

Elson Advocacy

May 11, 2021

BY EMAIL AND RESS

Ms. Christine Long

Registrar
Ontario Energy Board
2300 Yonge Street, Suite 2700, P.O. Box 2319
Toronto, Ontario M4P 1E4

Dear Ms. Long:

Re: EB-2021-0004 – Consultation on 2021 Update to Enbridge’ Gas Supply Plan

I am writing on behalf of Environmental Defence to provide comments on Enbridge’s 2021 Gas Supply Plan Update. As detailed below, Environmental Defence asks that Enbridge provide more details regarding so-called sustainable natural gas (“SNG”), refrain from describing SNG as “sustainable” as that is inaccurate, and redirect funding from SNG to more cost-effective methods of reducing carbon emissions (e.g. energy efficiency programs or carbon credits). Environmental Defence also seeks more details comparing current forecasts with those set out in the previous plan and more complete answers to the questions from intervenors.

(1) Sustainable Natural Gas

Environmental Defence has concerns regarding the potential inclusion of so-called Sustainable Natural Gas (“SNG”) within Enbridge’s gas supply.

The first concern relates to the proposed name itself. Fossil gas certified through any kind of standards programs should not be called “sustainable” because it is not. Most importantly, SNG still emits the same carbon emissions when combusted as other fossil gas. The carbon emissions from fossil gas combustion constitute over 30% of Ontario’s total emissions.¹ That would remain true even if all fossil gas was certified as SNG.

Unless gas is carbon-free, it is not sustainable. To suggest otherwise would be to engage in greenwashing. Calling fossil gas “sustainable” would mislead some consumers into believing that the gas supply is emissions-free or has low carbon emissions. This impression could diminish the incentive for consumers to take more meaningful steps to decarbonize heating in buildings. It would also take pressure off of Enbridge to pursue important decarbonization measures such as improved energy efficiency programs.

¹ EB-2019-0294, Exhibit I.ED.1, Attachment 1 [[link](#)].

The second concern relates to whether SNG is a cost-effective way to reduce carbon emissions. Although Enbridge believes that SNG would have a smaller carbon footprint than non-certified sources of fossil gas², it has not quantified the difference and does not even know if it is material. Furthermore, these emissions reductions would relate only to the emissions associated with extraction not those associated with combustion. Emissions from extraction are important, but are significantly less than those associated with combustion. Enbridge should provide more details, including the potential reduction in carbon emissions and the cost per tonne of avoided CO₂e. This information is needed to assess whether including SNG in the gas supply and paying the premium for SNG is in the interests of consumers and good value for money.

Enbridge should commit to pursuing the lowest cost carbon emission reductions. For example, the incremental cost of SNG would earn a much better return for customers if invested in energy efficiency programs. Alternatively, if the carbon reductions obtained through the cost of SNG premium are more expensive than carbon credits (e.g., see [less.ca](https://www.less.ca)) Enbridge should divert the dollars to carbon credits. Even though Enbridge estimates that the cost of the premium would be negligible, the number of tonnes CO₂e that could be offset is not insignificant. For example, if Ontario's entire throughput were replaced with SNG, the total amount of this premium would cost between \$50.7 million and \$152.1 million.³ This could offset between approximately 2 million and 6 million tonnes of CO₂e annually through carbon credits,⁴ or between approximately 4% and 13% of Ontario's annual carbon emissions from fossil gas.⁵ Regardless of the percentage of Enbridge's gas supply that is replaced with SNG, the avoided carbon emissions of SNG should be compared with the amount of carbon that would be offset through potentially more cost-effective alternatives such as energy efficiency programs. Only if SNG is the lowest cost way to achieve the same reductions in carbon emissions should that option be pursued.

(2) Comparative information

Environmental Defence submits that Enbridge should provide more comparative information to describe the changes to the plan from the previously submitted versions. For example, Enbridge should provide the following:

² Transcript of Stakeholders' Conference, April 26, 2021 at p 119, lns 4-9.

³ Total throughput was 26,704 billion m³ in 2019 (OEB, Yearbook of Natural Gas Distributors, 2019/2020). Using a conversion factor of 0.038 GJ/m³ of natural gas (<https://www.nrcan.gc.ca/energy/energy-sources-distribution/natural-gas/natural-gas-primer/5641>), this amounts to 1,014,752,000 GJs. If the total throughput of Ontario was replaced by SNG, the total premium paid for SNG would be as follows:

SNG premium charge of \$0.05/GJ: \$0.05/GJ*1,014,752,000 GJ = \$50,737,600.00

SNG premium charge of \$0.15/GJ: \$0.15/GJ*1,014,752,000 GJ = \$152,212,800.00

⁴ These offset amounts were calculated using the Gold Standard-Certified International Offset amount of \$24/tonne CO₂e. See: [less.ca](https://www.less.ca) [\[Link\]](#).

\$50,737,600/\$24/tonne CO₂e = 2,114,067 tonnes CO₂e would be offset with the equivalent of the \$0.05 SNG premium

\$152,212,800/\$24 tonne CO₂e = 6,342,200 tonnes CO₂e would be offset with the equivalent of the \$0.15 SNG premium

⁵ Fossil gas combustion created 49,749,552 tonnes of CO₂e in Ontario in 2019. The carbon offsets calculated above would constitute 4% (2,114,067 tonnes CO₂e) to 13% (6,342,200 tonnes CO₂e) of these annual emissions. The fossil gas carbon emissions were calculated using a conversion factor of 0.001863 tonnes CO₂e/m³ (Ontario Ministry of Environment and Climate Change, Guideline for Quantification, Reporting and Verification for GHG Emissions - July 2017, Table 400-2 [\[Link\]](#)): 26,704,000,000 m³/year * 0.001863 tonnes CO₂e/m³ = 49,749,552 tonnes CO₂e/year.

- (a) tables showing the changes in the annual demand and design day demand forecasts from the previous version;
- (b) an explanation of changes in the forecast; and
- (c) a detailed description of any changes that impact the need or lack of need for infrastructure projects.

This kind of information is required by the OEB's Framework for the Assessment of Distributor Gas Supply Plans (the "Framework"), would increase transparency, and would facilitate more constructive stakeholder engagement. According to the OEB's Framework, distributors must submit an annual update that "focuses on the changes to the supply and demand conditions and includes a retrospective view of the plan's performance."⁶ The filing guidelines also specifically state that an annual update should "describe the significant changes to the plan from the previously submitted Update and the resulting customer impact."⁷ More clear and transparent comparative information is required to satisfy these requirements.

(3) Concerns with the Gas Supply Process

Environmental Defence submits that Enbridge should be more responsive to intervenor questions, including those that require data or a written response. Many intervenor questions have gone unanswered, including the majority of Environmental Defence's questions. For example, we did not receive a response even to a simple request for a breakdown of the sources of supply in Environmental Defence interrogatory #1. The OEB's Framework for the Assessment of Distributor Gas Supply Plans outlines a "robust" process that is particularly intended to achieve transparency.⁸ To that end, the Framework describes a process that "must ensure adequate participation and engagement"⁹ of stakeholders, namely through submitting written questions and comments to the Distributor and participating in the stakeholder conference. The OEB expects that the Distributor respond to feedback received from stakeholders, either through written comments or by revising their plans after the stakeholder conference.¹⁰

Transparency and engagement cannot be achieved if Enbridge does not respond to questions, including those questions that require data or a written response. Stakeholders' questions must to be answered so that intervenors can: (a) provide input; and (b) if appropriate, ask the Board to provide direction to Enbridge on a certain issue.

⁶ OEB, *Framework for the Assessment of Distributor Gas Supply Plans*, October 25, 2018, p. 3.

⁷ *Ibid.*

⁸ *Ibid* at p 13.

⁹ *Ibid.*

¹⁰ *Ibid* at p 14.

Yours truly,

A handwritten signature in blue ink, appearing to read 'K. Elson', with a stylized, cursive script.

Kent Elson