

April 4, 2023

BY EMAIL AND FILED VIA RESS

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**Re: Enbridge Gas Inc. ("Enbridge Gas")
EB-2022-0200 – 2024 Rates Application
Update re Guidehouse Pathways to Net Zero Emissions for Ontario report**

We represent Enbridge Gas.

We write to advise the Ontario Energy Board (OEB) and parties about upcoming updates and changes to the Guidehouse report titled Pathways to Net Zero Emissions for Ontario (P2NZ) Study.¹

In a letter dated March 23, 2023, Guidehouse indicated that it would provide additional model output datasets for its Low Carbon Pathways (LCP) Model in two tranches, with the one on March 24th and one on March 31st. The first set of data was delivered by Guidehouse to several intervenors and OEB staff on March 24th. On March 31st, we sent an email to those parties to advise that there was a delay in relation to the second dataset and that we expected that Guidehouse would provide that material, as well as certain excel spreadsheets in response to Exhibit JT 1.28 on Tuesday April 4, 2022.

In the course of preparing and confirming its model input datasets, Guidehouse has identified certain corrections, and has been working to determine the related implications and impacts. Additionally, it has been determined that other enhancements or improvements will be made by Guidehouse to its LCP Model inputs that arise primarily from questions posed by intervenors at the technical conference. Guidehouse has been working to confirm these items, and then to quantify the impacts to be seen when the items are addressed and the LCP Model is re-run.

While Guidehouse's work is not yet complete, Enbridge Gas recognizes that it is important to inform the OEB and parties of these developments even where the precise impacts and details are not yet available.

¹ Filed as Exhibit 1, Tab 10, Schedule 5, Attachment 2.

At a very high level, we understand that the main items to be updated are the following:

1. Demand forecast changed to be more consistent across scenarios
2. Uranium costs changed to be aligned across scenarios
3. End user costs adjusted to account for salvage value at the end of the study period to be consistent with supply cost calculations

Based on work completed to date, it is expected that the combined impact of the updates will be to narrow the difference between the Diversified and Electrification Scenarios to below \$50 billion, with the costs of both scenarios reducing.

Notwithstanding, the conclusion remains that the Diversified Scenario examined is less expensive than the Electrification Scenario. Enbridge Gas continues to believe and assert that the P2NZ Study provides support for showing that a diversified approach to achieving GHG emission reductions targets is as plausible as electrification.

Guidehouse is working to complete the model output datasets for the LCP model, as promised in Guidehouse's March 23rd letter, as well as the spreadsheets referred to in Exhibit JT 1.28. This work includes updates to the model output datasets provided on March 24th. We are aiming to provide these materials tomorrow together with a letter from Guidehouse.

Enbridge Gas plans to file formal updated evidence from Guidehouse about the P2NZ Study addressing Guidehouse's corrections and changes in inputs, process, analysis and outcomes, along with updates to certain interrogatory responses impacted by the changes. This will take some additional time. A proposed updated schedule is set out below.

Recognizing that some parties are very interested in the P2NZ Report, Enbridge Gas believes that it's important to summarize the role that the P2NZ Report plays in the Company's Application. As summarized below, the P2NZ Report does not play a central role in this rebasing application.

- From Enbridge Gas's perspective, the P2NZ Report is filed as only one support for the OEB to be comfortable that there can be an important role for Enbridge Gas and its distribution system in a resilient, cost-effective, low-carbon energy future. Other supports for this conclusion include the Federal Government hydrogen and low-carbon strategies, Provincial Government focus on affordability and on the future role for hydrogen, and the customer engagement that has been undertaken. Of course, the future role for Enbridge Gas is not something that the OEB is specifically charged with determining in this case. However, Enbridge Gas recognizes the electrification-only position taken by some stakeholders on this topic and believed that it was appropriate to have the P2NZ Report prepared and filed in this proceeding.
- Enbridge Gas never expected that its own pathways report would be determinative of any OEB decisions in this case. In this regard, it is important to note that the work of the Electrification and Energy Transition Panel is now underway, and that the Panel's work will be complemented and supported by a Ministry of Energy sponsored independent Cost-Effective Energy Pathways Study.

- Virtually all mention of the P2NZ Report in Enbridge Gas's Application is confined to the Pathways to Net Zero, Safe Bets and Role of Gaseous Fuels portions of the prefiled evidence.² Enbridge Gas's requested approvals in these areas are modest, and are generally included in Phase 2 of this proceeding.³

None of this is to say that the Company's Energy Transition evidence is not important. Rather, the point here is to anticipate and argue against the position that may be taken by some parties that the process for this case should be suspended until the updated evidence from Guidehouse is received. Enbridge Gas believes that the OEB's current schedule for this Application (as set out in Procedural Order No. 1) can be maintained, with timing and process allowances made for the expert evidence regarding energy transition pathways.

Enbridge Gas recognizes that the information in the P2NZ Report is important to the work being done by the expert jointly retained by ED and GEC – Chris Neme of Energy Futures Group. We do not believe that the P2NZ Report is central to any other intervenor evidence being prepared.

Based on discussions with Guidehouse, Enbridge Gas understands that some time is needed for Guidehouse to prepare and provide updated evidence, in the form of either an addendum or a fully updated P2NZ Report. Additionally, previously provided interrogatory responses from Guidehouse will have to be updated, and Enbridge Gas will have some modest updates to its own evidence (primarily within the Pathways to Net Zero section⁴).

Enbridge Gas proposes that all of the updated evidence would be provided by around Friday April 21st. Of course, Enbridge Gas has no objection to an extension to the April 14th deadline for Mr. Neme's evidence, and subsequent related deadlines related to IRs on that evidence.

Enbridge Gas recognizes that there may be additional and follow-up questions in relation to the updated Guidehouse evidence. The Company believes that it would be most efficient to address such questions through an additional single half or full day of Technical Conference. Enbridge Gas proposes that this could take place on May 2nd or 3rd.

If Mr. Neme is able to then complete and file his expert report by May 10th, all evidence will be available by the start of the Settlement Conference on May 11th.⁵

Enbridge Gas acknowledges that these proposed schedule updates are impactful for the parties most engaged with the Guidehouse P2NZ Report – ED, GEC, SEC and Mr. Neme (those are the same parties who had a pre-meeting with Guidehouse before the Technical Conference to discuss the operation of the LCP Model). Enbridge Gas plans to reach out to these parties to discuss the proposed schedule updates by the end of the week (after the additional model datasets have been provided). We will advise of any further or different proposed approach that is agreed upon through those discussions.

² Exhibit 1, Tab 10, Schedules 5&6 and Exhibits 4, Tab 2, Schedules 6&7.

³ See Issues List, Phase 2, Section C – Technology Fund & Voluntary RNG Program.

⁴ Exhibit 1, Tab 10, Schedule 5.

⁵ If Enbridge Gas has interrogatories for Mr. Neme (which the Company can agree to limit to a reasonable level), these could be asked and answered in advance of any oral hearing dates.

Please let us know if you have questions about this letter.

Yours truly,

AIRD & BERLIS LLP

A handwritten signature in blue ink, appearing to be 'DS' with a stylized flourish.

David Stevens

DS/

c: All parties registered in EB-2022-0200