

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

July 26, 2021

**Re: EB-2021-0146 Consultation to Review 2021 Annual Update to Five-Year Natural Gas Supply Plans
EPCOR Natural Gas Limited Partnership (Aylmer and Southern Bruce)
Pollution Probe Comments**

Dear Ms. Long:

In accordance with the OEB notice dated May 18, 2021 for the above-noted proceeding, please find below Pollution Probe's comments on the 2021 Annual Update to the EPCOR Natural Gas Limited Partnership (ENGLP) Five-Year Natural Gas Supply Plans (Aylmer and Southern Bruce).

Renewable Natural Gas (RNG)

ENGLP indicated that "Although ENGLP is not "purchasing" RNG as part of its supply portfolio, RNG will flow into the distribution system and does have reliability benefits. ENGLP estimates RNG will form up to 10% of the total supply."¹ It would be helpful for EPCOR to clarify what that statement really means to EPCOR, its customers and the Ontario gas grid in general. Pollution Probe understands that when RNG is injected into the gas distribution system it ceases to be RNG and is simply natural gas (i.e. methane). As outlined by the Walkers RNG example² in EPCOR's franchise area, the emissions credits appear to have been striped away from the RNG and sold to another jurisdiction (i.e. Fortis BC) before becoming part of Ontario natural gas supply. This appears to mean that RNG treated in that manner would not enable any emissions benefits to Ontario, but could provide local supply benefits. If this is incorrect, Pollution Probe requests that EPCOR provide an explanation in its final comments.

This difference is important since it will impact goals and targets related to RNG in the future gas supply plans. If credits can accrue locally or within Ontario, then the RNG environmental benefits could be counted as accruing to Ontario Ratepayers. If credits are separated, then it provides a business opportunity for EPCOR to encourage RNG production, but the credits would accrue to other parties. This would also impact the accounting of reductions accruing to the Ontario Environment Plan. EPCOR indicates that "Although ENGLP is not "purchasing" RNG as part of its supply portfolio, RNG will flow into the distribution system and does have reliability benefits. ENGLP estimates RNG will form up to 10% of the total supply."³ RNG supply in Ontario is essentially 0% (i.e. negligible) of gas throughput and it does not seem possible for RNG to make up 10% (or even 1%) of natural gas system throughput. It will be important for the OEB (and all stakeholders) to understand and accurately report on the supply and emissions benefits to Ontario for any RNG injected in to pipelines. Alternatively, Fortis example

¹ EB-2021-0146 Annual GSP Update IRR, Aylmer OEB Staff IR 6c.

² EB-2021-0146 Annual GSP Update IRR, Aylmer OEB Staff IR 6a.

³ ibid

highlights that EPCOR could potentially by credits outside Ontario and use it to deliver certified RNG to its customers.

Pollution Probe supports that ENGLP is working with customers to better understand opportunities for RNG. Given the information above (and the reference to gas IRP below), local use of RNG that does not require additional pipeline capital could be of benefits. Pollution Probe encourages the OEB to support ENGLP in promoting local economic benefits and emissions reductions in Ontario considering the ability for ENGLP to provide assistance to consumers in its franchise areas. There are some municipalities interested for RNG production in the Enbridge franchise areas that are not currently being served and consideration of a more competitive model for RNG production and transportation could be more appropriate than considering it a monopoly activity. Pollution Probe could leverage its community partnerships across Ontario to promote the best options and resolve issues that municipalities are currently having related to collecting RNG from their existing facilities.

Demand Side Management (DSM)

Although EPCOR indicates that it intends to launch DSM programs during the next year or two, those programs have not been factored into the GSP and the demand forecast⁴. Given the imminent completion and launch of those DSM programs it appears strange that specific program details and estimates on gas consumption are not available at this time. It is recommended that those be an essential component in future annual GSP filings. Given that it is already mid-late July 2021, it appears highly unlikely that ENGLP will be in a position to launch DSM programs in 2021. Pollution Probe asked “Are any adjustments expected due to the DSM programs proposed to be launched in 2021 or 2022”⁵. ENGLP does not currently forecast for its DSM programs to have any effect on its customer’s energy consumption. Pollution Probe recommend that the OEB review those programs in a more detailed manner since one of the core purposes of a DSM program is to reduce energy consumption and related costs. A DSM program that has no impact on customer consumption does not appear effective.

There is a lot of low hanging DSM fruit which could be implemented by ENGLP in an expeditious manner for all customer classes. DSM has been delivered in Ontario for almost 30 years and there is also billions in existing funded programs available to customers in EPCOR’s service territory. Pollution Probe believes that EPCOR should be providing program information to its customers and if it can increase consumer benefits of energy efficiency programs, it should be eligible for shareholder incentives based on the net benefits generated by the SCT (using the Societal Cost Test, or its current OEB proxy the TRC Plus test). This is a common methodology and one use by the OEB for Enbridge in their early days of DSM.

Additionally, delivery partners like IESO already have capacity that could be leveraged by ENGLP. IESO has support multi-fuel programs in the past to provide an easy and effective one-window approach that is consumer friendly. Pollution Probe recommends that ENGLP leverage partners (including local municipalities) to the extend possible for program development and delivery.

Scorecards and Metrics

The EPCOR scorecards do not have any objectives or targets to compare the achieved performance and assess the extent to which the guiding principles have been achieved, and provide value. ENGLP indicates that it “does not currently have a list of probable target objectives however, for the 2022 Annual Update, ENGLP will consider Stakeholder feedback on the existing

⁴ EB-2021-0146 Annual GSP Update IRR, South Bruce OEB Staff IR 8.

⁵ EB-2021-0146 Annual GSP Update IRR, Pollution Probe IR A1.

Performance Metrics, and consider whether it is appropriate to add any items and also whether it would be possible and helpful to add some guidance as to target results for some of the Performance Metrics”⁶. Additionally, ENGLP indicated that “EPCOR have not assessed opportunities to make improvements to its scorecard.”⁷. Pollution Probe has included some suggestions below, but recommends that ENGLP is best placed to come up with a recommended list of target objectives and areas of improvement for OEB and stakeholder review. Relying on a once per year review of the gas supply plan through this process significantly limits the ability for continuous improvement.

ENGLP was asked what public policies were reviewed and ENGLP indicated that it reviewed the Federal Carbon Pricing Program and Community Expansion Program⁸. There are many other policies affecting the gas supply plan and needs of customers and communities in EPCOR’s franchise areas. Examples include energy and climate plans and reporting (e.g. Ontario Regulation 397/11) and community energy and emission planning supported through the Ontario Municipal Energy Plan Program. It is recommended that ENGLP assess options to collect relevant policy from all levels of government and enhance the development of scorecard metrics that support those policies (e.g. support outcomes of municipal energy and emissions plans, etc.). It is also recommended that ENGLP include proposed metrics and targets related to RNG and DSM for its next scorecard iteration.

Other Comments

It is recommended that EPCOR review the recent EB-2020-0091 (gas IRP) Decision to consider relevant Integrated Resource Planning (IRP) options that could benefit Ontario consumers in its current or future franchise areas. As part of this Decision, the OEB has opened the door to cost-effective non-pipeline alternatives. As loads grow on the EPCOR system (or in consideration of gas contract options), IRP alternatives could provide an opportunity to reduce system costs and provide clean, cost-effective energy solutions (e.g. heat pumps). Pollution Probe notes that ENGLP has expressed interest in a similar IRP Framework from the OEB⁹.

All of which is respectfully submitted on behalf of Pollution Probe.



Michael Brophy, P.Eng., M.Eng., MBA
Michael Brophy Consulting Inc.
Consultant to Pollution Probe
Phone: 647-330-1217
Email: Michael.brophy@rogers.com

cc: ENGLP Regulatory (via email)
All Parties (via email)
Richard Carlson, Pollution Probe (via email)

⁶ EB-2021-0146 Annual GSP Update IRR, Aylmer OEB Staff IR 8.

⁷ EB-2021-0146 Annual GSP Update IRR, Pollution Probe IR A10e.

⁸ EB-2021-0146 Annual GSP Update IRR, Pollution Probe IR A9.

⁹ EB-2021-0146 Annual GSP Update IRR, Pollution Probe IR B7.