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BY E-MAIL

July 27, 2023

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Marconi:

Re: EPCOR Natural Gas Limited Partnership (EPCOR)
Consultation to Review 2023 Annual Update to Aylmer Gas Supply Plan and South Bruce Three-Year Gas Supply Plan
OEB File Number: EB-2023-0111

In accordance with the Ontario Energy Board (OEB) letter dated July 20, 2023, please see attached OEB staff clarification questions pertaining to the above-noted matter.

Any questions relating to this letter should be directed to Arturo Lau at Arturo.Lau@oeb.ca.

Yours truly,

Arturo Lau Digitally signed by Arturo Lau Date: 2023.07.27 13:44:11 -04'00'

Arturo Lau
Advisor, Natural Gas Applications

Encl.

EPCOR NATURAL GAS LIMITED PARTNERSHIP

ONTARIO ENERGY BOARD STAFF QUESTIONS

JULY 27, 2023

Please note, Enbridge Gas is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Follow up to South Bruce- Staff.8

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 gas supply plan that includes forward-purchased gas on a fixed-price basis as opposed to a more flexible approach given the lack of historical usage data?

b) What is the rationale for EPCOR pursuing only limited purchases on the spot market (11% since 2020) with regard to EPCORs goal of emphasizing flexibility in its gas supply plan?

c) To demonstrate whether EPCOR's forward-purchased, fixed-price procurement strategy is novel or commonplace, on a best-efforts basis, please provide examples of other energy utilities who have implemented forward-purchased gas procurement strategies on a fixed-price basis in Canada or the USA. Please also explain how these examples are relevant to EPCOR.

d) In its initial response to Staff.8a, EPCOR quoted the OEB Staff report in which Staff had stated: "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." Please explain: 1) how a winter or annual fixed pricing strategy is similar or different from a summer fixed price strategy such as the one described by Board Staff and quoted by EPCOR in its previous response, and 2) how a fixed-price procurement strategy for more than 50% of monthly demand would affect procurement flexibility and price volatility.

Follow up to South Bruce- 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. This calculation is based on the data provided in Appendix A (relevant excerpts provided below):

Table 1 - Scenario Analysis Prices

Supply Option	Base Scenario Price ($/GJ of demand)	High Price Scenario ($/GJ of demand)	Low Price Scenario ($/GJ of demand)	Average of High & Low Price Scenarios ($/GJ of demand)
Option 1	$4.72	$6.66	$4.00	$5.33
Option 2	$4.72	$6.57	$4.18	$5.38
Option 3	$4.72	$6.26	$4.11	$5.19
Option 4	$4.72	$6.13	$4.29	$5.21

The price increase relative to the Base Case in the High Price Scenario and the price decrease relative to the Base Case in the Low Price Scenario are provided in the table below, along with the ratio of price increase to price decrease.

Table 2 - Price Increase/Decrease vs. Base Case

Supply Option	Price Increase in High Price Scenario ($/GJ of demand)	Price Decrease in Low Price Scenario ($/GJ of demand)	Ratio of Price Increase to Decrease
Option 1	$1.94	$0.72	2.69
Option 2	$1.85	$0.54	3.43
Option 3	$1.54	$0.61	2.52
Option 4	$1.41	$0.43	3.28

The analysis in Tables 1 and 2 above would appear to indicate that, while Option 3 does not provide the absolute lowest <u>volatility</u> compared to Option 4, it provides a lower average price across the high and low scenarios and does a better job of capturing potential savings in the Low Price Scenario versus potential cost increases in the High Price Scenario.

Question(s):

a) Please explain if EPCOR agrees with this analysis and, if not, why not.
b) If EPCOR agrees with this analysis, does it continue to support Option 4 as the preferred procurement plan and, if so, why?

Follow up to Pollution Probe-1

EPCOR indicated that the facility owner is responsible for cleaning the RNG to pipeline quality gas which follows the "Renewable Natural Gas (RNG) Facilities Standard – 2019" standard.

Question(s):

a) Please provide who conducts and pays for the following activities:
    a. Processing the RNG
    b. Cleaning the RNG
    c. Transporting the RNG
b) Who tests the RNG gas to ensure the natural gas meets the standard mentioned?
    a. How often does it get tested?