

Aiken & Associates

578 McNaughton Ave. West
Chatham, Ontario, N7L 4J6

Phone: (519) 351-8624
E-mail: randy.aiken@sympatico.ca

May 24, 2022

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
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. –London Property Management Association Comments

Please find attached the comments of the London Property Management Association in the above noted consultation.

Yours very truly,

Randy Aiken
Aiken & Associates

c.c. EGI Regulatory Affairs

**ENBRIDGE GAS INC.
2022 ANNUAL GAS SUPPLY PLAN UPDATE**

**COMMENTS OF THE
LONDON PROPERTY MANAGEMENT ASSOCIATION**

Introduction

The Ontario Energy Board (“Board”) initiated a consultation on Enbridge Gas Inc.’s (“EGI”) annual update to its five-year natural gas supply plan (“GSP”) and encouraged interested parties to participate in its March 11, 2022 letter. EGI had filed its plan on March 1, 2022, with an update on May 3, 2022 to reflect a small number of minor corrections.

Written questions were submitted to EGI by April 14, 2022 in advance of the stakeholder conference which took place on May 4 and May 5, 2022. The London Property Management Association (“LPMA”) submitted questions and attended the stakeholder conference.

EGI’s updated GSP highlighted notable changes in a number of areas. These are the comments of the LPMA on these areas that were identified by EGI in the updated plan and dealt with through the questions asked by participants and through the stakeholder conference.

Harmonization

EGI has initiated a process to harmonize the gas supply function of the legacy utilities and has indicated that it has accomplished several integration enhancements and efficiencies. EGI has also indicated that many changes will require Board approval for implementation of changes, which it expects will form part of the upcoming rebasing application. These changes include design day demand and demand forecasting methodologies.

LPMA believes that EGI continues to make progress on the harmonization of the gas supply planning process and looks forward to reviewing the proposed changes in the rebasing application.

Market Outlook

LPMA notes that the market outlook filed by EGI was based on 2021 information and that the outlook for both demand and supply has likely changed, in some cases significantly, since that time.

While the forecasts used by EGI were reasonable at the time they were used, they may be out of date at this time. LPMA believes that the EGI GSP is sufficiently flexible to adapt to changes in demand and supply at this time.

However, with the potential for increased volatility in both demand (due to weather, prices, conservation, fuel switching and economic activity) and supply (production, international events, etc.), LPMA believes that EGI should provide for scenario analyses that include this potential volatility to ensure it maintains adequate flexibility to respond to changes in both the short and longer term.

Public Policy Initiatives

LPMA believes that EGI has adequately reflected the impacts on the GSP of the province's community expansion program, the increase in the federal carbon charge, the federal clean fuel regulation and integrated resource planning.

None of these initiatives is expected to have a significant impact on demand over the next several years. As an example, EGI assumed an increase of 2% in the federal carbon charge for 2023-2025, and when the current carbon charge is increased by \$15/tonne CO₂e beginning in 2023, the general service demand is reduced by only 0.3% in 2023, 0.6% in 2024 and 0.9% in 2025 (Exhibit K1.1, pg. 32). Given the price inelasticity of natural gas consumption, LPMA believe these projections are reasonable.

Demand Forecast

The updated demand forecast is reasonable in the view of LPMA and incorporated appropriate information that was available at the time of its production.

As noted above, LPMA believes more scenario analysis should be used, incorporating more volatility than has been observed in the recent past to ensure that the GSP is flexible enough to handle these changes without exposing ratepayers to additional risk and costs.

LPMA notes that EGI continues to use the Board demand forecasting methodologies for the two legacy utilities and that it will be bringing forward updated forecasting models as part of the rebasing application. LPMA submits that this is appropriate.

Energy Transition Initiatives

EGI has indicated that it is involved in Responsibly Sourced Gas, Renewable Energy Gas and Hydrogen related initiatives. At the current time, none of these initiatives have a significant impact on the cost of gas to system gas customers.

EGI has indicated that it expects to provide more information related to future plans for each of these initiatives in its upcoming rebasing application. LPMA expects that this will include a review of what other jurisdictions are doing relative to these initiatives as well.

Contracting Changes

LPMA notes that EGI has renewed a number of upstream contracts at the same levels that were expiring. This is reflected in Table 6 on page 28 of the GSP update. With a few minor exceptions (WCSB and Peaking/Seasonal in the EGD rate zone and WCSB for the Union North West rate zone), all of the sources of supply remain at the same level for 2021/22 to 2025/26 period (with the exception of the increase in 2023/24 that is the result of the addition of one day for the leap year). Changes in demand are met through changes in purchases at Dawn.

Based on the information provided in Table 6, Dawn purchases grow from 25.4% of total supplies in 2021/22 to 27.4% in 2025/26. While total supply grows by 2.7% over this period, the growth in Dawn purchases is more than 10%.

The increasing reliance on Dawn purchases allows EGI to avoid entering into upstream transportation contracts that could result in unabsorbed demand charges should demand fall significantly. LPMA supports this approach, but believes that EGI and the Board should monitor the level of reliance on Dawn purchases in the future relative to other supply options.

Timing of Next Five-Year Plan

LPMA has reviewed and supports the comments of the School Energy Coalition (“SEC”) with respect to the timing of the next five-year gas supply plan. The Board should provide guidance to both EGI and interested stakeholders as soon as possible in order to avoid any unnecessary duplication of effort or the creation of a gas supply plan that would need to be updated as a result of decisions coming out of the rebasing application.

In addition to the options noted by SEC, LPMA recommends that the Board consider aligning the next gas supply plan with the rebasing application, so that both would end at the same time and eliminate this potential problem at that time.