



Ontario
Energy
Board | Commission
de l'énergie
de l'Ontario

BY EMAIL

October 20, 2023

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

Dear Ms. Marconi:

**Re: OEB Staff Interrogatories to Enbridge Gas Inc.
Enbridge Gas Inc. – Integrated Resource Planning (IRP) Pilot Projects
OEB File Number: EB-2022-0335**

Pursuant to Decision on Issues List and Procedural Order No. 2, please find attached the Ontario Energy Board (OEB) staff interrogatories in the above proceeding. The applicant and intervenors have been copied on this filing.

Enbridge Gas Inc.'s responses to interrogatories are due by November 3, 2023.

Yours truly,

Stephanie Cheng
Application Policy & Conservation

Encl.

cc: All parties in EB-2022-0335

ONTARIO ENERGY BOARD

OEB Staff Interrogatories to Enbridge Gas Inc.

Enbridge Gas Inc. – IRP Pilot Projects

EB-2022-0335

October 20, 2023

Please note, Enbridge Gas Inc. 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*.

NOTE ON ISSUES:

OEB staff has grouped its interrogatories using the Issues List included as Schedule B of the OEB's [Decision on Issues List and Procedural Order No. 2](#) of October 5, 2023.

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?

IR 1-Staff-1

Ref: Exhibit B, Tab 1, Schedule 1 / pp. 3-4 of 15
Exhibit C, Tab 1, Schedule 2 / p. 1 of 8

Preamble:

Per the IRP decision¹, IRP pilot projects are seen as an effective approach to understanding and evaluating how IRP can be implemented to avoid, delay, or reduce projects. Understanding the intent of the IRP pilots, Enbridge Gas developed two primary objectives for the IRP pilots to gather transferrable learnings and to have the potential for scalability. The two objectives are to: 1) develop an understanding of how enhanced targeted energy efficiency (ETEE) and demand response (DR) programs impact peak hour flow/ demand, and 2) develop an understanding of how to design, deploy, and evaluate ETEE and residential DR programs.

Questions:

- a) Enbridge Gas's objectives focus on two IRP alternatives (IRPAs). Please explain why Enbridge Gas made ETEE and DR a priority for the pilots. Did Enbridge Gas consider other IRPAs? If so, which IRPAs were considered and why did Enbridge Gas not proceed with those IRPAs as part of the pilots? If not, why were other IRPAs not considered?
- b) Enbridge Gas also seeks to gain learnings on the use of CNG injection as a longer-term supply-side alternative. This appears to fall outside of Enbridge

¹ EB-2020-0091, IRP Framework Decision, p.90

Gas’s pilot objectives. Please explain why, and to what extent Enbridge Gas plans on considering the use of CNG in its pilot and future IRP plans.

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?

IR 2-Staff-1

Ref: Exhibit B, Tab 1, Schedule 1 / pp. 9 & 14 of 15

Preamble:

Per the above referenced materials, Table 1 & 2 shows Parry Sound and Southern Lake Huron (SLH)’s 10-year residential and commercial customer attachment forecast. The general trend from 2022-2031 is a gradual decline in residential attachments while commercial attachments remain relatively steady throughout the 10-year period for both pilot project areas.

Questions:

- a) Please describe how Enbridge Gas took this trend in forecasted attachments into consideration when determining the types of IRPAs to deploy for both pilot projects. Why are the selected demand and supply-side IRPAs most suitable for the projected growth in both pilot regions? What difference in learnings does Enbridge Gas expect to gain between the two pilot projects?

IR 2-Staff-2

Ref: Exhibit B, Tab 1, Schedule 1 / p. 11 of 15
Exhibit D, Tab 1, Schedule 2 / p. 7 of 14
Exhibit D, Tab 1, Schedule 3 / p. 3 of 11

Preamble:

“SLH area of influence” is where changes in peak hour demand will most significantly impact identified system constraint. However, Enbridge Gas notes that commercial & industrial (C&I) ETEE offerings will be available throughout the SLH region (including “greater SLH”) to maximize learnings since there is a small percentage of C&I customers in the “SLH area of influence”.

Questions:

- a) Enbridge notes that a major benefit of the SLH Pilot Project area is the existence of encoder receiver transmitters (ERTs). However, additional ERT installations need to be made in the “SLH area of influence” and in the remaining Sarnia area for larger C&I customers. Enbridge Gas is also aware of supply chain issues resulting in longer lead times for larger C&I meter sets. As such, the start of C&I ETEE programming has been delayed to 2025. Please explain why Enbridge Gas believes the SLH Pilot Project will lead to optimal C&I learnings compared to other potential pilot projects when there is a smaller C&I sector in the “SLH area of influence” and a shortened timeframe in C&I ETEE programming due to supply chain issues.
- b) Since most customers in the SLH Pilot Project area are equipped with existing ERTs, has Enbridge Gas considered whether they can avoid the delay in C&I ETEE programming to 2025 if full metering coverage was not required?
- c) With a 2025 delayed start of C&I ETEE programming for the SLH Pilot Project, how does Enbridge Gas plan on leveraging C&I ETEE programming learnings from the Parry Sound Pilot Project?

IR 2-Staff-3

Ref: Exhibit C, Tab 1, Schedule 2 / pp. 1-3 of 8
Exhibit C, Tab 1, Schedule 1 / pp. 3-4 of 4
Exhibit D, Tab 1, Schedule 1 / p. 8 of 34
Exhibit D, Tab 1, Schedule 2 / p. 6 of 14

Preamble:

Per the above referenced materials, Enbridge Gas developed two pilot-specific objectives. To meet these objectives, a list of criteria was developed to review the 2023-2032 asset management plan (AMP). Potential pilot projects were then evaluated and ranked using a weighted average scoring matrix that consists of 5 criteria.

Questions:

- a) Please explain how each of Enbridge Gas’s objectives and evaluation criteria helps to meet the overall IRP pilot project objective to understand and evaluate how IRP can be implemented to avoid, delay, or reduce projects.
- b) In Enbridge Gas’s review of the AMP, there are criteria for the potential pilots to 1) act as “proof-of-concept” resulting in the potential for scalability and transferrable learnings and 2) to enable effective data collection and measurement of IRPA investment impacts. Please explain how the SLH Pilot Project meets both criterion considering there is a small percentage of C&I customers in the “SLH area of influence” requiring the expansion of the C&I ETEE programming to the “Greater SLH” region to gain learnings and the supply

chain issues in obtaining metering equipment to delay the start of C&I ETEE programming to 2025.

- c) One criterion used in evaluating and ranking potential pilot projects in the scoring matrix is a “balanced customer mix and potential for scalability” weighted at the higher end of 25%. Please explain why Enbridge Gas feels there is a balanced customer mix for both pilots (especially SLH) when Enbridge Gas notes that the customer base for both pilot project areas are largely residential and there is a smaller C&I customer base in the “SLH area of influence” of 1.7% and 6.4% in “Greater SLH” vs. 12.9% in Parry Sound.
- d) Please explain the rationale behind Enbridge Gas’s original intent in selecting one pilot project to address a single identified system need/constraint and a second pilot to address multiple identified system needs/constraints. Why is Enbridge Gas now satisfied with having two pilot projects to address multiple identified system needs? Did Enbridge Gas consider selecting the second highest scoring pilot that addresses a single identified system need instead?

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?

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?

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?

IR 3-Staff-1

Ref: Exhibit A, Tab 2, Schedule 1 / p. 3 of 6
Exhibit D, Tab 1, Schedule 3 / pp. 2&4 of 11

Preamble:

Enbridge Gas proposes to deploy complete coverage of hourly metering devices in both pilot project areas. Enbridge Gas notes that procurement of devices for C&I customers in SLH cannot commence until the OEB approves the cost consequences of the pilot projects. As such, Enbridge Gas requested for a Decision and Order to be issued by December 2023 since Enbridge Gas needs at least 4 months to implement ETEE programming into the market by Q2 2024.

Questions:

- a) Please explain why Enbridge Gas requires complete coverage of hourly metering devices for both pilot project areas. Has Enbridge Gas considered any alternative techniques like extrapolating sample data onto the population? For the Parry Sound Pilot Project, can the existing SCADA measurement of entire system hourly flow data at the Emsdale CMS not be leveraged?
- b) Please explain why Enbridge Gas cannot commence procurement of hourly metering devices for C&I customers in the SLH Pilot Project area until the OEB approves the cost consequences of the pilot projects.
- c) Please confirm whether Enbridge Gas has weighed the benefit and cost of obtaining complete coverage of hourly metering devices considering factors like potential timing delays and metering supply issues. Can Enbridge Gas meet the targeted Q2 2024 launch (or earlier) if procurement could start before obtaining OEB approval?

IR 3-Staff-2

Ref: Exhibit D, Tab 1, Schedule 1 / pp. 5-6 of 34
Exhibit B, Tab 1, Schedule 1 / p. 7 of 15
Exhibit B, Tab 1, Schedule 2 / p. 2 of 8

Preamble:

For the Parry Sound Pilot Project, Enbridge Gas plans to utilize a supply-side IRPA of negotiating an increased pressure agreement with TCE to avoid system reinforcement by meeting customer demands during peak periods. An agreement has been reached for two years up to Winter of 2025/26. Enbridge Gas intends on extending the contract

beyond Winter 2024/2025 but if TCE is unable to provide the service, Enbridge Gas plans to install and implement an expanded CNG injection supply-side IRPA.

Questions:

- a) The supply-side IRPA of entering into an increased pressure agreement with TCE is projected to span until Winter 2025/26. This covers a notable portion of the Parry Sound Pilot Project duration which is projected to end 2027. Please explain what transferrable and scalable learnings Enbridge Gas expects to gain through this contract negotiation/ arrangement with TCE.
- b) Please confirm whether Enbridge Gas has carried out an analysis of whether a two-year TCE contract or an expanded CNG injection is a better option from a cost and learnings perspective.
- c) Enbridge Gas notes that if demand-side IRPAs are unsuccessful in achieving forecasted peak period reduction, Enbridge Gas will request an extension of the TCE agreement. If that is not feasible, Enbridge Gas will install a CNG injection system to ensure the reliability and safety of gas services to customers. Please explain what analysis Enbridge Gas has completed to justify this action plan.
- d) Enbridge Gas notes they would like to gain learnings on the use of CNG injection as a longer-term supply-side alternative and as a peak shaving alternative. If Enbridge Gas can extend the contract with TCE beyond the Winter of 2025/26, please clarify whether Enbridge Gas plans on using CNG injection as a supply-side IRPA and if so, to what extent.

IR 3-Staff-3

Ref: Exhibit D, Tab 1, Schedule 2 / p. 5 of 14

Preamble:

Enbridge Gas notes that the supply-side IRPA of CNG injection uses two CNG tube trailers with two smaller decanting trailers located on-site. A third trailer will be brought in if system flows deplete one of the two trailers. This IRPA set up is identical between the SLH Pilot Project and the Parry Sound Pilot Project.

Questions:

- a) Please explain the benefit of executing the same IRPA and plan in both the Parry Sound and SLH Pilot Projects. What difference (if any) does Enbridge Gas anticipate in its peak shaving learnings between the two pilot projects? Has Enbridge Gas considered any variations to the IRP plan to maximize CNG learnings between the two pilot projects?

IR 3-Staff-4

Ref: Exhibit B, Tab 1, Schedule 2 / pp.3-4 of 8 (Parry Sound), pp. 6-7 of 8 (SLH)

Preamble:

Enbridge Gas notes that the pilot projects are supportive and aligned with the OEB's public policy (specifically the statutory objectives in section 2, subsections 3 and 5 for the natural gas sector). Enbridge Gas notes that both pilots focus on energy conservation, energy efficiency and DR measures to support its alignment with subsection 5 which promotes conservation and energy efficiency through GHG emission targets, federal climate policies and jointly funded HER+ program.

Questions:

- a) Please explain how the pilot projects in Parry Sound and SLH align with OEB's public policy in section 2, subsection 3 (to address rational expansion of transmission and distribution system) and subsection 5.1 (the maintenance of a financially viable gas industry), whether it be throughout or post the term of the pilot projects.

IR 3-Staff-5

Ref: Exhibit D, Tab 1, Schedule 1 / p. 2 of 34
Exhibit D, Tab 1, Schedule 2 / p. 3 of 14

Preamble:

Enbridge Gas notes that it will require at least four months from the OEB's approval of the pilot projects to implement ETEE programming in market.

Questions:

- a) Please provide the specific tasks and corresponding agenda of what Enbridge Gas plans to do over the four-month period in preparation for implementation of ETEE programming for both pilot projects. Please explain why these tasks can only begin once Enbridge Gas receives OEB approval.

IR 3-Staff-6

Ref: Exhibit D, Tab 1, Schedule 1 / pp. 8 & 24-27 of 34
Exhibit E, Tab 1, Schedule 1, Attachment 1

Preamble:

For the Parry Sound Pilot Project, Enbridge Gas plans to offer a limited ETEE-version of the HER+ program of electrification measures to residential customers. The program offers additional incentives for cold climate air source heat pumps (ccASHP) capped at 20 participants and ground source heat pumps (GSHP) capped at 10 participants. Enbridge Gas does not expect the additional electrical load demand from these

electrification measures to have a material impact on the local electricity grid.

Exploration of this offering will allow Enbridge Gas to evaluate the potential applicability and feasibility of electrification measures in an isolated environment. It will also inform future work and collaboration with the electricity sector.

Questions:

- a) Please clarify whether Enbridge Gas has been in contact with Lakeland Power to ensure that the amount of electrification measures will not have a material impact on the local electricity grid. If so, please clarify how Enbridge Gas arrived at a cap of 20 and 10 participants for ccASHP and GSHP respectively. Is the proposed cap driven by possible electricity system constraints or by other factors (e.g., goal of testing other IRPAs)?
- b) Enbridge Gas has budgeted approximately \$0.1M for residential electrification measures vs. \$1.4M for advanced technologies in their limited ETEE offerings in the Parry Sound Pilot Project (recognizing that one of the advanced technologies also includes an element of electrification). The three advanced technologies (hybrid heating, natural gas heat pumps, and thermal energy storage) are capped at 40, 20 and 40 residential participants respectively and 5 participants for commercial). These advanced technologies are not part of the 2023-2025 DSM Plan and have not yet or have just recently been commercialized. Please explain why Enbridge Gas has decided to allocate more money and participant opportunities for advanced technologies than electrification measures, understanding there are restrictions/ limitations to both options.

IR 3-Staff-7

Ref: Exhibit D, Tab 1, Schedule 1 / pp. 26-31 of 34
Exhibit E, Tab 1, Schedule 1, Attachment 1

Preamble:

Enbridge Gas notes several drawbacks to ETEE advanced technologies. There is minimal or no market awareness of the advanced technologies and the advanced technologies have yet or have only been recently commercialized. Moreover, the average household income and historical adoption rate of energy efficiency measures in the Parry Sound Pilot Project area are lower than the provincial average, suggesting that higher incentives are likely required.

Questions:

- a) Please explain how Enbridge Gas arrived at the capped participation levels for each of the three advanced technology offerings for residential and commercial customers.

- b) There are various established DSM programs that are operational and have proven to be effective in delivering broad-based energy savings in Parry Sound. Given this and the uncertainties associated with ETEE advanced technologies, please explain why Enbridge Gas has chosen to allocate approximately \$1.4M to ETEE advanced technologies.
- c) Please confirm the source of the forecasted peak reduction for each of the three advanced technologies in Table 11 of the aforementioned materials.
- d) Please explain why Enbridge Gas has chosen to cap thermal energy storage at 40 participants (the same as simultaneous hybrid heating), considering thermal energy storage will yield peak reduction of 20% with minimal anticipated consumption reductions. Whereas hybrid heating will yield peak reduction of 30-40% and up to 50% consumption reduction.

IR 3-Staff-8

Ref: Exhibit D, Tab 1, Schedule 1 / p. 10 of 34

Preamble:

Enbridge Gas plans on leveraging existing DSM offerings for its IRP ETEE Pilot Project offerings in Parry Sound and SLH.

Questions:

- a) Since pilot projects are intended to gain transferrable learnings rather than deploying the most cost-effective measures, has Enbridge Gas considered developing any new net ETEE offerings instead of leveraging existing DSM offerings? Has Enbridge Gas conducted research to identify any gaps in ETEE programming based on feedback from its residential, commercial, and industrial customers during stakeholdering and marketing efforts for both pilot project areas?

IR 3-Staff-9

Ref: Exhibit D, Tab 1, Schedule 1 / pp. 15-23 of 34

Preamble:

Enbridge Gas has set incentive levels and caps for DSM offerings with additional IRP ETEE incentives for the Parry Sound and SLH Pilot Projects. They are as follows:

- Residential (HER+ measures) doubles the OEB-approved DSM maximum incentive but capped at 100% of cost.
- Small and medium C&I customers (direct install and prescriptive offerings) aim to cover a portion of the equipment and installation costs up to 100% of cost.
- Large C&I customers (custom offering) aims to provide enhanced incentives up to twice of existing DSM offering (up to 50-75% of cost).

- No additional incentives for affordable housing programming but will enhance targeted marketing activities for existing DSM program offerings for this sector.

Questions:

- a) Enbridge Gas notes that residential space heating is a significant contributor to peak period flows/demand. However, residential customers are also known to have lower energy efficiency program uptake and the average household income is lower than the provincial average. Likewise, there is a lack of capital barrier for small and medium sized C&I customers. Please explain why Enbridge Gas has chosen to double the HER+ program incentives, whereas small and medium sized C&I customers can have up to 100% of its program costs covered.
- b) For the affordable housing program, how does Enbridge Gas plan to track and attribute the potential energy savings and marketing costs carried out as part of the pilot projects for these DSM programs?

IR 3-Staff-10

Ref: Exhibit D, Tab 1, Schedule 2 / pp. 8-12 of 14

Preamble:

Enbridge Gas plans to offer a DR program to the entire SLH region. 10 DR events are anticipated during the first heating season. Financial incentives are in place to incent enrolment into the program and Enbridge Gas will consider increasing participation and retention levels through a loyalty marketing initiative that will likely be handled by the distributed energy resource management system (DERMS) provider.

Questions

- a) Please confirm what temperature levels Enbridge Gas plans on triggering a DR event. How did Enbridge Gas decide on these temperate levels? Will levels change over the course of the pilot project to assess customer sensitivity?
- b) Please clarify when (i.e. at what level of participation) the loyalty marketing initiative be considered.
- c) Please explain how Enbridge Gas plans to monitor the effectiveness of DERMS marketing efforts for the DR program. Is there planned coordination between Enbridge Gas and DERMS regarding marketing approaches and frequency?

IR 3-Staff-11

Ref: Exhibit D, Tab 1, Schedule 3 / pp. 6-7 of 11

Preamble:

Enbridge Gas discusses the required data collection along with the evaluation plan for ETEE and DR programs. Hourly flow measurement is to be installed on all customers in

the pilot project areas for collection of baseline and post-pilot project implementation data with the use of control groups.

Questions:

- a) Enbridge Gas notes that depending on the number of participants and complexity, a consultant may be engaged for data analysis of ETEE impacts to peak hourly flow. Please confirm whether consultant costs have been captured in the projected pilot costs. If so, has Enbridge Gas reached out to any potential consultants given the importance of analyzing data in a timely manner to adjust IRPA plans for increased effectiveness over the course of the pilots? At what levels of participation and complexity does Enbridge Gas feel a consultant will need to be engaged?
- b) Enbridge Gas intends to collect thermostat data for DR program analysis if it is available from the manufacturer. Given the importance of obtaining and analyzing data in a timely manner, please confirm whether Enbridge Gas has reached out to the thermostat manufacturers and, if so, the responses Enbridge received. If thermostat data is not available from the manufacturers, how does this impact Enbridge's DR program analysis?

IR 3-Staff-12

Ref: Exhibit D, Tab 1, Schedule 3 / pp. 8-9 of 11

Preamble:

Enbridge Gas discusses its monitoring and evaluation plan for ETEE and DR programs.

Questions:

- a) Does Enbridge Gas intend to assess free-ridership as part of its process evaluation (i.e., whether participants would have implemented measures in the absence of the IRP pilots)?

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?

IR 4-Staff-1

Ref: Exhibit B, Tab 1, Schedule 2 / pp. 3 & 5-6 of 8
Exhibit E, Tab 1, Schedule 1 / p 1 of 19

Preamble:

The IRP decision² encourages Enbridge Gas to use the IRP pilot projects as a testing ground for an enhanced DCF+ test. However, Enbridge Gas has only completed and filed a DCF Phase 1 test to support the Parry Sound and SLH Pilot Projects. Enbridge Gas's enhanced DCF+ test will be adjudicated in the first non-pilot IRP Plan application.

Questions:

- a) Enbridge Gas notes that a Stage 1 DCF analysis has been provided for the two Pilot Projects to “assist the OEB in assessing the current application”. Please explain what the results of the DCF Stage 1 test indicates in terms of the pilot project selection and the pilot project's cost effectiveness. In Enbridge Gas's perspective, how should these test results factor into the OEB's decision on approving the cost of the two pilot projects?
- b) The DCF+ Working Group report was issued May 2023. Enbridge Gas's IRP Pilot Projects application was filed in July 2023. DCF+ discussions with the IRP TWG were held on a bi-weekly basis leading up to the issuance of the DCF+ Working Group report. Understanding that the pilot projects are a testing ground and that results of the DCF+ test will not influence the board's decision of whether the two proposed pilot projects were appropriately chosen from an economic perspective, please explain why Enbridge Gas did not attempt to complete the DCF+ test beyond Phase 1 for both pilot projects for learnings.
- c) To facilitate practice and potential learnings from executing Enbridge Gas's enhanced DCF+ test using real life scenarios, please confirm whether Enbridge Gas plans on carrying out the enhanced DCF+ test for both pilot projects once the test has been finalized. If so, when, where, and with whom will the results and supporting calculations of the DCF+ test be shared? To obtain and consider feedback from IRP technical working group (TWG), does Enbridge Gas plan on sharing the results with the IRP TWG prior to filing the enhanced DCF+ test for adjudication in the first non-pilot IRP plan?

IR 4-Staff-2 (Issue 4.3)

Ref: Exhibit E, Tab 1 Sched 2 / p. 1 of 6
EB-2022-0200 Exhibit 1 Tab 1 Sched 1 / p. 54 of 61, Sched 2 pp.39-40 of 48
([Partial Settlement Proposal](#), June 28, 2023)

² EB-2020-0091, IRP Framework Decision, p.91

Preamble:

Enbridge Gas proposes to include the IRP Pilot Project costs in the IRP Costs deferral accounts because the project costs are incremental to the costs that support Enbridge Gas's 2023 current-approved and 2024 proposed rates. The OEB has indicated that it intends to accept a partial settlement filed by Enbridge Gas in the rebasing application (EB-2022-0200), which would modify the definitions of the IRP Operating Cost and IRP Capital Cost Deferral Accounts to recognize off-setting amounts in the account balances to reflect avoided capital cost impacts related to facilities projects that are delayed, avoided or downsized by IRP.

Questions:

- a) Does Enbridge Gas believe that the OEB's determination on the appropriateness of including costs of the pilot projects in the IRP Deferral Accounts should be based on the updated definitions of the IRP Deferral Accounts (as defined in the partial settlement)? Why or why not?
- b) Is Enbridge Gas still of the view that all IRP Pilot Project costs should be eligible for recovery in the IRP Deferral Accounts, subsequent to the change in definitions of the IRP Deferral Accounts? Why or why not?
- c) Enbridge Gas indicates that there are no IRP Pilot Project costs included in the forecast of operating or capital costs supporting Enbridge Gas's 2024 Rebasing application. Are any costs for the baseline facility alternatives to the Parry Sound Pilot or the Southern Lake Huron Pilot included in the forecast of operating or capital costs supporting Enbridge Gas's 2024 Rebasing application, and are these baseline facility alternatives included in the asset management plan that supports the forecast of operating or capital costs? Please describe as needed.

IR 4-Staff-3

Ref: Exhibit E, Tab 1, Schedule 1 / pp. 4 & 7 of 19

Preamble:

Enbridge Gas presents a summary of the Parry Sound Pilot Project budget in Table 2.0 of the above referenced materials. The budget distinguishes direct pilot IRPA costs from pilot learnings costs and whether they are classified as O&M or capital.

Questions:

- a) Enbridge Gas notes that CNG injections trailers are rentals and Enbridge Gas needs to procure temporary lease of lands and capital costs. Please clarify what the \$70K incurred in 2025 for the Parry Sound Pilot Project and \$70K in 2024 for the SLH Pilot Project relates to and why it is capital in nature. Does Enbridge Gas own and operate the IRPA?

- b) Please confirm that the primary purpose of distinguishing between direct pilot IRPA costs and pilot learnings costs is to determine what costs should be included/excluded in stage 1 of the DCF+ economic test. Does Enbridge Gas plan on making this cost distinction for future non-pilot IRPA plans? If so, has Enbridge Gas considered how to apportion direct vs. learning costs since it is reasonable to assume there will likely be an aspect of learning to each IRP plan?

IR 4-Staff-4

Ref: Exhibit E, Tab 1, Schedule 2 / pp. 4-5 of 6

Preamble:

Enbridge Gas proposes to allocate balances in the IRP operating and capital cost deferral account balances as follows:

- Parry Sound – to Union North rate classes in proportion to system peak and average day demands
- Southern Lake Huron – to Union South in-franchise rate classes in proportion to Union South design day demands excluding design day demands served directly off transmission lines.

This allocation methodology differs from the harmonized cost allocation methodology in the 2024 rebasing application but is consistent with the allocation methodology that would be used for most assets that would be installed under the baseline facility project for both pilot projects.

Questions:

- a) Please explain why this cost allocation methodology is preferred and most appropriate for 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?

IR 5-Staff-1

Ref: Exhibit F, Tab 1, Schedule 1 / pp. 2-5 of 6

Preamble:

Enbridge Gas held meetings with representatives from Municipalities, LDCs, IESO and engaged with local communities through an open house session in the Parry Sound and SLH Pilot project areas. Enbridge Gas continues to have follow up meetings with these

stakeholders. Enbridge Gas also plans to take a variety of approaches to engagement and outreach efforts in hopes of learning the most effective ways to reach audiences. Enbridge Gas has also developed a specific webpage to provide members of each pilot project community with access to information and updates on the pilot projects including a “have your say” feature.

Questions:

- a) Given the municipality’s support of Enbridge Gas’s proposed pilot projects and the continual engagement with the municipality and LDCs, has Enbridge Gas considered coordinating and leveraging these stakeholder’s communication channels for public outreach? Has Enbridge Gas tried to obtain feedback on what communication channels have been most effective for the municipality and LDCs in these areas?
- b) Considering the relatively low attendance numbers at the open house in Parry Sound and SLH, did Enbridge Gas ask attendees how they found out about the event and whether they have any suggestions on how to reach more attendees (particularly residential participants)?
- c) How does Enbridge Gas plan to monitor the activity on their pilot project specific webpages and to address comments from the “have your say” function?

IR 5-Staff-2

Ref: Exhibit F, Tab 1, Schedule 3 / p. 1 of 1

Preamble:

Enbridge Gas sent email notifications to Indigenous groups located within ten kilometers of the pilot project areas.

Questions:

- a) Did Enbridge Gas hear back from any of the Indigenous groups they emailed? If so, what feedback (if any) did the groups provide? If not, did Enbridge Gas attempt to follow up with the Indigenous groups to ensure they successfully received the initial email notifications?

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?

IR 6-Staff-1

Ref: Exhibit B, Tab 1, Schedule 1 / p. 5 of 15

Preamble:

The Parry Sound and SLH Pilot Projects have a proposed term of 2023- 2027. Enbridge Gas notes that pilot project updates, key learnings and outcomes will be communicated to the OEB and stakeholders through the annual IRP report.

Questions:

- a) Please confirm who the “stakeholders” are.
- b) Please explain how Enbridge Gas plans on obtaining, considering, and where appropriate, implementing OEB and each of the stakeholder’s feedback into its IRPA pilot project design throughout the course of the Parry Sound and SLH Pilot Projects.
- c) Please confirm whether Enbridge Gas plans to leverage the expertise of the IRP TWG outside of annual IRP reporting. If so, what communication channels and how frequently does Enbridge Gas anticipate doing this in order to receive timely input on how to modify IRPA pilot project spend and efforts to potentially increase pilot project effectiveness.

IR 6-Staff-2 (issue 6.1 or 6.3)

Ref: Exhibit E, Tab 1 Schedule 1 / pp. 1-2 of 19

Preamble:

Enbridge Gas notes its understanding that it will not be required to seek approval for cost adjustments within 25% of the total proposed Pilot Projects budget. Enbridge Gas also notes its expectation that it will have flexibility in the allocation of annual budgets between the years included in the pilot term of 2023-2027, and that this flexibility will allow Enbridge Gas to be responsive to learnings and feedback and allow for adjustments to the program design as necessary. Enbridge Gas discusses its monitoring and evaluation plan and reporting plan for the IRP Pilot Projects.

Questions:

- a) How much flexibility is Enbridge Gas requesting in terms of adjusting program design of the IRP Pilot Projects in response to learnings and feedback (e.g.,

included IRPAs, program measures/incentive levels, etc.). Under what conditions, if any, does Enbridge Gas propose that it would need to seek OEB approval to modify the IRP Pilot Projects?