



Enbridge Gas Inc.

Application for approval of costs and the accounting treatment of costs, associated with two Integrated Resource Planning (IRP) Pilot Projects

DECISION ON ISSUES LIST

AND PROCEDURAL ORDER NO. 2

October 5, 2023

In this Decision and Procedural Order issued by the Ontario Energy Board (OEB), the OEB approves an Issues List for the IRP Pilot Projects proceeding. In addition, the OEB also grants Enbridge Gas Inc. (Enbridge Gas)'s request for a one-week extension on the filing of interrogatories by intervenors and OEB staff and Enbridge Gas's response to interrogatories. Adjustments have also been made to the subsequent procedural dates set out in Procedural Order No. 1 accordingly.

In this application, filed on July 19, 2023, Enbridge Gas seeks OEB approval of (i) the cost consequences for the Parry Sound Pilot Project and the Southern Lake Huron Pilot Project, and (ii) the proposed accounting treatment to record costs of these Pilot Projects in the IRP costs deferral accounts for later disposition and recovery. The Pilot Projects are intended to provide learnings regarding future IRP alternatives (IRPAs) design, performance, and potential for scalability. Enbridge Gas expects that the Pilot Projects will defer the need for additional pipelines and/or traditional facility infrastructure which would otherwise be necessary to address system constraints in the two communities.

Issues List

The OEB issued Procedural Order No. 1 on September 7, 2023, that, among other things, provided Enbridge Gas and all approved intervenors the opportunity to file written submissions on what issues should be considered in this proceeding.

On September 14, 2023, OEB staff set out a proposed issues list for consideration by the OEB and all parties. On or before September 21, 2023, the Federation of Rental-housing Providers of Ontario (FRPO), Pollution Probe and Enbridge Gas filed

submissions on the proposed issues list of OEB staff. Replies to the submissions of other parties were filed by Enbridge Gas and Pollution Probe.

OEB Findings on Issues List

The OEB has considered the submissions and reply submissions of all parties in the development of the final issues list (Issues List). The OEB agrees that OEB staff's proposed issues list provides a comprehensive list of considerations that are in scope in this proceeding with the modifications noted below.

FRPO

FRPO suggested the addition of the following issue:

“Would IRP pilot reporting based on milestone project events be appropriate? If so, what milestone timing and content would be appropriate?”

The OEB agrees with Enbridge Gas's reply submission that this issue is sufficiently covered by Issue 6.1.

Pollution Probe

Pollution Probe suggested 8 additional sub-issues to OEB staff's proposed issues list:

1.3: *Has the process used to identify and scope each Pilot Project, correct?*

The OEB agrees with Enbridge Gas's reply submission that this item is subsumed within Issue 2.1.

3.8: *Is the role of stakeholders and partners (e.g. cost sharing, delivery and monitoring) appropriate for each Pilot Project?*

The OEB agrees with Enbridge Gas's reply submission that stakeholder engagement is already addressed in Issue 5.1, and that it is not clear what is meant by “partners”. To the extent that this proposed issue addresses delivery of IRPAs by parties other than Enbridge Gas (which is not discussed in the Application), then questions can be addressed under Issue 3.5, which addresses IRPA program design.

4.4: *What are the costs and related timing of the Capital projects being avoided or deferred by each of the Pilot Projects and is [the] proposed treatment appropriate?*

Enbridge Gas proposed in its reply submission that the issue be limited to the issue of: “What are the costs and related timing of the Capital projects being avoided or deferred by each of the Pilot Projects?” and noted that there is no

proposed treatment of avoided costs in the application.

The OEB agrees that the issue should be written as proposed in Enbridge Gas's reply submission, but the OEB disagrees with the rationale. The issue of the treatment of avoided cost in the economic analysis is within the scope of this proceeding and is subsumed within sub-issue 4.2.

4.5: *What is the appropriate treatment for Pilot Projects costs incurred prior to OEB approval?*

The OEB agrees with Enbridge Gas's reply submission that the treatment of Pilot Project costs can be addressed under Issue 4.3.

5.2: *Has Enbridge appropriately consulted with the OEB IRP Technical Working group?*

The OEB notes that the role of the IRP Technical Working Group (TWG) may fall outside of the conventional definition of a stakeholder as members have been brought on for their independent expertise, instead of advocating for the specific interest of their clients in other matters. As such, the OEB has modified Issue 5.1 to include explicit reference to stakeholders "and the IRP Technical Working Group".

6.2: *What is the role of the OEB IRP Technical Working Group during the execution and monitoring of each Pilot Project?*

The OEB notes that the TWG's Terms of Reference indicate that consideration of IRP pilot projects should be a priority of the TWG, but that Enbridge Gas's reply submission is correct in that the TWG's involvement in the execution and monitoring of each Pilot Project is not specifically noted in the IRP Framework or TWG's Terms of Reference. The appropriate level of engagement on the Pilot Projects going forward for the TWG and other stakeholders is subsumed within issue 5.1.

6.3: *What timing, frequency and format is appropriate for reporting on each Pilot Project?*

6.4: *What are the appropriate Conditions of Approval for each Pilot Project?*

Enbridge Gas and the parties to this proceeding did not object to the addition of issues 6.3 and 6.4 and the OEB accepts the addition of these two sub-issues.

Enbridge Gas

Enbridge Gas proposed 2 changes to the OEB staff's proposed issues list and an additional sub-issue:

3.1: *For each Pilot Project, has Enbridge Gas appropriately described the identified system need in the Asset Management Plan, and the baseline facility alternative?*

The OEB agrees with the deletion of “in the Asset Management Plan” for the reasons Enbridge Gas outlined in its submission.

3.2: *Has Enbridge Gas appropriately described how each Pilot Project meets the applicable IRP Framework Guiding Principles?*

The OEB accepts the insertion of “applicable” in this instance as it is implicit that the relevant IRP Framework Guiding Principles apply in the review of the Pilot Projects.

3.3(a): *Taking into consideration the OEB’s IRP Framework that says that electricity IRPAs will not be included in the first-generation IRP projects, is it appropriate to include a limited offering of electrification measures as an IRPA for the Parry Sound pilot project?*

The OEB agrees with the addition of this sub-issue and notes that no parties to this proceeding have objected to its inclusion.

The OEB’s changes to OEB staff’s proposed issues list are shown in the Schedule A Red-Line, with the approved Issues List contained in Schedule B.

Enbridge Gas’s Request for an Extension to File Interrogatory Responses

On September 26, 2023, Enbridge Gas filed a letter requesting a one-week extension to have OEB staff and intervenors submit written interrogatories by October 20, 2023, and for Enbridge Gas to file responses to interrogatories by November 3, 2023.

Enbridge Gas explained that some Enbridge Gas witnesses participating in the Panhandle Regional Expansion Project Oral Hearing (which is scheduled to take place on October 23, 24 and if necessary, October 27) will also be preparing responses to interrogatories in this proceeding.

The OEB finds Enbridge Gas’s extension request to be reasonable given the circumstances and grants the requested extension for Enbridge Gas to file its interrogatory responses by **November 3, 2023**. OEB staff and intervenors will also have until **October 20, 2023**, to file interrogatories.

In addition, the timelines for any intervenor and OEB staff comments on the need for a technical conference and/or oral hearing and Enbridge Gas’s response to comments,

previously set in Procedural Order No. 1, are also being extended by a week to November 8 and November 10, 2023 respectively.

Next Steps

It is necessary to make provision for the following matters related to this proceeding. Further procedural orders may be issued by the OEB.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. OEB staff and intervenors shall request any relevant information and documentation from Enbridge Gas that is in addition to the evidence already filed, by written interrogatories filed with the OEB and served on all parties by **October 20, 2023**.
2. Enbridge Gas shall file with the OEB complete written responses to all interrogatories and serve them on all intervenors by **November 3, 2023**.
3. If OEB staff and intervenors wish to file comments regarding the need for a technical conference and/or oral hearing, they shall file those comments with the OEB by **November 8, 2023**.
4. Enbridge Gas may file a response to the comments regarding the need for a technical conference and/or oral hearing with the OEB by **November 10, 2023**.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **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](#).

Please quote file number, **EB-2022-0335** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.

- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar and be received by end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Stephanie Cheng at stephanie.cheng@oeb.ca and OEB Counsel, Lawren Murray at lawren.murray@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto, **October 5, 2023**

ONTARIO ENERGY BOARD

Nancy Marconi
Registrar

Schedule A

Enbridge Gas Inc.

EB-2022-0335

Red-Line Issues List

Red LineProposed Issues List

Issue 1.0: Project Need

1.1: Will the Pilot Projects assist in understanding and evaluating how IRP can be implemented to avoid, delay or reduce facility projects?

1.2 Are objectives developed for each Pilot Project appropriate?

Issue 2.0: Project Alternatives

2.1: Is Enbridge Gas's IRP pilot project selection process, selection criteria, and decisions to select the Parry Sound and Southern Lake Huron communities appropriate?

2.2: Will the Pilot Projects selected give Enbridge Gas the ability to apply learnings to future IRPA design, performance and have the potential for scalability?

Issue 3.0: Proposed Project

3.1: For each Pilot Project, has Enbridge Gas appropriately described the identified system need ~~in the Asset Management Plan~~, and the baseline facility alternative?

3.2: Has Enbridge Gas appropriately described how each Pilot Project meets the applicable IRP Framework Guiding Principles?¹

3.3: Taking into consideration the OEB's IRP Framework that says that electricity IRPAs will not be included in the first generation IRP projects, is it appropriate to include a limited offering of electrification measures as an IRPA for the Parry Sound pilot project?

3.43: Are Enbridge Gas's proposed demand-side and supply-side IRPAs for each Pilot Project appropriate?

3.54: Is Enbridge Gas's proposed spending appropriately allocated between the IRPAs (e.g., efficiency programs vs. electrification measures vs. advanced technologies) for each Pilot Project?

3.65: Are Enbridge Gas's proposed program designs for IRPAs (e.g., measures included, sectors targeted, incentive levels, marketing and outreach strategy, attribution approach between DSM and IRP) appropriate for each Pilot Project?

3.76: Are Enbridge Gas's proposed evaluation, measurement, and verification objectives and methodologies appropriate for each Pilot Project? Do they enable

¹ EB-2020-0091, IRP Framework Decision, Appendix A, p. 5.

Enbridge Gas to determine the effectiveness of IRPAs and to report on the results of the IRP pilot projects?

3.87: Is the timeframe for each Pilot Project appropriate?

Issue 4.0: Project Cost and Economics

4.1: Is Enbridge Gas's proposed budget for each Pilot Project appropriate?

4.2: Is Enbridge Gas's economic analysis for each Pilot Project appropriate?

4.3: Is Enbridge Gas's proposed approach to cost allocation and cost recovery appropriate and consistent with the intended use of the two OEB approved IRP Operating Cost and Capital Cost Deferral Accounts?

4.4: What are the costs and related timing of the Capital projects being avoided or deferred by each of the Pilot Projects?

Issue 5.0: Stakeholding

5.1: Has Enbridge Gas appropriately engaged with stakeholders [and the IRP Technical Working Group](#) on each Pilot Project?

Issue 6.0: Other

6.1: Are there appropriate milestones/ checkpoints/ metrics in place to ensure Enbridge Gas is monitoring and adjusting the design of a Pilot Project on a timely basis to optimize project performance and achieve the intended project outcomes?

6.2: What timing, frequency and format is appropriate for reporting on each Pilot Project?

6.3: What are the appropriate Conditions of Approval for each Pilot Project?

Schedule B
Enbridge Gas Inc.
EB-2022-0335
Approved Issues List

Issues List

Issue 1.0: Project Need

1.1: Will the Pilot Projects assist in understanding and evaluating how IRP can be implemented to avoid, delay or reduce facility projects?

1.2 Are objectives developed for each Pilot Project appropriate?

Issue 2.0: Project Alternatives

2.1: Is Enbridge Gas's IRP pilot project selection process, selection criteria, and decisions to select the Parry Sound and Southern Lake Huron communities appropriate?

2.2: Will the Pilot Projects selected give Enbridge Gas the ability to apply learnings to future IRPA design, performance and have the potential for scalability?

Issue 3.0: Proposed Project

3.1: For each Pilot Project, has Enbridge Gas appropriately described the identified system need, and the baseline facility alternative?

3.2: Has Enbridge Gas appropriately described how each Pilot Project meets the applicable IRP Framework Guiding Principles?²

3.3: Taking into consideration the OEB's IRP Framework that says that electricity IRPAs will not be included in the first generation IRP projects, is it appropriate to include a limited offering of electrification measures as an IRPA for the Parry Sound pilot project?

3.4: Are Enbridge Gas's proposed demand-side and supply-side IRPAs for each Pilot Project appropriate?

3.5: Is Enbridge Gas's proposed spending appropriately allocated between the IRPAs (e.g., efficiency programs vs. electrification measures vs. advanced technologies) for each Pilot Project?

3.6: Are Enbridge Gas's proposed program designs for IRPAs (e.g., measures included, sectors targeted, incentive levels, marketing and outreach strategy, attribution approach between DSM and IRP) appropriate for each Pilot Project?

² EB-2020-0091, IRP Framework Decision, Appendix A, p. 5.

3.7: Are Enbridge Gas's proposed evaluation, measurement, and verification objectives and methodologies appropriate for each Pilot Project? Do they enable Enbridge Gas to determine the effectiveness of IRPAs and to report on the results of the IRP pilot projects?

3.8: Is the timeframe for each Pilot Project appropriate?

Issue 4.0: Project Cost and Economics

4.1: Is Enbridge Gas's proposed budget for each Pilot Project appropriate?

4.2: Is Enbridge Gas's economic analysis for each Pilot Project appropriate?

4.3: Is Enbridge Gas's proposed approach to cost allocation and cost recovery appropriate and consistent with the intended use of the two OEB approved IRP Operating Cost and Capital Cost Deferral Accounts?

4.4: What are the costs and related timing of the Capital projects being avoided or deferred by each of the Pilot Projects?

Issue 5.0: Stakeholdering

5.1: Has Enbridge Gas appropriately engaged with stakeholders and the IRP Technical Working Group on each Pilot Project?

Issue 6.0: Other

6.1: Are there appropriate milestones/ checkpoints/ metrics in place to ensure Enbridge Gas is monitoring and adjusting the design of a Pilot Project on a timely basis to optimize project performance and achieve the intended project outcomes?

6.2: What timing, frequency and format is appropriate for reporting on each Pilot Project?

6.3: What are the appropriate Conditions of Approval for each Pilot Project?