

Elson Advocacy

January 18, 2024

BY RESS

Nancy Marconi

Registrar
Ontario Energy Board
2300 Yonge Street, Suite 2700, P.O. Box 2319
Toronto, Ontario M4P 1E4

Dear Ms. Marconi:

Re: EB-2023-0201 – Enbridge Gas Inc. – Eganville Gas Expansion

I am writing on behalf of Environmental Defence pursuant to Procedural Order #1 to submit comments on the need for a technical conference.

Environmental Defence submits that a technical conference is warranted for the same reasons as in the Bobcaygeon and Sandford gas expansion proceedings. The same information gaps and issues exist in this case. Accordingly, Environmental Defence would address many of the same topic areas in relation to this proceeding as were raised in our submissions regarding the need for a technical conference in the Bobcaygeon proceeding such as, for example:

- Details relating to the responses to Enbridge's survey (I. ED.8 and I.ED.9);
- The basis for excluding normalized reinforcement costs in the calculation of the profitability index and in the DCF tables despite EBO 188 requiring that they be included (I.ED.22);¹
- The details and appropriateness of Enbridge's analysis of the potential for heat pumps to impact the number of customers attaching to the system and the number that leave before the end of the revenue horizon (I.ED.28);
- Clarifications regarding questions that Enbridge appears to have misinterpreted (e.g. I.ED.36 & I.ED.1); and
- The justification for Enbridge's contention that natural gas is the most affordable heating fuel in Ontario and the appropriateness of communicating that conclusion to municipalities and customers (I.ED.1 & I.ED.3).

¹ EBO 188, Schedule B, s. 2.1.

Environmental Defence also has questions regarding the average use assumptions similar to the ones we have raised in the Sandford case. This was described in our letter of November 20, 2023 in the Sandford case as follows:

Enbridge appears to assume an average use of 2,778 m³/yr for residential customers for the purpose of calculating its revenue forecast. (per I.ED-25). In contrast, the actual average use for Enbridge customers in gas expansion areas is about 2,350 m³/yr – 15% lower than the assumptions underlying the project economics in this case (per I.ED-39). That could mean that the revenue forecast is roughly 15% higher than will actually materialize based on the average use differential alone (i.e. even assuming that all the forecast customers do actually connect). This is particularly concerning because existing customers bear the risk of average use being lower than forecast with respect to standard distribution charges (per I.ED-41). Among other things, we would like to explore further why Enbridge is assuming average use for residential customers that is considerably higher than it is actually seeing among its existing customers.

Although the specific figures differ (see I.ED-25), similar issues arise in the Eganville case.

In addition to the issues identified in the Bobcaygeon and Sandford cases, Environmental Defence wishes to explore the following:

- In I.ED.41, Enbridge provides the following aggregate information regarding community expansion project execution to date: “The weighted average revised forecast PI is 0.63. The total shortfall for projects with a revised forecast PI of less than 1.0 is \$44,904,484.” Environmental Defence has questions on this interrogatory, such as whether these same problems that have plagued previous projects have been addressed for Eganville and how Enbridge intends to address the aggregate risks and shortfalls of all community expansion projects.
- In I.ED.46, Enbridge acknowledges that ratepayer-funded staff have been used to lobby the government for less OEB regulatory oversight for leave-to-construct applications, including with respect to the municipalities at issue in these cases. Environmental Defence has questions around this lobbying, including potential impacts on municipal approvals in this case.

However, we do not believe a separate technical conference is required for each as there would be many overlapping questions. We believe the most efficient process would be for a single technical conference to be convened for all of the ongoing Enbridge gas expansion cases.

Yours truly,

A handwritten signature in cursive script, appearing to read "Amanda Montgomery". The signature is fluid and connected, with a large, stylized initial "A" and "M".

Amanda Montgomery