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July 15, 2022

Sent by EMAIL, RESS e-filing

Ms. Nancy Marconi
Registrar
Ontario Energy Board
27-2300 Yonge Street
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**Re: Consultation to Review Annual Update to Five-Year Natural Gas Supply Plans - EPCOR Natural Gas Limited Partnership (Aylmer and Southern Bruce) 2021 Annual Update – EB-2022-0141
ENGLP Responses to Interrogatories**

Pursuant to OEB letter received May 10, 2022 in the above noted proceeding, EPCOR Natural Gas Limited Partnership (“**ENGLP**”) hereby submits its responses to interrogatories received from OEB Staff and Pollution Probe.

Please do not hesitate to contact me if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "T. Hesselink", is written over a light blue horizontal line.

Tim Hesselink
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EPCOR Natural Gas Limited Partnership
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Encl.

**Review of 2022 Annual Update to Gas Supply Plan of EPCOR
Natural Gas Limited Partnership**

EB-2022-0141

Responses to OEB Staff Questions

July 15, 2022

EPCOR NATURAL GAS LP – AYLMER FRANCHISE AREA

ONTARIO ENERGY BOARD STAFF QUESTIONS

Staff.1

Ref: EPCOR Natural Gas LP Aylmer Gas Supply Plan (GSP) 2022 Annual Update, pp. 15, 22-23: Commodity and Renewable Natural Gas

ENGLP receives the majority of its commodity under the bundled M9 rate, which is based on Enbridge Gas's OEB-approved weighted average cost of gas. The balance of ENGLP's commodity requirements are sourced from local production.

In the fall of 2022, ENGLP Aylmer is expecting another source of local supply to the distribution system through the introduction of renewable natural gas (Production D). The facility is expected to increase supply to the distribution system by approximately 4,577 m³ to 14,000 m³ per day. While the source of this supply is from a renewable natural gas facility, ENGLP is only purchasing the commodity and not the environmental attributes. Therefore, ENGLP Aylmer will treat the natural gas produced by the facility as another source of local supply, with a pricing structure similar to other Aylmer local supply contracts at the Enbridge commodity rate minus a 5% discount. ENGLP expects to finalize the supply contract during the summer of 2022.

ENGLP noted that it is not the ultimate buyer of the renewable natural gas as the producer has a contract with a buyer outside of Ontario for the renewable natural gas volume as well as the environmental attributes.

- a) ENGLP stated that it expects it will finalize the supply contract by summer 2022.
 - i. Please explain any potential impacts to supply if the contract is not finalized by the end of summer 2022.

ENGLP Response:

There will be no impact to supply. In the event the contract is not finalized, ENGLP Aylmer will procure additional gas from existing suppliers.

- ii. Does ENGLP have contingency plans if the supply contract is not finalized by this time? If so, please provide additional information.

ENGLP Response: Not required based on the response to Staff 1.a) i..

- b) Please further explain the statement that “the producer has a contract with a buyer outside of Ontario for the *renewable natural gas volume* as well as the environmental attributes” [emphasis added]. Specifically, please confirm that ENGLP is paying only for the commodity and the other buyer is paying only for the environmental attribute. If this is not confirmed, please explain the contractual arrangement.

ENGLP Response: Confirmed. ENGLP is paying only for the commodity.

Staff.2

Ref: ENGLP Aylmer GSP Update, 2020-2024 GSP, p. 16: Transportation

ENGLP evaluates its Contract Demand (CD) requirements with Enbridge Gas on an annual basis and will balance the need to maximize its usage and minimize overrun charges. For the November 2021 renewal, Enbridge Gas proposed lowering the CD for SA1550 (for system gas customers) by 22,329 m³ and increasing the CD for SA25050 (for direct purchase customers) by an equivalent amount. This is due to the introduction of the Lakeview local supply in 2019, which displaced the volumes purchased from Enbridge's SA1550 contract and also lowered the peak day consumption from SA1550. The higher CD allocated to SA25050 allows ENGLP to lower the risk of triggering overrun charges from SA25050 in high consumption months for DP customers, which is often the highest in the grain drying season in October to November.

- a) Has ENGLP conducted an internal comparative risk analysis of triggering overrun charges, using different scenarios? If so, please provide detailed information on what the results were.

ENGLP Response:

ENGLP has determined that the risk of triggering overrun charges from Enbridge is very low, as there is additional capacity at the Lagasco Lakeview Station. The Lakeview Station was designed to flow 2,400 GJ/d of gas, double the existing contract demand of 1,200 GJ/d.

During peak day, flow from Lagasco Lakeview station would increase to accommodate with minimal cost impact. Unlike the Enbridge M9 contracts, gas delivery beyond the daily contract demand does not trigger overrun charges. The introduction of lake gas provides an additional supply to the Aylmer system gas peak day demand, and mitigates the risk of triggering overrun charges from Enbridge.

- b) How was the reallocation of the SA1550 and SA25050 determined?
 - i. Was there a study completed to determine this? If so, please provide the study.

ENGLP Response:

The reallocation of the CD between SA1550 and SA25050 was proposed by Enbridge during the contract renewal process, with Enbridge basing the proposed lower CD for SA1550 (system gas) to the post-2020 peak day demand (after the introduction of Lagasco lake gas supply into the Aylmer distribution system). The reduction of the CD from SA1550 was allocated to SA25050 (Direct Purchase), keeping the total M9 CD between the two contracts unchanged. Attached is Enbridge's contract renewal proposal. As noted in Staff 2a, ENGLP completed internal analysis to validate this approach.

Staff.3

Ref: ENGLP Aylmer GSP Update, 2020-2024 GSP, pp. 13-14: Supply Options, Peak Day/Hour

ENGLP engaged Cornerstone to review and predict system conditions under the current peak gas demand and predict future peak demands. Based on the study, the biggest difficulty in establishing an accurate model for the distribution system was the loading throughout the system. Gas is not metered using district meter stations for each of the towns the system serves, which necessitates that a peak hour consumption estimate be developed for each town center. With the town loads making up a large majority of the consumption, based on the number of customers located in the towns compared to the distributed customers, this introduced a large unknown.

- a) Are there future plans to install district meters to accurately measure each town's consumption?

ENGLP Response:

There are no current plans to install district meters.

- b) Please clarify what are "distributed customers."

ENGLP Response:

In this context, 'distributed customers' refers to customers that are located outside of towns, within ENGLP's service boundaries with a service line outside of a 30psi distribution system. They could also be considered to be rural.

Staff.4

Ref: ENGLP Aylmer GSP Update, 2020-2024 GSP, p. 23: Demand Side Management (DSM)

ENGLP is in the process of developing a commercial DSM pilot within its Aylmer or South Bruce territories. In 2021 and 2022, ENGLP had a number of conversations with OEB staff as well as a number of consultants to develop an initial program. The DSM program is now expected to be filed in 2023. If successful, ENGLP would look to expand the DSM offerings into other rate classes.

- a) Please explain what is meant by the statement “ENGLP is in the process of developing a commercial DSM pilot within its Aylmer or South Bruce territories.” Is EPCOR developing a pilot for both service areas or only one of the service areas?

ENGLP Response:

While a rollout of implementation may not happen concurrently, ENGLP is anticipating providing DSM programs to both Aylmer and Southern Bruce customers.

To further expand on the comments in the Gas Supply Plan update, ENGLP wants to ensure that any program offerings are both cost effective and provide benefits to customers.

- b) Does ENGLP have an established timeline for the submission of a DSM application in 2023? If so, please provide additional information.

ENGLP Response:

During the preparation of this annual update to the Gas Supply Plan, ENGLP had been working with OEB Staff along with EPCOR's procurement team to project potential costs and define scope to both prepare an application with the OEB and rollout a DSM portfolio in the Aylmer and Southern Bruce service territories. This included preliminary meetings with six vendors, some who have provided high level pricing estimates.

Based on this information, ENGLP is anticipating DSM implementation and rollout costs exceed allowable levels of EPCOR's procurement levels which may lead to a formal RFP process. While OEB staff have provided some guidance in assurance cost recovery, at this point, ENGLP requires further assurance (i.e. a deferral account) and is planning on including an DSM application as part of its Aylmer cost of service filing for 2025 rates.

Depending on the outcome of this application, ENGLP would look to further expand into the Southern Bruce territory, assuming similar customer benefits and reduction targets.

- c) Does ENGLP plan to develop a residential DSM program? If so, please provide additional information.

ENGLP Response:

ENGLP does plan to include a program offering to residential customers, pending confirmation of cost-benefit feasibility.

Staff.5

Ref: ENGLP Aylmer GSP Update, 2020-2024 GSP, p. 19: Gas Supply Plan Recommendations

ENGLP is also developing the Southern Bruce natural gas franchise and as ENGLP gains operational experience and measures consumption data associated with this system, it will evaluate potential synergies between the two systems including the M9 system supply option for the Aylmer operation. ENGLP is mindful that should it elect to not take service under the M9 rate for the Aylmer operation, the rate will no longer be available to ENGLP.

- a) Has ENGLP considered scenarios in which it would consider ending service under the M9 rate for its Aylmer operation? If so, please provide any details of this analysis.

ENGLP Response:

ENGLP has not yet considered scenarios in which it would consider ending service under the M9 rate for its Aylmer operation.

Staff.6

Ref: ENGLP Aylmer GSP Update, 2020-2024 GSP, p. 23: Community Expansion

ENGLP has been actively working to bring secure, reliable and affordable natural gas to unserved communities. A number of customers have requested service and ENGLP has pro-actively responded to those requests and they are considered as part of the 2022 demand forecast. There are no updates for this Gas Supply Plan Update.

a) Please provide additional information on:

- i. The number of potential customers which have requested service in Aylmer.

ENGLP Response:

As of the submission of the IR response, ENGLP has received 95 requests for gas service in Aylmer.

- ii. What efforts ENGLP has made to address these requests.

ENGLP Response:

Aylmer office staff have processed all incoming paperwork and have created all customer requests for service lines.

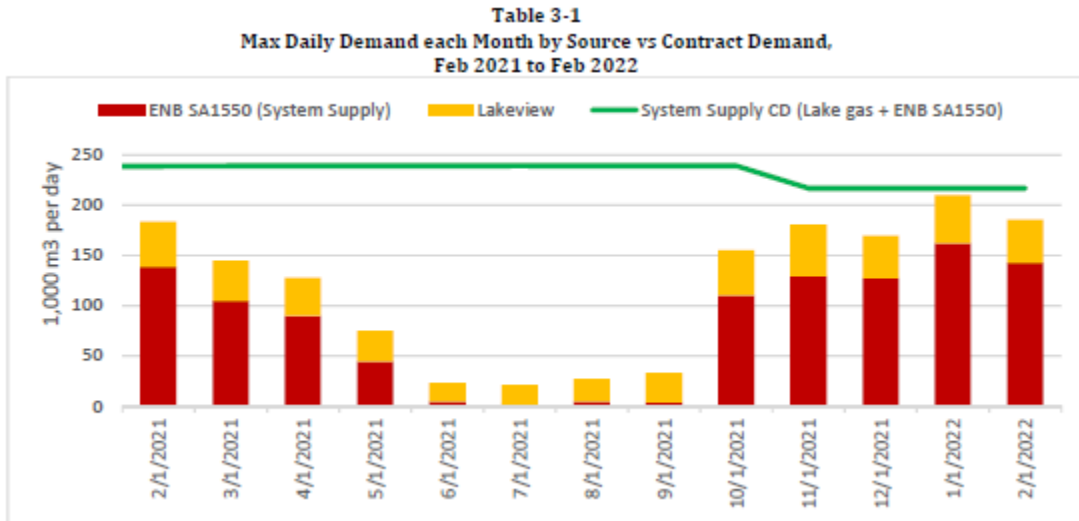
- iii. If a timeline for community expansion is in development, and what, if any, firm dates have been established.

ENGLP Response:

There are not any active plans to service customers outside of Aylmer's existing distribution area. To clarify, while there are a number of new subdivisions planned in Aylmer which could receive natural gas service in the future, these communities are all within the existing Aylmer franchise footprint.

Staff.7

Ref: ENGLP Aylmer GSP Update, 2020-2024 GSP, p. 13: Supply Options



- a) When compared to the 2021 GSP the System Supply CD reduced from approximately 240,000 m³/day to 215,000 m³/day. Please provide rationale for this drop.

ENGLP Response:

In December 2020, with the introduction of the Lakeview gas supply, system gas contract demand increased from 221,795 m³/d to 252,141 m³/d.

In November 2021, as a response to lower system gas demand from Enbridge SA1550 (System Gas), Enbridge proposed a shift of a portion of the Contract Demand from SA1550 to SA25050 without changing the total CD contracted from Enbridge. Please refer to Aylmer Staff.2 for further details.

- b) In Table 3-1, please confirm if the ENB SA1550 (red) and Lakeview (yellow) bars are the actuals taken from their respective sources per month and the System Supply CD is the total CD available to ENGLP Aylmer.

ENGLP Response:

ENGLP confirms that ENB SA1550 (red) and Lakeview (yellow) bars are the actuals taken from their respective sources per month.

In addition to System Supply CD, and additional CD of 36,766 m³/d is available for Direct Purchase customers. As of November 1, 2021, total Contract Demand available to ENGLP Aylmer is 252,419 m³/d.

EPCOR Natural Gas LP – South Bruce Franchise Area

ONTARIO ENERGY BOARD STAFF QUESTIONS

Staff.1

ENGLP South Bruce GSP, Rate Zone Description, p.15

In 2021, ENGLP added a third Contract Customer to the South Bruce distribution system. The additional contract customer makes up an additional 3.9% of the total M17 capacity bringing the capacity available to system gas customers to 58%.

- a) In the 2021 GSP update, the total M17 capacity available to system gas customers was 62%.

- i. What is the current M17 utilization for system gas customers?

ENGLP Response:

ENGLP Southern Bruce's system gas customers utilized 13.2% of the total M17 capacity during the highest consumption day in over the previous winter months (on January 15, 2022

- ii. What is the forecasted M17 utilization for system gas customers once the forecasted system gas customers are fully connected?

ENGLP Response:

Using the CIP full connection number as a baseline, Southern Bruce system gas customers utilized 100% of the total M17 capacity during the highest consumption day in winter.

- iii. Please discuss how this additional contract customer affects system gas customers currently and when the forecasted connections are fully connected?

ENGLP Response:

The additional contract customer does not affect system gas customers currently as the M17 is currently underutilized.

As ENGLP has begun operations in Southern Bruce, a number of assumptions made under the CIP no longer accurately reflect actual system demand. These changes include:

- i. Customer annual consumption,
- ii. Customer peak day consumption,
- iii. The pace of customer conversion and additions onto the Southern Bruce system.

As ENGLP gains another year of operational experience with a larger number and a wider mix of customers, the system model will be updated to evaluate impact of changing customer consumption patterns to better forecast out future system requirements.

Staff.2

ENGLP South Bruce GSP, Rate Zone Description, p.17

Since the last update, ENGLP has observed a relatively consistent pace of gas-consuming customer additions on the South Bruce system. ENGLP also have received customer applications that is expected to drive the growth of system demand into 2024 and 2025. The observed pace of customer additions in 2021 also informs the adjustment to the customer connection forecast in this GSP Update. Table 3-2 shows the changes in customer connection forecasted in the previous GSP updates, actual connections in 2021, and the adjusted customer connection forecast underpinning the demand forecasts in 2022 GSP Update.

Table 3-2 – Customer connection forecast comparison by source

Year	2020 GSP				2021 GSP Update				2022 GSP Update			
	Rate1	Rate6	Rate11	Total	Rate1	Rate 6	Rate 11	Total	Rate1	Rate 6	Rate 11	Total
2020	2,249	34	2	2,285	179	-	1	180	179	-	1	180
2021	3,616	56	5	3,677	2,614	40	3	2,657	1847	7	1	1,858
2022	4,248	78	5	4,331	3,703	56	6	3,765	3,112	21	6	3,142
2023	4,795	87	5	4,887	4,792	71	6	4,869	4,792	34	7	4,939
2024					5,039	91	6	5,136	5,038	34	7	5,903
2025									5,094	34	7	5,903

In 2021, the actual customer connections forecast continued to deviate significantly from the forecast presented in the 2021 GSP Update, as the pace of customer conversion was slower than forecasted. This was primarily due to difficulty scheduling HVAC contractors for equipment inspection and conversion. The number of applications received in 2021 requesting service exceeded expectations set out in the Common Infrastructure Plan (CIP), which contributes to higher forecasted conversions in 2024 and 2025.

- a) Please confirm the customer connection forecast for 2020 GSP in Table 3-2 is the same connection forecast used when estimating the CIP connection forecast.

ENGLP Response:

The 2020 Supply Plan assumed the annual increase in consumption volumes were based on the level of customer attachments EPCOR committed to during the CIP process. In June of 2019, EPCOR entered into a design build agreement with AECON Utilities to perform the design, engineering, procurement, construction, testing, purging, substantial completion and final completion of the Southern Bruce Facilities. This included a revised customer connection forecast which compressed the initial three year customer

connection forecast into two years (note that the connection forecast is essentially the same as those in the Common Infrastructure Plan (CIP) process by the end of 2021).

- b) Please reconcile the total column under 2022 GSP update with the sum of Rate 1, 6 and 11. If it is in error, please update as required.

ENGLP Response:

There was an error in the table in the column: 2022 GSP Update Total (the final column). It has been corrected below:

Year	2020 GSP				2021 GSP Update				2022 GSP Update			
	Rate1	Rate6	Rate11	Total	Rate1	Rate 6	Rate 11	Total	Rate1	Rate 6	Rate 11	Total
2020	2,249	34	2	2,285	179	-	1	180	179	-	1	180
2021	3,616	56	5	3,677	2,614	40	3	2,657	1847	7	1	1,858
2022	4,248	78	5	4,331	3,703	56	6	3,765	3,112	21	6	3,139
2023	4,795	87	5	4,887	4,792	71	6	4,869	4,878	34	7	4,919
2024					5,039	91	6	5,136	5,829	34	7	5,870
2025									5,829	34	7	5,870

- c) Please provide evidence supporting:
- The Rate 1 connections increase of 299 in the 2022 GSP Update relative to the 2020 GSP.

ENGLP Response:

ENGLP Southern Bruce received more 'existing residential' Rate 1 customer applications than anticipated under the CIP.

- ii. The Rate 6 connections decrease of 53 in the 2022 GSP Update relative to the 2020 GSP.

ENGLP Response:

The decrease in Rate 6 connections is mainly a result of 2 factors:

- i. HVAC Contractor Availability: Many commercial customers were anticipating meter unlocks early 2021, but were unable to finalize the conversion due to the lack of availability of HVAC contractors and conversion equipment in the area.
- ii. Outstanding Land Easements: In 2021, ENGLP encountered several situations where property owners were unwilling to sign an easement, preventing the distribution system from reaching commercial customers in the area. At the time of drafting the 2021 GSP update, ENGLP was working under the assumption that these easement issues would be resolved in 2022, however many of these easement issues remain.

For the 2022 GSP Update, ENGLP have revised the forecast of commercial customer unlocks based on lowered pace of observed commercial unlocks in 2021. The Rate 6 forecast in the current GSP Update is based on existing medium and large customer applications rather than connection numbers assumed in the CIP.

- d) Given that the pace of customer conversion in 2021 was hampered by difficulties in scheduling HVAC contractors. Has the 2022 GSP customer connection forecast update accounted for this?

ENGLP Response:

The 2022 GSP customer connection forecast update accounted for difficulties customers are having in scheduling HVAC contractors.

- e) What factors are driving customers to connect to the system in 2024 and 2025 as

opposed to earlier?

ENGLP Response:

In the 2022 GSP, the 2024 and 2025 forecasts are based on existing customer applications, with a steady pace of customer conversion per day. In other words, the current pace of customer conversion due to difficulties scheduling HVAC contractors are driving customer conversions into 2024 and 2025.

Staff.3

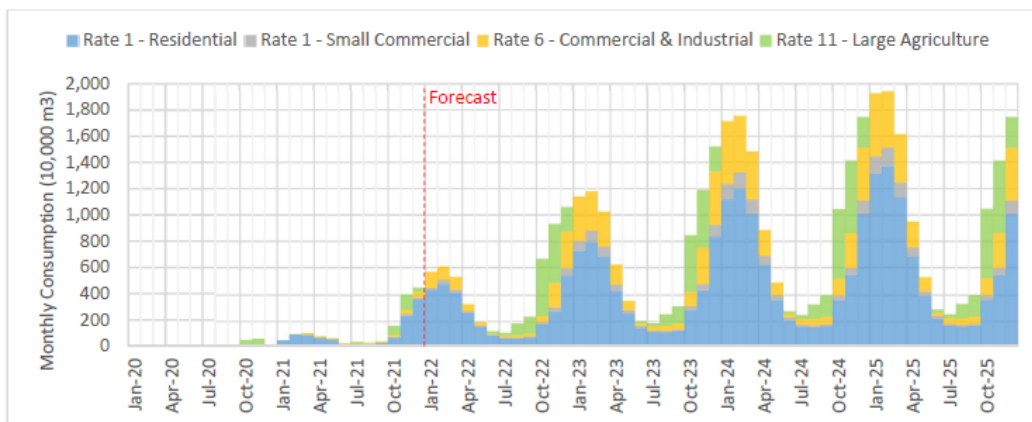
ENGLP South Bruce GSP, Rate Zone Description, p.15

The demand forecast in this update deviates from the 2021 update due to two reasons:

- Availability of actual historical consumption data which indicates that 12-month consumption for gas-consuming residential customers is materially lower than what was assumed in the CIP.
- A decrease in the expected number of large commercial customers to be connected and consuming gas for the forecast period.

The actual and forecasted average day volume per month broken down by each customer type is shown in Figures 3-3.

Figure 3-3 - Forecast Monthly General Service Demand, by Customer Type



- a) ENGLP indicated that actual consumption data for residential customers is materially lower than what was assumed in the CIP. Please compare the CIP assumptions to the actual historical consumption and provide a discussion as to why there is such a material deviation.

ENGLP Response:

For the approximately 1,000 residential customers with gas flowing for at least 12 months as of April 2022, ENGLP is estimating an annual consumption of approximately 1,453 m³. This is a shortfall of approximately 696 m³ or 32% per year versus the common assumption of 2,149. While it is unclear what all the underlying drivers for the consumption shortfall for residential customers are, a material factor appears to be that a low number

of customers have been connecting multiple gas appliances. In particular, ENGLP estimates that only 13% of customers have converted to gas water heaters, which are estimated to use an average of 400 - 500m³ annually.

- b) ENGLP expects to see a decrease in the large commercial connections. Please confirm this is Rate 6 customers as shown in Table 3-2. If they are different, please provide a discussion as to why there is a decrease in large commercial connections.

ENGLP Response:

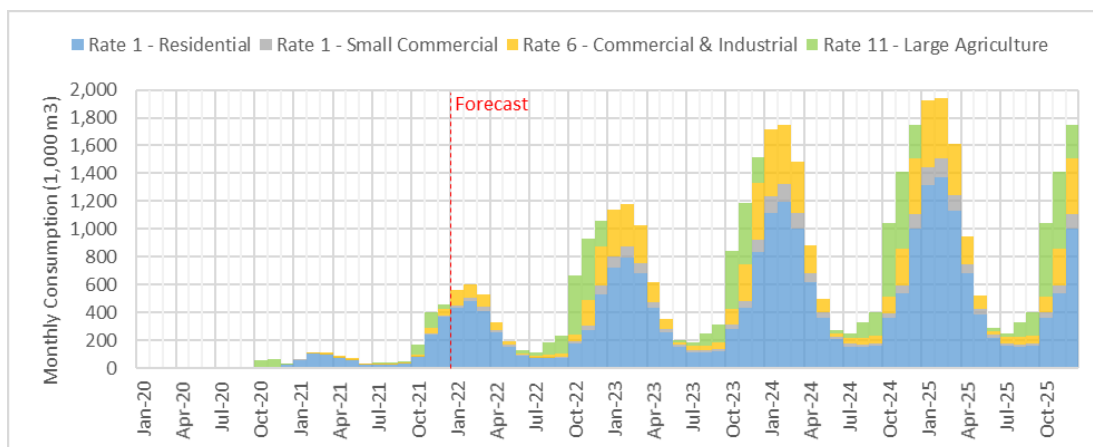
ENGLP confirms the customer decrease shown in Table 3-2.

- c) In the 2021 GSP, Figure 3-3 had a y-axis of a maximum of 2.5 million m³. The 2022 GSP Figure 3-3 has a y-axis of 20 million m³. Please confirm the y-axis for the 2022 GSP, Figure 3-3. If it is correct, please discuss how and why the monthly consumption has increased roughly 10-fold.

ENGLP Response:

The Y axis was labeled incorrectly. It should be "Monthly Consumption (1,000 m³)". Please see below for Figure 3-3 revised with the corrected label.

Figure 3-3 - Forecast Monthly General Service Demand, by Customer Type



Staff.4

ENGLP South Bruce GSP, Design Day Demand, p.19

The analysis for Design Day demand in this Supply Plan update deviates from the 2021 update in three ways:

- 1) The outlook of January design day demand was revised to equal approximately 1% of a customer's expected annual consumption. Grain dryers are excluded from this analysis as their consumption is interruptible between December 16th to May 1st of the following year. By 2025, January design day consumption from General Service customers is expected to utilize 68.6% of the contract demand reserved for General Service customers.
- 2) The consumption from the grain dryer currently connected on the South Bruce system exceeded initial expectations, based on the daily consumption observed during drying season in November 2021. The dryer single day peak consumption was estimated to be around 16,500 m³, or approximately 11% of the contract demand reserved for General Service customers.
- 3) The number of grain dryers expected to connect to the system have increased. ENGLP has received service applications for six additional grain dryers, and are expected to connect to the system and consume gas by 2025. Four of the grain dryers have expected consumption patterns similar to the grain dryer currently consuming gas. In total, ENGLP expects peak day consumption for the seven dryers to be approximately 68,000 m³, or 51.5% of the M17 capacity reserved for General Service customers.

While the design day peak for General Service customers is not expected to exceed the M17 capacity reserved for General Service customers in January, there is a risk that if each dryer were to run on the same day during a cold day before December 15th, the General Service daily consumption for that day could exceed the capacity allocated to this group of customers.

For general service customers that are not grain dryers, December "peak day" is modelled to be 0.72% of average annual consumption.

- a) Why was 1% of the customer's annual consumption used to determine January design day demand? Please provide rationale supporting this assumption.

ENGLP Response:

To clarify, 1% annual consumption was used to determine January design day demand based on input from a natural gas consultant based on a 24-hour peak day. This assumption was made as we lacked historical / operational data to assess per-customer peak day consumption for the Southern Bruce franchise area at the time. In contracting the M17 CD, Enbridge directed ENGLP to use a 20-hour peak day instead for non-contract customers, bringing the peak day consumption estimate to 0.83% of the total annual consumption. The assumption was tested against actual customer consumption this past winter, where after removing consumption from Rate 16 contract customers, the peak day consumption was 1172 GJ or 29,814 m³ across 1,890 system gas customers on January 16, 2022 (with Heating Degree Day calculated at 36). The peak day consumption per customer was approximately 15.7 m³/Cx, majority of which (1,858) are residential Rate 1 customers. We estimate residential customer peak consumption was around 14 m³, which tracks well with the 1% annual consumption as peak day demand (given that average annual residential customer consumption was around 1,400 m³/year). As ENGLP gains another year of operational experience with a larger number and a wider mix of customers, ENGLP will update the system model again to evaluate impact of changing customer consumption patterns to better forecast out future system requirements.

- b) Please provide the percentage of customer's annual consumption that was previously used to determine January design day demand. If a percentage of customer's annual consumption was not used to determine January design day demand, please explain the approach. Please also provide rationale supporting the change in approach.

ENGLP Response:

In previous versions of Southern Bruce Gas Supply Plan and Updates, average daily volume per month was used to estimate peak day demand.

In preparation of the 2022 Gas Supply Plan Update, using observed consumption history of the winter months of 2021/22, ENGLP aligned peak day methodology to align with those used in determining the M17 Contract Demand with Enbridge. Current methodology better reflects observed peak day demand in Winter 2021/22 and will be adopted for future gas supply planning purposes.

- c) Please provide a comparison of January design day demand before and after the change in approach.

ENGLP Response:

Please see below. Note under the average day methodology, the peak day was expected to occur in February.

	2024 Jan Peak day (m3/day)
2021 GSP Update (old methodology)	68,929
2022 GSP Update (revised methodology)	81,328
<i>Variance (m3)</i>	<i>12,399</i>
<i>Variance (%)</i>	<i>18.0%</i>

- d) Please clarify if this single-day of peak 16,500 m³ is the initial expectation or is it the revised expectation based on historical data.

ENGLP Response:

The single-day of peak 16,500 m³ is the revised expectation based on historical data.

- i. Please compare the initial and revised expectations and provide a discussion on the effects on the design day.

ENGLP Response:

In the revised expectations based on historical data / observed usage, grain dryers contributes to higher utilization of the M17 Contract Demand than initial expectation, which contributes to a higher risk of peak day consumption occurring in December rather than a heating-demand driven peak day. As more grain dryers in the area apply to have natural gas service, the risk of an early December peak day consumption exceeding the contract demand also increases. Dryer peaking consumption was not considered in the M17 contracting as it was considered non-coincidence peak and the rate 11 rate structure was designed to minimize the risk of dryer peak consumption contributing to exceeding the contract demand by the ability to interrupt dryer consumption on and after December 16th annually.

- e) Provide a discussion on what risks there are when all the dryers run on the same day (prior to December 15) and exceed the capacity allocated to this group?

ENGLP Response:

In the event that all grain dryers on the system operate on the same day prior to December 15 and exceeds the capacity allocated to this group, ENGLP will request from Enbridge authorized overrun for the M17 service.

- i. If there is a large risk what has ENGLP done to limit that risk or the probability of it happening?

ENGLP Response:

ENGLP does not consider this to be a large risk at this time but will continue to actively monitor grain dryer activities this drying season.

- f) For General service customers, that are not grain dyers, December “peak days” are model to be 0.72% of average annual consumption. Please provide rationale supporting this assumption.
 - i. Please provide an explanation for why 0.72% is used for December and 1% is used for January.

ENGLP Response:

A lower December non-dryer peak day was used based on a review of Kincardine heating degree day in the first 15 days of December compared to January heating degree days, between December 1994 and January 2017, using Environment Canada data. The highest December Heating degree day recorded is approximately 21% lower than the highest January Heating Degree day recorded over the same period. In the model, ENGLP assumes that the reduction in HDDs and the resulting reduced heating load have a linear relationship. Thus, the resulting heating load per unit for non-contract customers was also lowered for estimating peak day consumption in December. ENGLP will continue to monitor closely monitor dryer natural gas consumption this year as well as weather forecasts in December and January.

- g) Figure 2-4 shows that the general service peak day demand is expected to exceed the demand allocated for general service customers starting winter 2023/24. Please provide what scenario(s) may happen if general service peak day demand is exceeded?

ENGLP Response:

Figure 2-4 is intended to show the higher risk of a peak day demand in early December exceeding the current Contract Demand, in the situation if all grain dryers on the system were to run concurrently during a cold early December day. Under the M17 conditions of service, Enbridge agrees that it shall, upon the request of Shipper, use reasonable efforts

to transport gas in excess of the Contract Demand, as Authorized Overrun, on an interruptible basis.

- i. Please provide ENGLP's response to each scenario if this was to occur.

ENGLP Response:

ENGLP will proactively request for M17 overrun service from Enbridge.

Staff.5

ENGLP South Bruce GSP, Supply Option Update, p.31

ENGLP is exploring forward purchases for summer 2023 in an effort to stabilize system gas commodity prices for General Service customers. Given the volatile prices this year in the North American natural gas market, fundamental drivers will likely continue to exert upward pressure on prices across all market hubs in North America, including the Dawn and AECO hubs relevant to South Bruce. As such, ENGLP is looking to procure a portion of expected summer 2023 demand between May 2022 and March 2023 at a Dawn fixed price, to be delivered in 2023.

ENGLP will only procure a portion rather than all of the forecasted demand, which will allow for market prices to flow through for a portion of the portfolio, as well as mitigate the risk of over procurement (for example, if demand is over forecasted for those future months).

- a) Has ENGLP procured gas on a forward fixed price basis previously? If so, please describe those procurements and provide the timing of such procurements.

ENGLP Response:

ENGLP has previously procured forward fixed price gas contracts.

Transaction Date	Strip Start	Strip End	Vol (GJ/d)
7-Oct-21	1-Dec-21	31-Mar-22	150
13-Apr-22	1-May-22	30-Sep-22	200
21-Apr-22	1-Jul-22	30-Sep-22	101

All procurement details have been provided as part of the QRAM applications. ENGLP had also reached out to Board staff in April 2020 to inquire on further details related to term procurement of natural gas and was not provided additional guidance.

- b) Please advise whether ENGLP has already started procuring gas to be delivered in the summer of 2023 on a forward fixed price basis.

ENGLP Response:

ENGLP has not started procuring gas to be delivered in the Summer of 2023 on a forward fixed price basis.

- c) Please describe the risks associated with procuring gas on forward fixed price basis.

ENGLP Response:

There are 3 risks associated with forward fixed price purchasing:

- i. Risk of procurement volume higher than demand over the term of the delivery contract. this risk is mitigated by only considering procurement of a portion of required storage purchases;
- ii. Risk of market settlement prices falling after transacting the fixed price contracts; and,
- iii. Risk of increased exposure with the supplier of the fixed price term deal, mitigated by ENGLP's credit rating.

- d) Does ENGLP have a framework in place to determine whether it should forward purchase natural gas on a fixed price basis? Specifically, please discuss how EPCOR evaluates how much to purchase, when to purchase, how far out to purchase and the term for the fixed price contracts? Please discuss the planned forward purchase of gas for summer 2023 in terms of the decision-making framework that ENGLP has applied.

ENGLP Response:

Fixed price purchases have been considered as part of Southern Bruce's Gas Supply Plan since the 2020 3-year Gas Supply Plan (EB-2020-0106; under Option C of the Supply Option Analysis). Gas transactions and procedures are reviewed following ENGLP's Natural Gas Procurement Procedural Manual submitted as part of the 2021 Annual Update to the 2020-2023 EPCOR (South Bruce) Gas Supply Plan (EB-2021-0146).

- e) What portion of 2023 forecasted demand is expected to be forward purchased on a fixed price basis for delivery in 2023?

ENGLP Response:

ENGLP forecasts up to 50% of expected storage requirement is expected to be forward purchased on a fixed price basis for delivery in Summer 2023.

- f) Please provide the expected term(s) of the planned fixed price contract(s) (e.g. 1 month, 3 months, etc.).

ENGLP Response:

The expected term(s) of the planned fixed price contract(s) is 5 months (May to September 2023).

Staff.6

ENGLP South Bruce GSP, Community Expansion, p.37

In August of 2020, ENGLP submitted the “Brockton Expansion Project” to the OEB as part of the Ontario government’s Phase 2 natural gas expansion program funding. The project intends to connect 500 customers in the Municipalities of Brockton, West Grey and the Township of Chatsworth. The impact of the Brockton expansion on demand forecast and gas supply planning is expected to be detailed in next year’s Gas Supply Plan.

- a) When is the Brockton Expansion Project expected to be connected to the South Bruce distribution system?

ENGLP Response:

ENGLP is targeting to file its Leave to Construct application with the OEB in September-October 2022, with the intent to align the timing of the approval with the commencement of the 2023 spring construction season.

The Brockton expansion is planning to initiate construction of its distribution network in 2023, with a focus to develop customer connections in 2024. The tie-in to the Southern Bruce system will occur in mid-late 2023.

- b) Figure 2-4 – January and December Forecast Peak Day Consumption vs M17 Contract Demand shows the General Service Customer peak day demand (Dec) go beyond the reserved for General Service customers starting in the Winter of 23/24. Please confirm if the General Service peak day demand (Dec) includes Brockton?

ENGLP Response:

The General Service peak day demand (Dec) does not include Brockton.

- i. If not, please provide a discussion as to how the inclusion of Brockton would impact Figures 2-4.

ENGLP Response:

The inclusion of Brockton would gradually increase peak day demand, expected consumption, and upstream capacity requirements to service Winter (January) peak day demand. As ENGLP is still preparing the Brockton Leave To Construct Application, finalized details related to timing of the Brockton project is not included as part of the Gas Supply Plan at this time.

- c) Please provide a breakdown of the 500 customers into residential, commercial, and industrial.

ENGLP Response:

Refer to the table below for a breakdown of the 501 customers expected to be connected in Brockton (by year 10).

Customer Type	Connections
Residential	481
Commercial / Agricultural / Industrial	15
Industrial	5
Agricultural – Seasonal	0

Staff.7

ENGLP South Bruce GSP, Performance Measurement, p.39

- a) It appears that the reference to the performance metric scorecard was cut off.
 Please provide the complete reference.

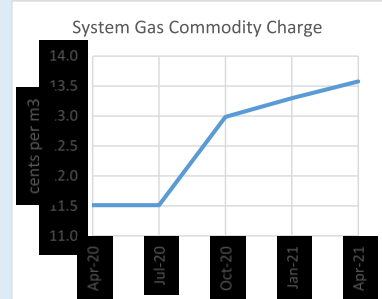
ENGLP Response:

The wording of the response was intended to read:

ENGLP has drafted a performance metric scorecard in order to measure the effectiveness of the Supply Plan. Please see Appendix D for details.

See below for a copy of Appendix D:

Performance Categories	Intent of Measures	Measures	Sample	2020
1. Cost Effectiveness	Policies & Procedures	Demonstrates consideration of timely pricing information and utility's ability to transact according to internal policies for managing counterparty risk	Procurement plan reviewed and approved as outlined in the policy	C
			Transacting counterparties have met appropriate credit requirements	100%
	Price Effectiveness	Demonstrates diversity of supply terms within procurement plan through a layers approach to contracting Illustrates Price Stability	Distribution of procurement terms:	
			1. < 1 Month	18.7%
			2. Monthly	81.3%
			3. Seasonal	0%
			4. Annual	0%
			5. Reference Price History	Graph



	Performance Categories	Intent of Measures	Measures	Sample	2020
2. Reliability & Security of Supply	Design Day	Demonstrates ability to procure transportation assets required to meet design day demand	Acquired assets to meet design day	100%	100%
	Storage	Demonstrates execution of storage inventory strategy	1. % of storage level Sept 30th	%	99%
			2. % of storage level March 31st	%	70%
	Coordination	Demonstrates ENGLP ability to invest in capital distribution required to meet design day demand	Monthly meetings between gas supply, engineering, operations	12/yr	4
	Communication	Ensure ongoing communications	Communication to ratepayers re material bill impacts	C	C
	Diversity	Demonstrate the diversity of the portfolio	1. % of contract vol. per delivery point	%	Dawn: 100% AECO: 0%
			2. # of unique counterparties	#	3
3. Public Policy	Supporting Policy	Reports public policy in ENGLP supply plan	1. Days failed to deliver to customers	#	0
			2. Days customer interrupted (1)	#	0
			1. Community expansion (% customer converted/unlocked vs. CIP)	%	15.40%
			2. FCC	C	C
			3. RNG	C	N/A
			4. DSM	C	N/A

Definitions:

1. Cost Effectiveness: The gas supply plans will be cost-effect. Cost effectiveness is achieved by appropriately balancing the principles and in executing the supply plan in an economically efficient manner
2. Reliability and Security of Supply: The gas supply plans will ensure the reliable and secure supply of gas. Reliability and security of supply is achieved by ensuring gas supply to various receipt points to meet planned peak day and season gas delivery requirements
3. Public Policy: The gas supply plan will be developed to ensure that it supports and is aligned with public policy where appropriate

Staff.8

ENGLP South Bruce GSP, IRP, p.22

ENGLP is participating in Enbridge Gas's Integrated Resource Planning (IRP) working group as an observing member. As discussions further develop on Enbridge Gas's implementation of the IRP framework, ENGLP will review how IRPs would impact future gas supply planning in the 2023 Gas Supply Plan.

- a) Is ENGLP expecting IRP projects to be implemented in South Bruce? If so, what are the timelines?

ENGLP Response:

There are not currently any plans for ENGLP to implement IRP projects in the Southern Bruce Franchise Area.

- b) Does ENGLP expect Enbridge Gas's IRP plans to affect ENGLP South Bruce customers? If so, in what way?

ENGLP Response:

ENGLP does not expect Enbridge Gas's IRP plans to affect ENGLP South Bruce at the moment. ENGLP will continue evaluating the evolution of Enbridge's IRP plan through participation of the IRP Technical Working Group.

(intentionally left blank)

**Review of 2022 Annual Update to Gas Supply Plan of EPCOR
Natural Gas Limited Partnership**

EB-2022-0141

Responses to Pollution Probe Interrogatories

July 11, 2022

A) Questions related to the ENGLP Aylmer Gas Supply Plan 2020-2024

Pollution Probe #1

Reference: The ENGLP Aylmer Gas Supply Plan identifies three elements that align with the Public Policy requirement, specifically the Federal Carbon Pricing Program, Renewable Natural Gas (RNG), and Community Expansion,

- a) Please provide a list of new (i.e. incremental since the last annual update) public policy objectives that were reviewed as the Gas Supply Plan updates were developed.
- b) Please explain if any of the following policy considerations were considered and if so, please explain how they impacted the plan update.
 - OEB Mandate Letter dated November 15, 2021
 - OEB Gas IRP Decision dated July 22, 2021
 - Government of Ontario's Made-in-Ontario Environment Plan (MOEP)
 - Municipal Energy and Emissions Plans (supported by Provincial policy and program funding)

ENGLP Response to 1 a) and b):

The development of ENGLP's Gas Supply Plan has been informed by the above-noted policy considerations, as outlined below:

a) OEB Mandate Letter dated November 15, 2021

This mandate letter references a multi-year DSM program and the implementation of a DSM Framework that enables customers to lower energy bills in the most cost-effective way possible and help customers make the right choices. ENGLP expects to bring forward a DSM program in its next cost of service filing expected in 2025.

OEB Gas IRP Decision dated July 22, 2021

ENGLP is participating in the IRP Technical Working Group as an observing member. ENGLP does not contract for term long-haul transportation capacity but will continue to monitor its system for distribution pipe opportunities.

Government of Ontario's Made-in-Ontario Environment Plan (MOEP)

ENGLP is familiar with the MOEP and the government's plan to address climate change through meaningful action to lower greenhouse gas emissions.

To align with the MOEP low-carbon hydrogen strategy, EPCOR Ontario Utilities Inc. submitted a paper to the government and subsequently participated in the working group established by the government. The paper addressed the barriers and opportunities for hydrogen in the energy system; the role of hydrogen; RNG's role in the hydrogen value-chain to further GHG reductions and the key outcomes of Ontario's strategy. As opportunities mature and materialize, they will form part of the ENGLP's gas supply plans.

ENGLP participated in the EGI Voluntary RNG program and hydrogen applications in order to understand the impact to the utility and how the introduction of RNG and hydrogen gas will impact the gas supply portfolio.

Municipal Energy and Emissions Plans (supported by Provincial policy and program funding)

ENGLP is not aware of any specific Municipal Energy or Emissions Plans in Elgin County or the Municipality of Kincardine as they relate to Natural Gas. ENGLP notes that it has received Municipal Support for its Brockton expansion (EB-2021-0269). ENGLP will continue to monitor and work with Municipalities to achieve any stated energy and emission plans.

Pollution Probe #2

ENGLP previously indicated that it would be interested in opportunities provided through the Gas IRP Decision and Framework once complete. This was completed in July 2021 via EB-2020-0091 and provides opportunities to provide more cost-effective energy to prospective customers when IRP alternatives are a better option than incremental gas infrastructure. What plans (if any) does ENGLP have to leverage the benefits of this approach for ENGLP and prospective customers?

ENGLP Response:

As an observing member in OEB's IRP Technical Working Group, ENGLP continues to learn and assess the impacts of IRP integration for use in future planning purposes.

Pollution Probe #3

Reference: 7.1. Renewable Natural Gas (RNG)

“In the fall of 2022, ENGLP is expecting to start receiving RNG into it’s distribution system”

- a) Please confirm that the incremental RNG supply being facilitated by ENGLP is to meet demand in British Columbia (i.e. Fortis) as previously noted for RNG supplies by ENGLP. If incorrect, please provide an update.

ENGLP Response:

ENGLP confirms that the incremental RNG supply being facilitated by ENGLP is to meet demand in British Columbia (i.e. Fortis) as noted in the 2021 Gas Supply Plan Update IR Response.

- b) Please confirm the magnitude (directional or figures to the extent possible) of the incremental RNG volumes expected starting fall 2022.

ENGLP Response:

Please refer to Appendix C in the 2022 Gas Supply Plan Update for the expected RNG volume. By 2024 the incremental RNG volume is expected to be approximately 6% of Aylmer’s total annual demand.

- c) Please confirm the source (e.g. landfill gas) for the incremental RNG supply identified for fall 2022.

ENGLP Response:

The source for the incremental RNG supply identified for fall 2022 is dairy cattle manure.

- d) Please provide any information related to the GHG (lifecycle) emissions values for generation of the RNG identified as being available in fall 2022. These values would be compared to the fuels (e.g. natural gas) to determine the net GHG reductions provided by use of the RNG.

ENGLP Response:

ENGLP Aylmer will not receive any of the environmental attributes associated with the RNG produced. As such, information required for this calculation was not provided to ENGLP.

Pollution Probe #4

- a) Please provide draft details on the DSM programs ENGLP intends to offer (i.e. sector, funding, TRC Plus or cubic metre goals).

ENGLP Response:

Please refer to ENGLP's response to Staff.4 for the Aylmer Franchise Area

- b) Please confirm what year the ENGLP DSM programs will be available to customers.

ENGLP Response:

Please refer to ENGLP's response to Staff.4 for the Aylmer Franchise Area

- c) Has ENGLP consulted with any stakeholders (including customers) on design and implementation of its draft DSM programs? If no, why not. If yes, please provide details.

ENGLP Response:

Stakeholder & Customer engagement would be included part of any DSM program application that ENGLP would submit to the Board. ENGLP has currently consulted with a variety of potential vendors along with OEB Staff to help determine potential program

- d) In the early days of DSM program development and implementation, Enbridge used an OEB endorsed stakeholder Consultative process. Has ENGLP considered leveraging such an approach and if yes, how would stakeholders express interest?

ENGLP Response:

ENGLP continues to review and evaluate stakeholder consultation approaches to DSM programs.

Pollution Probe #5

Please confirm that ENGLP has made no changes to scorecard metrics since the 2021 Gas Supply Plan Update. If in correct, please identify the changes.

ENGLP Response:

ENGLP confirms that there have been no changes to scorecard metrics since the 2021 Gas Supply Plan Update.

B) Questions related to the ENGLP Southern Bruce Gas Supply Plan 2020-2022

Pollution Probe #6

Reference: The ENGLP Southern Bruce Gas Supply Plan identifies three elements that align with the Public Policy requirement, specifically the Federal Carbon Pricing Program, Renewable Natural Gas (RNG), and Community Expansion,

- a) Please provide a list of new (i.e. incremental since the last annual update) public policy objectives that were reviewed as the Gas Supply Plan updates were developed.

ENGLP Response:

Please refer to ENGLP's response to Pollution Probe #1

- b) Please explain if any of the following policy considerations were considered and if so, please explain how they impacted the plan update.

- OEB Mandate Letter dated November 15, 2021
- OEB Gas IRP Decision dated July 22, 2021
- Government of Ontario's Made-in-Ontario Environment Plan (MOEP)
- Municipal Energy and Emissions Plans (supported by Provincial policy and program funding)

ENGLP Response:

Please refer to ENGLP's response to Pollution Probe #1

Pollution Probe #7

ENGLP previously indicated that it would be interested in opportunities provided through the Gas IRP Decision and Framework once complete. It was completed in July 2021 via EB-2020-0091 and provides opportunities to provide more cost-effective energy to prospective customers when IRP alternatives are a better option than incremental gas infrastructure. What plans (if any) does ENGLP have to leverage the benefits of this approach for ENGLP and prospective customers?

ENGLP Response:

Please refer to ENGLP's response to Pollution Probe #2

Pollution Probe #8

Reference: 8.4. Renewable Natural Gas (RNG)

- a) Please identify what opportunity there is to enable incremental RNG production and/or transportation in the Southern Bruce territory? If there is an inventory of RNG production opportunity, please provide a copy.

ENGLP Response:

ENGLP is exploring opportunities for incremental RNG production and/or transportation in the Southern Bruce territory. ENGLP anticipates that it will be in a position to report on these efforts and/or their outcomes in a future Gas Supply Plan update.

- b) Please explain what activities ENGLP has undertaken to engage with potential RNG producers in Southern Bruce.

ENGLP Response:

These activities include inquiries and on-going discussions. As mentioned in the response to question 8 a), ENGLP anticipates that it will be in a position to report on these efforts and/or their outcomes in a future Gas Supply Plan update.

Pollution Probe #9

- a) Please provide draft details on the DSM programs ENGLP intends to offer (i.e. sector, funding, TRC Plus or cubic metre goals).

ENGLP Response:

Please refer to ENGLP's response to Staff.4 for the Aylmer Franchise Area

- b) Please confirm what year the ENGLP DSM programs will be available to customers.

ENGLP Response:

Please refer to ENGLP's response to Staff.4 for the Aylmer Franchise Area

- c) Has ENGLP consulted with any stakeholders (including customers) on design and implementation of its draft DSM programs? If no, why not. If yes, please provide details.

ENGLP Response:

Stakeholder & Customer engagement would be included part of any DSM program application that ENGLP would submit to the Board. ENGLP has currently consulted with a variety of potential vendors along with OEB Staff to help determine potential program

- d) In the early days of DSM program development and implementation, Enbridge used an OEB endorsed stakeholder Consultative process. Has ENGLP considered leveraging such an approach and if yes, how would stakeholders express interest?

ENGLP Response:

ENGLP continues to review and evaluate stakeholder consultation approaches to DSM programs.

Pollution Probe #10

Please confirm that ENGLP has made no changes to scorecard metrics since the 2021 Gas Supply Plan Update. If in correct, please identify the changes.

ENGLP Response:

ENGLP confirms that there have been no changes to scorecard metrics since the 2021 Gas Supply Plan Update.

Pollution Probe #11

The Southern Bruce plan expires in 2022 (i.e. 2020-2022). What term will the next plan cover?

ENGLP Response:

ENGLP plans to cover a 3 year period in its next Gas Supply Plan for Southern Bruce.