

VIA RESS, EMAIL

May 13, 2024

Ontario Energy Board
Attn: Ms. N. Marconi, OEB Registrar
27th Floor, 2300 Yonge Street
Toronto ON M4P 1E4

RE: EB-2024-0111 EGI 2024 Rates Phase 2 - FRPO Issues List Submission

We are writing on behalf of the Federation of Rental-housing Providers of Ontario (FRPO) with respect to the Draft Issues List¹ as directed in Procedural Order No. 1 in the Enbridge Gas Inc. (EGI) 2024 Rates Proceeding. We also provide submissions in support of inclusion of issues arising from the submissions of HRAI and ED.

Asset Life Extension, EDIMP and Alternatives to Gas Infrastructure

In Phase 1 of the Rebasing proceeding, FRPO focused discovery² and submissions³ on the opportunity to incent EGI to consider the use of improved diagnostic capability and directed investment to extend asset life as an alternative to the traditional replacement. This approach was aligned with our and ratepayer, in general, support for the Enhanced Distribution Integrity Management Program (EDIMP) agreed to in the settlement proposal. We were encouraged to see that the Board found:⁴

Phase 2 will provide an opportunity to examine ways in which Enbridge Gas could be provided with an incentive to implement economic alternatives to gas infrastructure replacement projects, including asset life extensions and system pruning, including replacing gas equipment with electric equipment. For the recovery of the cost of economic alternatives to gas infrastructure, how should the expense be treated for rate making purposes – expensed or capitalized?

Our initial reading of Draft Issue 7 conveyed the components of the above Board finding. However, the drafting of the issue seems to narrow the use of incentives to non-gas infrastructure. A simple read of the issue seems to preclude that these incentives could be used to promote targeted investment in specific gas infrastructure and/or enhanced monitoring that would extend the life of the asset economically as opposed to the traditional replacement. FRPO respectfully submits that the issue can be more comprehensive by simply specifying alternatives to gas infrastructure replacement. To ensure clarity, we propose the issue could read:

*How should Enbridge Gas be incentivized to implement economic alternatives to gas infrastructure **replacement** and how should the recovery of its costs be treated?*

¹ PO 1_EGI Rebasing_20240426, Schedule A

² Final Transcript EB-2022-0200 Enbridge Gas Rebasing Vol 1, pg. 110-126

³ FRPO_SUB_EGI 2024 REBASING_20230919, pages 4-6

⁴ dec_order_EGI_2024 Rebasing_Phase I_20231221, page 54

Support for Intervenor Standing and Inclusion of Intervenor Generated Issues

FRPO supports the request for Intervenor Standing and the Request for Cost Eligibility for the Heating, Refrigeration and Air Conditioning Institute (HRAI). In our view, the submissions entered by HRAI to this point in 2024 have benefited the Board and ratepayers in highlighting a serious issue of the EGI has obscured to this point. In our respectful submission, EGI ought to have a positive obligation to disclosure of their utilization of the regulated utility to initiate Enbridge Sustain (Sustain). While FRPO understands that evidence is required to establish how Sustain could somehow benefit ratepayers, we are very concerned that EGI could use ratepayer revenues to cross-subsidize this new venture while potentially having adverse effects on a relatively efficient private sector market. We urge the Board to allow HRAI's involvement in the proceeding to ensure a more balanced inclusion of evidence on how ratepayer choices could be impacted. Their continued contribution to ratepayers' interests would then inform the Board's decision on HRAI's request for cost award at the end of the process.

In that regard, FRPO also supports the inclusion of the issues identified by Environmental Defence (ED). Ratepayers agreed with the company to a settlement on monetary issues for 2024 Rebasement that the Board has approved. Given information that ED has submitted to this point, we are very concerned that money generated from ratepayer revenues may not be supporting customer and stakeholder access to balanced information on energy choices. We support the inclusion of their stated issues including keeping Draft Issue 7 (as refined above) in the Incentive Rate Setting Mechanism issues.

Respectfully Submitted on Behalf of FRPO,

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c. V. Innis, EGIRegulatoryProceedings – EGI
EB-2024-0111 Interested Parties