VECC proposes that the annual reporting should include information on challenges encountered with IRP implementation, as well as any issues with IRP performance (including issues with adoption rate for residential/low-income consumers).²⁸² Enbridge Gas will include these general types of information in its annual reporting, under the topic headings listed in Argument in Chief.²⁸³
177. EP submits that the annual IRP Report should be "stakeholder reviewed", and asks Enbridge Gas to clarify whether the Company proposes that the OEB would "approve" the annual IRP Report.²⁸⁴ Enbridge Gas agrees that stakeholders will have the opportunity to ask questions (interrogatories) about the annual IRP Report in the

²⁷⁸ Exhibit A, pages 16-18; Exhibit B, paras. 31 and 82-85.

²⁷⁹ Argument in Chief, paras. 137-138 and associated references.

²⁸⁰ OEB Staff Submission, pages 10 and 49.

²⁸¹ OGVG Submission, page 18; and VECC Submission, page 6.

²⁸² VECC Submission, page 6.

²⁸³ Argument in Chief, para. 137. Challenges with IRP integration would be included in reporting on "Updates on incorporating IRP into AMP planning" and challenges with IRP Plan implementation would be included in reporting on "Updates on status of approved IRP Plans". Note, however that it could be the case that the reporting may not include the kind of granular details about internal processes and challenges that is expected by VECC.

²⁸⁴ EP Submission, pages 8 and 28.

proceeding where it is filed. However, Enbridge Gas does not agree that it is necessary or appropriate for the OEB to issue an “approval” for the annual IRP Report.²⁸⁵

178. APPrO and LPMA indicate that in the future Enbridge Gas should include a scorecard and metrics to track and measure IRP activities and results.²⁸⁶ This would become part of annual reporting. Both APPrO and LPMA acknowledge that it is too early to develop such measures. APPrO suggests that this could be addressed at the time that Enbridge Gas applies for approval of an IRP Plan.²⁸⁷ LPMA suggests that this could be addressed through the stakeholder consultation process that addresses pilot projects.²⁸⁸

179. Enbridge Gas agrees that it is premature to develop a scorecard or metrics to evaluate IRP activities. This could be discussed and determined as part of an OEB review of the IRP Framework, once there are several years of experience. In the intervening time, Enbridge Gas would not object to specific metrics to monitor the performance of IRP pilot projects and/or any initial approved IRP Plans. Those would be discussed and addressed in the relevant IRP Plan approval application.

(iii) IRP Costs Deferral Account

180. Enbridge Gas is seeking OEB approval of an IRP Costs Deferral Account which will track all incremental IRP-related costs not included in base rates (capital, operating and administrative costs) for future recovery during the current deferred rebasing term.²⁸⁹

181. No party opposes the proposed IRP Costs Deferral Account.

²⁸⁵ Similarly, the Company files its RRR Scorecard results in the Deferral and Variance Account Clearance Proceeding each year – parties can ask interrogatories, but the OEB does not issue any approval.

²⁸⁶ APPrO Submission, page 21; and LPMA Submission, page 16. PP also argues for a scorecard in the recommendations included in the Appendix to its Submission – PP Submission, pages 22-23 and 27 (Appendix).

²⁸⁷ APPrO Submission, page 21.

²⁸⁸ LPMA Submission, page 16.

²⁸⁹ Argument in Chief, paras. 140-145.

182. OEB Staff supports Enbridge Gas's proposal to establish the IRP Costs Deferral Account but notes several "caveats".²⁹⁰
183. First, OEB Staff notes that the prudence of recorded costs and the extent to which they are incremental (not part of existing operations funded by rates) can be determined at the time of clearance of the deferral account.²⁹¹ Enbridge Gas agrees.²⁹²
184. Second, OEB Staff notes that some IRP Plans may be alternatives to facilities projects that would have been implemented during the current deferred rebasing term. As such, the associated costs would not be viewed as "incremental".²⁹³ Enbridge Gas agrees that where an IRP Plan takes the place of a facilities project that would have occurred during the current deferred rebasing term, then the associated costs are not necessarily entirely incremental (though they could be eligible for ICM treatment).²⁹⁴ However, where the IRP Plan takes the place of a facilities project that would not have been implemented until after the end of the current deferred rebasing period, then the associated IRP Plan costs are incremental and are properly recorded in the deferral account. Similarly, unless an IRP pilot project can be said to replace a facilities project planned for the deferred rebasing period, then the IRP pilot project costs are appropriately recorded in the deferral account.

²⁹⁰ OEB Staff Submission, pages 10 and 50-51. Other parties including EP, FRPO, IGUA and OGVG also support the use of an IRP Costs Deferral Account.

²⁹¹ OEB Staff Submission, page 50. IGUA makes a similar comment – IGUA Submission, page 13.

²⁹² Enbridge Gas does not agree with the comment from EP that there will be duplication and inefficiencies resulting from implementing IRP (EP Submission, page 29). However, it will be open for parties to raise questions about the prudence of any amounts recorded in the deferral account.

²⁹³ OEB Staff Submission, pages 50-51. OGVG and PP advance a similar argument – OGVG Submission, page 18; and PP Submission, page 23.

²⁹⁴ Note, though, that even in this scenario there may be incremental costs where Enbridge Gas has to design and consider both a facilities and IRP solution.

185. Finally, OEB Staff recommends that the OEB direct Enbridge Gas to prepare a Draft Accounting Order for the IRP Costs Deferral Account, based on the guidance set out in the OEB's Decision.²⁹⁵ Enbridge Gas agrees that this is appropriate.

(iv) IRP Pilot Project Proposal

186. Enbridge Gas requests that the OEB approve the Company's plan to develop two IRP pilot projects, with the initial investigation and consultation to be commenced in the next year. Enbridge Gas's current plan for the IRP pilot projects is that one will apply the new IRP Framework through development and implementation of a broad IRP Plan to meet an identified need/constraint and the other will test a promising IRPA, for example Demand Response (DR) along with Automated Metering Infrastructure (AMI).

187. There is universal support for the plan to develop and implement two IRP pilot projects as a near-term activity to understand and evaluate how IRP can be implemented to avoid, delay or reduce facilities projects.²⁹⁶ Parties also appear to generally agree with the nature and scope of Enbridge Gas's proposed IRP pilot projects.²⁹⁷

188. OEB Staff indicates that while it supports the general intent of the Company's proposed IRP pilot projects, it is not necessary for the OEB to approve or direct the specific IRP pilot projects within the IRP Framework. The nature and details of the IRP pilot projects should instead be determined by the Company following consultation with stakeholders (which under Enbridge Gas's proposal would be done through the IRP technical working group).²⁹⁸

²⁹⁵ OEB Staff Submission, page 51.

²⁹⁶ Even SEC, the only party who argues against approval of an IRP Framework, is in favour of proceeding with IRP pilot projects – SEC Submission, page 25.

²⁹⁷ See, for example, OEB Staff Submission, page 52 and GEC Submission, page 37. PP advocates for two relatively narrow IRP pilot projects – one for targeted DSM and one for an IRP alternate technology such as geothermal (PP Submission, page 23). SEC's proposals are similar to PP – SEC Submission, page 25.

²⁹⁸ OEB Staff Submission, page 52.

189. Enbridge Gas agrees. The Company plans to work with the IRP technical working group to identify and design two IRP pilot projects.²⁹⁹ The Company would then apply to the OEB for approval of the IRP pilot projects (using the IRP Plan approval process proposed).³⁰⁰
190. Enbridge Gas acknowledges OSEA's request that a "DR summary report" be prepared to look at the results of DR pilot projects in other jurisdictions before stakeholder consideration of pilot projects.³⁰¹ The Company agrees that this type of research and reporting would be helpful to evaluate the best way to proceed with a DR pilot project in Ontario.
191. LIEN and VECC request that Enbridge Gas situate IRP pilot projects in areas that include diverse customer types (including low-income customers).³⁰² LIEN requests that the Company work closely with partners such as LIEN, VECC and municipalities in the development of the IRP pilot projects.³⁰³ Enbridge Gas agrees that it will be important to situate IRP pilot projects in areas that are representative of its service territory, taking into account where future system constraints are likely to be encountered. Enbridge Gas's stakeholdering activities will involve representatives for a variety of perspectives; however, the IRP technical working group will include only representatives that have relevant technical expertise that relates to and informs the activities to be addressed by the IRP technical working committee.
192. In terms of timing, Enbridge Gas proposes that the IRP pilot projects could be deployed by the end of 2022.³⁰⁴ This recognizes that there is a large amount of work to be done to identify, design, obtain OEB approval and implement any IRP Plan (which may include procurement and implementation of resources from third parties). Enbridge Gas agrees that stakeholder engagement through this process is important,

²⁹⁹ Argument in Chief, paras. 109, 148 and 149 and associated references.

³⁰⁰ Exhibit I.OSEA.1 c); 2 Tr. 138-139 and Exhibit I.STAFF.12.

³⁰¹ OSEA Submission, pages 10-11.

³⁰² LIEN Submission, page 5; and VECC Submission, page 4.

³⁰³ LIEN Submission, page 5.

³⁰⁴ Argument in Chief, para. 150.

but notes that this will also take time. Enbridge Gas will aim to meet OEB Staff's proposal that an application for approval of the IRP pilot projects be filed within 12 months of the issuance of the IRP Framework.³⁰⁵ However, without knowing what will be included in the IRP Framework, or whether there will be general agreement with stakeholders about the nature and details of IRP pilot projects, the Company is not able to commit at this time to meeting that proposed timeline.

193. Finally, OEB Staff submits that Enbridge Gas should not wait for the results from IRP pilot projects before developing other IRP Plans.³⁰⁶ Enbridge Gas agrees that the identification and development of other IRP Plans should not wait for the IRP pilot projects to be completed. However, it is less clear whether Enbridge Gas should wait for results from the IRP pilot projects before implementation of additional IRP Plans.³⁰⁷ Enbridge Gas submits that it is too early to decide on this question – the interim results from the IRP pilot projects will be informative as to whether and when further IRP Plans will be implemented, and as to whether enhancements should be made to the IRP Framework. On this first point, EP underlines that the results from the IRP pilot projects will be important to determine if there is customer support for IRPAs such as DR.³⁰⁸ On the second point, VECC submits that it may make sense for the OEB to approve Enbridge's Gas's IRP Framework under a phased iterative approach where 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.³⁰⁹

(v) Advanced Metering Infrastructure (AMI) Acknowledgement

194. Enbridge Gas is seeking an indication of the OEB's support for the role of AMI as an important enabler of successful IRP and IRPAs. Alternately, or additionally, the Company is asking for acknowledgement from the OEB that without AMI – which is

³⁰⁵ OEB Staff Submission, page 52.

³⁰⁶ OEB Staff Submission, page 53.

³⁰⁷ LPMA appears to agree with Enbridge Gas's position – see LPMA Submission, pages 5-6.

³⁰⁸ EP Submission, page 29.

³⁰⁹ VECC Submission, page 6.

not being requested at this time - the Company will need to rely on system modelling around less certain or less well tested solutions to meet demand versus actuals.³¹⁰ Further, without the more granular consumption data that would be available from AMI implementation, more conservative derating factors (or IRPA oversubscription) will need to be applied towards consideration of a given alternative and, incremental evaluation policy and/or protocols may need to be designed and implemented.³¹¹

195. Parties generally agree that AMI will be helpful to enable IRP.³¹²

196. There is disagreement as to whether the OEB should provide the requested acknowledgement of the valuable role of AMI for IRP.

197. OSEA supports the requested acknowledgement, but indicates the OEB should “go further” than Enbridge Gas’s proposal and direct Enbridge Gas to bring forward an AMI deployment proposal as part of the rebasing case.³¹³

198. Other parties do not support the OEB issuing the requested AMI acknowledgement. These parties indicate that it is incumbent on Enbridge Gas to present a compelling business case for AMI deployment before OEB approval to fund this investment is granted.³¹⁴ This may be done on a case-specific basis in conjunction with an IRP Plan proposal³¹⁵, or on a system-wide basis as part of the Company’s 2024 rebasing application³¹⁶.

199. In this context, some parties question what value will result from the OEB issuing the requested acknowledgement of the role of AMI as an important enabler of IRP.³¹⁷

³¹⁰ Argument in Chief, paras. 153-159 and associated references.

³¹¹ Exhibit B, para. 79.

³¹² For example, OEB Staff indicate that “all else being equal, IRP can be done more effectively if AMI is in place” – OEB Staff Submission, page 53. OSEA is also a strong supporter of the value of AMI – see OSEA Submission, pages 11-13.

³¹³ OSEA Submission, pages 11-13.

³¹⁴ See, for example, OEB Staff Submission, page 54

³¹⁵ See, for example EP Submission, page 30.

³¹⁶ See, for example, FRPO Submission, page 21.

³¹⁷ See, for example, CME Submission, pages 21-22.

200. Enbridge Gas agrees that investment in AMI to support an IRP Plan (or on a system-wide basis) should not proceed without OEB approval of a specific proposal. The Company further agrees that this approval may be sought in an IRP Plan application (including a request for approval of an IRP pilot project), or it may be sought on broader basis as part of a request within the upcoming rebasing application. While the Company is planning to include an AMI deployment request in its rebasing case³¹⁸, Enbridge Gas is not in a position at this time to definitively commit to making such a request and does not believe that it is necessary or appropriate for the OEB to make this a required element of the rebasing application.
201. Enbridge Gas believes, however, that it is appropriate and beneficial for the OEB to issue the requested acknowledgement of the important role of AMI for IRP. This will give the Company confidence to commit the necessary resources to review AMI opportunities, and to formulate one or more appropriate AMI implementation plans.

F. NEXT STEPS AFTER ISSUANCE OF IRP FRAMEWORK

202. In Argument in Chief, Enbridge Gas set out a number of “next steps” to be addressed after the IRP Framework is approved.³¹⁹
203. Some of the proposed next steps, such as integrating IRP planning into the AMP, developing and implementing IRP pilot projects and establishing an IRP technical working group, are addressed earlier in this Reply Argument.
204. There are several other “next steps” addressed in parties’ submissions.
205. First, there seems to be some agreement that the OEB could revisit and review the IRP Framework once some experience has been gained.
206. Enbridge Gas suggested (and OGVG agrees) that the review could occur after there is at least 5 years’ experience under the IRP Framework.³²⁰ OEB Staff suggests that

³¹⁸ Exhibit I.CCC.14.

³¹⁹ Argument in Chief, paras. 160-166 and associated references.

³²⁰ Argument in Chief, para. 166. OGVG Submission, page 20.

this could be aligned with the end-date of Enbridge Gas's pending post-2021 DSM Plan, which is expected to cover three to six years.³²¹ GEC suggests that the review occur in 3 years, and include consideration of the IRPA assessment test and shareholder incentives.³²² PP suggests that there should be OEB review of the IRP Framework on a biannual basis for approximately five years.³²³ VECC suggests that the review could take place at the end of the pilot project timeframe.³²⁴

207. Enbridge Gas continues to believe that a five-year period to gain experience under the IRP Framework is an appropriate interval before OEB review. By that time, there will be results from IRP pilot projects, experience with implementing IRP into planning processes and an established next generation rate framework. The Company agrees with the OEB's current intent to keep IRP process (and framework) separate from DSM process (and framework) since these frameworks are aimed at different purposes. Enbridge Gas does not see benefit in combining review of both frameworks.
208. Second, OEB Staff indicates that Enbridge Gas should review its economic feasibility policies associated with system expansion to ensure that system reinforcement costs are based on a forward-looking approach that accounts for system needs/constraints identified in the AMP and submit the revised policies in the rebasing case.³²⁵
209. Enbridge Gas will consider including this update into its economic feasibility policies to be presented for approval at rebasing. However, the Company does not believe that it is appropriate or necessary for the OEB to order this to happen. This is not a necessary matter to include in the IRP Framework, and it was not the topic of extensive review during the IRP proceeding, such that parties had the opportunity to consider and make submissions.

³²¹ OEB Staff Submission, page 55.

³²² GEC Submission, page 37.

³²³ PP Submission, page 20.

³²⁴ VECC Submission, page 6.

³²⁵ OEB Staff Submission, pages 37-38 and 55.

210. Third, EP proposes that Enbridge Gas should produce a “Draft IRP Manual” that “shows how the components of the IRP Plan and process fit together”.³²⁶ This document would be subject to stakeholder review “before being approved as an OEB Guideline”. It is not clear to Enbridge Gas what incremental benefit would be achieved by an IRP Manual, especially given the Company’s agreement that it will prepare and maintain a public document describing available IRPAs (along with relevant information about each), as described above. The Company will have a lot of work to complete in terms of integrating IRP planning into the AMP, engaging in stakeholdering (including the IRP technical group) and developing and implementing IRP pilot projects. Enbridge Gas submits that it makes more sense to wait and see whether there would be benefit to all parties from creating an IRP Manual before ordering that this be done at the outset of the first IRP Framework.
211. Finally, FRPO submits that the OEB should indicate that the “existing alternatives policy that has applied for decades” should continue to apply to LTC Applications pending the outcome of this proceeding.³²⁷ Enbridge Gas agrees with the implicit point in FRPO’s submission, which is that on a go-forward basis the IRP Framework and the principles included will guide the OEB’s future review of IRP Plans as well as the presentation of alternatives in an LTC application. In terms of the principles that would apply to an LTC application that is determined before the issuance of an IRP Framework, Enbridge Gas submits that is a case-specific determination to be addressed by the Commissioners considering the LTC application.³²⁸

G. RELIEF REQUESTED

212. Enbridge Gas respectfully requests that the OEB approve an IRP Framework for Enbridge Gas that includes each of the items described in the “Approvals Sought by Enbridge Gas for the IRP Framework” section of its Argument in Chief.

³²⁶ EP Submission, page 18.

³²⁷ FRPO Submission, page 21.

³²⁸ In any event, there is a circularity problem because the declaration that FRPO requests can only be included in the IRP Framework decision, at which time there will be an IRP Framework in place which will replace the prior expectations for IRP consideration in a LTC application.

All of which is respectfully submitted this 21st day of April 2021.

A handwritten signature in blue ink, appearing to read 'David Stevens', with a long horizontal flourish extending to the right.

David Stevens, Aird & Berlis LLP
Counsel to Enbridge Gas