

Ms. Nancy Marconi
Registrar
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

August 14, 2023

**Re: EB-2023-0111 Consultation to Review EPCOR's Natural Gas Supply Plan:
Aylmer's 2023 Annual Update and South Bruce's 2023-2025 Natural Gas Supply Plan
Pollution Probe Comments**

Dear Ms. Marconi:

In accordance with the OEB letter dated July 20, 2023 for the above-noted proceeding, please find below Pollution Probe's comments on the 2023 Updates to the EPCOR Natural Gas Limited Partnership (ENGLP) Natural Gas Supply Plans (Aylmer and Southern Bruce).

As expected, many of the elements/drivers across both the Aylmer and South Bruce Gas Supply Plans are similar and therefore feedback should be applied to both plans where possible. In some cases, there are distinct differences that need to be considered independently and where that occurs, Pollution Probe has specifically noted those differences.

Pollution Probe notes ENGLP's openness to consider incremental information and feedback for consideration and even when it does not agree with the feedback and/or fails to incorporate it, ENGLP has typically taken efforts to explain its position. However, it appears that the Gas Supply Plans remain fairly static and are slow to advance the elements recommended by OEB Staff or stakeholders. Examples from the most recent OEB Staff Report¹ to the OEB include:

- OEB Staff Report, page 22 - Recommends that EPCOR continue to explore opportunities to engage with local suppliers for RNG to identify potential opportunities, and that EPCOR Aylmer should provide a summary of any lessons learned with respect to receiving RNG supply in its 2023 GSP Update.
- OEB Staff Report, page 23 - Recommends that EPCOR report, in future GSPs, on the demand and the gas supply portfolio impacts resulting from potential future IRP projects that are implemented.
- OEB Staff Report, page 23 - Pollution Probe noted that Enbridge Gas files a five-year GSP. Pollution Probe recommended that EPCOR Aylmer and South Bruce's GSPs be five-year plans going forward. EPCOR stated that for its South Bruce GSP it plans to continue with a three-year filing cycle due to delays in construction and lack of historical data. EPCOR noted that another three-year cycle will allow it to gain more operational experience in managing natural gas procurement.

¹ Issued under EB-2022-0141

- OEB Staff Report, page 26 - OEB staff is of the view that that EPCOR should continue to review the IRP Framework and consider how it may provide future benefits.
- EB-202-0091 Decision, page 99 (IRP Framework, page 3) - The IRP Framework has been established for Enbridge Gas; however, it should also be used as a resource to guide EPCOR Natural Gas Limited Partnership when it examines infrastructure investments and potential alternatives.

Pollution Probe understands that it takes time to advance these issues but would expect more progress by the next annual update, particularly since it will be the last update before ENGLP files for specific DSM plan approvals².

The current annual Gas Supply Plan review process has struggled to modernize Gas Supply Planning and advance several important issues. To the extent that the OEB believes that ENGLP should be more adaptive to proposed changes, the OEB Staff Report to the OEB can continue to highlight the changes required, but really it appears that the OEB would need to provide more specific direction to advance the pace. The OEB has the ability to provide direction to ENGLP at any time, but this is most likely to occur in the annual or rebasing proceeding. ENGLP should expect that any issues not adequately addressed in the annual Gas Supply Plan review may become issues in the rate case process. This includes the expectation and commitment related to ramping up DSM programs by 2025 (ideally earlier). Pollution Probe also suggests that the OEB review the Gas Supply Plan annual process to consider more effective tools to accelerate the pace of enhanced gas supply planning in Ontario, particularly as the Energy Transition continues to accelerate.

Gas Supply Plan Timing & Scope

The Aylmer Gas Supply Plan is a five-year (2020-2024) plan. However, the South Bruce Gas Supply Plan is only a three-year plan which was recently updated to cover the 2023-2025 period. As noted previously, Enbridge files a five-year gas supply plan annually which is actually a fully updated five-year rolling plan updated to cover a five-year period each year it is filed. It was recommended that both the Aylmer and South Bruce gas supply plans be five-year rolling plans updated annually going forward. However, ENGLP suggested that aligning with this approach is not practical at this time. ENGLP and OEB Staff should consider when the right timing is to move to a common approach to provide sufficient time to make the transition. Annual updates provide flexibility to pivot, while a five year horizon provides better context for future planning.

At the same time, the OEB could update the annual Gas Supply Plan process to make it more effective in providing direction to the gas utilities. As clearly outline by all parties in the Enbridge Rebasing proceeding (EB-2022-0200), the amount and pace of change related to gas supply and related planning issues is increasing at an accelerating pace. This includes influence from Energy Transition, Net Zero, enhanced planning requirements (IRP, DSM and enhanced

² Pollution Probe assumes that the ENGLP's 2025 Aylmer application would be submitted by 2024 at the latest, in parallel with the 2024 GSP.

holistic planning across all energy sources in alignment with modern energy planning). Progress to-date severely lags what is needed to be successful for the future.

ENGLP has acknowledged a number of policy drivers including the recent OEB Mandate letter³. However, it was not fully evident in the gas supply plans filed how current planning will ensure future-proofing against these issues or how the gas supply plans and related metrics should be modified to take these factors in to account. Lagging metrics based on historical information is not likely to inform prudent future planning during a time of significant change. The past is not the future. Planning based primarily on historical information is like driving down the road while only looking in the rearview mirror. Changes will be required across utility planning including the Gas Supply Plan to meet the future needs and challenges ahead. As noted previously, it is recommended that annual gas supply plan updates provide a list of the major policy changes up front and how the plan was adjusted to respond.

Renewable Natural Gas (RNG) and Related Issues

ENGLP has indicated that it is supporting RNG in Ontario through enabling access to its system for RNG projects. Enabling low carbon RNG aligns with public policy and there is a significant demand for RNG, primarily to markets in BC and the US, but also by Ontario municipalities as part of their energy and emission plans. All forecasts for Ontario generated RNG suggest that RNG would only ever be a very small component of the energy mix, but it is still an important tool. 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 2024⁴. Even though EPCOR will not be taking ownership of the environmental attributes resulting from the RNG production, this arrangement ultimately allows for development of RNG production within Ontario⁵.

ENGLP indicates that it understands and supports the development of an RNG market and facilitates inclusion of RNG in its gas supply portfolio. It also recognizes the importance of Greenhouse Gas (GHG) abatement across the province, as well as the role that ENGLP plays in supporting the achievement of GHG emission reduction targets⁶.

The refresh of the three-year Gas Supply Plan for South Bruce was an optimal time to start implementing plan improvements, but it appears that a largely status quo approach has been taken. An illustration on potential changes already underway for natural gas use in Ontario is exemplified in the Guidehouse graph created for the Enbridge Net Zero Emissions for Ontario report. Even if RNG and hydrogen do not turn out to be sufficient or appropriate alternatives to fossil gas, both the Diversified and Electrification scenarios noted below show significant declines in fossil gas (or equivalent emission gases like RNG or hydrogen with now incremental emission benefits) use in Ontario. These changes will impact the Gas Supply Plan and related infrastructure decisions.

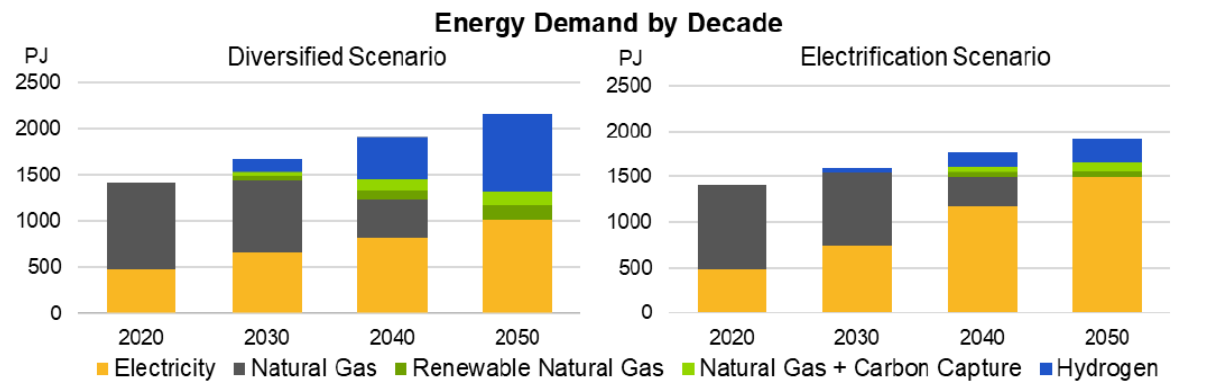
³ Response to Pollution Probe interrogatory #1.

⁴ Annual Update to the 2020-2024 EPCOR (Aylmer) Gas Supply Plan Filed: 2023-04-28 EB-2023-0111 Page 17 of 48

⁵ Annual Update to the 2020-2024 EPCOR (Aylmer) Gas Supply Plan Filed: 2023-04-28 EB-2023-0111 Page 20-21 of 48

⁶ Annual Update to the 2020-2024 EPCOR (Aylmer) Gas Supply Plan Filed: 2023-04-28 EB-2023-0111, Section 6.1

Figure 1: Pathways to Net Zero Emissions for Ontario ⁷



Pollution Probe believes that Gas Supply Plans are not likely to change at a sufficient pace to meet the future unless the OEB is more directive on the enhancements expected in Gas Supply Plans over time.

It is recommended that the OEB issue direction to ENGLP and Enbridge to integrate relevant current and emerging issues into the Gas Supply Plans and also modernize scorecard metrics to include future-focused metrics rather than primarily retrospective reporting. Issue that should be considered include, but are not limited to:

- **Efforts to assess potential RNG supplies from Ontario and the related lifecycle emissions benefits that could be associated with such supplies.**
- **Proactive planning considerations related to low carbon fuels and the related lifecycle emissions benefits that would be associated with such supplies**
- **Planning considerations related to the Energy Transition, Net Zero, consumer choice migration (e.g. to cold climate heat pumps or other non-gas alternatives) and policy drivers at all levels.**
- **OEB consultation on OEB Guidelines for lifecycle emission calculation guidance that ensures defensible net lifecycle emissions are used in utility calculations, including for RNG and hydrogen benefit estimation. This would align with holistic Ontario consumer and Provincial benefit estimation and avoid misleading or incorrect information for Ontario consumers. This approach is an industry best practice⁸.**

Demand Side Management (DSM)

ENGLP indicates that it is targeting their 2025 filing for inclusion of DSM programs. No updates or progress have been identified and it is recommended that a specific status update be included in the 2024 Gas Supply Plan to provide greater transparency on progress being made

⁷ EB-2022-0200 Exhibit 1.10.5.2_Pathways to Net-Zero Emissions for Ontario_BLACKLINE_20230421

⁸ Final Transcript EB-2022-0200 Enbridge Gas Rebasing Vol 6, page Page 85 line 11 to page 87 line 8.

toward the launch of DSM programs in 2025. It is expected that it will take ENGLP time to ramp up and delaying sharing of these plans until 2025 will delay tangible progress past 2025. One simple option is to consider stacking of DSM incentives for the Greener Homes Grant Program as already approved by the OEB in EB-2021-0002. This would require little incremental capacity given that the program is already designed and the delivery structure exists. Partnering with municipalities in alignment with energy emission plans (plus Provincial requirements for Broader Public Sector reporting and action plans) is also an easy partnership opportunity. Additionally, delivery partners like IESO already have capacity that could be leveraged by ENGLP. IESO has supported multi-fuel programs in the past to provide an easy and effective one-window approach that is consumer friendly. Should ENGLP require contact or assistance, Pollution Probe is open to discussing options and engaging its partners.

Integrated Resource Planning

ENGLP is participating in Enbridge Gas's Integrated Resource Planning (IRP) working group as an observing member. Progress has been slow and Enbridge has only identified one IRP opportunities since the OEB Decision in 2021. The OEB has reinforced the need to ramp up IRP and conduct proper IRP analysis as part of regular project consideration. The Framework provides opportunities for ENGLP to meet customer needs in a cost-effective manner that also reduces GHG emissions from incremental natural gas solutions. As previously mentioned, it is recommended that ENGLP accelerate its assessment of the IRP Framework and options for implementation. Information on those opportunities should be included in the annual Gas Supply Plan. ENGLP is encouraged to consultant with relevant stakeholders and could leverage an IRP consultative group to increase real time input, partnership and increase regulatory certainty on options being considered.

All of which is respectfully submitted on behalf of Pollution Probe.



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