Shepherd Rubenstein

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BY EMAIL and RESS

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Our File: EB20240067

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2024-0067– Enbridge Gas Inc. 2024 Gas Supply Annual Update – SEC Comments

We are counsel to the School Energy Coalition ("SEC"). These are SEC's comments on the OEB's consultation to review Enbridge Gas Inc.'s ("EGI") 2024 Annual Update to its Gas Supply Plan (the "Annual Update").

2024 Annual Update

SEC has had an opportunity to review the draft comments of the Consumers Council of Canada ("CCC"), and agrees with its observations regarding transportation contracting changes.

Framework Observations

In its consultation initiation letter, the OEB has invited observations on the *Framework for Assessment of Distribution Gas Supply Plans* ("Framework") and the process that has been in place since 2019. This is appropriate, as this is the final year of the current five-year gas supply plan (extended to a 6th year) and a second five-year gas supply plan is expected to be filed in 2025.

SEC's concerns with the Framework are procedural and are similar to those that it raised in the original consultation. SEC believes that it is not appropriate that the principal assessment of gas supply costs takes place through a consultative process and not a formal hearing. While Enbridge's gas supply costs (which include commodity, transportation, and storage) are ultimately approved to be included in rates through different OEB proceedings, specifically QRAMs, and the annual deferral and variance clearance account proceeding[1], the main forum for consideration of the overall and specific supply decisions is the five-year and annual update consultation process. QRAM proceedings are mechanistic and not designed for a rigorous review of gas supply decision-making. The annual deferral

[1] Costs were also approved as part of the Enbridge's rebasing proceeding, but with a couple exceptions related to storage being dealt with as part of Phase 2, they reflect costs for implementing previous five-year gas supply plan and subsequent annual updates. Regardless, all those costs are covered DVA accounts that record variances.

and variance clearance account proceeding can, in certain circumstances, address issues where variances are included in an account, but most gas supply costs are tracked in the PGVA, which is dealt with as part of the QRAM process. Considering QRAMs are usually adjudicated by delegated authority, with extremely short timelines, most gas supply decisions are never approved by a panel of commissioners.

Gas supply itself has become more complex since the release of the Framework as a result of the OEB's IRP decision and the IRP Framework, where supply-side alternatives have (or should) become a much more prevalent consideration, as well as the planned increase in RNG procurement that is being contemplated as part of Phase 2 of Enbridge's rebasing proceeding.

The problem with the OEB's consultative review process is that it does not allow for the ability to properly test the evidence and the reasonableness of decision-making and costs. While the OEB does allow written questions, which are answered by Enbridge through a stakeholder meeting, it is in no way the same as a proper interrogatory process. To be clear, this is not meant in any way to be critical of Enbridge, who have generally been very helpful. It is that the process was not designed for in-depth interrogatories seeking the requisite underlying data and the appropriate testing of very significant costs that are being incurred on behalf of ratepayers. Enbridge forecasts to spend approximately $3.23Bn in gas costs in 2024.[2]

SEC believes that Enbridge's next five-year gas supply plan should be subject to a formal hearing process and adjudicated by a panel of commissioners, which would result in an OEB decision and order pursuant to its rate-setting authority. Once that initial five-year approval is given, the OEB will then be in a better position if subsequent annual updates should be undertaken through a consultative process, as has been done over the last five years.

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Brian McKay, SEC (by email)
Enbridge and Stakeholders (by email)

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[2] EB-2024-0111, Phase 2 Exhibit 4, Tab 2, Schedule A, Attachment 1