



Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

March 28, 2023

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
registrar@oeb.ca

Dear Ms. Marconi:

**Re: Ontario Energy Board (OEB) Staff Submission
Enbridge Gas Inc. (Enbridge Gas)**

**Selwyn Community Expansion Project Application
OEB File Number: EB-2022-0156**

**Mohawks of the Bay of Quinte and Shannonville Community Expansion
Project Application
OEB File Number: EB-2022-0248**

**Hidden Valley Community Expansion Project Application
OEB File Number: EB-2022-0249**

In accordance with Procedural Order No. 1, please find attached OEB staff's submission on the proposed intervenor evidence by Environmental Defence in the above proceedings. The attached document has been forwarded to Enbridge Gas Inc. and to all other registered parties in the above noted proceedings.

Yours truly,

Original Signed By

Zora Crnojacki
Senior Advisor, Natural Gas Applications

Encl.



ONTARIO ENERGY BOARD

**OEB Staff Submission on
Proposed Intervenor
Evidence by
Environmental Defence**

Enbridge Gas Inc.

**Hidden Valley Community
Expansion Project
EB-2022-0249**

**Mohawks of the Bay of Quinte
and Shannonville
Community Expansion Project
EB-2022-0248**

**Selwyn Pipeline Community
Expansion Project
EB-2022-0156**

March 28, 2023

OVERVIEW

On March 9, 2023, Environmental Defence filed with the OEB a letter describing the nature of evidence that it proposed to file in the following three Enbridge Gas Ltd. (Enbridge Gas) community expansion leave to construct applications:

- Hidden Valley Community Expansion Project, EB- 2022-0249
- Mohawks of the Bay of Quinte and Shannonville Community Expansion Project, EB-2022-0248
- Selwyn Pipeline Community Expansion Project, EB-2022-0156

Environmental Defence also provided an estimate of the costs of this evidence.

These community expansion projects were selected to receive funding assistance as part of Phase 2 of the Government of Ontario's Natural Gas Expansion Program (NGEP), which provides financial support to help utilities expand natural gas distribution into communities that are not currently connected to the natural gas system.

On March 14, 2023 and on March 16, 2023 the OEB issued procedural orders for each of the three above noted proceedings. Each of these procedural orders provided that other intervenors who wished to provide evidence could file information on the nature and estimated cost of the proposed evidence by March 21, 2023. The procedural orders also provided that, by March 28, 2023, any party may file a written submission on the relevance of the evidence proposed by any intervenor.

The OEB specified in the procedural orders that after reviewing the filings related to proposed intervenor evidence, the OEB would determine if the requests to file evidence is approved and whether and to what extent any costs associated with the participation of any expert(s) or the preparation of any expert report(s) would be eligible for cost recovery.

No party other than Environmental Defence requested to file intervenor evidence. Pollution Probe supported Environmental Defence's proposal to file evidence as directly relevant to the three noted proceedings.

OEB staff submits that the evidence proposed by Environmental Defence is relevant to the scope of the OEB's review of these applications and should be

allowed. The proposed evidence is relevant to the review of the project costs and economics of the above noted projects, which is a standard issue considered by the OEB in leave to construct proceedings for rate regulated natural gas distributors. In OEB staff's view, Environmental Defence's estimated costs to prepare the evidence are reasonable and should be determined to be eligible for potential cost recovery.

OEB STAFF SUBMISSION

OEB staff's submission is organized as follows:

- Environmental Defence's Proposed Evidence
- Environmental Defence's Estimated Costs to Prepare the Proposed Evidence

Environmental Defence's Proposed Evidence

Environmental Defence proposed to file evidence that will compare the costs, for an average customer in each of the three communities, to convert their existing heating systems to electric heat pumps relative to the cost of converting to natural gas. The comparative cost analysis would include upfront costs, annual energy costs and the lifetime costs. Dr. Heather McDiarmid would prepare the evidence on behalf of Environmental Defence. Dr. McDiarmid's qualifications were provided by Environmental Defence.

Environment Defence stated that the proposed evidence is relevant to the customer addition forecast, which underpins the revenue forecast for each of the community expansion projects and is determinative of the financial risks to existing customers. Environmental Defence stated that the financial risks to existing customers if the customer addition and related revenue forecasts are missed are significant.

Without prejudice to OEB staff's final position on the merits of the evidence as it may impact the respective proceedings, OEB staff submits that Environmental Defence's proposed evidence is relevant to the OEB's consideration of the project costs and economics for each of the three community expansion projects. OEB staff notes that the customer attachment forecast is an important input to the revenue forecast, which forms part of the economic feasibility analysis performed

in accordance with the OEB's *E.B.O. 188 Report of the Board on Natural Gas System Expansion*. OEB staff notes that project costs and economics, including economic feasibility analysis, is a standard issue to be considered by the OEB in leave to construct proceedings as set out in the [OEB's Standard Issues List](#). Although the three projects are eligible to receive government funding through the NGEF, they still require leave to construct and the OEB is still required to consider whether the projects are in the public interest, which includes a consideration of the economic feasibility of the projects.

Environmental Defence's Estimated Costs to Prepare the Proposed Evidence

The estimate provided for Dr. McDiarmid's evidence preparation is \$3,000 to \$5,000 for each of the three proceedings, totaling to \$9,000 to \$15,000 (plus HST). Environmental Defence explained that Dr. McDiarmid would build on the previous work completed in previous OEB proceedings. Environmental Defence noted that interrogatory responses and other procedural steps that Dr. McDiarmid may contribute to, on behalf of Environmental Defence, may add approximately 40% to the costs. Incremental counsel cost related to preparation of the proposed evidence would be between \$1,000 and \$2,000 per proceeding.

OEB staff submits that Environmental Defence's estimated costs for evidence preparation, and other related costs, are reasonable and should be deemed eligible for potential cost recovery at the closing of the proceedings in accordance with the OEB's *Practice Direction on Cost Awards*.

All of which is respectfully submitted