

ONTARIO ENERGY BOARD

**Consultation to Review Annual Update to Five-Year Natural Gas Supply Plan
of Enbridge Gas Inc.**

**COMMENTS OF
THE BUILDING OWNERS AND MANAGERS ASSOCIATION ("BOMA")**

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Albert M. Engel
Partner
Fogler, Rubinoff LLP
77 King Street West, Suite 3000
Toronto, ON M5K 1G8

Counsel for BOMA

Comments of BOMA

1. The Ontario Energy Board (OEB) is conducting a consultation to review Enbridge Gas Inc.'s (Enbridge Gas) Annual Update to its five-year natural gas supply plan (GSP). BOMA has been granted intervenor status in this proceeding.
2. BOMA has reviewed the OEB's Report of the Board: Framework for the Assessment of Distributor Gas Supply Plans (Framework) which sets out the process for the review of gas utilities' five-year natural gas supply plans and the annual updates. The Framework was designed to ensure that customers are receiving value from the distributors' gas supply activities.
3. BOMA's primary interests in this proceeding relate to the transition to low carbon and are summarized as follows:
 - a. Commodity and transportation cost containment
 - b. Security of supply
 - c. Alignment with government policy, in particular the province's Environment Plan and its greenhouse gas emission reduction targets.
4. BOMA has reviewed Enbridge Gas's 2022 Annual Update which was filed on March 1, 2022 and submitted our questions on April 14, 2022. BOMA's main concerns related to the Demand Forecast (Figure 8) which indicates growth in demand from the commercial sector through 2045. Page 18 states that "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." BOMA expects that actual commercial sector natural gas demand will show negative growth over this period. We also anticipate the load profile of commercial sector gas use to become more weather sensitive as the larger share of efficiency improvements occur in non-peak periods. BOMA also questioned the current share of Peak Day Demand and percent reduction due to voluntary gas curtailment in commercial buildings.
5. BOMA participated in the 2-day Stakeholder Conference on May 5-6, 2022 which we found very helpful in framing the issues. The following comments outline BOMA's conclusions from the Stakeholder Conference and ongoing interests and concerns with respect to gas supply in Ontario.

6. BOMA COMMENT 1 – DEMAND FORECAST

BOMA questions the Demand Forecast in Figure 8 of the plan with respect to commercial sector demand. BOMA expects a substantial reduction in natural gas use over the 2025-2045 period due to a ramp up in DSM and increased electrification. BOMA is satisfied that the GSP has sufficient built-in flexibility in commodity and upstream transportation to accommodate the expected lower commercial sector volumes [Day 1 Stakeholder

Conference exchange between Mr. Gillett and Mr. Elson pages 15-17] but remains concerned about other potential negative effects of the built-in expectation of demand growth shown in Figure 8.

7. BOMA COMMENT 2 – LOWER CARBON SUPPLY OPTIONS (RNG, RSG and Hydrogen)

BOMA understands that Enbridge requires OEB direction and certainty of cost recovery in order to engage substantively in this market on behalf of customers and that the small-scale programming to date has been directed towards general service customers. Many BOMA members (mostly large commercial customers) are working towards and investing in transitional plans towards low carbon operations and net zero emissions. BOMA takes a keen interest in access to lower carbon gas supply which can reduce greenhouse gas emissions associated with members' buildings. BOMA also wishes to accurately quantify the resulting emissions reductions. BOMA will continue to seek intervention in proceedings related to low carbon gas supply and looks forward to early advancement in these areas.

8. BOMA COMMENT 3 – NATURAL GAS CURTAILMENT

A number of large commercial customers have interruptible gas contracts requiring curtailment of supply during high demand (peak day) periods. These buildings switch to more carbon intensive fuels, primarily fuel oil, during curtailment periods which is at odds with emissions reduction and net zero goals. Many of these building owners are also taking advantage of Class A electrical service which places a premium cost on peak electrical demand periods and provides low-cost power during the rest of the year. Some owners operate behind the meter heat recovery chillers, which use electricity to displace natural gas, while other have combined heat and power plants which consume natural gas to produce electric and thermal energy on site. Orchestrating this mix of central plant and energy options to optimize low carbon operations at least cost is challenging and an area of ongoing interest. BOMA seeks to understand the scale and significance of the commercial building sector's interruptible gas contribution to peak day demand as illustrated in slide 25 (page 32) of Enbridge's Stakeholder Conference compendium. Mr. Jarvis posed the question [Day 1 Stakeholder Conference exchange with Mr. Gillett and Mr. Dantzer pages 189-190] but Enbridge was not able to provide this breakdown. Mr. Gillett indicated "As part of rebasing, we will be proposing, you know, changes to services and so you would see some of that information there." BOMA looks forward to reviewing commercial sector-specific information in that proceeding.

9. BOMA COMMENT 4 – PORTFOLIO AND TRANSPORTATION CONTRACTING

BOMA recognizes the natural conflict caused by Enbridge's affiliate relationships and relies upon good governance and OEB oversight to protect customers' interests.