

## EB-2022-0072

# Enbridge Gas 2022 Annual Update to 5 Year Gas Supply Plan

## Questions of Environmental Defence to Enbridge

### Question # ED-1

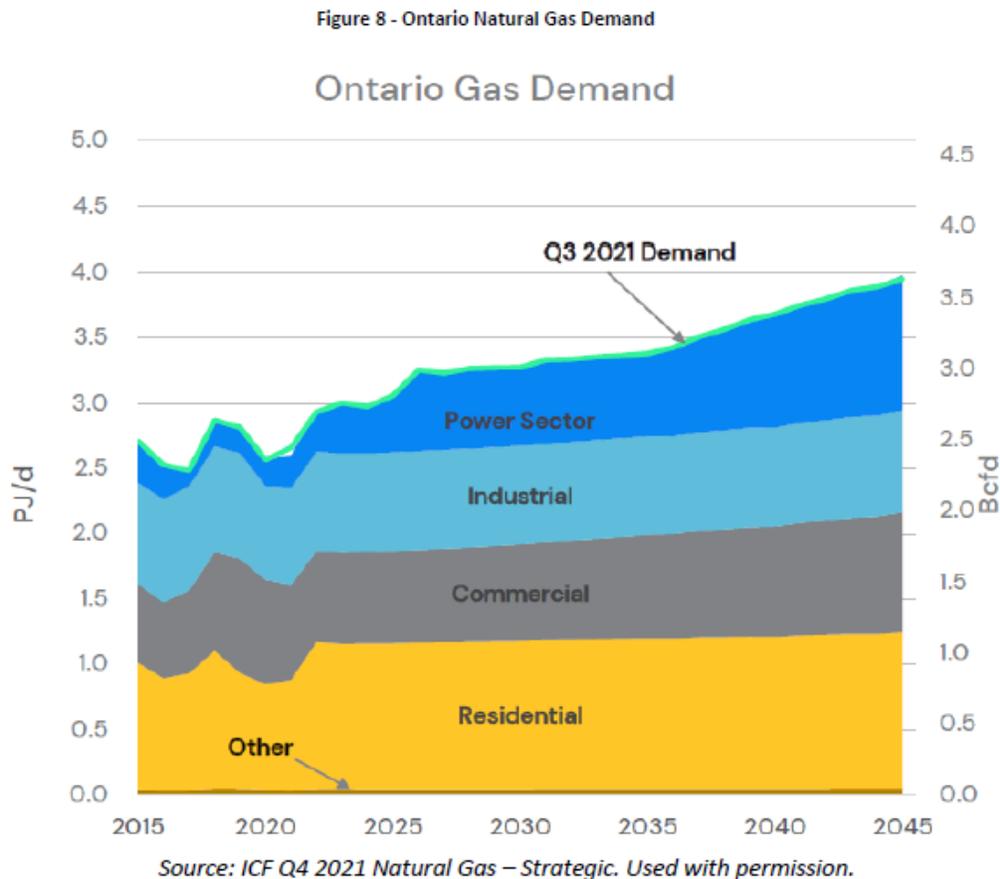
Reference: Page 8: “To assist with the review of EGI’s weather and design day demand methodologies, EGI has engaged a third-party to provide a comparative analysis of industry practices used to determine weather and risk assumptions for gas supply planning, as well as common utility practices for design day demand modeling used for gas supply planning in upstream contract sizing.”

Question:

- (a) Please provide a copy of the above-referenced analysis.

### Question # ED-2

Reference: Page 18:



Questions:

- (a) Canada's 2030 Emissions Reduction Plan includes a target for carbon emissions associated with buildings to decline by 41% by 2030 from 2019 levels (to 53 CO<sub>2</sub>e from 91 CO<sub>2</sub>e).<sup>1</sup> It targets a 22% reduction by 2026 from 2019 levels (to 71 CO<sub>2</sub>e from 91 CO<sub>2</sub>e).<sup>2</sup> This plan has formal legal status under s. 9 of the *Canadian Net-Zero Emissions Accountability Act* in relation to the legally binding targets under that Act.<sup>3</sup> Canada has committed to net-zero emissions from electricity generation by 2035. This is also enshrined in its 2030 Emissions Reduction Plan. This raises two questions:
- i. Please confirm whether these targets in Canada's 2030 Emissions Reduction Plan have been accounted for in the demand modelling underlying the gas supply plan update.
  - ii. Please provide a figure similar to the one in figure 8 that reflects a scenario where Canada meets both of those commitments.

**Question # ED-3**

Reference: Page 18

Questions:

- (a) Is it important to have accurate 5-year, 10-year, and 20-year gas demand forecasting for the purpose of gas supply planning? Please explain why or why not with respect to each time period. Please describe the order-of-magnitude gas cost and gas price impacts at a high level of gas demand being considerably lower than forecast (on a weather corrected basis) in each of those time frames.
- (b) If Enbridge were to assume a decline in gas consumption by, say, 20% by 2026, how would that impact its current gas supply planning at a high level? The question is meant to understand some of the impacts of gas demand projections on Enbridge's planning. We are not asking Enbridge to accept or opine on the assumption.
- (c) If Enbridge were to assume a decline in gas consumption by, say, 20% by 2026, would that open opportunities to procure gas at a lower price? The question is meant to understand some of the impacts of gas demand projections on Enbridge's planning. We are not asking Enbridge to accept or opine on the assumption.
- (d) If the actual gas demand in 2026 were to be, say, 10% less than forecast (weather corrected), would that potentially mean that customers would pay unnecessarily high prices for gas (e.g. by entering into long-term contracts that were not necessary)?

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<sup>1</sup> <https://www.canada.ca/en/environment-climate-change/news/2022/03/2030-emissions-reduction-plan--canadas-next-steps-for-clean-air-and-a-strong-economy.html>

<sup>2</sup> *Ibid.*

<sup>3</sup> *Canadian Net-Zero Emissions Accountability Act*, s. 9.

#### **Question # ED-4**

Reference: Page 44:

EGI considers the availability of assets into the delivery area and assesses all viable alternatives. If there are no constraints in the delivery area or risk to the future availability of capacity, services will be acquired on a short-term basis. Contracting for one year or less gives EGI the flexibility to adjust contracted capacity as requirements and market conditions are subject to change over time. If the delivery area is constrained, EGI may contract for a longer period to ensure the required assets are available to meet design day demand long term. A requirement to secure long-term capacity could result in EGI bidding into an open season with a minimum commitment term (e.g. 15 years).

Question:

- (a) Please provide the percentage of gas purchased annually on the various available contract lengths. The goal is to get a sense of the balance between short-term and long-term supply contract options used by Enbridge.

#### **Question # ED-5**

Reference: Page 22:

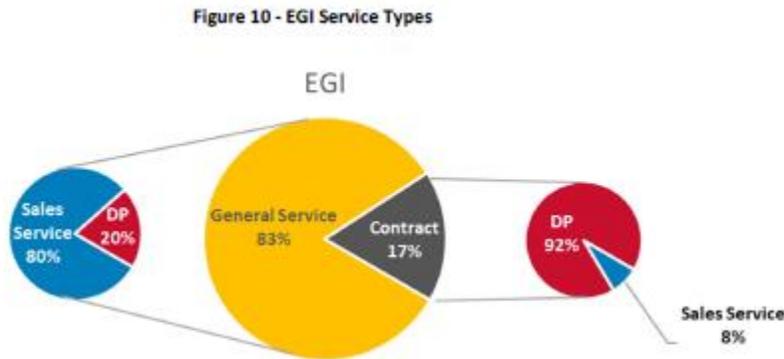
The demand forecast underpinning the 2022 Annual Update includes this federal carbon charge in the price-related demand driver variables used in its regression equations. EGI assumes \$50 per tCO<sub>2</sub>e in 2022. As the proposed increase to \$170/tCO<sub>2</sub>e had not been federally legislated at the time the demand forecast was created, the Update contemplates a 2% per year inflationary factor after 2022.

Question:

- (a) Please provide the latest demand forecast that accounts for the planned increase of carbon pricing to \$170/tCO<sub>2</sub>e.

### Question # ED-6

Reference: Page 23



Question:

- (a) Please provide a breakdown of the gas (m<sup>3</sup> and %) throughput that is purchased by Enbridge for its customers versus the amount purchased directly by customers. Please provide for the most recent year. Please provide the figures in annual demand, design day demand, and peak hourly demand.

### Question # ED-7

Reference: Page 25 & 26

OEB Staff Report from 2021 Annual Update: “OEB staff also believes that the inclusion of tables showing the changes in annual and design day forecast would be useful as it would facilitate a comparative analysis.”

Question:

- (a) Please provide a copy of tables 3 and 5 showing a comparison between the annual and design day demand per the original 2020 Gas Supply Plan and the 2022 update. For years that have passed, please provide actuals.

### Question # ED-8

Reference: Section 6.2 – RSG

Questions:

- (a) Please confirm that Enbridge is only planning to purchase “Responsibly Sourced Gas” (“RSG”) where there would be zero incremental cost to Enbridge customers.

- (b) Please provide a table listing the RSG certification options, the climate change criteria for each (e.g. GHG intensity), and the approximately price premium for gas certified under each.
- (c) Please provide a table showing (i) the upstream emissions from non-RSG gas on average (tonnes CO<sub>2</sub>e/m<sup>3</sup>) and (ii) the maximum upstream emissions from RSG to qualify for each of the RSG certification schemes (tonnes CO<sub>2</sub>e/m<sup>3</sup>). We are attempting to get a concrete understanding of the environmental benefits of RSG certification options.
- (d) For each of the RSG options, please express the cost as dollars per tonne of avoided CO<sub>2</sub>e, with the comparator being the average embedded CO<sub>2</sub>e emissions from gas. The difference will presumably arise due to avoided CO<sub>2</sub>e arising from extraction and leaks.
- (e) If Enbridge is procuring gas and has the option of choosing between gas certified under different certification labels, how will Enbridge choose between them when cost is not a factor?
- (f) Enbridge states: “EGI solicited and received offers from suppliers offering fixed price gas with a range of \$0.25 USD/MMBtu for the quantity of gas required by EGI for delivered within January. As part of this transaction, EGI received an offer for RSG near the mid-point of this range and was able to procure some RSG.” We are not clear on the meaning of this. Please provide a table showing the offer prices and quantities for all the offers received through this solicitation.

#### **Question # ED-9**

Reference: Section 6.2 – RNG

Questions:

- (a) Per page 36, 835 customers have enrolled in the voluntary RNG program. Please compare this to the forecasts and comment on the forecast participants and annual volumes (m<sup>3</sup>) by 2026.
- (b) What is the average price has Enbridge paid for the RNG it has procured for its RNG program thus far (\$/m<sup>3</sup>)?
- (c) Please provide a forecast for the annual average price Enbridge will pay to procure RNG for its program for each year covered by the 2022 gas supply plan update (\$/m<sup>3</sup>).

#### **Question # ED-10**

Reference: Page 37 – Hydrogen project

Questions:

- (a) What is the average price has Enbridge paid for the hydrogen it has procured for its low carbon energy project thus far (\$/GJ and \$/m<sup>3</sup> equivalent to m<sup>3</sup> of natural gas)?
- (b) Please provide a forecast for the annual average price Enbridge will pay to procure hydrogen for its program for each year covered by the 2022 gas supply plan update (\$/GJ and \$/m<sup>3</sup> equivalent to m<sup>3</sup> of natural gas).

**Question # ED-11**

Reference: Page 47-49: “Table 14 below provides a list of options which are expected to be available to EGI at various times over the next five years to meet the shortfalls identified in Table 11. Some alternatives do not have sufficient available capacity with existing infrastructure.”

**Table 15 - Enbridge EDA Evaluation Matrix**

Option	Reliability	Flexibility	Diversity	Costs (\$/yr)	Average Cost/Customer Impact	Available Capacity
Long-haul	🟢	🟢	🟡	6.63	<1%	No
Short-haul: D-P	🟢	🟡	🟡	2.66	<1%	No
Short-haul: Niagara	🟡	🟡	🟢	2.45	<1%	No
Short-haul: Iroquois	🟡	🟡	🟢	1.05	<1%	No
Third Party	🟡	🔴	🟢	0.37	<1%	Unknown

Questions:

- (a) Please explain why there is no capacity on the TC mainline even though portions of the mainline are underutilized.
- (b) Please confirm whether the portion of the TC mainline in Ontario has available capacity and, if yes, how much.
- (c) Roughly what percent of the TC pipeline capacity coming out of Empress flows to Dawn?
- (d) Could contracts for delivery of gas at Dawn that originates from Empress be switched to delivery via the TC mainline via long-haul? Please explain.

**Question # ED-12**

Reference: Page 54:

**Table 22 - Union NCDA Evaluation Matrix**

Option	Reliability	Flexibility	Diversity	Costs (\$/yr)	Average Cost/Customer Impact	Available Capacity
Long-haul	🟢	🟢	🟡	0.57	<1%	Yes
Short-haul: D-P	🟢	🟡	🟡	0.18	<1%	No
Third Party	🔴	🔴	🟢	0.03	<1%	Unknown

Question:

- (a) How can there be available long-haul capacity to serve a deficit in the Union NCDA but not the Enbridge EDA?