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## **VIA EMAIL and RESS**

January 18, 2024

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, Suite 2700  
Toronto, Ontario, M4P 1E4

Dear Nancy Marconi:

**Re: Enbridge Gas Inc. (“Enbridge Gas” or the “Company”)  
Ontario Energy Board (“OEB”) File Nos.  
EB-2022-0111 – Bobcaygeon Community Expansion Project (“Bobcaygeon  
Project”)  
EB-2023-0200 – Sandford Community Expansion Project (“Sandford Project”)  
EB-2023-0201 – Eganville Community Expansion Project (“Eganville Project”)  
EB-2023-0261 – Neustadt Community Expansion Project (“Neustadt Project”)  
Response to Environmental Defence (“ED”) and Independent Participant  
 (“IP”) Letters**

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Enbridge Gas is in receipt of ED’s letter dated January 11, 2024 whereby ED provides responses to questions issued by the OEB regarding ED’s proposed survey evidence for the above-noted proceedings. Enbridge Gas is also in receipt of IP’s letter dated January 10, 2024 regarding IP’s proposed survey evidence for the Sandford Project proceeding.

Enbridge Gas will not comment on each statement made by ED and IP within their letters, which should not be interpreted as agreement by the Company. However, Enbridge Gas believes there are certain salient omissions and considerations related to ED and IP’s letters that are important to note.

Based on the information below and the information within Enbridge Gas’s December 21, 2023 letter, the Company reiterates its position that the OEB should deny ED’s proposed survey evidence. Additionally, Enbridge Gas submits that IP’s proposed survey evidence should also be denied.

### *Political and Public Policy Risk Associated with the Federal Carbon Charge*

Within the list of questions issued by the OEB regarding ED's proposed survey evidence, the OEB asked:<sup>1</sup>

Does [ED] anticipate any political or public policy risk associated with the federal charge on carbon continuing as planned until 2030?

ED's letter does not acknowledge or respond to the OEB's question, and as a result ignores the political and public policy risk associated with the current Federal Carbon Charge. Most notably, as Canada draws closer to the next federal election on or before October 20, 2025,<sup>2</sup> the Conservative Party of Canada – which has been leading most federal election opinion polls since mid-2022<sup>3</sup> – opposes a federally imposed carbon tax or cap and trade system, including the current Federal Carbon Charge.<sup>4</sup>

Additionally, effective November 9, 2023, the federal government paused the Federal Carbon Charge on deliveries of home heating oil in all provinces and territories where it currently applies.<sup>5</sup> Following this change, the Premiers of five provinces (including Ontario) requested that the federal government remove the Federal Carbon Charge for all forms of home heating fuels (including natural gas).<sup>6</sup> Furthermore, effective January 1, 2024, the Province of Saskatchewan removed the Federal Carbon Charge from all home heating fuels (including natural gas).<sup>7</sup> As such, there exists real political and public policy risk regarding the Federal Carbon Charge, as changes relating to its application have already transpired and more changes are possible.

The political and public policy risk associated with the current Federal Carbon Charge is critically relevant to ED and IP's proposed survey evidence for the following reasons:

- ED and IP's proposed surveys focus primarily on providing consumers with information regarding the potential benefits of electric cold climate air-source heat pumps ("electric ccASHP"), including their potential cost-effectiveness.
- ED's witness (Dr. Heather McDiarmid) confirmed at the Panhandle Regional Expansion Project hybrid hearing (EB-2022-0157) that the removal of the current Federal Carbon Charge would result in natural gas being more cost-effective than electric ccASHPs for the average residential energy consumer, based on her analysis.<sup>8</sup> More specifically:<sup>9</sup>
  - Using the current Federal Carbon Charge (including annual escalations to 2030), Dr. McDiarmid's analysis results in a customer NPV for electric

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<sup>1</sup> EB-2022-0111/EB-2023-0200/EB-2023-0201/EB-2023-0261, OEB Correspondence (December 28, 2023), p. 4.

<sup>2</sup> <https://www.canada.ca/en/public-service-commission/services/political-activities/election-calendar.html>

<sup>3</sup> [https://en.wikipedia.org/wiki/Opinion\\_polling\\_for\\_the\\_45th\\_Canadian\\_federal\\_election](https://en.wikipedia.org/wiki/Opinion_polling_for_the_45th_Canadian_federal_election)

<sup>4</sup> Conservative Party of Canada Policy Declaration (September 9, 2023):

<https://cpcassets.conservative.ca/wp-content/uploads/2023/11/23175001/990863517f7a575.pdf>, p. 10.

<sup>5</sup> <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/fcn15/temporary-relief-fuel-charge.html>

<sup>6</sup> <https://x.com/PremierScottMoe/status/1723087693528064465>

<sup>7</sup> <https://www.saskatchewan.ca/government/news-and-media/2023/december/28/saskatchewan-to-provide-families-with-relief-from-federal-carbon-tax-in-new-year>

<sup>8</sup> EB-2022-0157, Hybrid Hearing Transcripts, Vol. 1, pp. 100 – 101.

<sup>9</sup> EB-2022-0157, Exhibit K1.6, p. 2.

ccASHPs of **+\$4,012** (i.e., electric ccASHPs are more cost effective than natural gas, on average).

- Using a Federal Carbon Charge of zero, Dr. McDiarmid’s analysis results in a customer NPV for electric ccASHPs of **-\$3,516** (i.e., electric ccASHPs are less cost effective than natural gas, on average).
- Using a Federal Carbon Charge frozen at the 2023 level, Dr. McDiarmid’s analysis results in a customer NPV for electric ccASHPs of **-\$128** (i.e., electric ccASHPs are less cost effective than natural gas, on average).

ED and IP’s letters do not state that they would provide any information to survey respondents regarding the political and public policy risk associated with the current Federal Carbon Charge and how it could impact the cost-effectiveness of electric ccASHPs. As noted above, ED in particular was asked by the OEB to provide information regarding this issue but chose not to.

By omitting information regarding the political and policy risk associated with the Federal Carbon Charge and the impact it has on the cost-effectiveness of electric ccASHPs, while providing what appears to be a significant amount of other selective information regarding the potential benefits of electric ccASHPs (based on ED and IP’s letters), Enbridge Gas submits that ED and IP’s survey design would be biased towards influencing consumers to convert to electric ccASHPs and therefore the survey results would be skewed and unreliable.

### *Promotion of Electric Heat Pumps / Regulatory Inefficiency*

IP’s letter provides additional information regarding its survey methodology and notes that they provided pamphlets from the Ontario Clean Air Alliance (“OCAA”) in their door-knocking efforts, consisting of information regarding the benefits of electric heat pumps. ED’s letter provides at least eight examples of information it would provide to survey respondents.<sup>10</sup> IP’s letter also claims that Enbridge Gas’s survey results are biased because some consumers who are not interested in converting to natural gas would not have provided responses to the Company’s survey.

Regarding IP providing pamphlets from OCAA during their outreach to Sanford Project residents, it is important to note that Jack Gibbons of OCAA is listed as a representative of ED as an approved intervenor within the Sanford Project proceeding.<sup>11</sup> ED’s interests consist of “efforts to help consumers adopt heat pumps as the home heating option” and “efforts to combat fossil fuel subsidies”.<sup>12</sup>

Regarding examples of information that ED would provide to survey respondents, it is important to note that despite being asked by the OEB “what information would [ED] include in the survey related to the potential need and costs for household renovations to accommodate a heat pump into an existing home”, ED provides no details on the matter and only states that it would work with a public opinion research firm and Dr. Heather McDiarmid (founder of McDiarmid Climate Consulting which specializes in

<sup>10</sup> EB-2022-0111/EB-2023-0200/EB-2023-0201/EB-2023-0261, ED Letter (January 11, 2024), pp. 4 – 5.

<sup>11</sup> EB-2023-0200, Procedural Order No. 1 (October 19, 2023), Schedule A, p. 1.

<sup>12</sup> EB-2023-0313, Reply Submissions of Environmental Defence (November 29, 2023), p. 3.

“communicating climate mitigation solutions for the residential sector”<sup>13</sup> to establish the information.<sup>14</sup>

Although ED’s letter does not provide details of the information it would provide to survey respondents regarding potential upfront costs for converting to electric ccASHPs (which could be prohibitive<sup>15</sup>), ED’s letter does provide at least eight examples of other information it would provide to survey respondents, which appears to focus on the promotion of electric heat pumps and opposing conversions to natural gas.<sup>16</sup> More specifically, ED’s letter states that it would provide information to survey respondents regarding:

- Potential rebates and loan opportunities to mitigate upfront costs for converting to electric ccASHPs;
- Potential average annual operating cost savings for electric ccASHPs (not upfront costs); and,
- Potential upfront costs for converting to natural gas (i.e., potential extra line charges).

Based on the foregoing, since the intention and effect of ED and IP’s survey methodology appears to be the promotion of electric heat pumps and opposing natural gas expansion projects, Enbridge Gas submits that the proposed evidence should not be funded by natural gas ratepayers and that surveys not squarely aimed at accurately assessing consumer interest in attaching to the natural gas system would not yield reliable results for the purpose of forecasting natural gas attachments.

Regarding IP’s statement that some consumers who are not interested in converting to natural gas would not have responded to Enbridge Gas’s survey, the Company submits that this statement has no basis and reflects a misunderstanding of Enbridge Gas’s survey methodology. Enbridge Gas’s surveys are designed to identify actual consumer interest in converting to natural gas, which includes assessing the number of consumers that are not interested in converting to natural gas. If consumers are not interested in natural gas, there is no better method to communicate this than to provide this response to Enbridge Gas’s surveys. Importantly, the OEB has accepted Enbridge Gas’s survey methodologies and has not expressed any concerns, including in its most recent decisions, regarding the level of engagement or response from consumers that are not interested in converting to natural gas.<sup>17</sup>

In addition to the lack of value ED and IP’s proposed survey evidence would provide the OEB in its assessment of consumer interest in connecting to the natural gas system,<sup>18</sup>

<sup>13</sup> <https://www.mcdiarmidclimateconsulting.ca/about.html>

<sup>14</sup> EB-2022-0111/EB-2023-0200/EB-2023-0201/EB-2023-0261, ED Letter (January 11, 2024), p. 6.

<sup>15</sup> EB-2022-0111, Exhibit I.ED.28(a), Table 2.

EB-2023-0200, Exhibit I.ED.28(a), Table 2.

EB-2023-0201, Exhibit I.ED.28(a), Table 2.

EB-2023-0261, Exhibit I.ED.28(a), Table 2.

<sup>16</sup> EB-2022-0111/EB-2023-0200/EB-2023-0201/EB-2023-0261, ED Letter (January 11, 2024), pp. 4 – 5.

<sup>17</sup> EB-2022-0156, OEB Decision and Order (September 21, 2023), pp. 12, 19, 20.

EB 2022-2048, OEB Decision and Order (September 21, 2023), pp 12, 20.

EB 2022-2049, OEB Decision and Order (September 21, 2023), pp. 11, 19.

<sup>18</sup> EB-2022-0111/EB-2023-0200/EB-2023-0201/EB-2023-0261, Enbridge Gas Letter (December 21, 2023), pp. 4 – 6.

Enbridge Gas is also concerned with regulatory inefficiency if the OEB were to permit the evidence proposals of ED and IP, given that (i) ED (OCAA) and IP have proposed similar information to include within their survey outreach, and (ii) ED and IP have similar interests in using survey outreach to promote electric heat pumps and oppose natural gas expansion projects.

For the foregoing reasons and the reasons included within Enbridge Gas's December 21, 2023 letter, the Company submits that the OEB should deny ED and IP's survey evidence requests.

If you have any questions, please contact the undersigned.

Sincerely,

Haris Ginis

Technical Manager, Leave to Construct Applications

c.c. Charles Keizer (Torys LLP, Enbridge Gas Counsel)  
Judith Fernandes (OEB Staff)  
Kaidie Williams (OEB Staff)  
Michael Beare (OEB Staff)  
Catherine Nguyen (OEB Staff)  
Intervenors (EB-2022-0111/EB-2023-0200/EB-2023-0201/EB-2023-0261)