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May 11, 2021

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

Dear Ms. Long,

RE: EB-2021-0004 – Consultation to Review Annual Update to Five-Year Natural Gas Supply Plans – Comments of London Property Management Association

Introduction

Enbridge Gas Inc. (“EGI”) filed its 2021 Annual Update to its five-year natural gas supply plan (“GSP”) on February 1, 2021. On February 19, 2021, the Ontario Energy Board (“OEB”) initiated a consultation to review Enbridge Gas Inc.’s annual. The process for this review is set out in the OEB’s Report of the Board: Framework for the Assessment of Distributor Gas Supply Plans (“Framework”).

A number of parties submitted written questions on March 30, 2021 and EGI provided responses through the stakeholder conference that took place on April 26 and April 27, 2021.

The following are the comments on the 2021 annual update of the London Property Management Association (“LPMA”).

Timing of Annual Filing Updates

As part of the 2020 annual update, EGI requested that the OEB allow it to file future annual updates in January or February of each year rather than in May of each year, which was prescribed in the Framework. EGI indicated that this timing would better align with internal gas supply planning timelines which could not be altered and that this

timing would allow EGI to reflect outcomes from the annual update review into the GSP for the following winter because the review process would conclude earlier. The OEB directed EGI to file its 2021 annual update by February 1, 2021.

As part of the current annual update, EGI has now requested that the OEB require the filing of future updates by March 1 of each year. EGI has indicated that based on its experience with the 2020 and 2021 annual updates, moving the filing deadline to March 1 would result in a better alignment with internal gas supply planning timelines while allowing for the annual updates to contain the most up to date information available. LPMA submits that this timing is acceptable and supports the EGI request. Balancing the need for the outcomes from the annual review to be reflected in the GSP for the following year with the inclusion of more up to date information in the annual filings is both appropriate and an efficient use of time.

Testing of Bill Impacts

The issue of where and when the bill impacts resulting from the GSP are tested for prudence was raised in the stakeholder conference (Tr. April 26, 2021, Pages 19-22).

It is clear to LPMA that the annual review of the GSP is not the place where the bill impacts that result from the GSP should be examined. However, it is not clear to LPMA where this examination should take place.

EGI has suggested that it would be appropriate to test the bill impacts of the decisions in the GSP within the bounds of another existing proceeding. It was suggested that the QRAM filings, the deferral account balances clearance filings, future GSP filings or rebasing applications were examples of where the specific prudence and impact of costs resulting from the GSP and its adjustments could be addressed.

As the Board is aware, the QRAM mechanism is meant to be mainly mechanical and the tight deadlines between the filings and need for approval of the associated reference prices does not allow for adequate time for adequate examination of prudence or bill impacts.

Filings that deal with the clearance of deferral account balances usually do not deal with the balances in all of the gas commodity related accounts. Some gas supply/commodity accounts are disposed through these filings, while other gas supply/commodity accounts are not, as they flow through the QRAM process.

Future five-year gas supply plans and/or rebasing applications would mean that the review of the prudence of costs would only take place every five years and be retroactive for a period of five years on account balances that have already been approved for disposal on a final basis. Clearly this would not be appropriate or effective, in the view of LPMA.

LPMA believe that the annual deferral and variance account disposition filings would be the best place to deal with the bill impacts and prudence review of the GSP. This would include all gas supply/commodity related accounts, not just those proposed for disposition as part of the annual clearance.

In any event, LPMA submits that the OEB should provide clear guidance on where the issue of the bill impacts and prudence of the outcome of the GSP and any annual adjustments made should be dealt with. This guidance would enhance regulatory efficiency in that parties would know where and when the issue would be dealt with and not have to raise the issue in multiple proceedings only to have it denied and/or punted to some other forum.

Sustainable Natural Gas

At this time, LPMA does not support the purchase of sustainable natural gas (“SNG”) as part of the gas supply portfolio for system gas customers. LPMA believes that if customers wish to purchase such gas, there will be a market that develops for it through the marketer community. If EGI wishes to support the creation of SNG production, then LPMA submits it should purchase such gas for its own use rather than for system gas supply customers at this time.

In the future, if the price premium to conventional natural gas is minimal and EGI can show benefits to ratepayers from the payment of that premium, then EGI should bring forward an application to include SNG in the system gas supply portfolio or to implement a program similar to that approved for renewable natural gas (“RNG”) where customers can choose to pay a premium for RNG. EGI may also want to consider combining SNG with RNG to provide an option for customers to opt for a combination of these supply sources.

LPMA further comments that the “sustainable” in SNG may be misleading to some parties. Whether rightly or wrongly, “sustainable” is often associated with decarbonization, which SNG is not. Rather than referring to this gas as sustainable, LPMA suggests another name may be more appropriate, such as certified, or responsibly sourced natural gas.

Heating Degree Day Sensitivities

At the stakeholder conference, EGI stated that an increase to the average daily temperature by 1 degree Celsius would lower the plan heating degree days in 2020/2021 by between 7.4% and 10.7% depending on the region and would decrease total demand by about 46,000 TJs, or 6% (Tr. April 26, 2021, Page 127).

While this information was useful, LPMA believes that EGI should provide more detailed information in future annual updates on the heating degree day sensitivities.

Rather than a 1 degree Celsius change in the average daily temperature, LPMA submits that a 1% change in annual heating degree days would be a more appropriate sensitivity. A change of 1 degree Celsius has a different impact in January than it does in July, whereas a 1% change analysis would reflect the higher impact in January more appropriately.

While EGI presented the impact on a total demand basis, LPMA believes that the impact should also be presented on a total system gas basis, as the impact on system gas requirements is likely to be more on a percentage basis than on total demand. This is because the most heat sensitive customers tend to be general service system gas customers while more of the larger contract customers, which tend to be less sensitive to weather variations, are direct purchase customers.

LPMA believes that it would be useful to provide a further level of detail on the weather sensitivity both by region and rate class within each region. In particular, for each rate class in each of the regions, LPMA suggests that EGI could provide the weather sensitivity of a 1% change in heating degree days as both a percentage impact and volumetric impact on both total demand and on system gas supply demand. EGI has numerous demand forecasting equations that are used to forecast demand by rate class, or subclass, by region, as shown in the reply to stakeholder conference question Exhibit I.Staff.5 Attachment 1.

Such information would provide information on the weather impact on one rate class versus another and highlight the potential impacts on the system gas purchase portfolio. As examples, are residential customers more or less weather sensitive than commercial customers; are residential (and other) customers more or less weather sensitive in the Union South zone relative to the EGD zone; how does weather sensitivity impact volumes in the Union north zones where the gas supply plan faces more constraints in terms of transportation?

Conclusion

LPMA generally supports EGI's 2021 GSP update and the information provided. The comments provided above are meant to provide EGI and the OEB with potential enhancements to the annual update process for the GSP.

Yours very truly,

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c.c. EGI Regulatory Affairs
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