

May 12, 2021

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

Dear Ms Long:

EB-2021-0004 – Enbridge Gas Inc. – Consultation to Review the 2021 Annual Gas Supply Update

Please find, attached, Submissions pursuant to the above-referenced consultation process from the Consumers Council of Canada and the Vulnerable Energy Consumers Coalition.

Please feel free to contact me if you have questions.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All parties

**EB-2021-0004 – Enbridge Gas Inc. (EGI)
2021 Annual Update to 5 Year Gas Supply Plan**

Submissions of the
Consumers Council of Canada (CCC)
and the
Vulnerable Energy Consumers Coalition (VECC)

May 12, 2021

2021 Natural Gas Supply Plan Update

1. The Ontario Energy Board (Board) has often requested that intervening parties work together where possible in order to provide a more efficient process. In this spirit the Consumers Counsel of Canada (CCC) and the Vulnerable Energy Consumer Coalition (VECC) have partnered in this proceeding to review the 2021 Annual Update to Enbridge Gas Inc's (EGI) 5 year gas supply plan. We appreciate the presentation of these plans and EGI's responsiveness to the questions and concerns all of which has assisted us in making what we hope are informed and helpful comments. For convenience our recommendations are set out in bold.
2. Generally speaking, **it is our view that EGI has a robust and prudent gas planning process and resultant gas plan.** The Utility's ability to execute its plan in the context of a global pandemic is demonstrative of the plan's robustness plans and the foresight of its gas planning group. In the same vein we note that EGI explicitly includes variables like the Federal Carbon Charge in its demand forecast, showing its ability to be responsive to market changes.¹
3. EGI is not seeking approval of the annual gas supply plan update. As we understand it the actual approvals of the implementation of the plan occur, largely incidentally, through the approval of the quarterly gas adjustments or through specific applications for pre-approval of gas supply or transportation contracts. There is a long history to the disjoint between the consideration of the gas plan and the approvals of its specific components, and for the most part this process has worked well enough. However, this process relies on the EGI to make known in other proceedings any significant deviations or progressions from the plan presented. It is not clear to us this onus is a well understood as part of the regulatory compact. In this review an example of that issue was raised by intervenors (primarily by FRPO) with respect to gas contracts on the Nexus pipeline. The issue concerned a possible escalation factor built into these contracts. While the Board approved the contract the triggering of the escalation factor was uncertain and only occurred within a quarterly gas cost adjustment proceeding. As we understand it (neither CCC or VECC typically intervene in these proceedings) the application of the escalation factor was not explicitly noted in the adjustment proceeding and therefore parties who do participate would not have had an opportunity to examine its application.²
4. While EGI appears to have acted appropriately in executing its prior Board approval it might have better served the public interest by bring the matter to the Board's attention when it occurred. **We recommend that EGI consider how best to inform parties in the QRAM or other relevant regulatory proceedings of deviations or significant implementation aspects of its gas plan.**

¹ I.Staff.5

² The Board approved the contract in the proceeding EB-2015-0166

5. Among the innovations in this year's plan was the introduction of a blind RFP process for the procurement of natural gas storage. EGI has introduced significant improvements aimed at ensuring that it does not conflate its regulatory and market functions of gas storage. We support the changes made by EGI and think they are responsive to concerns raised in the previous review of the gas plan.
6. Having said that, more generally the information provided in this year's plan, much like the year before, leave concern as to whether there is a robust natural gas storage market available to the EGI franchise. **We recommend that the Board add to its business plan a review of the Ontario storage market and so as to ensure that ratepayers are not paying monopoly rents for this service.**
7. Recently EGI has introduced a number of what might be generically described as "greening gas" initiatives. In EB-2020-0066 it sought approval for a Voluntary Renewable Natural Gas (RNG) program and in EB-2019-0294 the Low Carbon Energy Project (LCEP). In this gas plan it has introduced a new "green gas" initiative under the rubric of "Sustainable Natural Gas" or SNG.
8. CCC and VECC were both supportive of the RNG program. CCC did not support the LCEP program whereas VECC supported a limited introduction of the program (i.e., Phase 1). The Board approved both pilot projects. The LCEP program requires the filing of a report after 5 years of operations. The Board made no specific finding on when to report on the RNG program but it noted EGI's commitment to provide a report as part of its next cost of service application³.
9. Unlike these two initiatives Sustainable Natural Gas (SNG) is a more amorphous initiative. It is not, strictly speaking, a carbon reduction program. The SNG is a concept more akin to "organic food" in that there is no common agreement as to precisely what the term entails and there are no laws or regulations to monitor its purity or the enforcement of any particular standard. Similar to the organic food concept the matter is one of labelling where certification organizations (companies) create standards and may (or may not) attest to a member's adherence to those standards by auditing or other means. For the purpose of SNG EGI subscribes to the standards of the Equitable Origin organization which are ⁴:

The EO100™ Standard encompasses the following five Principles:

1. Corporate Governance, Transparency & Ethics
2. Human Rights, Social Impact & Community Development
3. Indigenous People's Rights
4. Fair Labor & Working Conditions

³ Decision and Order, EB-2019-0294, Application for leave to construct natural gas pipelines and associated facilities in the City of Markham, Regional Municipality of York, October 29, 2020, page 15 and Decision and Order EB-2020-0066, Voluntary Renewable Natural Gas Program Application, September 24, 2020 Page 22,

⁴ <https://energystandards.org/responsible-energy-development/>

5. Climate Change, Biodiversity & Environment

10. The amounts of monies proposed at this time for this gas supply initiative are small and the premium for the SNG labelling is also not large (\$0.05 - \$0.15 per GJ above pre-certification prices).⁵ However there is no financial benefit or credit that would result from inclusion of SNG in the gas supply portfolio⁶ because the program is not itself part of any Canadian government requirement or initiative.
11. Given the rather ill defined nature of the SNG and the fact that it offers no particular financial benefit to ratepayers it is hard for CCC and VECC to be supportive of this initiative. VECC set out in detail in its argument in the RNG proceeding that while the Board might have some latitude to approve projects which serve ends which are not explicitly set out as objectives in its guiding legislation it should act judiciously. As noted by CCC in its argument against approval of the LCEP project clarity as to benefit to customers is important if one is to ask customers to pay for such initiatives. If EGI seeks to include SNG in its gas supply portfolio it should be required to file a formal application with the Board for approval. At that time the Board and intervenors would have an opportunity to assess both the costs and benefits of this supply source.
12. Given the proliferation of these type of initiatives in response to climate change and prevailing political sentiments we also believe **future gas plans should include a separate discussion on “green gas” type of projects or gas supply initiatives. We also recommend that EGI file in its upcoming cost of service application a section which brings into one place all “green gas” initiatives so as to discuss their cost, merits, and application to regulatory requirements (or not) as a whole. In this way the Board can consider the cost and benefits to ratepayers at a program level.**
13. These are the comments of CCC and VECC on the 2021 Annual Update to the 5-Year Gas Supply Plan. We submit that we have acted responsibly and efficiently during the course of this proceeding and request that we be allowed to recover 100% of our reasonably incurred costs.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

⁵ Stakeholder Conference Compendium, April 22, 2021 page 26

⁶ TC, Vol. 1, April 26, 2021, page 92