PUBLIC INTEREST ADVOCACY CENTRE
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April 28, 2023 **VIA E-MAIL**

Ms. Nancy Marconi
Registrar (registrar@oeb.ca)
Ontario Energy Board
Toronto, ON

Dear Ms. Marconi:

Re: EB-2022-0200 EGI – M2 London Economics International (LEI)/Board Staff
2024 Cost of Service distribution, transmission, and storage rates
M2 Interrogatories of Intervenor Evidence of VECC

Please find attached questions of VECC in the above-noted proceeding. We have also directed a copy of the same to Board Staff on behalf of LEI

Yours truly,

Mark C Garner Digitally signed by Mark C Garner
Date: 2023.04.28 16:23:55 -04'00'

Mark Garner
Consultants for VECC/PIAC

Email copy:
Vanessa Innis, Manager, Strategic Applications, EGI
EGIRegulatoryproceedings@enbridge.com

Keith Ritchie, Board Staff
keith.ritchie@oeb.ca

For interrogatory clarifications please contact Mark Garner at 647-408-4501 or markgarner@rogers.com

REQUESTOR NAME	**VECC**
TO:	**M2 London Economics (Board Staff)**
DATE:	**April 28, 2023**
CASE NO:	**EB-2022-0200**
APPLICATION NAME	**2024 Cost of Service distribution**

M2-VECC-1

Reference – Exhibit M2, page 25

"*Overall, with respect to stranded asset risk, while some of the risks can be anticipated and mitigated, when considering an investment time horizon of around 25 years, LEI believes that there is an increase in stranded asset risk, as investors take long-term risks into consideration when making investment decisions today*"

a) Other than the anecdotal references included in the Report what analysis has LEI undertaken or third-party reports has reviewed, which demonstrate that stranded risk has increased (or is increasing) for natural gas utilities?
b) How has LEI quantified the impact (in terms of either return on equity or capital structure) its conclusion that stranded asset risk has increased?

M2-VECC-2

Reference – Exhibit M2, pages 27-29

"*Separately, Enbridge Gas has sought approval for straight fixed variable with demand ("SFVD") rate design in this application. The proposed rate design includes a separate customer charge (based on Enbridge Gas' fixed costs), and a demand charge (based on Enbridge Gas' variable costs). If approved, LEI agrees with Concentric that this will reduce risks for Enbridge Gas*."

a) Please provide the analysis that LEI has undertaken to understand the potential change in volumetric risk if the proposed SFVD rate design is approved.
b) Currently EGI recovers its costs through rate designs that use volumetric and fixed components in different proportion depending on customer class. What analysis has LEI undertaken to understand how changes in the number of customers in each customers class has affected affect the relative portion of revenues derived from the fixed component of rates?
c) Given that a large portion of EGI's gas volume costs are recovered on a pass-through basis (i.e., not margined) how are the overall sales volume trends shown in Figure 12 meaningful in determining the impact of "volumetric" risk on the Utility?

M2-VECC-3

Reference – Exhibit M2, page 51

"*LEI recommends an increase in equity ratio to 38% for the period 2024 to 2028. LEI agrees with Concentric that Enbridge Gas is riskier today compared to 2012 (and 2017), however LEI differs with regards to the degree to which the risk has increased*"

a) Is LEI's recommendation of 38% based entirely on the results of the "Stress Test" set out in Appendix B?
b) If not then please provide the risk component numerical analysis which LEI used to derive a recommendation of 38% (i.e., show the quantification of the risk adjustments discussed in the Report that are used to derive 38%).

END OF DOCUMENT