



**Pollution
Probe**

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Ms. Nancy Marconi
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Toronto, ON M4P 1E4

October 31, 2023

**EB-2023-0200 – Sandford Expansion Project Leave to Construct
Pollution Probe Interrogatories to Applicant**

Dear Ms. Marconi:

In accordance with Procedural Order No. 1, please find attached Pollution Probe's Interrogatories to the Applicant.

Respectfully submitted on behalf of Pollution Probe.

Michael Brophy, P.Eng., M.Eng., MBA
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Cc: Brittany Zimmer, Enbridge Regulatory (via email)
Guri Pannu, Enbridge Legal (via email)
All Parties (via email)
Richard Carlson, Pollution Probe (via email)

ONTARIO ENERGY BOARD

**Enbridge Gas Inc.
Sandford Community Expansion Project
Leave to Construct**

POLLUTION PROBE INTERROGATORIES

October 31, 2023

**Submitted by: Michael Brophy
Michael Brophy Consulting Inc.
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Phone: 647-330-1217
28 Macnaughton Road
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Consultant for Pollution Probe

1-PP-1

References: Enbridge Gas also hereby also applies to the OEB for an Order pursuant to Section 8 of the Municipal Franchises Act cancelling and superseding the existing Certificates of Public Convenience and Necessity held by Enbridge Gas Inc. for the former Town of Uxbridge, the former Township of Uxbridge and the former Township of Scott and replacing them with a single Certificate of Public Convenience and Necessity to construct works to supply natural gas in the Township of Uxbridge. [A/2/1]

- a) Please explain why it is necessary to cancel and replace the existing Certificates of Public Convenience and Necessity held by Enbridge?
- b) Please explain the differences in terms between the new version and the existing version of the Certificates of Public Convenience and Necessity.
- c) Please explain the impact if the existing documents were left in place and Leave to Construct is granted for the Project.
- d) Please explain why the Franchise Agreement was updated previous, while the Certificates of Public Convenience and Necessity was not (i.e. was there a reason why these were not done simultaneously).

1-PP-2

Please super-impose the proposed pipeline from Exhibit A, Tab 2, Schedule 1 onto the Heat Map in Exhibit A, Tab 2, Schedule 1, Attachment 2, or vice versa. This will illustrate how the Heat map correlated to the proposed Project.

1-PP-3

Please explain the difference between the Enbridge in-person surveys of potential commercial/industrial customers and the Forum survey of potential customers. Are the duplicative activities?

1-PP-4

- a) What excess capacity is available from the Project to service additional customers in the future beyond the 183 forecasted, if any?
- b) Are the Ancillary Facilities only for the purpose to serve the 183 customers identified? If not please explain how many of the 183 customers would be served and what other customers would be served from the Ancillary Facilities now or in the future.

1-PP-5

- a) Please confirm how many of the 199 surveys [Forum Research Survey] conducted are customers along the proposed route and how many would not have gas access based on the route proposed in the application.
- b) If 100% of potential customers along the proposed Project attached to it, what number of customers would that represent? (please provide the breakdown by residential, commercial/industrial if available).
- c) How many firm confirmation requests have been received from potential customers (please provide numbers by customer type, e.g. residential, commercial, etc.).

1-PP-6

Reference: Exhibit B, Tab 1, Schedule 1, Attachment 3, Forum Research Survey

The survey response rate was 261/1990 or approximately 54%. Please explain why the survey response rate was so low for this project.

1-PP-7

Please provide a copy of the information and materials provided to consumers about both the costs and benefits of switching to an air source heat pump, as an alternative to natural gas.

1-PP-8

Reference: "Considering that the proposed Project was previously reviewed and approved by the Government of Ontario and the OEB for the purposes of granting funding under Phase 2 of the NGEP, Enbridge Gas did not assess other facility alternatives."

- a) Please provide a copy of the approvals from the Government of Ontario and the OEB for this Project, and please highlight the specific approvals and scope related to this Project.
- b) If the number of customers proposed or project costs vary from what was submitted to the NGEP, please explain the difference.
- c) Please confirm that NGEP approval for access to grant funding does not automatically provide Leave to Construct (or other required regulatory) approvals related to this project.

1-PP-9

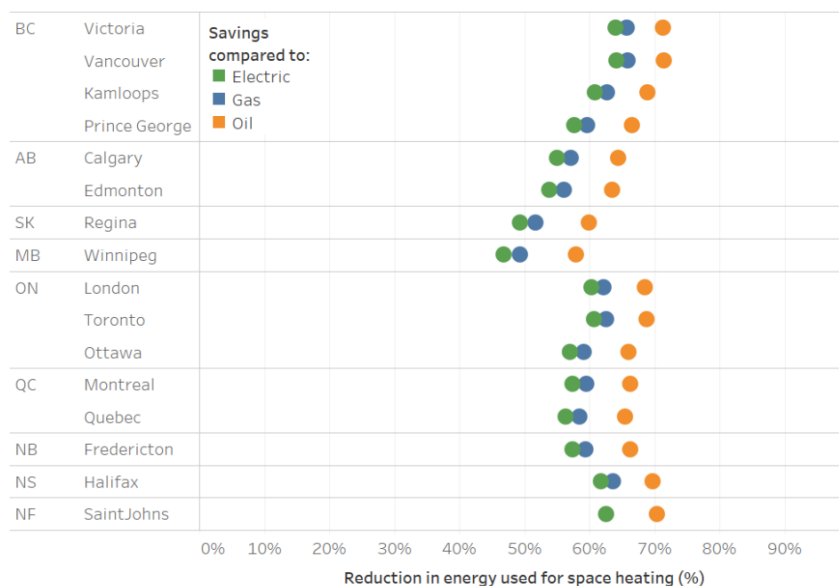
Reference: PollutionProbe_IR_AppendixA_EnbridgeIncentives_20231031

- a) Please confirm that an OEB approved incentive is available of \$6500 for installation a complete new or replacement variable capacity cold climate air source heat pump (ccASHP) system, intended to service the entire home. If incorrect, please indicate the incentive and reference.
- b) Please indicate how many consumers in the proposed expansion project community were provided with the list of incentives available per noted above.

1-PP-10

Reference: PollutionProbe_IR_AppendixB_CanmetReport [per EB-2022-0200 Exhibit J11.5]

Figure 1: Energy Savings (percentage) for a ccASHP compared to natural gas, oil and baseboard electric.



The CanmetENERGY cold-climate air source heat pump (ccASHP) Report shows a ccASHP is 50% to 70% more efficient than natural gas, oil or resistance (i.e. baseboard) electric.

- a) Please indicate whether this information for ccASHPs was shared with potential customers as part of the information related to heat pumps. If it was, please provide a copy of the information/materials provided to consumers.

- b) This information was provide in EB-2022-0200 based on a 2022 Study. If Enbridge has a more recent/relevant study/information that provides a different savings rate for ccASHPs vs. natural gas, oil or electric resistance heating, please provide a copy.

1-PP-11

Reference: PollutionProbe_IR_AppendixC_ASHPCalculator per EB-2022-0200.

The referenced online air source heat pump calculator compares annual heating costs compared to natural gas. If Enbridge has another source and values it believes is more accurate, please provide a copy.

1-PP-12

Reference: PollutionProbe_IR_AppendixD_HeatPumpConversionGuidehouse per EB-2022-0200. Enbridge's Guidehouse Pathways to Net Zero Emissions for Ontario Study (P2NZ).

Guidehouse indicated that 40% to 85% of Ontario households are expected to switch to a heat pump by 2050. If Enbridge has more current information or reports, please provide a copy.

1-PP-13

Please confirm that Enbridge uses an average gas furnace life of 18 years as the best available assumption for its DSM Program. If a more recent (OEB approved) average life value is available, please provide the source.

2-PP-14

Reference: Exhibit B, Tab 1, Schedule 1 - Figure 1: Annual Energy Costs & Savings Versus Natural Gas, Including SES

- a) Please confirm that the values in Figure 1 relate to fuel only and do not include incremental equipment costs to retrofit a home or business with natural gas.
- b) Please confirm that the values in Figure 1 only include costs and savings related to heat and exclude costs/savings for cooling.
- c) Please confirm that the values in Figure 1 related to electricity are for electric resistance (e.g. baseboard) heating only. If that is not correct, please state the assumptions and provide the calculation.

2-PP-15

Reference: EB-2022-0200, Exhibit 8, Tab 2, Schedule 9, Attachment 10, p. 1, line 1, column (c), Updated March 8, 2023. Annual delivery charges include a monthly customer charges and demand charges. As part of the 2024 Rebasing proceeding, Enbridge Gas has proposed a straight fixed variable with demand rate design for general service rate classes. Rate design proposals are subject to the OEB's decision in Phase 3 of the 2024 Rebasing proceeding.

Please confirm that the residential fixed bill estimate for customers is approximately \$45 per month or \$564 per year. If incorrect, please provide an updated estimate and reference.

2-PP-16

Reference: Exhibit B, Tab 1, Schedule 1, Page 5, including Figure 1.

- a) Please confirm that the options provided in Figure 1 are meant to represent common fuels used historically in comparison to natural gas and not the current options for consumers in the community. If not correct, please explain.
- b) Please explain why other current options have not been included in the Figure 1 comparison and related marketing information, specifically cold climate air source heat pumps.

2-PP-17

Reference: "Enbridge Gas served new or upgraded natural gas service requests from customers on the understanding that these customers are sufficiently informed about the available energy and technology solutions and that they have chosen the alternative that best suits their needs" [EB-2022-0200 2.6-Staff-81, part (c)]

Please confirm that the above evidence from Enbridge is still accurate. If it is no longer accurate, please provide updated evidence to indicate how Enbridge views its role in providing resources and educational information on a full range of modern energy/technology options to new, potential or existing customers.

2-PP-18

Please provide a copy of the all materials used for public consultation including those used for the Open House.

2-PP-19

Reference: Exhibit B, Tab 1, Schedule 1, including Table 1.

- a) Please confirm that the information in Table 1 does not include any calculations related to cooling (i.e. heating only).
- b) Table 1 indicates that Enbridge was not able to calculate the annual energy bill for those using a heat pump, but was able to calculate the annual bill for resistance (e.g. baseboard) electric, propane and heating oil. Please explain why Enbridge was able to only calculate some of the comparison figures and not heat pumps.
- c) Please provide the calculations for each fuel annual bill and savings rate vs. natural gas used in Table 1.
- d) Please provide Enbridge's best estimate, calculation and reference sources for the equivalent Table 1 values for a cold climate air source heat pump.

2-PP-20

- a) Please provide a copy of all marketing and communication material provided by Enbridge or partners to consumers/businesses in the community to promote DSM or other energy efficiency opportunities when considering replacement of (water/space) heating systems or related energy efficiency measures.
- b) Please provide a copy of all communication material provided by Enbridge or partners to educate consumers/businesses on options and incentives under the Greener Homes program (delivered by Enbridge in Ontario).
- c) Please provide a table (or marketing material if a table is already included) of potential Greener Homes Grant Program incentives for residential homes, including those for air source heat pumps.
- d) Please confirm that Enbridge Gas is delivering the Greener Homes Grant program in the area impacted by the proposed project.
- e) Has Enbridge conducted analysis on consumers along the proposed pipeline that can or have (currently or recently) participated in the Greener Homes Grant Program. If yes, please provide a copy of the information and analysis.

3-PP-21

Is this proposed Project included in the most current Enbridge Asset Management Plan (AMP) or Utility System Plan (USP)? If not, why not. If yes, please provide the references and documents (or links).

3-PP-22

- a) Please confirm that the amortization period (for EBO 188 analysis) for the proposed Project in the application is 40 years. If that is incorrect, please provide the correct figure.
- b) Please confirm the amortization period Enbridge intends to apply to the Pipeline and Ancillary Facilities.
- c) Please explain how any residual (unamortized) costs would be recovered from rate payers if the proposed pipeline becomes stranded (i.e. not used and useful) before it is fully depreciated.
- d) Enbridge is aware that the OEB could decrease the amortization period for new capital assets starting in 2024 and Enbridge has proposed a 30 year value (per Enbridge EB-2022-0200 Reply Argument). Please indicate what the impact would be to this project if the OEB applies:
 - A 30 year amortization period
 - A 15 year amortization period.

3-PP-23

Has Enbridge conducted a risk assessment on the probability that the proposed pipeline will become a stranded asset before being fully depreciated? If yes, please provide a copy of the assessment and all related materials. If no, what evidence exists to support that the pipeline will remain used and useful for the full amortization period.

3-PP-24

Please confirm that Enbridge has not received approval (from the OEB, TSSA or other relevant regulator) for use of 100% hydrogen for the Project assets proposed. If approval has been received for 100% hydrogen, please provide a copy of such approval.

3-PP-25

Enbridge indicates that the System Expansion Surcharge (“SES”) to all new customers taking gas distribution service from the Project will be a fixed volumetric rate of \$0.23 per cubic metre of gas to be charged in addition to Enbridge Gas’s base distribution rates as approved by the OEB. The SES is proposed to be charged to all customers taking gas distribution service from the Project for a term of 40 years. Please indicate the SES impact if the amortization period the OEB approves is less than 40 years (e.g. 30 years).

3-PP-26

Please confirm that Enbridge will fund this project from its capital envelopes for 2025 if approved by the OEB. If that is not correct, please clarify.

4-PP-27

Reference: PollutionProbe_IR_AppendixF_ExpansionProjectPI

Recent Enbridge Community Expansion Projects have shown a trend of decreasing Portfolio Index (PI) and a lower actual PI than forecasted in the OEB Leave to Construct proceedings. This has also caused the Project Portfolio to dip below the OEB required PI=1.0. Please indicate how the proposed Project compares to other recent community expansion projects and what mitigation has been put in place to reduce the risks that this Project to result in an actual PI less than 1.0.

3-PP-28

Below is a summary of costs due to the Project and consumers attaching to the Project. If any values are not correct or missing, please provide an updated value and reference.

Item	Estimated Cost
Project Initial Capital Cost ¹	
• (1) Proposed Pipeline Project	\$5,050,496
• (2) Ancillary Facilities	<u>\$2,152,273</u>
Total	\$7,202,770
NPV of O&M Cost (gas) per customer ²	\$547,000
NPV of other expenses per customer ³	\$2,210,000
Average Cost of a Residential Customer ⁴ (service, meter, O/Hs, etc.) ⁵	\$5,991

¹ E/1/1 Table 1

² Per Exhibit E, Tab 1, Schedule 1, Attachment 2

³ \$556,000 + \$1,954,000 = \$2,210,000 per Exhibit E, Tab 1, Schedule 1, Attachment 2

⁴ EB-2022-0200 Exhibit J13.8

⁵ Cost for industrial/commercial would be higher, but residential used to estimate lower end of the range.

4-PP-29

Reference: Exhibit F, Tab 1, Schedule 1, Attachment 1.

The Environmental Report identifies a coldwater watercourse along the proposed route.

- a) Has permit approval been received to cross the coldwater watercourse? If yes, please provide a copy.
- b) Has Enbridge confirmed what the restrictions are (including time periods) for construction due to the coldwater watercourse?