



Haris Ginis
Technical Manager
Regulatory Applications
Regulatory Affairs

tel 416-495-5827
haris.ginis@enbridge.com
EGIRegulatoryProceedings@enbridge.com

Enbridge Gas Inc.
500 Consumers Road
North York, Ontario
M2J 1P8

VIA EMAIL and RESS

April 30, 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 No.: EB-2022-0335
Integrated Resource Planning Pilot Projects (“IRP Pilot Projects”)
Application Status Update**

Within its April 9, 2024 letter, the OEB requested that Enbridge Gas provide a meaningful and detailed IRP Pilot Projects update by April 30, 2024. The OEB requested that the update explain any planned IRP Pilot Projects scope changes that Enbridge Gas proposes and the anticipated time it will take the Company to update its application and evidence accordingly. In accordance with the OEB’s request, Enbridge Gas is providing the following updates.

Enbridge Gas consulted with the Technical Working Group (“TWG”) in meetings held on April 10 and April 24, 2024 regarding whether there is a need to update the IRP Pilot Projects evidence based on the changes to the 10-year capital forecast resulting from: (i) the annual system reinforcement plan (“SRP”) update, (ii) the annual energy transition adjustments update, which are applied to the Company’s 10-year demand forecast to reflect best available information on energy transition in Ontario, and (iii) the reduction in approved capital in the OEB’s Decision and Order for Enbridge Gas’s Application for 2024 Rates – Phase 1 (EB-2022-0200).

The impact from the SRP update is known and was shared with the TWG. The SRP update resulted in an overall reduction in the number of growth (reinforcement) and distribution pipe (replacement) projects in the 10-year capital forecast that were prioritized for Integrated Resource Planning (“IRP”) assessment and passed technical evaluation, while the total combined cost of all of these projects remained relatively consistent before and after the update.

As a result of the SRP update, the underlying system need¹ and associated baseline

¹ EB-2022-0335, Exhibit C, Tab 1, Schedule 1, pp. 3-4.

facility projects for the Southern Lake Huron (“SLH”) Pilot Project have been pushed out of the Enbridge Gas’s 10-year capital forecast.

For the Parry Sound Pilot Project, the baseline facility alternatives have been revised. A system need/constraint is expected in the event that TC Energy (“TCE”) does not extend the increased delivery pressure at Emsdale Station beyond the current agreement term ending March 31, 2025. It is not known at this time whether the TCE agreement will be extended. As such, the SRP update did not impact the baseline facility project for 2025 (Emsdale station rebuild) but did impact the requirement for the two pipeline reinforcement projects.² A summary of the changes as a result of the SRP update is provided below:

- The 11.5 km of Nominal Pipe Size (“NPS”) 6 steel 4,960 kPa pipe is deferred from 2027 to 2031, and has been reduced in length to 2.5 km.
- The 750 m of NPS 4 steel 1,725kPa pipe reinforcement is no longer required in 2030.

The analysis regarding the impact of the annual energy transition adjustments update on the SRP, including the IRP Pilot Projects, is still ongoing and is not expected to be complete until May 2024. Enbridge Gas is not anticipating making any further adjustments to the IRP Pilot Projects application and evidence to reflect this update.

Enbridge Gas, in consultation with the TWG, has determined that it is appropriate, based on the current information available, to move forward with the SLH Pilot Project focused solely on demand-side alternatives, and with the Parry Sound Pilot Project focused solely on the supply-side alternative. The approach is responsive to the direction from the OEB in the IRP Framework to deploy two IRP pilot projects to understand and evaluate how IRP can be implemented to avoid, delay or reduce facility projects,³ and the primary objectives for learnings from the IRP Pilot Projects have not changed. The revised IRP Pilot Projects scope reflects the updates that have been made to each of the IRP Pilot Projects’ baseline facilities, while ensuring that the application remains focused on the two primary objectives noted below in a manner that optimizes efficiency in the budget and timeline. The primary objectives of the IRP Pilot Projects are to:

- Develop an understanding of how Enhanced Targeted Energy Efficiency (“ETEE”) and Demand Response (“DR”) programs impact peak hour flow/demand; and,
- Develop an understanding of how to design, deploy, and evaluate ETEE and residential DR programs.

In addition to the above-noted primary objectives, in its application Enbridge Gas proposed to implement a supply-side alternative of localized Compressed Natural Gas (“CNG”) injection for both IRP Pilot Projects. Implementing this supply-side alternative

² EB-2022-0335, Exhibit C, Tab 1, Schedule 1, pp. 1-3.

³ EB-2020-0091, IRP Framework for Enbridge Gas, p. 24.

would enable Enbridge Gas to realize the primary objectives of the IRP Pilot Projects by deferring the underlying system needs. In addition, it was noted that it would serve as an opportunity to gain learnings on the use of CNG as a longer-term supply-side alternative, including as a peak shaving alternative.

The SLH system no longer has a baseline facility need in the 10-year capital forecast; however, Enbridge Gas has determined it is the best location to implement demand-side alternatives to achieve the primary objectives given that existing Encoder Receiver Transmitter (“ERT”) technology is already in place and provides the ability to scale for the implementation of ETEE. It should be noted that the SLH system remains very sensitive and the addition of a large development or customer that is not currently included in the forecast may result in a baseline facility need once again within the 10-year capital forecast. Parry Sound presents an opportunity to implement a supply-side alternative to both address the system need and gain learnings on the use of CNG.⁴

The TWG is generally supportive of the revised scope for both IRP Pilot Projects, however, opposition remains regarding the inclusion of natural gas heat pumps as a measure within the advanced technology ETEE offering. Enbridge Gas expects that where a member of the TWG has concerns with one or more elements of the proposed IRP Pilot Projects, they will make this known through the regulatory approval process. Additional information regarding the changes to the scope of the IRP Pilot Projects is provided below.

SLH Pilot Project

A summary of the key aspects of the revised scope of the SLH Pilot Project is provided below.

- Supply-side alternatives: Localized CNG injection will be removed from the SLH Pilot Project.
- Demand-side alternatives: Revise SLH Pilot Project area to the City of Sarnia and implement:
 - Enhanced Demand Side Management (“DSM”) offerings;
 - Residential DR offerings; and,
 - Limited advanced technologies and residential electrification measures.

The original SLH Pilot Project defined an “area of influence” where changes in peak hour demand will most significantly impact the identified system constraint, and a “greater SLH” where changes would not significantly impact the constraint. Enhanced existing DSM offerings for all sectors was limited to the area of influence only, whereas enhanced existing DSM offerings for commercial and industrial sectors was proposed for the greater SLH area only. The previously defined area of influence included a small

⁴ The Parry Sound Pilot Project is contingent on the baseline facility project being required within the IRP Pilot Project term and TCE not extending increased delivery pressure at Emsdale Station through a continued pressure agreement.

portion of the City of Sarnia and Plympton-Wyoming. Given the change in the SLH Pilot Project (i.e., underlying system need and associated baseline facility projects have been pushed out of the Enbridge Gas's 10-year capital forecast), the revised SLH Pilot Project scope does not differentiate between an "area of influence" and a "greater SLH"; instead, the SLH Pilot Project will now target all of the City of Sarnia with all demand-side alternatives.

Widening the SLH Pilot Project area for targeting of all enhanced DSM offerings to the City of Sarnia allows Enbridge Gas to leverage the existing ERT technology that is already in place for residential and small commercial customers, and the associated available baseline data. ERT coverage in the SLH area of influence was limited, and installation of additional ERTs would have been required across the Plympton-Wyoming portion, representing approximately 50% of the area of influence. Given the SLH system need is no longer requiring a baseline facility project within the 10-year capital forecast, there is no longer a driver to align enhanced DSM with the original area of influence and can instead be focused on the optimal area to achieve the primary objectives of the pilot. Enbridge Gas will re-allocate budget from the Parry Sound Pilot Project to the SLH Pilot Project to support enhanced participation, as opposed to incremental ERT installation. The larger pilot area for enhanced DSM is expected to reduce the timeframe required for obtaining learnings on the IRP Pilot Projects' objectives and is anticipated to enhance the representative nature of the IRP Pilot Projects in extrapolating learnings to other geographies.

The reallocated budget to the SLH Pilot Project will also include ETEE funding for advanced technologies and residential electrification measures as part of the SLH Pilot Project instead of the Parry Sound Pilot Project given the advantage of the existing ERT coverage in saving time and budget. Consistent with the original filing, Enbridge Gas intends to provide incentives for residential electrification measures (cold climate air source heat pumps and ground source heat pumps) and advanced technologies (simultaneous hybrid heating, natural gas heat pump and thermal energy storage) in conjunction with its ETEE-version of the residential whole home offering. Enbridge Gas will not own or capitalize the costs of the equipment. For the residential electrification measures, Enbridge Gas plans to leverage a similar approach and delivery model as the enhanced-DSM residential whole home offering, where participating homeowners will select their contractor and fund the project costs, with Enbridge Gas providing enhanced incentives. For the advanced technologies offering, Enbridge Gas plans to utilize a direct install delivery model.

The revised SLH Pilot Project is not targeted at impacting a baseline facility need in the current 10-year capital forecast, but rather presents an opportunity to obtain valuable learnings on the impact of ETEE and DR programs on peak hour/flow and program design considerations. The ETEE offerings delivered through the SLH Pilot Project will also result in ratepayer benefits as well as learnings that will inform DSM program design more broadly. Based on the assumed level of uptake of ETEE in SLH, Enbridge Gas's initial estimates are that the SLH Pilot Project would result in lifetime natural gas savings of 18 million m³.

Parry Sound Pilot Project

A summary of the key aspects of the revised scope of the Parry Sound Pilot Project is provided below.

- Supply-side alternatives: Implementation of localized CNG injection maintained.
- Demand-side alternatives: No implementation of enhanced DSM, advanced technologies, or residential electrification measures.

The Parry Sound Pilot Project would still be addressing a system need in the event that increased pressure cannot be maintained through a continued pressure agreement with TCE. Enbridge Gas believes implementation of the supply-side alternative of CNG through the Parry Sound Pilot Project will provide learnings through the assessment of the frequency CNG is used for peak-shaving purposes in relation to forecasts, operational lessons learned that can enhance future deployments, and financial considerations associated with the use of CNG as an IRP alternative. The Parry Sound Pilot Project is contingent on the baseline facility project being required within the IRP Pilot Project term and TCE not extending increased delivery pressure at Emsdale Station through a continued pressure agreement. It is anticipated that Enbridge Gas will have confirmation on whether the agreement will be extended beyond March 31, 2025 in the fall of 2024.

Learnings for the demand-side alternatives can be better achieved by focusing on the SLH Pilot Project for the reasons discussed above. Enbridge Gas notes that ERTs are only in place in approximately 10% of Parry Sound and installation would have been required across the remaining pilot area. Demand-side learnings can be gained at a more optimal cost and scale in the City of Sarnia given the existing ERTs in place. To preserve the demand-side learnings that were unique to the Parry Sound Pilot Project, including ETEE with advanced technologies and residential electrification, these alternatives will now be included in the SLH Pilot Project.

The demand-side and supply-side learnings of the IRP Pilot Projects are anticipated to inform Enbridge Gas's approach to meeting the system needs of the two pilot projects, which will be reassessed at the conclusion of the pilot.

Next Steps

Enbridge Gas will file updates to the Company's application, pre-filed evidence and interrogatory responses by June 28, 2024. Enbridge Gas is hopeful that an OEB decision could be issued by the end of the year.

If you have any questions, please contact the undersigned.

Sincerely,

Haris Ginis
Technical Manager, Regulatory Applications

c.c. David Stevens (Aird & Berlis LLP, Enbridge Gas Counsel)
Stephanie Cheng (OEB staff)
Intervenors (EB-2022-0335)