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May 24, 2022

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, P.O. Box 2319  
Toronto ON  
M4P 1E4

Dear Ms. Marconi,

**RE: EB-2022-0072 Consultation to Review Annual Update to Five-Year Natural Gas Supply Plan of Enbridge Gas Inc. - Energy Probe Comments**

Attached are the comments of Energy Probe on the EB-2022-0072 Consultation to Review Annual Update to Five-Year Natural Gas Supply Plan of Enbridge Gas Inc.

Respectfully submitted on behalf of Energy Probe.

Tom Ladanyi  
TL Energy Regulatory Consultants Inc.

cc. Roger Higgin (Sustainable Planning Associates Inc.)  
Khalil Viraney (OEB Staff)  
Richard Wathy (Enbridge Gas Inc.)  
Review Participants

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**EB-2022-0072**

## **Ontario Energy Board**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, Sch. B, as amended;

**AND IN THE MATTER OF** a consultation by the Board with  
respect to Enbridge Gas 2022 Gas Supply Plan Update

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**Comments of**

**Energy Probe Research Foundation**

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**May 24, 2022**

**EB-2022-0072**  
**Enbridge 2022 Gas Supply Plan Update**  
**Energy Probe Comments**

**Background**

By letter dated March 11, 2022, the OEB initiated a consultation on the Enbridge Gas Inc.'s Annual Update to its five-year natural gas supply plan (GSP) and encouraged participation by interested parties. The OEB asked that the participants submit written questions to Enbridge by April 14, 2022, in advance of the Stakeholder Conference which took place on May 4 and 5, 2022. The participants were given the opportunity to submit written comments by May 24, 2022. Energy Probe Research Foundation (Energy Probe) participated in the Stakeholder Conference. In its Annual Update to the GSP, Enbridge Gas provided information on significant changes. The following are the comments of Energy Probe on some of these changes.

**Harmonization Efforts**

Following the OEB approval of the merger of legacy Enbridge Gas Distribution Inc. (EGD) and Union Gas Inc. (UGI) into Enbridge Gas Inc., (EGI, Enbridge Gas) the merged company, Enbridge Gas Inc. initiated a process to harmonize the gas supply functions of legacy companies. Energy Probe supports the harmonization efforts and is encouraged by the progress to date. However, it is not clear from the information provided by Enbridge if the objective of the efforts is to have one gas supply group of employees for EGI or two harmonized gas supply groups, one for legacy EGD and one for legacy UGI. Enbridge can clear this up in its reply submission.

As part of its commitments from previous proceedings, Enbridge Gas filed evidence on its current approach to load balancing. Energy Probe has reviewed the evidence and believes that the approach is appropriate.

**Market Changes and General Impacts**

EGI filed a Market Outlook that was prepared based on 2021 information. It indicates that North American production will grow significantly over the next two years. In Ontario, gas use will increase at an annual average growth rate of 1.2% per year from 2021 through 2045. Demand from the residential and commercial sectors will experience annual modest growth of 1.47% and

0.97% respectively over the next two decades.<sup>1</sup> Energy Probe believes that these forecasts are reasonable. In its evidence Enbridge Gas also provided information on natural gas price signals, transportation market, and TCPL tolls and capacity constraints. Energy Probe has reviewed the evidence and has no concerns. Enbridge Gas also discussed the impacts on the GSP of several public policy changes including Ontario's Community Expansion program, the increase in the Federal Carbon Charge, the Federal Clean Fuel Regulation, and the Integrated Resource Planning. Energy Probe believes that Enbridge Gas has appropriately considered these impacts.

## **Demand Forecast Analysis**

The demand forecast was prepared in the summer of 2021.<sup>2</sup> The forecast was prepared internally and did not rely on external reports or forecasts.<sup>3</sup> For 2022, the Enbridge Gas demand forecast reflects the current carbon price of \$50/tCO<sub>2</sub>e. For years 2023-2025, Enbridge Gas demand forecast assumes a 2% increase to the current carbon price. Increasing the current federal carbon charge by \$15/tonne CO<sub>2</sub>e, starting in 2023, would reduce general service demand by 0.3% in 2023, 0.6% in 2024, and 0.9% in 2025.<sup>4</sup> These impacts seem reasonable to Energy Probe.

Total annual demand volumes are approximately 1% lower compared to the 2021 Annual Update. General Service demand is on average 1.4% lower than the previous plan because of updated average use and customer forecast. Energy Probe notes that the forecasts of Average Use per Customer for the low volume customers, is based on the legacy utilities' models for heating degree days and customer average use that are to be updated in the upcoming cost of service rebasing case.

Contract market demand is on average 0.8% higher than the previous plan because of updated sales information, higher firm contract demand in some markets and planned growth.<sup>5</sup> In comparison to the 2021 Annual Update, design day demands have slightly increased in the EGD and Union North rate zones.<sup>6</sup> Energy Probe has no concerns regarding the annual demand and design day forecasts.

## **Energy Transition Initiatives**

Enbridge Gas is engaged in three initiatives. These are Responsibly Sourced Gas (RSG), Renewable Natural Gas (RNG), and Hydrogen. None of these have a significant impact on the cost of gas to system gas customers. Energy Probe believes that Enbridge GAS is under political

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<sup>1</sup> GSP Update, page 18

<sup>2</sup> GSP Update, page 24

<sup>3</sup> K1.1, page 31

<sup>4</sup> K1.1 page 32

<sup>5</sup> K1.1, page 33

<sup>6</sup> K1.1, page 26

pressure to do this and is trying to minimize cost and reliability impacts on customers, particularly customers who do not want RSG, RNG or Hydrogen. Enbridge Gas indicated that it would provide more information in the rebasing application on its plans for RSG, RNG and Hydrogen.<sup>7</sup>

## **Portfolio and Transportation Contracting Changes**

Enbridge presented evidence on the Trans Canada Mainline capacity open season, design day analysis of options, peaking services, and explained its supply option analysis that drives its pipeline renewals and purchases decisions.

Enbridge Gas indicated that *the diversity provided by contracting through multiple suppliers provides a benefit to customers in comparison to the lowest price bid as it diversifies the risks to provide reliability and security of supply to system customers.*<sup>8</sup> Energy Probe suggests that Enbridge Gas in its reply submission explain the trade-off between diversity of supply and price, and discuss why the OEB should have confidence in its decisions.

Energy Probe has concerns with the Vector pipeline purchase of 40,000 Dth/d. (20,000 each for Union and EGD Rate Zones)<sup>9</sup> and the Vector pipeline renewal for the Union rate zone for capacity: 80,000 Dth/d.<sup>10</sup> Vector pipeline is an affiliate of Enbridge Gas and Enbridge Gas may have been influenced in its decision to contract with its affiliate, Vector, instead of Vector's competitors. Enbridge Gas claims that both contracts with Vector were competitively priced.<sup>11</sup> Energy Probe suggests that Enbridge Gas in its reply submission explain why the OEB should have confidence in its Vector capacity decisions.

Enbridge Gas also presented evidence on how it obtained 7PJ of third-party storage which started in April 2022. Energy Probe has no concerns about that process.

Respectfully submitted on behalf of Energy Probe by its consultants,

Tom Ladanyi  
TL Energy Regulatory Consultants Inc.

Roger Higgins  
SPA Inc.

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<sup>7</sup> Tr. Day 1, pages 106-107

<sup>8</sup> GSP Update, page 34

<sup>9</sup> K1.1, page 44

<sup>10</sup> K1.1, page 45

<sup>11</sup> K1.1, pages 44 and 45; Tr. Day 2, pages 35-36; GSP Update, page 36.