Review of 2023 Annual Update to Gas Supply Plan of EPCOR

Natural Gas Limited Partnership

EB-2023-0111

Responses to OEB Staff Questions

July 11, 2023

Staff.1- Lakeview

Ref: 2023 GSP Update, Aylmer GSP, EB-2023-0111, pg. 12-15
EPCOR Aylmer July 2023 QRAM, EB-2023-0158, Sch 1, pg. 5-6

In the 2023 Gas Supply Plan update (2023 GSP Update), EPCOR compared the peak day consumption against the Contract Demand (CD) of the Enbridge Gas System Supply Contract (ENB SA1550), the Enbridge Gas Direct Purchase Contract (ENB SA25050), and the Lagasco Lakeview Contract.

This work provided EPCOR with a demand day road map in order to assist in determining the required Peak Day and firm Contract Demand requirements from its gas supply sources. The roadmap was updated in the 2023 GSP Update to reflect 2022 actual peak demand and a forecast for 2023 to 2027 as shown in the table below.

Table 3-2
Actual & Forecast Demand Requirements

	ACTUAL / FORECAST	Actual and Forecast Peak Demand (Cornerstone)*	Actual and Forecast Contract Demand (Enbridge)		Lakeview Contract Demand	Total CD
			Sys Gas	Direct Purchase		
2017	ACTUAL	197,278	177,234			177,234
2018	ACTUAL	208,650	208,429			208,429
2019	ACTUAL	241,670	208,429	13,366	30,856	252,651
2020	ACTUAL	187,720	208,429	13,366	30,856	252,651
2021	ACTUAL	213,131	186,100	35,695	30,856	252,651
2022	ACTUAL	248,955	186,100	35,695	30,856	252,651
2023	FORECAST	253,934	186,100	35,695	32,139	253,934
2024	FORECAST	259,013	186,100	35,695	37,218	259,013
2025	FORECAST	264,193	186,100	35,695	42,398	264,193
2026	FORECAST	269,477	186,100	35,695	47,682	269,477
2027	FORECAST	274,866	186,100	35,695	53,071	274,866

*assume 2% growth YOY as per Cornerstone on Lakeview CD (Enbridge remains the same)

EPCOR stated that it plans to increase the CD on the Lagasco Lakeview Contract in 2023 to meet expected system gas peak day requirements.

In EPCOR's July 2023 QRAM application, EPCOR noted that its contract with Lagasco has a primary term which expires on October 31, 2024. ECPOR stated that the Lagasco volumes are described as Local Production (C) in the QRAM.

EPCOR noted that the Local Production (C) contract includes a firm CD of 1,200 GJ/day. For any gas delivered in excess of the firm CD of 1,200 GJ/day delivered, the 5% discount will not apply to the price to be paid, and there will not be any incremental demand charges and no overrun charges.

Question(s):

a) Please advise what the Lagasco Lakeview Contract, discussed in the 2023 GSP Update, is described as in the QRAM applications (i.e., Local Production B or C or both).

EPCOR Response: Production C

b) Please advise whether EPCOR intends to renegotiate the Lagasco Lakeview Contract in 2023 to increase the CD. If not, please confirm that it is ECPOR's intent to overrun the contracted CD and forgo the 5% discount on any overrun volumes.

EPCOR Response: EPCOR intends to renegotiate the Lagasco Lakeview Contract in 2023 to increase the CD.

c) Please advise whether there have been discussions with Lagasco on its ability to provide additional volumes. If so, provide the outcome of those discussions.

EPCOR Response: EPCOR confirms that discussions have taken place, and Lagasco have no concerns with providing the additional volume.

d) Please advise whether there been a study completed on the reserves available in the Lakeview wells and how long they are expected to last? If so, please provide a summary of the information available to EPCOR.

EPCOR Response: EPCOR confirms that a study is received annually by Lagasco. Lakeview has approximately 49.5 years of reserve life as of Q2 2023.

e) Please confirm that Lakeview supply is critical to the Aylmer system to maintain integrity across the distribution system?

EPCOR Response: There are a number of factors contributing to the critical need for Lakeview supply including customer growth, declining well supply in the southern part of the distribution system and low operating pressures in the south of the system during periods of peak demand. EPCOR submitted a third party system integrity study demonstrating this critical need in its 2018 Cost of Service Filing (EB-2018-0336).

Staff.2- Renewable Natural Gas

Ref: 2023 GSP Update, Aylmer GSP, EB-2023-0111, pg. 15-17 and 21

EPCOR Aylmer is expecting another source of local supply to the distribution system through the introduction of renewable natural gas (Production D) injected into the system by a new local RNG facility. This volume was previously expected by the fall of 2022 but commissioning of the RNG facility has been delayed to Q2 2023 due to supply chain issues. The facility is expected to increase supply to the distribution system by approximately 3,000 m^3 to 13,500 m^3 per day, which will be offset by a decrease in volume from other supply sources. While the source of this supply is from a renewable natural gas facility, EPCOR is only purchasing the commodity and not the environmental attributes. Therefore, EPCOR 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. EPCOR finalized the supply contract with the RNG producer during the winter of 2022.

The RNG producer is expected to generate approximately 11% to 12% of total system demand by 2024.

EPCOR noted that RNG projects tend to have relatively steady production volumes throughout the year, which presents a challenge to system operations during the summer period when consumption is low, especially for systems like Aylmer where it is not possible for the RNG to physically leave the system. This limits the size and the number of RNG projects to be considered and implemented in the Aylmer system.

Question(s):

a) RNG is expected to offset a decrease in volume from other supply sources. Please discuss which other supply sources are expected to decrease.

EPCOR Response: For further clarity, EPCOR is not adjusting our supply sources at this time. The introduction of RNG volumes MAY displace some volumes procured from other sources (primarily Enbridge). EPCOR will review the impact of RNG injection on other supply sources as we gain more operational history.

b) Please advise whether the RNG volumes have started to flow in EPCOR's distribution system.

EPCOR Response: RNG volume has started flowing on July 4th 2023.

c) Please advise whether the RNG injection site is located in where it would benefit ECPOR Aylmer's integrity concerns?

EPCOR Response: The RNG injection site is located approximately 5km east of the Aylmer town center. Given it is early days of RNG injections into the system, it is too early to know if the RNG injection would benefit Aylmer's integrity concerns.

d) RNG is expected to meet 11-12% of total system demand by 2024, is that an annual demand figure? Please also provide the:

i) percent of summer demand is expected to be met by RNG in 2024?

EPCOR Response: 19% of total demand is expected to be met by RNG in summer 2024 (Apr- Oct 2024).

ii) percent of winter demand is expected to be met by RNG in 2024?

EPCOR Response: 9% of total demand is expected to be met by RNG in winter 2024 (Nov 2024- Mar 2025).

e) In the context of the steady daily volumes from RNG, please provide EPCOR's views on the connection of additional RNG projects.

EPCOR Response: EPCOR intends to complete an internal review to apply learnings to future projects. EPCOR remains open to reviewing opportunities for RNG projects taking into account cost to implement and benefits to system reliability and customers.

f) Please advise whether RNG been included in Table 3-2?

i) If not, please update Table 3-2 to include the RNG.
ii) If so, please update Table 3-2 to break out the RNG portion.

EPCOR Response: RNG is not included in table 3-2. Table 3-2 displays the allocation for contract demand, and no contract demand is included in RNG's contract with EPCOR.

Staff.3- Diversity of Supply

Ref: 2023 GSP Update, Aylmer GSP, EB-2023-0111, pg. 14 (Table 3-2) and 17 (Table 3-5)

OEB staff notes that Table 3-4 provides the percentage of gas supply provided by source on a historical and forecast basis.

Table 3-4
Supply Source Breakdown – Forecast and Actual

Supply Source Breakdown-Forecast					
	Enbridge	Production A & B	Production C	Production D	Total
2027	64.8%	1.2%	22.8%	11.3%	100%
2026	63.3%	1.4%	23.6%	11.7%	100%
2025	62.0%	1.7%	24.3%	12.0%	100%
2024	60.7%	2.1%	24.9%	12.3%	100%
2023	64.8%	2.6%	25.5%	7.1%	100%

Supply Source Breakdown-Historical					
	Enbridge	Production A & B	Production C	Production D	Total
2022	70.3%	2.6%	27.1%	0%	100%
2021	67.5%	2.7%	29.8%	0%	100%
2020	67.3%	3.3%	29.4%	0%	100%
2019	94.9%	4.6%	0.5%	0%	100%
2018	96.5%	3.5%	0.0%	0%	100%

Question(s):

a) When Table 3-2 is converted into percentages, it does not reconcile with Table 3-4. Please reconcile Table 3-2 and Table 3-4.

EPCOR Response: Table 3-2 shows the Contract Demand allocation for peak day analysis, which does not include production A & B (Well Gas) and production D (RNG) as no CD is included in these contracts. Table 3-4 shows the annual supply allocation for all suppliers, which include all supply sources.

b) Please advise whether the supply source breakdown (Table 3-4) is based only on system supply or does it also include direct purchase volumes?

EPCOR Response: The supply source breakdown (Table 3-4) also includes direct purchase volumes.

c) In Table 3-2, Lakeview CD is expected to increase, assuming Lakeview is only Production B & C, please explain why the supply source is decreasing in Table 3-4 going forward into 2027?

EPCOR Response: While Lakeview supply (Production C) is expected to have a steady rate of decline in its production volume of approximately 5% annually, Lagasco expects to be able to provide EPCOR with its forecasted increase in CD request over the next 5 years. The annual decline in well gas supply (Production A + B) was modeled based on an accelerated production rate observed in 2018. EPCOR will update its production forecast with revised assumptions in its next Gas Supply Plan.

Staff.4- Rate M9

Ref: 2023 GSP Update, Aylmer GSP, EB-2023-0111, pg. 20

EPCOR stated that there is a risk that the M9 Rate will not be offered by Enbridge Gas in the future.

EPCOR noted that it reviewed Enbridge Gas's proposed Rate E72 in its 2024 Rebasing application (EB-2022-0200) and does not expect that EPCOR moving to this rate class will have a material impact on EPCOR's GSP.

Question(s):

a) Please confirm that Enbridge is proposing to switch customers from the M9 rate to the proposed Rate E72?

EPCOR Response: This is a transcription error. Enbridge is proposing to switch customers from the M9 rate to the proposed Rate **E62.**

i) Please advise whether Rate E72 open to all customers or only those customers that are currently on the M9 rate?

EPCOR Response: Enbridge confirms the E62 rate would only be available to customers already on the M9 rate prior to January 1, 2024.

b) Please advise whether Rate E72 is exactly the same as the M9 Rate?

i) If not, please discuss the similarities and differences between the two and discuss any impacts on EPCOR and its customers.

EPCOR Response: Based on discussion with Enbridge Gas Inc., EPCOR understands that from a rate structure perspective, E62 is similar to M9. There is a monthly demand charge and a delivery commodity charge as well as a gas supply commodity and transportation charge if the gas supply is purchased from Enbridge Gas Inc. There is an additional fixed monthly charge in the proposed E62 rate compared to the current M9 rate.

**EPCOR NATURAL GAS LIMITED PARTNERSHIP - SOUTH BRUCE SERVICE AREA
ONTARIO ENERGY BOARD STAFF QUESTIONS**

Staff.1- ECNG

**Ref: 2023-2025 South Bruce GSP, Pg. 10 – 11
2022 Annual Update, South Bruce GSP, EB-2022-0141, pg. 9**

EPCOR contracted ECNG to undertake its gas supply procurement, including:

- Ongoing annual natural gas commodity procurement strategy and execute on a cost effective and reliable basis.

- Nomination services for its natural system gas portfolio as well as for contract (Rate 16) customers.

EPCOR and ECNG have also developed a number of operational triggers that aim to minimize fees and maximize deliverability.

Question(s):

a) Has EPCOR contracted ECNG to execute on the gas supply procurement prior to EPCOR's 2023-2025 GSP?
   i. If not, how was this done previously?

   EPCOR Response: EPCOR contracted ECNG to execute on the gas supply procurement prior to EPCOR's 2023-2025 GSP.

b) OEB staff notes that in the previous GSP (2022), EPCOR and ECNG met weekly, however, this has been changed to monthly. Please note any changes to operations and the impacts.

   EPCOR Response: This is a transcription error in the 2023-2025 GSP. EPCOR and ECNG still meets on a weekly basis.

c) EPCOR described developing "operational triggers." Please discuss these "operational triggers."

   EPCOR Response: EPCOR is currently still developing and finalizing operational triggers with ECNG. At a high level, EPCOR reviews its current and forecasted storage positions, forecasted near term consumption, remaining procurement requirements, and system demand related LBA balance. EPCOR and ECNG review these items on a weekly basis.

Staff.2- CGPR 5A Index

Ref: 2023-2025 South Bruce GSP, Pg. 13
2022 Annual Update, South Bruce GSP, EB-2022-0141, pg. 11-12

In the 2022 GSP Update, EPCOR stated that the CGPR 5A index is the preferred choice for its index price term purchases.

OEB staff notes that in the 2023-2025 GSP, EPCOR removed any references to the CGPR 5A.

Question(s):

a) Please discuss why CGPR 5A index is no longer the preferred choice and advise whether the CGPR 5A index was ever used?

EPCOR RESPONSE: The CGPR 5A index has not been used by EPCOR. In EPCOR's initial 2020-2022 GSP, the 5A index was introduced into the portfolio strategy to provide price diversity. Procuring gas priced at CGPR 5A for Dawn delivery requires the buyer to also purchase basis between Dawn and AECO. Since, 2020, the basis price between Dawn and AECO has increased. EPCOR determined this basis price increase outweigh the benefits of providing price diversity (Note Figure 6).

b) How does this affect the gas supply options now that there is only the NGX index DDAI option.

EPCOR RESPONSE: Removing the CGPR 5A index option has no material effect on EPCOR's gas supply option due to the reliability, security and liquidity of the Dawn Hub.

Staff.3- Demand Forecast

Ref: 2023-2025 South Bruce GSP, Pg. 21-23

EPCOR developed a demand forecast that reflects its expected customer profile throughout the year over a three-year horizon from Planning Year 2023 to 2025 (April 2023 to March 2026). EPCOR noted that the three-year forecast customer conversion in the 2023-2025 GSP reflects the customer applications received up to February 2023, as well as the forecasted pace of daily customer conversions as discussed above.

EPCOR will continue to review customer consumption patterns and expand on these findings in future GSP update filings.

Question(s):

a) Please confirm that EPCOR used the most up-to-date information it had available at the time of filing (i.e., customer connections, average use per customer, etc.) in developing its demand forecast.

EPCOR Response: Confirmed.

Staff.4- Design Day Demand

Ref: 2023-2025 South Bruce GSP, Pg. 25-26

EPCOR noted that, while design day peak demand for General Service customers is not expected to exceed the M17 capacity reserved for General Service customers in January for the period covered in the 2023-2025 GSP, there is a risk that if each dryer were to run on the same day during a cold day before December 15, the General Service daily consumption for that day could exceed the capacity allocated to this group of customers.

EPCOR noted that it has proactively initiated discussions with Enbridge Gas on options for procuring additional firm deliverability during the grain drying season. Further, as OEB staff noted in its review of the 2022 GSP Update, EPCOR can ensure deliverability through M17 overrun during the grain drying season.

Question(s):

a) Please describe the outcomes of EPCOR's discussions with Enbridge Gas.

EPCOR Response: EPCOR is still in discussions with Enbridge.

Staff.5- Demand Side Management

Ref: 2023-2025 South Bruce GSP, Pg. 24

EPCOR stated that it plans to develop its Demand Side Management (DSM) program for the Aylmer franchise prior to developing a DSM program for the Southern Bruce Franchise.

Question(s):

a) Please provide a status update regarding the completion of the DSM programs for each (Aylmer and South Bruce) franchise. As part of the response, please advise when it expects to file an application for approval of a DSM program for the Aylmer franchise (and advise whether it intends to file this application on standalone basis or as part of its next rebasing application).

EPCOR Response: As discussed in the 2022 annual update to the Gas Supply Plan, ENGLP is planning to include a DSM application as part of its Aylmer cost of service filing for 2025 rates, including costs and benefits of a DSM program.

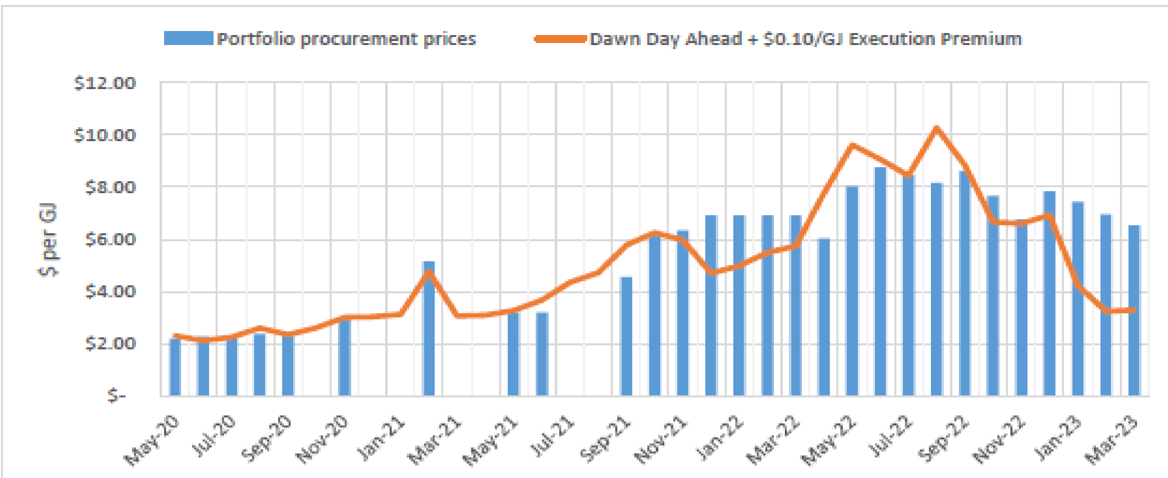
Depending on the outcome of this application, ENGLP would look to further expand into the Southern Bruce territory, assuming similar customer benefits and reduction targets.

Staff.6- Supply Option Analysis

Ref: 2023-2025 South Bruce GSP, Pg. 28-29

EPCOR compared its monthly actual portfolio rate ($/GJ) to the Dawn Day Ahead Index plus a 10 cents/GJ execution premium (Figure 5). EPCOR stated that the Dawn Day ahead index is indicative of what EPCOR would have purchased at market without entering into fixed priced contracts.

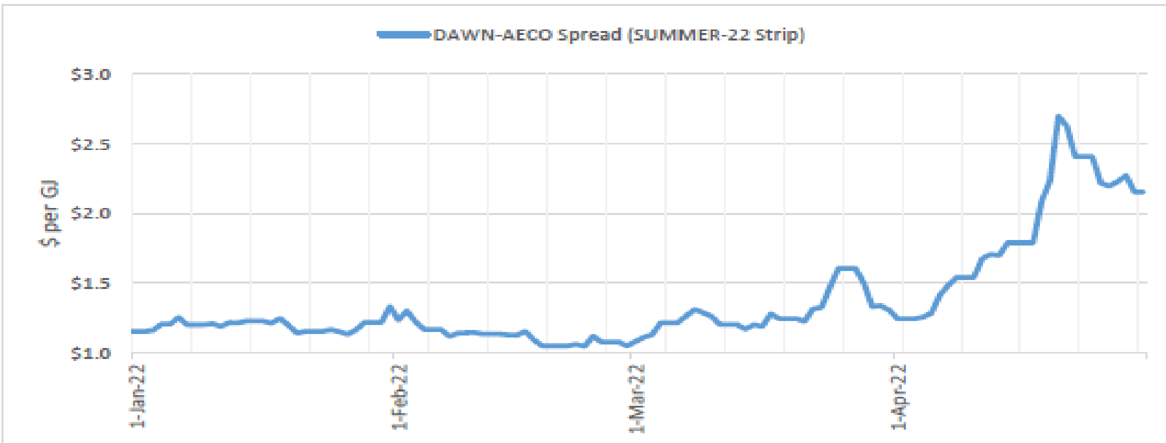
Figure 5 – Portfolio Commodity Rate compared against Dawn Market Prices



EPCOR noted that had prices spiked as in the winter polar vortex of 2013/2014, the gas supply strategy would have protected consumers from these spikes, which aligns with EPCOR's initial strategy in selecting Option C.

EPCOR noted that its gas procurement execution deviated from the GSP in the last three years due to the exclusion of AECO purchases. In Option C of the 2020-2022 GSP, AECO summer seasonal strips was planned for 50% of the expected summer demand (including storage injection). EPCOR has opted to fulfill summer strip purchases at Dawn fixed price instead due to the lower Dawn Prices at the time (Figure 6) as well as to avoid high volatility of AECO prices.

Figure 6 – Dawn AECO Spread for Summer 2022 (May 2022 to September 2022)



<u>Question(s):</u>

a) Please provide a comparison between Dawn Fixed Price and AECO prices?

i. Please discuss the risk and opportunities when using each.

EPCOR Response: AECO 5A provides exposure to an incremental supply basin whose price dynamics may differ from Dawn. However for an Ontario based utility, AECO 5A introduces basis risk.

Dawn fixed price introduces price stability and removes the requirement to actively manage basis risk.

ii. Please discuss the limitation of each (e.g., procurement volumes required to transact at AECO, etc.).

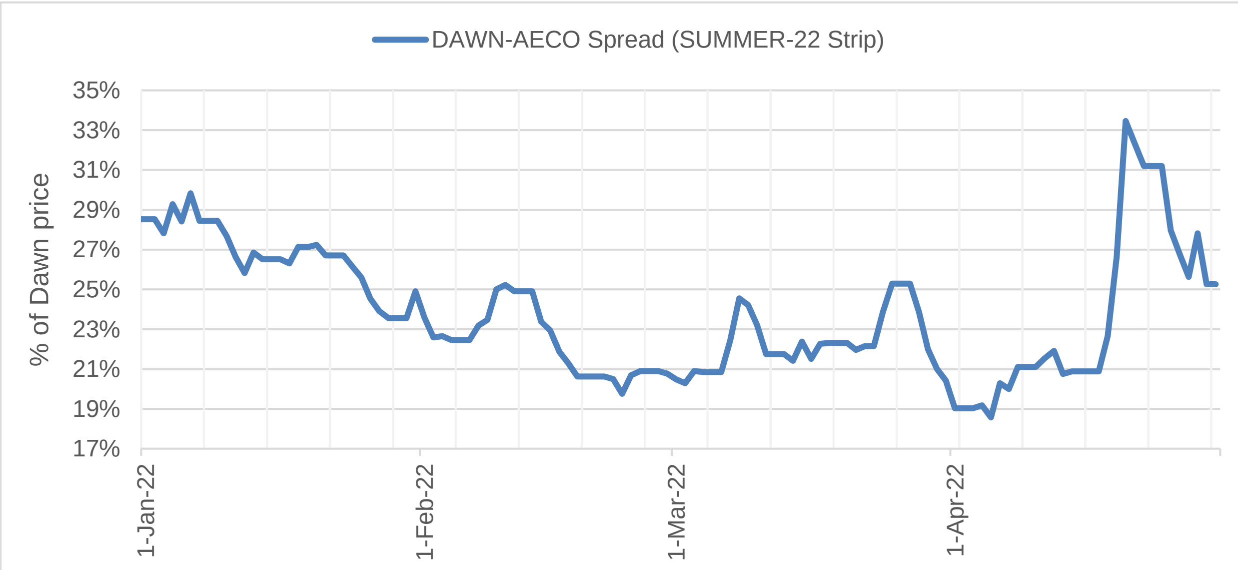
EPCOR Response: Lower procurement volumes lead to higher transaction premiums, particularly applicable to a smaller utility.

b. Please confirm whether "AECO 5+" is "AECO". If not, please describe the differences.

EPCOR Response: Confirmed.

b) Please provide the percentage difference in price between Dawn and AECO (similar to Figure 6) keeping Dawn Fixed Price as a baseline.

EPCOR Response: Please see the graph below.



c) What were the original reasons that AECO was proposed in Option C?

i. Do those reasons continue to be valid? If not, why?

EPCOR Response: Please see Response to Board Staff 2

d) Based on Figure 5, ratepayers may have been better off using Dawn day ahead (including execution premium) when compared to the portfolio executed by EPCOR in 2023. Please confirm this.

EPCOR Response: As per Table below, EPCOR cannot provide a full year over year comparison. EPCOR will provide an update upon request once 2023 date is available.

i. Please provide the differences in total commodity prices between the Portfolio commodity rate paid by EPCOR and the price EPCOR would have paid if it just used Dawn market prices. Please break down by years (i.e. 2021, 2022 and 2023 (January to present)).

EPCOR Response: please see table below comparing portfolio commodity rate versus market commodity rate by calendar year, beginning May 2020 to June 2023.

	Procurement Volume (GJs)	Portfolio Cost ($)	Market Cost ($)	Portfolio Commodity Rate ($/GJ)	Market Commodity Rate ($/GJ)
2020 (May to Dec)	101,349	$235,315.08	$238,330.79	$2.3218	$2.3516
2021	35,525	$151,879.34	$157,809.90	$4.2753	$4.4423
2022	197,661	$1,537,709.27	$1,579,397.55	$7.7795	$7.9904
2023 (Jan to Jun)	145,385	$749,235.06	$452,619.22	$5.1535	$3.1132

ii. Did EPCOR over-procure natural gas due to using fixed-price contracts during the 2020-2022 period?

EPCOR Response: No, EPCOR did not over-procure natural gas due to using fixed-price contracts during the 2020-2022 period.

e) Please clarify if EPCOR intended to state, "prompt month purchase or index price purchase" on page 29 of the 2023-2025 GSP.

EPCOR Response: EPCOR intended to state, "prompt month purchase or index price purchase" on page 29 of the 2023-2025 GSP.

Staff.7- Supply Option Analysis

Ref: 2023-2025 South Bruce GSP, Pg. 34-35

Between April and September of each year, supply would be procured to meet both monthly demand and maximize firm injection rights to fill contracted storage by September 30th. To fill the contracted storage requires 150 days to fill (100 days of 750 GJ/d plus 25 days of 500 GJ/d). EPCOR elects to start firm injections in May instead of April, as a colder than normal April can increase market prices, resulting in higher weighted average value of gas in storage.

Question(s):

a) Has EPCOR historically been able to meet the maximum daily injection rate during the summer months?

i. If not, please explain why not?

EPCOR Response: Yes, EPCOR has historically been able to meet the maximum daily injection rates during the summer months in 2021 and 2022.

b) 100 days of 750 GJ/d plus 25 days of 500 GJ/d is only 87,500 GJ. EPCOR has a 100,000 GJ maximum storage balance (MSB). Please clarify if EPCOR is able to fully utilize the MSB prior to entering into the winter season (i.e. after September).

EPCOR Response: To clarify, the above should read "100 days of 750 GJ/d plus **50** days of 500 GJ/d". EPCOR confirms we are able to fully utilize the MSB.

Staff.8- Supply Option Analysis

Ref: 2023-2025 South Bruce GSP, Pg. 6

EPCOR emphasized the importance of flexibility. EPCOR also discussed that "Southern Bruce is still a relatively new operation with little historical data."

Question(s):

a) Given that EPCOR stated that there is a need for flexibility in the supply plan "in cases when actual demand deviates from the forecasted demand profile," why has EPCOR decided to pursue a hedged gas supply plan as opposed to a more flexible approach given the lack of historical usage data?

EPCOR Response: To clarify, EPCOR has not entered into any hedging transactions, only fixed priced transactions. EPCOR previously reached out to the Board for guidance on fixed priced purchases, most recent being the 2022 Gas Supply Plan Update (EB-2022-0141), where the Board Staff states "With respect to EPCOR South Bruce's proposal that up to 50% of its storage requirements will be forward purchased on a fixed-price basis for delivery in Summer 2023, OEB staff has no specific concerns with this approach and notes that EPCOR South Bruce has previously procured natural gas using forward fixed price gas contracts."

b) What is the rationale for EPCOR not pursuing purchases on the spot market to maximize flexibility?

EPCOR Response: EPCOR does procure on the spot market to fulfill some of its gas supply needs. Since 2020, EPCOR has procured approximately 11% of its annual procurement volume as spot purchases. This provides greater benefit during periods where demand exceeds forecast (grain drying season, peak day).

c) On a best-efforts basis, please provide examples of how other energy utilities have implemented fixed-price hedging strategies in Canada and the USA. Please also explain how these examples are relevant to EPCOR.

EPCOR Response: please see answer to staff 8 a)

d) Please compare and contrast the cost-associated risk of fixed vs spot purchases based on temperatures above and below historical average HDDs.

EPCOR Response: For situations where temperature is above historical average HDDs, EPCOR can increases its activity in spot market which in turn increases price volatility into its portfolio. EPCOR also has the option of increasing its next month purchases to make up for the supply-demand mismatch, or increase its storage withdrawal (these latter options do not introduce price risk.)

For situations where temperature is below historical average HDDs, EPCOR can decrease its activity in spot market (or not participate at all) which in turn decreases price volatility of its portfolio. EPCOR also has the option of decreasing its next month purchases to balance for the supply-demand mismatch, or decrease its storage withdrawal (these latter options do not introduce price risk.)

Staff.9- Supply Option Analysis

Ref: 2023-2025 South Bruce GSP, pp. 38-44

In all of the supply options, cost is identified as a potential risk. In Options 3 and 4, both cost and flexibility are identified as risks due the additional purchase of an annual fixed priced strip (April to March) at the lowest forecasted monthly consumption for the upcoming summer.

Question(s):

a) Given EPCOR's stated focus on reducing risks associated with cost and flexibility, how does EPCOR intend to deal with the loss of flexibility should customer demand turn out to be lower than anticipated?

EPCOR Response: EPCOR's annual fixed price strip is only for volume up to the lowest monthly system demand (before storage injection) which provides EPCOR with the necessary flexibility to manage changes in customer demand.

Staff.10- Supply Option Analysis

Ref: 2023-2025 South Bruce GSP, Pg. 38-44
Enbridge 2024 Rebasing, EB-2022-0200, Transcript Technical Conference, Vol. 7, March 30, 2023, Pg. 74-76

OEB staff notes that all of the supply options provided in the 2023-2025 GSP include fixed price purchases as part of the procurement strategy.

OEB staff notes that Enbridge Gas advised that it does not purchase gas at fixed prices for terms greater than three months in advance of the transaction date in its 2024 rebasing proceeding[1]. Enbridge Gas noted that it stopped purchasing gas on a fixed price basis for periods longer than three months at the same time that it stopped its risk management activities as directed by the OEB in previous decisions.[2]

Question(s):

a) For each option, please provide the expected length of the term(s) of the fixed price contracts.

EPCOR Response: Please see table below.

Supply Options	Length of terms of fixed priced contracts
Option 1	Summer Strips: up to 5 months Winter Strips: up to 4 months
Option 2	Summer Strips: up to 5 months Winter Strips: up to 4 months
Option 3	Summer Strips: up to 5 months Winter Strips: up to 4 months Annual Strips: up to 12 months
Option 4	Summer Strips: up to 5 months Winter Strips: up to 4 months Annual Strips: up to 12 months

b) Assuming EPCOR expects to have fixed price contracts with terms greater than three months, please discuss why EPCOR believes it is appropriate to rely on longer term fixed price contracts relative to Enbridge Gas.

EPCOR response: EPCOR's approach to its Gas Supply Plan generally balances price stability with reliability of supply. EPCOR structures its Supply Option for a nascent utility which may differ from a mature utility.

Staff.11- Supply Option Analysis

Ref: 2023-2025 South Bruce GSP, Pg. 44

EPCOR provided Table 3 to summarize its evaluation of the various options.

Table 3 - Supply Options Evaluation Summary

Supply Options	Reliability	Flexibility	Diversity	Price Stability
Option 1: 50% Summer AECO 5A+ baseload 50% Winter Dawn fixed baseload	↑	↑	↑	↓
Option 2: 50% Summer and Winter Dawn fixed baseload	↑	↑	–	↓
Option 3: Annual Dawn fixed baseload 50% Summer AECO 5A+ baseload 50% Winter Dawn fixed baseload	↑	↑	↑	–
Option 4: Annual Dawn fixed baseload 50% Summer & Winter Dawn fixed baseload	↑	↑	–	↑

<u>Question(s):</u>

a) Please indicate what these options are being compared to in Table 3?

i. Please set Option 1 as a baseline and do an analysis similar to Table 3 comparing all of the options to Option 1.

EPCOR Response: Please see table below.

Supply Options	Reliability	Flexibility	Diversity	Price Stability
Option 1: 50% Summer AECO 5A+ baseload 50% Winter Dawn fixed baseload	–	–	–	–
Option 2: 50% Summer and Winter Dawn fixed baseload	–	–	↓	–
Option 3: Annual Dawn fixed baseload 50% Summer AECO 5A+ baseload 50% Winter Dawn fixed baseload	–	–	–	↑

Option 4: Annual Dawn fixed baseload 50% Summer & Winter Dawn fixed baseload	—	—	↓	↑↑

b) Please discuss the risk of having neutral diversity (i.e., Options 2 and 4).

EPCOR Response: The table indicates Option 2 and 4 have lower price diversity than Options 1 and 3 however, Option 2 and 4 provide increased price stability. The risk of lower price diversity is that should market prices fall, the portfolio would not fully participate fully in lower spot market prices (equally the portfolio does not participating in a rising market).

c) EPCOR stated that Options 1, 3, and 4 "Maintain price diversity through setting of Fixed Basis in the summer." Please explain how Option 4 provides "Fixed Basis" price diversity given that all supplies are purchased at Dawn.

EPCOR Response: To clarify, there is an error in the table. "Maintain price diversity through setting of Fixed Basis in the summer." Does not apply to Option 4.

d) EPCOR stated in Sections 5.6 and 5.7 that Options 3 and 4 respectively provide "Less flexibility in managing risk of over-procurement in the summer (low risk)." However, Section 5.8 indicates that Options 3 and 4 provide good flexibility, consistent with Options 1 and 2. Please reconcile these statements.

EPCOR Response: While Options 3 and 4 provide less flexibility compared to Options 1 and 2, overall all the options maintain good flexibility in matching procurement volume with system customer and storage injection demand.

Staff.12- Supply Option Analysis

Ref: 2023 -2025 South Bruce GSP, Pg. 48-49

Table 4 provides the impact of demand and price shocks for each supply option and reveals that Option 4 (the chosen supply option) minimizes pricing volatility with the lowest price in a high-price environment and the highest price in a low-price environment.

Question(s):

a) For each option, please provide the ratio of the price scenarios (i.e., price in high price environment divided by price in low price environment).

Please see below for the prices referenced and the requested High-to-low price ratio. Prices are shown in Tables 5 through 8 of Appendix A under the columns 'Low price at planned demand' and 'High price at planned demand'.

EPCOR Response: See table below

Supply Options	High Price Scenario ($/GJ of demand)	Low Price Scenario ($/GJ of demand)	High to low price ratio
Option 1	$6.66	$4.00	1.67
Option 2	$6.57	$4.18	1.57
Option 3	$6.26	$4.11	1.52
Option 4	$6.13	$4.29	1.43

b) Please explain why EPCOR did not select the option that has the lowest ratio from the question above to balance the potential for savings in a low-price environment with protection against high price periods.

EPCOR Response: Option 4 (the chosen option) is the option with the lowest High-to-low price ratio.

Staff.13- Supply Option Analysis

Ref: 2023 -2025 South Bruce GSP, Pg. 65-66

Question(s):

a) Please provide the live Excel files used in each scenario analysis with all cell references and formulas intact.

EPCOR Response: EPCOR is unable to share these files as they contains customer specific and commercially sensitive information.

Staff.14- Supply Option Analysis

Ref: 2023 -2025 South Bruce GSP, Pg. 65-66

Question(s):

For each Scenario Analysis (i.e., combination of Option and Scenario), please provide:

a) The total annual quantity of gas to be procured

EPCOR Response: Please see table below for the total annual quantity of gas (GJs) to be procured in each Scenario Analysis. Note that Scenario Analysis for high and low prices do not impact procurement volume.

		Annual Procurement Volume (GJ)		
		2023	2024	2025
		GJ	GJ	GJ
Option 1	Base Scenario	415,695	505,400	529,964
	Warm, less connections	271,268	323,209	337,093
	Cold, more connections	620,407	764,121	803,770
Option 2	Base Scenario	415,695	505,400	529,964
	Warm, less connections	271,268	323,209	337,093
	Cold, more connections	620,407	764,121	803,770
Option 3	Base Scenario	415,713	505,400	529,964
	Warm, less connections	272,230	323,420	337,515
	Cold, more connections	620,411	764,121	803,770
Option 4	Base Scenario	415,713	505,400	529,964
	Warm, less connections	272,230	323,420	337,515
	Cold, more connections	620,411	764,121	803,770

b) The total length of fixed price contracts

EPCOR Response: Please see response for Staff 10.a. Length of contracts do not differ by scenarios within each Supply Option.

c) The quantity of gas (GJ) and percentage of annual supply (%) to be procured under each procurement strategy:

i. Annual Baseload at Dawn, based on the expected lowest month consumption for the planning year (April to March),

ii. AECO fixed price contract up to 50% of summer demand (including storage injection requirements),

iii. Dawn fixed price contract up to 50% of summer demand (including storage injection requirements),

iv. Dawn fixed price contract at up to 50% of expected winter demand, and

v. Dawn month-to-month prompt fixed prices, day ahead index, or spot.

EPCOR Response: Please see table below. Note that Scenario Analysis for high and low prices do not impact procurement volume.

Option 1
Base Scenario

	2023		2024		2025	
	GJ	%	GJ	%	GJ	%
Annual Dawn Baseload	-	0%	-	0%	-	0%
AECO 5A+ Purchase	11,169	3%	70,380	14%	71,910	14%
Dawn Fixed Price Summer Purchase	122,274	29%	-	0%	-	0%
Dawn Fixed Price Winter Purchase	111,386	27%	133,100	26%	143,869	27%
Dawn Month to Month, DDI, or Spot	170,866	41%	301,920	60%	314,185	59%
Total	**415,695**	**100%**	**505,400**	**100%**	**529,964**	**100%**

Option 1
Warm, less connections

	2023		2024		2025	
	GJ	%	GJ	%	GJ	%
Annual Dawn Baseload	-	0%	-	0%	-	0%
AECO 5A+ Purchase	9,792	4%	61,659	19%	62,577	19%
Dawn Fixed Price Summer Purchase	122,274	45%	-	0%	-	0%
Dawn Fixed Price Winter Purchase	35,502	13%	48,521	15%	54,450	16%
Dawn Month to Month, DDI, or Spot	103,700	38%	213,029	66%	220,066	65%
Total	**271,268**	**100%**	**323,209**	**100%**	**337,093**	**100%**

Option 1
Cold, more connections

	2023		2024		2025	
	GJ	%	GJ	%	GJ	%
Annual Dawn Baseload	-	0%	-	0%	-	0%
AECO 5A+ Purchase	12,852	2%	81,855	11%	83,997	10%
Dawn Fixed Price Summer Purchase	122,274	20%	-	0%	-	0%
Dawn Fixed Price Winter Purchase	221,796	36%	255,915	33%	273,702	34%
Dawn Month to Month, DDI, or Spot	263,485	42%	426,351	56%	446,071	55%
Total	**620,407**	**100%**	**764,121**	**100%**	**803,770**	**100%**

Option 2
Base Scenario

	2023		2024		2025	
	GJ	%	GJ	%	GJ	%
Annual Dawn Baseload	0	0%	0	0%	0	0%
AECO 5A+ Purchase	0	0%	0	0%	0	0%
Dawn Fixed Price Summer Purchase	122,274	29%	70,380	14%	71,910	14%
Dawn Fixed Price Winter Purchase	111,386	27%	133,100	26%	143,869	27%
Dawn Month to Month, DDI, or Spot	182,035	44%	301,920	60%	314,185	59%
Total	**415,695**	**100%**	**505,400**	**100%**	**529,964**	**100%**

Option 2
Warm, less connections

	2023		2024		2025	
	GJ	%	GJ	%	GJ	%
Annual Dawn Baseload	0	0%	0	0%	0	0%
AECO 5A+ Purchase	0	0%	0	0%	0	0%
Dawn Fixed Price Summer Purchase	122,274	48%	60,741	20%	61,659	20%
Dawn Fixed Price Winter Purchase	25,132	10%	36,784	12%	42,229	13%
Dawn Month to Month, DDI, or Spot	106,305	42%	202,702	68%	209,015	67%
Total	**253,711**	**100%**	**300,227**	**100%**	**312,903**	**100%**

Option 2
Cold, more connections

	2023		2024		2025	
	GJ	%	GJ	%	GJ	%
Annual Dawn Baseload	0	0%	0	0%	0	0%
AECO 5A+ Purchase	0	0%	0	0%	0	0%
Dawn Fixed Price Summer Purchase	122,274	20%	81,855	11%	83,997	10%
Dawn Fixed Price Winter Purchase	221,796	36%	255,915	33%	273,702	34%
Dawn Month to Month, DDI, or Spot	276,337	45%	426,351	56%	446,071	55%
Total	**620,407**	**100%**	**764,121**	**100%**	**803,770**	**100%**

Option 3
Base Scenario

	2023		2024		2025	
	GJ	%	GJ	%	GJ	%
Annual Dawn Baseload	1,332	0%	3,396	1%	3,516	1%
AECO 5A+ Purchase	12,240	3%	68,544	14%	69,615	13%
Dawn Fixed Price Summer Purchase	145,251	35%	58,581	12%	60,651	11%
Dawn Fixed Price Winter Purchase	114,161	27%	140,175	28%	151,194	29%
Dawn Month to Month, DDI, or Spot	142,729	34%	234,704	46%	244,988	46%
Total	**415,713**	**100%**	**505,400**	**100%**	**529,964**	**100%**

Option 3
Warm, less connections

	2023		2024		2025	
	GJ	%	GJ	%	GJ	%
Annual Dawn Baseload	1,080	0%	2,736	1%	2,844	1%
AECO 5A+ Purchase	10,863	4%	61,353	19%	61,965	18%
Dawn Fixed Price Summer Purchase	140,904	52%	47,196	15%	49,059	15%
Dawn Fixed Price Winter Purchase	37,752	14%	54,342	17%	60,617	18%
Dawn Month to Month, DDI, or Spot	81,631	30%	157,793	49%	163,030	48%
Total	**272,230**	**100%**	**323,420**	**100%**	**337,515**	**100%**

Option 3
Cold, more connections

	2023		2024		2025	
	GJ	%	GJ	%	GJ	%
Annual Dawn Baseload	1,584	0%	4,044	1%	4,200	1%
AECO 5A+ Purchase	14,076	2%	78,948	10%	80,784	10%
Dawn Fixed Price Summer Purchase	149,598	24%	69,759	9%	72,450	9%
Dawn Fixed Price Winter Purchase	225,096	36%	264,340	35%	282,452	35%
Dawn Month to Month, DDI, or Spot	230,057	37%	347,030	45%	363,884	45%
Total	**620,411**	**100%**	**764,121**	**100%**	**803,770**	**100%**

Option 4
Base Scenario

	2023		2024		2025	
	GJ	%	GJ	%	GJ	%
Annual Dawn Baseload	1,332	0%	3,396	1%	3,516	1%
AECO 5A+ Purchase	0	0%	0	0%	0	0%
Dawn Fixed Price Summer Purchase	157,491	38%	127,125	25%	130,266	25%
Dawn Fixed Price Winter Purchase	114,161	27%	140,175	28%	151,194	29%
Dawn Month to Month, DDI, or Spot	142,729	34%	234,704	46%	244,988	46%
Total	**415,713**	**100%**	**505,400**	**100%**	**529,964**	**100%**

Option 4
Warm, less connections

	2023		2024		2025	
	GJ	%	GJ	%	GJ	%
Annual Dawn Baseload	1,080	0%	2,736	1%	2,844	1%
AECO 5A+ Purchase	0	0%	0	0%	0	0%
Dawn Fixed Price Summer Purchase	151,767	56%	108,549	34%	111,024	33%
Dawn Fixed Price Winter Purchase	37,752	14%	54,342	17%	60,617	18%
Dawn Month to Month, DDI, or Spot	81,631	30%	157,793	49%	163,030	48%
Total	**272,230**	**100%**	**323,420**	**100%**	**337,515**	**100%**

Option 4
Cold, more connections

	2023		2024		2025	
	GJ	%	GJ	%	GJ	%
Annual Dawn Baseload	1,584	0%	4,044	1%	4,200	1%
AECO 5A+ Purchase	0	0%	0	0%	0	0%
Dawn Fixed Price Summer Purchase	163,674	26%	148,707	19%	153,234	19%
Dawn Fixed Price Winter Purchase	225,096	36%	264,340	35%	282,452	35%
Dawn Month to Month, DDI, or Spot	230,057	37%	347,030	45%	363,884	45%
Total	**620,411**	**100%**	**764,121**	**100%**	**803,770**	**100%**

d) The price ($/GJ) of gas to be procured under each procurement strategy:

vi. Annual Baseload at Dawn, based on the expected lowest month consumption for the planning year (April to March),

vii. AECO fixed price contract up to 50% of summer demand (including storage injection requirements),

viii. Dawn fixed price contract up to 50% of summer demand (including storage injection requirements),

ix. Dawn fixed price contract at up to 50% of expected winter demand, and

x. Dawn month-to-month prompt fixed prices, day ahead index, or spot.

EPCOR Response: Please see table below for requested information. Note that modeled prices do not change between the Base, High Consumption, and Low Consumption scenarios.

	Option 1 Base Scenario			Option 1 High Price Scenario			Option 1 Low Price Scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Annual Dawn Baseload ($/GJ)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
AECO 5A+ Purchase ($/GJ)	$3.5278	$4.0887	$4.3364	$5.1133	$5.4020	$5.8498	$2.0275	$2.0275	$2.0275
Dawn Fixed Price Summer Purchase ($/GJ)	$3.5278	$4.0887	$4.3364	$3.5278	$4.0887	$4.3364	$3.5278	$4.0887	$4.3364
Dawn Fixed Price Winter Purchase ($/GJ)	$4.8671	$5.2691	$5.5850	$4.8671	$5.2691	$5.5850	$4.8671	$5.2691	$5.5850
Dawn Month to Month, DDI, or Spot ($/GJ)	$4.0154	$4.5335	$4.8180	$9.6621	$9.6621	$9.6621	$3.2683	$3.2683	$3.2683

	Option 2 Base Scenario			Option 2 High Price Scenario			Option 2 Low Price Scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Annual Dawn Baseload ($/GJ)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
AECO 5A+ Purchase ($/GJ)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dawn Fixed Price Summer Purchase ($/GJ)	$3.5278	$4.0887	$4.3364	$3.5278	$4.0887	$4.3364	$3.5278	$4.0887	$4.3364
Dawn Fixed Price Winter Purchase ($/GJ)	$4.8671	$5.2691	$5.5850	$4.8671	$5.2691	$5.5850	$4.8671	$5.2691	$5.5850
Dawn Month to Month, DDI, or Spot ($/GJ)	$4.0154	$4.5335	$4.8180	$9.6621	$9.6621	$9.6621	$3.2683	$3.2683	$3.2683

	Option 3 Base Scenario			Option 3 High Price Scenario			Option 3 Low Price Scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Annual Dawn Baseload ($/GJ)	$4.0154	$4.5335	$4.8180	$4.0154	$4.5335	$4.8180	$4.0154	$4.5335	$4.8180
AECO 5A+ Purchase ($/GJ)	$3.5278	$4.0887	$4.3364	$5.1133	$5.4020	$5.8498	$2.0275	$2.0275	$2.0275
Dawn Fixed Price Summer Purchase ($/GJ)	$3.5278	$4.0887	$4.3364	$3.5278	$4.0887	$4.3364	$3.5278	$4.0887	$4.3364
Dawn Fixed Price Winter Purchase ($/GJ)	$4.8671	$5.2691	$5.5850	$4.8671	$5.2691	$5.5850	$4.8671	$5.2691	$5.5850
Dawn Month to Month, DDI, or Spot ($/GJ)	$4.0154	$4.5335	$4.8180	$9.6621	$9.6621	$9.6621	$3.2683	$3.2683	$3.2683

	Option 4 Base Scenario			Option 4 High Price Scenario			Option 4 Low Price Scenario		
	2023	2024	2025	2023	2024	2025	2023	2024	2025
Annual Dawn Baseload ($/GJ)	$4.0154	$4.5335	$4.8180	$4.0154	$4.5335	$4.8180	$4.0154	$4.5335	$4.8180
AECO 5A+ Purchase ($/GJ)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dawn Fixed Price Summer Purchase ($/GJ)	$3.5278	$4.0887	$4.3364	$3.5278	$4.0887	$4.3364	$3.5278	$4.0887	$4.3364
Dawn Fixed Price Winter Purchase ($/GJ)	$4.8671	$5.2691	$5.5850	$4.8671	$5.2691	$5.5850	$4.8671	$5.2691	$5.5850
Dawn Month to Month, DDI, or Spot ($/GJ)	$4.0154	$4.5335	$4.8180	$9.6621	$9.6621	$9.6621	$3.2683	$3.2683	$3.2683

Review of 2023 Annual Update to Gas Supply Plan of EPCOR Natural Gas Limited Partnership

EB-2023-0111

Responses to Pollution Probe Questions

July 11, 2023

A) Questions related to the EPCOR's Aylmer 2023 Gas Supply Plan Update

Pollution Probe #1

Reference: "In December 2022, EPCOR finalized the local supply contract with a local RNG producer. The RNG producer is expected to generate approximately 11% to 12% of total system demand by 2024". [Annual Update to the 2020-2024 EPCOR (Aylmer) Gas Supply Plan Filed: 2023-04-28 EB-2023-0111 Page 17 of 48]

a) Please provide a copy of the agreement with the local RNG provider.

> **EPCOR** Response**:** EPCOR respectively declines to provide a copy of this unique, commercial agreement as its contents are not required to evaluate this Gas Supply Plan.

b) Please explain who is cleaning the RNG to pipeline quality gas and what related equipment is required by the RNG producer, EPCOR or any other relevant parties involved.

> **EPCOR Response:** The facility owner is responsible for cleaning the RNG to pipeline quality gas.

c) Please provide a copy of the standard being used for determining the quality of RNG entering the gas distribution system.

> **EPCOR Response:** EPCOR confirms the "Renewable Natural Gas (RNG) Facilities Standard - 2019" is being used.

Pollution Probe #2

Reference: OEB Staff Report for ENGLP 2022 GSP. Page 25.

"OEB staff recommends that EPCOR continue to explore opportunities to engage with local suppliers for RNG to identify potential opportunities (including costs and benefits). OEB staff expects that there will be lessons learned from EPCOR Aylmer's experience with the RNG supplier after the fall of 2022. EPCOR Aylmer should provide a summary of any lessons learned with respect to receiving RNG supply in its 2023 GSP Update. EPCOR should also provide an update regarding any RNG-related opportunities it may be considering for the future in the 2023 GSPs."

a. Please provide a summary of any lessons learned with respect to receiving RNG supply.

   EPCOR Response: Consistent with the response to OEB Staff-2e, EPCOR notes this process has been a positive learning experience for EPCOR, but it is too early to provide a summary of the lessons learned as the project implementation is still underway.

b. Please provide an update regarding any RNG-related opportunities it may be considering for the future

   EPCOR Response: There are none at this point.

c. The OEB does not currently have guidelines defining what RNG is or a recognized guideline for calculating net lifecycle emissions of renewable gases for comparison to other fuels such as fossil (natural) gas. Does EPCOR have a protocol that the OEB should consider, or any recommendations on how the OEB should proceed to close these gaps (e.g. consultation, retain an expert etc.)?

   EPCOR Response: Not at this time.

Pollution Probe #3

Reference: "The Framework requires that, where appropriate, the Supply Plan supports and is aligned with public policy objectives. This includes the Federal Carbon Pricing Program, Community Expansion, Minister of Energy Letter of Direction, and Canada Green Homes Grant. [Page 5]

a) Does EPCOR have a more comprehensive list of public policy objectives in addition to examples noted above? If yes, please provide the more comprehensive list.

EPCOR Response: Not at this time.

b) What policy objectives related to RNG does EPCOR believe are relevant and how does it intent to support them?

EPCOR Response: EPCOR is not aware of any provincial directives to the OEB regarding RNG, or OEB policy objectives directly related to RNG. EPCOR's support of such policy objectives will be reflected in its considerations of future RNG projects tied to its distribution system.

c) What policy objectives related to Net Zero does EPCOR believe are relevant and how does it intent to support them?

EPCOR Response: EPCOR is aware of the Canadian Net-Zero Emissions Accountability Act. EPCOR is monitoring policy updates and will work to meet mandated objectives.

d) Enbridge retained Guidehouse to develop a Pathways to Net-Zero Emissions for Ontario Report. Please indicate whether EPCOR is aware of the report and if yes, please indicate whether EPCOR generally agrees or disagrees with the recommendations in the report. [most recent updated version is EB-2022-0200 Exhibit 1.10.5.2_Pathways to Net-Zero Emissions for Ontario_BLACKLINE_20230421]

EPCOR Response: EPCOR is aware of this report and is currently reviewing it. As a result, we do not have a confirmed position at this time.

e) Enbridge is requesting the ability to cross-subsidize RNG purchases as part of its gas supply in the 2024 Rebasing proceeding [EB-2022-0200]. Does EPCOR support cross-subsidizing more expensive RNG for blending in the gas network? Please explain the response.

EPCOR Response: EPCOR has no comment on this topic.

Pollution Probe #4

a) Per the OEB Staff Report, please confirm that EPCOR is on track to submit DSM program proposals as part of its next cost of service filing for Aylmer. If not, please explain why not.

EPCOR Response: Please refer to Staff 5.

b) Please provide an update on the development and stakeholder engagement activities related to EPCOR's DSM proposal for its next cost of service filing for Aylmer.

EPCOR Response: This is still a work in progress within the broader rate filing preparation.

Pollution Probe #5

EPCOR indicates that customers in its franchise have access to the Greener Homes Grant program. Also, as outlined in the EB-2021-0002 Decision, Enbridge has an agreement to deliver the Greener Homes Grant Program in Ontario.

a) Please provide a summary of the communication, outreach and support that Enbridge has provided EPCOR to ensure that its customers have access to the full benefits of the Greener Homes Grant program.

EPCOR Response: EPCOR has not received communication, outreach or support from Enbridge related to the Greener Homes Grant program. EPCOR has reached out to Enbridge to enquire about the program.

b) Please provide a summary and any relevant communication materials that EPCOR has used to promote the Greener Homes Grant program to Ontario energy consumers in its franchise area.

EPCOR Response: EPCOR has no communication materials to promote the Greener Homes Grant program to Ontario energy consumers in its franchise area.

Pollution Probe #6

Reference: "The EIA in its latest Annual Energy Outlook (AEO2023) cites in its Reference Case a modest drop of natural gas for power generation to the end of 2030 at the expense of renewables". [Appendix A Page 29 of 48]

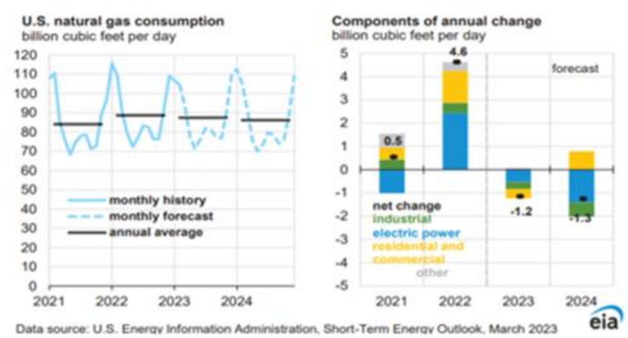
a) Please provide a web reference for the EIA report referenced.

EPCOR Response: See Figures 2 and 15 (at 2030 vs 2022) and associated commentary of the link below:
https://www.eia.gov/outlooks/aeo/narrative/index.php#Appendix

b) Please provide the legend for the EIA graphs included in Appendix A or the web reference (per part a above) and related page reference numbers.

EPCOR Response:

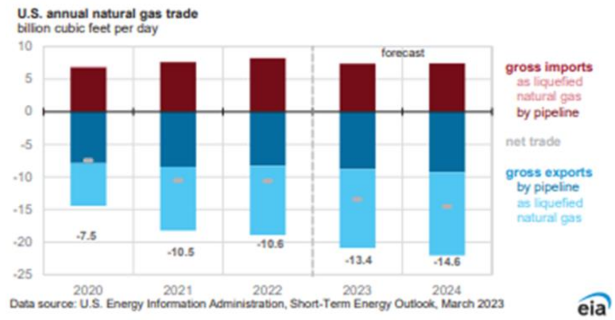
- First chart is EIA STEO pdf, bottom of slide 23 of 52:
  https://www.eia.gov/outlooks/steo/pdf/steo_full.pdf



- Second chart is Figure 15 found at reference for part (a) above

- Third chart is slide 14 and fourth chart is slide 23 both from the presentation at the link below
  https://www.eia.gov/outlooks/aeo/pdf/AEO2023_Release_Presentation.pdf

- Fifth chart is EIA STEO pdf, middle graph of slide 24 of 52 (see STEO link above)



Pollution Probe #7

Reference: Appendix F – ENGLP Aylmer Performance Metrics Scorecard

a) Please provide an explanation of what a "C" indication means for each scorecard metric where it is used (i.e. how is compliance determined).

> **EPCOR response:** C indicates we are compliant. As an example, under Communication to ratepayers re material bill impacts, compliances means EPCOR is providing the communication to customers of annual bill impact as required by the OEB. As another example, compliance to FCC indicates EPCOR continues to file the Federal Carbon Charge remittances to the CRA.

b) Please explain the "N/A" score against the RNG Metric and please explain how the metric is measures and what the target outcome is.

> **EPCOR** response**:** there is currently no policy on RNG to measure against.

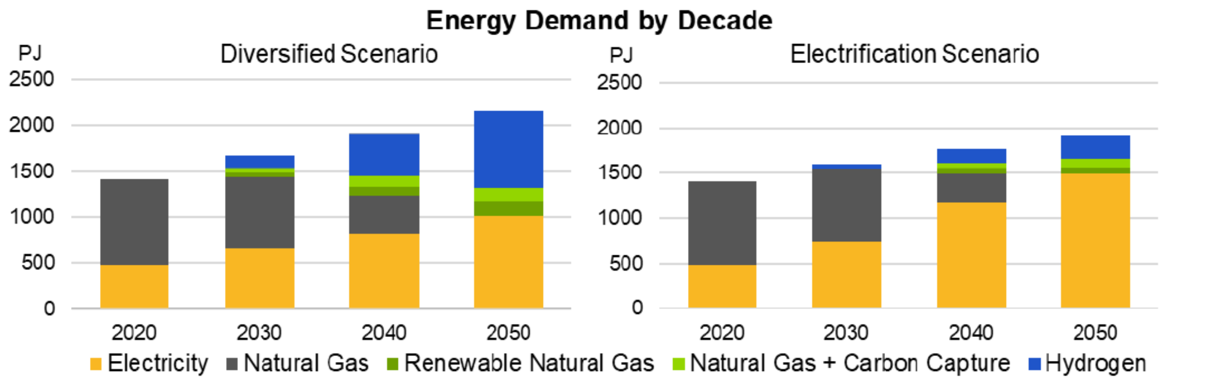
c) Please provide what metrics EPCOR is considering for measurement of the DSM scorecard metric given that the DSM programs are currently being developed. Which year does EPCOR expect to start measuring the DSM metric results?

> **EPCOR response:** Please refer to Staff 5a (South Bruce).

B) **Questions related to the EPCOR's Southern Bruce Gas Supply Plan 2023-2025**

<u>Pollution Probe #8</u>

Reference: Figure ES-2, EB-2022-0200 Exhibit 1.10.5.2_Pathways to Net-Zero Emissions for Ontario_BLACKLINE_20230421



a) Enbridge retained Guidehouse to develop a Pathways to Net-Zero Emissions for Ontario Report. Please indicate whether EPCOR is aware of the report and if yes, please indicate whether EPCOR agrees or disagrees with the report findings and recommendations [most recent updated version is EB-2022-0200 Exhibit 1.10.5.2_Pathways to Net-Zero Emissions for Ontario_BLACKLINE_20230421]

EPCOR Response: EPCOR is aware of this report and currently reviewing.

b) The Guidehouse study noted above has forecasted that natural gas essentially decrease to zero in Enbridge's system between now to 2050 (i.e. no natural gas except potentially in some industrial cases where there is carbon capture to offset emissions). Has EPCOR considered what this scenario would mean to the EPCOR system given that it relies on natural gas from Enbridge? If yes, what are the impacts?

EPCOR Response**:** EPCOR is aware of this report and currently reviewing. This report did not have a direct impact on the current gas supply plan/update filing.

Pollution Probe #9

Reference: OEB Staff Report for ENGLP 2022 GSP. Page 23.

"Recommends that EPCOR provide details regarding its consideration of scorecard improvements (including potentially adding targets) at the time of its next five-year GSP for the Aylmer service area (expected to be filed in 2024), and its next three-year GSP for the South Bruce service area (expected to be filed in 2023)."

Please provide details related to the scorecard improvements outlined in the OEB Staff Report for application to the Gas Supply Plan.

EPCOR Response: In reference to Enbridge's Gas Supply Plan Scorecard, EPCOR found that the three-year average added to Enbridge's scorecard in their 2022 update served as a good metric to compare year-on-year variances for the duration of the supply plan – as such EPCOR have included the 3-year average in the Scorecard starting with this 3-year Supply Plan.

Pollution Probe #10

Reference: "The Framework requires that, where appropriate, the Supply Plan supports and is aligned with public policy objectives. This includes the Federal Carbon Pricing Program, Community Expansion, Minister of Energy Letter of Direction, and Canada Green Homes Grant. [Page 8]

a) Does EPCOR have a more comprehensive list of public policy objectives in addition to examples noted above? If yes, please provide the more comprehensive list.

EPCOR Response: Please refer to Pollution Probe 3a.

b) What policy objectives related to RNG does EPCOR believe are relevant and how does it intent to support them?

EPCOR Response: Please refer to Pollution Probe 3b.

c) What policy objectives related to Net Zero does EPCOR believe are relevant and how does it intent to support them?

EPCOR Response: Please refer to Pollution Probe 3c.

Pollution Probe #11

EPCOR indicates that customers in its franchise has access to the Greener Homes Grants. Also, as outlined in the EB-2021-0002 Decision, Enbridge has an agreement to deliver the Greener Homes Grant Program in Ontario.

a) Please provide a summary of the communication, outreach and support that Enbridge has provided EPCOR to ensure that its customers have access to the full benefits of the Greener Homes Grant program.

EPCOR Response: Please refer to Pollution Probe 5a.

b) Please provide a summary and any relevant communication materials that EPCOR has used to promote the Greener Homes Grant program to Ontario energy consumers in its franchise area.

EPCOR Response: Please refer to Pollution Probe 5b.

Pollution Probe #12

Reference: OEB Staff Report for ENGLP 2022 GSP. Page 25.

"OEB staff recommends that EPCOR continue to explore opportunities to engage with local suppliers for RNG to identify potential opportunities (including costs and benefits). OEB staff expects that there will be lessons learned from EPCOR Aylmer's experience with the RNG supplier after the fall of 2022. EPCOR Aylmer should provide a summary of any lessons learned with respect to receiving RNG supply in its 2023 GSP Update. EPCOR should also provide an update regarding any RNG-related opportunities it may be considering for the future in the 2023 GSPs."

Please provide an update regarding any RNG-related opportunities it may be considering for the future.

EPCOR Response: There are none at this time.