Shepherd Rubenstein

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Our File: EB-2022-0081

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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Attn: Nancy Marconi, Acting Registrar

Dear Ms. Marconi:

Re: EB-2022-0081 Natural Gas Facilities Handbook – SEC Submissions

We are counsel for the School Energy Coalition (SEC). Pursuant to the OEB's letter dated February 3, 2022, these are SEC's submissions with respect to the draft Natural Gas Facilities Handbook.

As SEC's past activity in this area is related primarily to leave to construct applications and IRP, our comments are limited to those areas. They are in any case the largest component of the draft Handbook.

General

SEC believes that the creation of this Handbook, and its continued updating over time, is a positive step by the OEB. As well, the overall content is thorough and useful. For this reason, our comments are relatively few.

SEC notes that the drafting and tone of the Handbook appear to continue the longstanding assumption of continued, unabated growth in gas distribution infrastructure. Nothing in the Handbook recognizes the changing landscape for fossil fuels in Canada, which is already starting to be evident in LTC applications.

While we take the OEB's point that this draft is intended to express existing policy and requirements, and not add anything new, we would anticipate that this Handbook will continue to be used for at least some period of time. Locking in a growth assumption, even implicitly, is, in our submission, not the best choice. Our comments below reflect this general concern.

Detailed Comments

1. ***Economic Tests (p. 27).*** We believe it would be useful if the EBO 188 and EBO 134 tests were reduced to writing in their current form, and incorporated into the Handbook, perhaps as Appendices. This would allow them to be readily accessible, and available for updating and modification from time to time as required, along with the rest of the Handbook. A similar Appendix for SES and HAF would also be a good idea, for the same reason. By including those various tests in the Handbook, they would become "modern" tests that will continue to evolve as the need arises.

2. ***Utility System Plan (p. 25, 32, 49).*** Except for one reference to asset management plans, in passing, there is no reference to showing how the proposed project was contemplated by, and fits within, the Applicant's Utility System Plan. With the increasing importance of these plans by both gas and electricity distributors, in our view an express requirement that the project's position within the USP, with full references, and explanation for any changes, should be included. This is consistent with current practice.

3. ***Project Alternatives (p. 33).*** Exhibit C, entitled Project Alternatives, is structured to be almost entirely about the proposed facilities. Sections 1-5 are not about alternatives at all, and then Section 6 throws everything about alternatives into one area. This de-emphasizes the importance of reviewing a range of alternatives, and appears to us to be inconsistent with good planning. In our view it would be better to have two separate Exhibits. The first Exhibit should look at all of the alternatives considered by the Applicant to meet the need, with the pros and cons of each. Then, the second Exhibit should look in more detail at the alternative that is being proposed by the Applicant. This is an approach used by many companies in developing business cases, and in this situation it would appropriately put the focus on ensuring that the best option is chosen out of all available alternatives.

4. ***Load and Demand Forecasts (p. 25, 32, 49).*** The area of project need focuses on initial need, or growth in that need, but does not look longer term on whether the need for the proposed facilities will continue for its useful life. This is a live issue in a current proceeding before the OEB, EB-2020-0293. In our view, the Handbook should specify that the Applicant must show the project will be needed, and continue to be needed, during its useful life.

5. ***Stranded Asset Risk (p. 36, 49).*** All of the risk analysis associated with the proposed facilities relates to front-end risks, such as cost overruns, etc. Ratepayers are increasingly concerned with the longer term risks of long-lived infrastructure. SEC believes that the risk analysis should include a specific review of the potential for the assets to become stranded. This is related to the forecasting, noted above, and should be part of an integrated analysis. Again, this is becoming the normal practice, in the sense that if it isn't dealt with in pre-filed evidence, it is pursued by way of interrogatories in almost every LTD proceeding.

6. ***Environmental Impacts (p. 36, 50).*** It would be clearer if the Handbook expressly states that the environmental impacts to be addressed in Exhibit E are only impacts related to the physical assets being deployed, not the impacts of the gas that will be distributed using the facilities.

7. ***Integrated Resource Planning (p. 26, 34, 49).*** The Handbook has only limited references to IRP, despite referring directly to the IRP Ruling. While we recognize it may be premature to integrate detailed requirements relating to IRP in the Handbook, we believe that the OEB

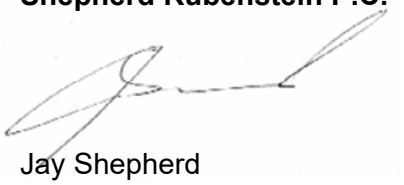
should plan to do so at the earliest possible time. Depending on how the IRP process evolves over its initial test period, it also may be appropriate to include in the Handbook a section dealing with the filing requirements for IRP proposals.

Conclusion

SEC thanks the Board for the opportunity to provide input into this Handbook, and hopes that these submissions are useful.

All of which is respectfully submitted.

Yours very truly,
Shepherd Rubenstein P.C.



Jay Shepherd

cc: Ted Doherty, SEC (by email)
Interested Parties (by email)