



February 10, 2023

VIA RESS

Ontario Energy Board
P.O. Box 2319,
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Attention: Registrar

Dear Ms. Marconi,

**Re: Enbridge Gas Inc. ("EGI")
2024 Rebasing Application
Board File No.: EB-2022-0200**

We are counsel to Three Fires Group Inc. ("**Three Fires**") in the above-noted proceeding. Please find enclosed the interrogatories of Three Fires to EGI, pursuant to Procedural Order No.1.

Sincerely,

Nick Daube

c. Vanessa Inis, EGI
David Stevens, Aird & Berlis LLP
Dennis M. O'Leary, Aird & Berlis LLP
Philip Lee, Three Fires
Don Richardson, Three Fires
Chief Mary Duckworth, Caldwell First Nation
Larry Sault, Caldwell First Nation

Encl.

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15 (Schedule. B);

AND IN THE MATTER OF an Application by Enbridge Gas Inc., pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2024 (the “**Application**”).

EB-2022-0200

INTERROGATORIES

OF

**THREE FIRES GROUP INC.
("THREE FIRES")**

February 10, 2023

Question: 1.6-Three Fires-1

Reference: Exhibit 1, Tab 6, Schedule 1

Preamble: Enbridge Gas Inc. ("**Enbridge**") describes the customer engagement process that it conducted in 2021 and 2022, which involved over 12,000 customers. The process consisted of three phases and included various forms of engagement, such as focus groups, in-depth interviews, telephone surveys, and online workbooks.

- a) Please produce Enbridge's 2022 *Indigenous Reconciliation Action Plan* ("**IRAP**") and *Indigenous Peoples Policy* ("**IPP**").
- b) Please describe how Enbridge has applied the principles, policies and commitments set out in its IRAP and IPP in the context of the current Application.
- c) Please provide specific comment on how the following items from the IPP apply in the context of the current Application:
 - Enbridge's stated principle to "engage early and sincerely through processes that aim to achieve the support and agreement of Indigenous nations and governments for our projects and operations that may occur on their traditional lands" (IPP at page 2);
 - Enbridge's stated principle that it seeks "the input and knowledge of Indigenous groups to identify and develop appropriate measures to avoid and/or mitigate the impacts of our projects and operations that may occur on their traditional lands." (IPP at page 2);
 - Enbridge's statement that it will "provide ongoing leadership and resources to ensure the effective implementation of the above principles, including the development of implementation strategies and specific action plans..." (IPP at page 3).
- d) Please provide specific comment on how the following items from the IRAP apply in the context of the current Application:
 - Pillar 2 concerning community engagement and relationships;
 - Pillar 3 concerning economic inclusion and partnerships;
 - Pillar 5 and in particular its objectives relating to sustainability;
 - Pillar 6 concerning governance and leadership.
- e) Please produce any additional internal or public documents that set out any Enbridge policies applicable to Enbridge's interactions with Indigenous customers or groups for the purposes of the matters at issue in this Application.

- f) Please describe how Enbridge worked to ensure representation for all types of customers in all rate zones, as stated at paragraph 7 of Karen Sweet's evidence, including specific comment with respect to Indigenous customers.
- g) Please describe any efforts taken on the part of Enbridge to ensure Indigenous engagement generally, or participation in consultations specifically, in a form relevant to this Application.
- h) Please describe any efforts taken on the part of Innovative Research Group to ensure Indigenous participation in their consultations.
- i) What are the costs incurred to date and what are the anticipated costs to the ratepayers for operationalizing the IRAP in Enbridge's Ontario franchise areas? In your answer, please provide the following:
 - 1. A general answer for both past and future anticipated costs
 - 2. A breakdown for both costs already incurred by franchise area
 - 3. Detailed annual projections of anticipated costs by franchise area for the next 5 years
- j) What are the costs incurred to date and what are the anticipated costs to the ratepayers for operationalizing the IPP in Enbridge's Ontario franchise areas? In your answer, please provide the following:
 - 1. A general answer for both past and future anticipated costs
 - 2. A breakdown for both costs already incurred by franchise area
 - 3. Detailed annual projections of anticipated costs by franchise area for the next 5 years
- k) Please describe Enbridge's plans to apply the IRAP to enable Indigenous ownership and operation of Enbridge's infrastructure. In particular, what are its plans to work with Indigenous communities, not only in stewarding the environment, but also in owning and operating critical energy infrastructure?¹
- l) Please describe how the IRAP applies to current and future regulated and unregulated RNG assets and provide specific comment with respect to Indigenous ownership and operation of these assets.

¹ See, for example, the company's statement at <https://www.prnewswire.com/news-releases/indigenous-communities-and-enbridge-announce-landmark-equity-partnership-301634930.html>

Question: 1.6-Three Fires-2

Reference: Exhibit 1, Tab 6, Schedule 1
Exhibit 1, Table 6, Schedule 1, Attachment 1
Exhibit 1, Tab 10, Schedule 2

Preamble: Enbridge's customer engagement found that customers prefer some investment in renewable natural gas (**RNG**), but there is no strong consensus on the amount. Enbridge has proposed recovering the incremental costs associated with this energy through the proposed cost recovery mechanism.

Enbridge's recognizes that under the federal Clean Fuel Regulation (**CFR**) it can voluntarily participate in the CFR by generating, trading, and selling credits from covered activities, including from RNG.

Enbridge's proposed approach under its Energy Transition Plan will allow Enbridge to contract for RNG as part of regular business activities.

- a) Please provide the exact figure quantifying Enbridge's RNG regulated and unregulated assets in Ontario, and please provide an estimate of the future growth in these assets either as a result of customer demand or government policy.

Question: **1.10-Three Fires-3**

Reference: Exhibit 1, Tab 10, Schedule 3

Exhibit 1, Tab 10, Schedule 8

Preamble: Enbridge provides an overview of the greenhouse gas (“**GHG**”) emissions resulting both from Enbridge Gas’s operations and from end-use customer combustion of natural gas, and a summary of current policies governing them. The overview includes reference to Enbridge’s commitment to achieve net-zero emissions by 2050 and an interim target of a 35% reduction in GHG emission intensity by 2030 relative to a 2018 base year.

- a) Please comment on whether Enbridge is currently on track to meet its interim target of a 35% reduction in GHG emission intensity by 2030 relative to a 2018 base year.
- b) Please provide details as to how Enbridge will achieve its interim target for 2030, including any plans to offset emissions.
- c) Please confirm whether Enbridge’s emission reduction targets or pathways have been independently evaluated, verified or audited.
- d) Please provide the anticipated costs to ratepayers for GHG reductions under Enbridge’s anticipated reduction pathways. Please include anticipated costs by franchise area for 10 years going forward.

Question: 1.10-Three Fires-4

Reference: Exhibit 1, Tab 10, Schedule 4

Preamble: Enbridge describes the energy transition assumptions that Enbridge Gas has incorporated into the Company's forecasting and planning processes, and the impacts on the Company's Asset Management Plan ("**AMP**"), finance and regulatory approaches. It states that the forecasts are important inputs into the Company's planning activities, such as the AMP development, gas supply planning, and rate setting. It further states that historically these Enbridge Gas forecasts only considered climate policies that had already been implemented.

- a) Please explain the considerations that helped determine Enbridge's decision to begin to include in its forecasting policies that have not already been implemented.
- b) Please explain Enbridge's reasoning in previously including only climate policies that had already been implemented.
- c) Please describe any disadvantages to the new approach of including in Enbridge's forecasting policies that have not already been implemented.
- d) Please describe the general composition of internal teams that Enbridge has used for the purposes of developing and applying its energy transition assumptions, and/or towards performing the reviews set out at paragraph 6 of Cara-Lynn Wade and Jennifer Murphy's evidence. In particular, please include details such as the number and seniority of personnel responsible, the approximate portion of their time devoted to analyzing energy transition issues, their general experience in the area, and any resources of significance that they have available to them in performing this aspect of their work.
- e) With respect to Enbridge's statement at paragraph 11 that insufficient certainty exists concerning future requirements for new build and retrofit building codes, why does Enbridge not incorporate some form of scenario analysis as opposed to excluding the effects of new build and retrofit building codes?
- f) Please describe the general thinking behind the forecasts set out in Table 2. In particular, please describe any scenario analysis that Enbridge has performed and why Enbridge has settled on the figures set out in the table.
- g) Does the Customer Additions Forecast take into account any impact of increased cost to remaining consumers resulting from other customers transitioning away from use of natural gas?
- h) What new or increased challenges will Enbridge face – for example with respect to increased costs or customer retention – in the event Ontario assumes a more status quo orientation to energy transition in the short-term, then pivots sharply to more drastic electrification scenarios in the medium term (i.e., over the next 3-6 years)?

- i) What would the scenario referenced in question (h) immediately above mean for Enbridge customers in terms of new or increased challenges? Will these effects be uniform, or will they be felt disproportionately by certain individuals or groups?

Question: 1.10-Three Fires-5

Reference: Exhibit 1, Tab 10, Schedule 5

Exhibit 1, Tab 10, Schedule 5, Attachment 1

Preamble: Enbridge retained Posterity Group Consulting ("**Posterity**" or "**PG**") to work on an Energy Transition Scenario Analysis ("**ETSA**") project. The ETSA project provides Enbridge Gas with theoretical scenarios of the future to help assess the potential impacts from climate policies and economic conditions that Enbridge's system could experience over the next 20 years. Four scenarios were modelled of future gas demand and greenhouse gas emissions over a twenty-year time horizon. Probabilities are not assigned to the scenarios and Enbridge does not endorse or oppose any of the scenarios presented in the report.

- a) Why did the ETSA project not assign (or why did Enbridge not request or otherwise submit for the purposes of this Application) probabilities to the likelihood of each scenario occurring or include analysis of the cost implications of each scenario?
- b) What are PG's views concerning the likelihood of each scenario occurring, as well as the cost implications of each scenario?
- c) What are Enbridge's views concerning the likelihood of each scenario occurring, as well as the cost implications of each scenario?
- d) Please produce the long list of critical drivers referenced at page 22 of the report.
- e) Please confirm whether page 27 of the report sets out a full list of all variables considered by Enbridge and/or PG for the purposes of page 22 of the report that:
 - i) Satisfied the criterion that it could have a material impact on Enbridge Gas annual volume, peak hour and day, and/or GHG emissions in the next 20 years;
 - ii) But did not satisfy the criterion for sufficient available data to predict what the variable could be in the next 20 years

If page 27 does not set out the full list of such variables, please provide a full list of variables that meet the above criteria.

- f) Please explain the rationale for the maximum setting for each of the following variables set out in Exhibit 14, including any consideration given to drawing from international policy developments and thinking:
 - i) Codes and standards: retrofit
 - ii) Codes and standards: new construction

g) Please confirm whether PG and Enbridge considered any international examples or discussions for the purposes of its critical driver analysis for:

1. Codes and standards, as discussed in Appendix C of the report
2. Non-price driven fuel switching, as discussed in Appendix D of the report (in addition to the examples from the United States set out in Appendix D)

If international sources were considered, please provide details. If they were not considered, please explain why.

Question: **1.10-Three Fires-6**

Reference: Exhibit 1, Tab 10, Schedule 7

Preamble: Enbridge seeks approval of an Energy Transition Technology Fund. It includes the company's history in technical innovation as part of its rationale. It states that the proposed funds will be used to accelerate technology development and deployment, drive market adoption and transformation, and drive economies of scale.

- a) What opportunities, if any, will there be for Indigenous participation in the Fund, including with respect to development, piloting, or selection of projects.
- b) What measures, if any, will be taken to ensure that the Fund produces benefits for Indigenous communities specifically or as part of any benefits that Enbridge customers more widely eventually enjoy?
- c) Are there examples of Indigenous participation in any of the projects referenced at paragraph 11 that could provide helpful precedents for Indigenous participation relating to the proposed Fund? If not, are there examples from other Enbridge projects that could provide similar assistance in the current proceeding?

Question: 5.3-Three Fires-7

Reference: Exhibit 5, Tab 3, Schedule 1

Exhibit 5, Tab 3, Schedule 1, Attachment 1

Preamble: Enbridge submits that significant changes in the environment in which it operates have occurred since the time of the 2013 Rates proceedings. Enbridge has produced a report by Concentric Energy Advisors Inc., which considers changes in Enbridge's business and financial risk pictures, concluding Enbridge's risk has significantly increased since 2012.

Among other things, Concentric concludes that the energy transition began in earnest in the last five years, substantially affecting the risk profile of North American gas distribution utilities. It also concludes that a weaker economic outlook, the introduction of competition from alternative gas suppliers, and increased competition from electricity have combined to increase Enbridge's risk, particularly in the long term.

Among other things, Concentric notes the risk of a "death spiral" scenario, whereby declines in customer base produce increased per capita costs for those who remain, creating a negative loop of rate increases and customer departures.

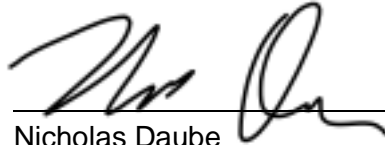
- a) Please confirm whether the reports by Posterity Group produced in this Application account for the risk of Concentric's "death spiral" scenario. If so, please provide a brief description as to how it is addressed in their analysis.
- b) Given Concentric's comments that regulated entities operate in an integrated North American market for capital, please ask Concentric to provide summary comment on the following:
 - 1. What would the implications on Concentric's risk analysis be, if any, if other jurisdictions in North America begin to electrify at a faster rate than Ontario; and
 - 2. What would the implications on Concentric's risk analysis be, if any, if a trend of border carbon adjustments begins to emerge globally?²
- c) In the event a "death spiral" scenario materializes, what is the likelihood that certain customers or groups will suffer a disproportional impact? In your answer, please provide specific comment on the impact Indigenous groups and communities could expect, as well as the impact on any groups or communities that do not have ready access to energy alternatives at the time any such scenario begins.

² See, for example, recent developments in Europe: <https://www.akingump.com/en/news-insights/eu-reaches-provisional-agreement-on-carbon-import-charge.html>.

- d) Will certain customers, groups and/or communities be less able to exit from a “death spiral” scenario due to a lack of viable alternatives, geography, or other considerations?

ALL OF WHICH IS RESPECTFULLY
SUBMITTED THIS

10th day of February, 2023

A handwritten signature in black ink, appearing to read 'Nicholas Daube', is written over a horizontal line.

Nicholas Daube
Resilient LLP
Counsel for Three Fires