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VIA RESS and EMAIL

July 31, 2024

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

Dear Nancy Marconi:

**Re: EB-2024-0067 – Enbridge Gas Inc. (Enbridge Gas)
2024 Annual Update to 5 Year Gas Supply Plan
Enbridge Gas Reply Submission**

Enclosed please find the Reply Submission of Enbridge Gas filed with the Ontario Energy Board in the above noted proceeding.

Should you have any questions on this matter please contact the undersigned.

Sincerely,

Richard Wathy

Richard Wathy
Technical Manager, Regulatory Applications

cc: David Stevens, Aird & Berlis LLP
All Interested Parties EB-2024-0067 (via email)



Enbridge Gas 2024 Annual Gas Supply Plan Update

Reply Submission of Enbridge Gas Inc.

EB-2024-0067

July 31, 2024

A. Introduction and Overview

1. On March 1, 2024, Enbridge Gas Inc. (Enbridge Gas, or the Company) filed its 2024 Annual Gas Supply Plan Update (2024 Annual Update) in accordance with the Ontario Energy Board (OEB) Framework for the Assessment of Distributor Gas Supply Plans (the Framework¹). The 2024 Annual Update is the fifth Annual Update to Enbridge Gas's 5-Year Gas Supply Plan (5-Year Plan). The 2024 Annual Update addresses changes to the market outlook, planning and execution process, contracting decisions executed since the last Annual Update, and also sets out the historical comparisons of actuals required by the Framework.
2. As contemplated by the Framework, stakeholders were given the opportunity to submit written questions to Enbridge Gas and a Stakeholder Conference was convened for Enbridge Gas to answer questions and provide more information about the 2024 Annual Update. The transcribed Stakeholder Conference was held on July 2, 2024. The participants included Enbridge Gas, OEB Staff and eleven stakeholders, mostly representing consumer groups. During the Stakeholder Conference Enbridge Gas's witnesses, Amy Mikhaila, Dave Janisse and Steve Dantzer, made presentations addressing the written questions received and answered follow-up questions from stakeholders.
3. Following the Stakeholder Conference eight stakeholders submitted written comments.² The comments are largely supportive of the 2024 Annual Update. No stakeholder submits that the 2024 Annual Update fundamentally fails to address the Guiding Principles in the Framework. No stakeholder suggests that Enbridge Gas should revise the 2024 Annual Update, or that the OEB should convene a hearing to review and consider items included in the 2024 Annual Update. Many stakeholders did take the opportunity to propose changes to the Framework process in advance of the Company's next 5-Year Plan.
4. The current step in the process is the opportunity for Enbridge Gas to respond to the stakeholder comments received and/or revise its Annual Update based on comments

¹ [Report of the Board - Framework for the Assessment of Distributor Gas Supply Plans \(oeb.ca\)](https://www.oeb.ca/report-of-the-board-framework-for-the-assessment-of-distributor-gas-supply-plans)

² The following parties submitted written comments: Consumers Council of Canada (CCC); Energy Probe Research Foundation (EP); Environmental Defence (ED); Federation of Rental-Housing Providers of Ontario (FRPO); Pollution Probe (PP); School Energy Coalition (SEC); Three Fires Group Inc. and Minogi Corp. (Three Fires/Minogi); and Vulnerable Energy Consumers Coalition (VECC).

received. The next step will be that OEB staff will prepare its Report on the 2024 Annual Update.

5. In their written comments, several stakeholders express their support for Enbridge Gas's 2024 Annual Update and Enbridge Gas's approach to the Stakeholder Conference process. VECC indicates "... we conclude that overall EGI has presented a robust and prudent gas planning process and resultant gas plan".³ CCC states that "[o]verall, CCC has no significant concerns with Enbridge Gas's 2024 rebasing-related implementation plan nor its transportation contracting changes".⁴ SEC adopts CCC's comments about the 2024 Annual Update and comments that Enbridge Gas has generally been very helpful in the Annual Update processes.⁵
6. The suggestions, questions and concerns in stakeholder submissions about Enbridge Gas's 2024 Annual Update were mostly specific to future reporting to support future Vector contracting, as well as concerns with procurement and promotion of "responsibly sourced gas" (RSG), also referred to as "certified gas".
7. Where appropriate, this Reply Submission includes Enbridge Gas's specific responses to comments about the 2024 Annual Update. Failure to respond to any particular item should not be interpreted as agreement from Enbridge Gas.
8. In large part, the stakeholder submissions focus on the OEB's invitation in its April 15, 2024 letter for parties to provide observations about the Framework and the consultative process that has been in place since 2019.
9. As Enbridge Gas indicated in its July 10, 2024 letter, it believes that the Framework process is working well and as intended.⁶ Enbridge Gas provides detailed information about its gas supply plan and process and interested parties have the opportunity to receive further information through a consultation process. Over the course of six years, there has only been one instance where the OEB found it necessary to conduct its own review of any item, and in that instance the OEB found that the Company's process and decisions about Vector

³ VECC Submission, paras. 1 and 15.

⁴ CCC Submission, page 1.

⁵ SEC Submission, page 1.

⁶ <https://www.rds.oeb.ca/CMWebDrawer/Record/858823/File/document>

contracting were consistent with gas supply planning principles, however, the OEB mentioned that further information in support of the contracting decision made would be helpful, which Enbridge Gas has provided.

10. A common theme in several submissions is that the OEB should amend the Framework, to allow for an adjudicative process to review the Company's Gas Supply Plan. For the most part, parties propose that this adjudicative process should be put in place for the 5-Year Plan, leaving open whether that would be required for each Annual Update.⁷
11. Enbridge Gas disagrees that a mandatory adjudicative process is needed. There are already a large number of adjudicative processes reviewing the Company's plans and operations, including the very broad ranging and many years long rebasing proceeding. The approach set out in the Framework sets an appropriate balance, where the Gas Supply Plan is first reviewed through a consultative process and then, if necessary, a hearing is convened. This is a much more efficient process that can be completed in a few months as compared to a formal adjudicative process that includes more steps and requirements. This efficient and timely consultative process is particularly appropriate in the context of gas supply plan reviews, because the plans reflect OEB-approved methodologies and prior approvals and follow a principle-based approach using the OEB's Guiding Principles.
12. Enbridge Gas submits that if the OEB is considering substantial changes to the Framework, including for example adding a mandatory adjudicative process, then the OEB should first undertake a formal process to amend the Framework similar to the process used when the Framework was established.⁸ This would allow Enbridge Gas and all interested parties to have the opportunity to specifically respond to the amendments that the OEB has in mind and provide specific proposals before any such changes are finalized.
13. Parties also propose additions to what should be included/addressed in future Gas Supply Plan filings. Among the areas proposed are additional quantitative evidence⁹; consideration of IRP implications¹⁰; expansion of demand forecasting information, including energy

⁷ Parties proposing an adjudicative process include ED, FRPO, PP and SEC.

⁸ [Framework for the Assessment of Distributor Gas Supply Plans | Ontario Energy Board \(oeb.ca\)](https://www.oeb.ca/framework-for-the-assessment-of-distributor-gas-supply-plans)

⁹ FRPO Submission, pages 6-8.

¹⁰ FRPO Submission, pages 4-6; ED Submission, pages 1-2.

transition implications¹¹; further information about RNG¹²; Indigenous consultation requirements and reporting¹³; and enhancement of the scorecard¹⁴.

14. Enbridge Gas addresses these proposals below. Some of the proposals can be adopted in future Gas Supply Plans. However, in many cases, the suggestions made relate to items more appropriately addressed in other processes or contexts.

B. Comments on 2024 Annual Update

15. As already summarized, parties either support or do not specifically take issue with the Company's 2024 Annual Update.
16. No party objects to any of Enbridge Gas's 2024 contracting decisions. No party indicates that their comments or concerns require an OEB hearing on the 2024 Annual Update.
17. As noted, stakeholder comments about the 2024 Annual Update focused on the renewed and additional Vector contract and on certified gas (RSG).
18. On the topic of Vector contracting, parties acknowledge that the 2024 contracting for renewed and additional Vector capacity is consistent with past approaches which were endorsed by the OEB in the 2023 Annual Update and therefore raise no objection.¹⁵
19. Some parties request that Enbridge Gas provide further supporting and reporting information about the associated costs of Vector capacity (including gas purchases at Chicago) in future Annual Updates/5-Year Plan. This includes requests to provide forward pricing information at Chicago and Dawn¹⁶, ongoing information about pricing differentials between Chicago and Dawn¹⁷; evidence quantifying avoided infrastructure costs for the

¹¹ VECC Submission, pages 2-3; Three Fires/Minogi Submission, pages 3-8.

¹² VECC Submission, pages 4-5; PP Submission, pages 6 and 11.

¹³ Three Fires/Minogi Submission, pages 8-10.

¹⁴ PP Submission, pages 11-13.

¹⁵ See, for example, CCC Submission, page 3; VECC Submission, para. 4; FRPO Submission, page 1.

¹⁶ FRPO Submission, page 4.

¹⁷ VECC Submission, para. 4.

Sarnia area¹⁸ and information about the actual gas cost experience for Chicago supply premiums as compared to forecasts¹⁹.

20. Enbridge Gas continues to believe that forward pricing is not a proper determinant for landed cost analysis to support long-term contracting decisions.²⁰ In the EB-2023-0326 Decision on the Vector Contracting Decision, the OEB agreed with Enbridge Gas that “utilizing forward market prices is not sufficiently robust or reliable to support the 2021 Vector contracting decision.”²¹ However, the Company will investigate and consider such information in connection with future Vector contracting decisions, as was done in this 2024 Annual Update by way of the ICF study that evaluated price forecasts for Chicago, including forward market pricing.²²
21. Where relevant, Enbridge Gas will provide information about infrastructure requirements that are potentially avoided or reduced by gas supply decisions, as can be the case with third party gas supply contracts to serve the Sarnia market. The Company notes, though, that this will often be more qualitative or narrative evidence than quantitative analysis, since the infrastructure being potentially avoided may not be a near-term requirement identified and costed within the Asset Management Plan. To be clear, Enbridge Gas does not plan to provide specific cost avoidance or cost-benefit quantification evidence in its filings that detail potential infrastructure avoidance benefits from gas supply decisions unless the costs of the potentially required future facilities have already been quantified in the Asset Management Plan or elsewhere.
22. In terms of information about the actual costs of contracting decisions as compared to forecast costs, Enbridge Gas has committed to developing additional performance metrics to demonstrate actual costs by path. This will be included in next year’s Gas Supply Plan filing. However, as explained in Appendix K to the 2024 Gas Supply Plan filing, the Company does not track detailed information about the actual premium paid for specific supply versus forecast premiums on a contract level. Enbridge Gas did prepare some analysis for the 2021 Vector Contracting decision, however, a large number of assumptions

¹⁸ CCC Submission, page 5; FRPO Submission, page 5.

¹⁹ CCC Submission, pages 4-5.

²⁰ 2023 Annual Gas Supply Plan Update, EB-2023-0072, Updated Appendix F, pages 2-5.

²¹ EB-2023-0326 Decision and Order, March 5, 2024, page 13.

were made, and it was a very onerous and resource intensive exercise. In addition, the 2024 Vector Capacity renewal is effective November 1, 2024, so there will not be sufficient actual data to compare to forecasted premiums for supply diversity in any meaningful way.

23. On the topic of certified gas, some parties express concerns about Enbridge Gas pursuing this supply source, particularly if any premium is paid or if Enbridge Gas promotes attributes of certified gas procured.²³ Three Fires/Minogi express support for certified gas if Enbridge Gas can establish that certifications expressly respect the rights of Indigenous people.²⁴
24. As explained in the Stakeholder Conference, Enbridge Gas procures some volumes of gas that is certified but does not pay any premium for such gas. The Company reports on this through the Annual Updates, since the topic has been an area of interest for stakeholders in the past.²⁵ The Company will continue to report on certified gas procurement in future Gas Supply Plan filings, including any further investigations into the requirements, assurances and benefits of certifications. Enbridge Gas is aware of the new requirements of Bill C-59 and changes to the *Competition Act* and will take account of those requirements in any future customer communications and promotional activities.

C. Comments on the Framework and Gas Supply Plan Filings

25. Intervenor submissions focus in large part on changes that could be made to the Gas Supply Plan review process, and to the contents of Gas Supply Plan filings.
26. Enbridge Gas believes that the process set out in the Framework is working well. The OEB and stakeholders have a better understanding of the Company's gas supply planning process as a result of the presentation and review of the 5-Year Plan and Annual Updates. The presentation and review process allows OEB staff and interested parties to obtain more information about areas of interest, and parties have been generally satisfied with the level of information and cooperation. Enbridge Gas does not propose any changes to the Framework or related processes which, in the Company's view, strike an appropriate balance between information sharing and regulatory efficiency.

²² See Annual Update evidence, pages 36-37 and Appendix G.

²³ VECC Submission, paras. 10-11; and Three Fires/Minogi Submission, pages 10-11.

²⁴ Three Fires/Minogi Submission, pages 10-11.

²⁵ July 2, 2024 Stakeholder Conference Transcript, pages 179-182 and 187-191.

27. The Company has evolved its Gas Supply Plan filings to be responsive to comments received in prior years. For example, over the past years, Enbridge Gas has added three performance metrics: emissions abated through procurement of RNG and hydrogen (tCO₂e); percentage of RSG in the portfolio; and OEB-approved supply-side IRP alternatives implemented in the Plan.²⁶ In the 2023 Annual Update, Enbridge Gas provided additional information related to Vector contracting discussed as part of 2022 Annual Update process. In recent Annual Update filings, Enbridge Gas has also included additional demand tables comparing the current year's gas supply plan to the prior year's gas supply plan for the last three years.
28. Enbridge Gas takes specific exception to the strident and unfounded criticisms from Pollution Probe about the Gas Supply Plan consultation process. It is not accurate or fair to say that Enbridge Gas is "gaming" the process, or that improvements to the filings and process have been "meagre".²⁷ No other party makes these accusations. The Company has been transparent, helpful and responsive throughout all of the Gas Supply Plan processes. SEC comments that Enbridge Gas has "generally been very helpful".²⁸ VECC comments that "the process is constructive and works reasonably well".²⁹ CCC states that it "appreciates the comprehensive responses to its written questions provided as part of Enbridge Gas presentation at the Stakeholder Conference".³⁰
29. The OEB staff reports to the OEB, that are filed each year to evaluate and report on the Annual Updates, have always found that the Company's Gas Supply Plans are consistent with the OEB's gas supply planning guiding principles. As stated above, there has only been one instance where the OEB found it necessary to conduct its own review of any item, and in that instance the OEB found that the Company's process and decisions about Vector contracting were consistent with gas supply planning principles.
30. Several parties now propose that the OEB should amend the Framework, to allow for a mandatory adjudicative process to review the Company's Gas Supply Plan. For the most

²⁶ Contrary to the comments from PP, these additions were made directly in response to suggestions made by parties, including PP.

²⁷ The criticisms are found throughout the PP Submission – the accusatory phrases quoted here are found at pages 3 and 5.

²⁸ SEC Submission, page 2.

²⁹ VECC Submission, para. 15.

part, parties propose that this adjudicative process should be put in place for the 5-Year Plan, leaving open whether that would be required for each Annual Update.³¹

31. Enbridge Gas disagrees that a mandatory adjudicative process is needed. Parties made the same submission in support of an adjudicative process when the Framework was established.³² At that time, the OEB determined that a mandatory adjudicative process was not needed, in part because the assessment of gas supply plans does not result in a decision on the costs or cost recovery of the gas supply plan.³³ Taking this into account, the OEB developed a process that allows for a stakeholder review process and OEB staff report, to be followed by an OEB hearing only as necessary. That allows for only problematic issues to be escalated to a hearing.
32. The Company observes that the current process is functioning as intended. The approach set out in the Framework sets an appropriate balance, where the Gas Supply Plan is first reviewed through a consultative process and then, if necessary, a hearing is convened. This is a much more efficient process that can be completed in a few months as compared to a formal adjudicative process that includes more steps and requirements.
33. Several parties submit that the current consultation process should be amended, so that Enbridge Gas provides written responses to stakeholder questions in advance of the stakeholder conference, and also answers follow-up questions in writing (undertakings).³⁴ Enbridge Gas does not agree. This removes the efficiency of the current process, by effectively adding a second stage of discovery in the form of a technical conference to follow up on written answers.
34. As noted earlier, Enbridge Gas submits that if the OEB is considering substantial changes to the Framework, including for example adding a mandatory adjudicative process, then the OEB should first undertake a formal process to amend the Framework similar to the process

³⁰ CCC Submission, page 1.

³¹ Parties proposing an adjudicative process include ED, FRPO, PP and SEC.

³² See, for example, submissions from FRPO ([here](#)); SEC ([here](#)); and VECC ([here](#)).

³³ Framework, page 2.

³⁴ See, for example, PP Submission, page 5; and ED Submission, page 2.

used when OEB rules are amended, and similar to the process used when the Framework was established.³⁵

35. Beyond the suggestion to require a mandatory adjudicative process, parties also propose additions to what should be included/addressed in future Gas Supply Plan filings. Key examples of the suggestions made are listed below, along with Enbridge Gas's response.

- a. *Additional quantitative evidence.* FRPO suggests that the customer impact analysis currently filed in the Annual Updates be expanded to include more information about cost consequences and differences.³⁶

Enbridge Gas does not believe that there is a gap here. The landed cost analysis filed by Enbridge Gas includes the detailed information required to compare options. Generally speaking, the customer impacts of any decision will be hard to distinguish on a percentage or bill impact basis, because the relative impacts of different options are very small when the overall gas supply costs are considered.

- b. *Consideration of IRP implications.* FRPO suggests that, where appropriate, gas supply contracting decisions should include an assessment of facilities benefit resulting from the gas supply contract.³⁷ ED suggests that the gas supply plan should include all gas transmission expansion projects planned over ten years, along with proactive steps to keep supply side alternatives to those projects available.³⁸

Enbridge Gas agrees that it will provide discussion and description of potential facilities benefits that could result from gas supply contracting where that is a relevant consideration related to a new contracting decision (including renewals). The Company does not agree to provide a ten year view of transmission projects and potential gas supply alternatives in the gas supply plan. This is not a gas supply function. It is properly evaluated as an IRP activity.

- c. *Expansion of demand forecasting information, and recognition of energy transition.* VECC suggests that Enbridge Gas should modify its demand forecasts, so that they align with transportation delivery points and delivery areas.³⁹ Three Fires/Minogi suggest that the Annual Updates should assess and address the ongoing and future impacts of the energy transition, in terms of global policy developments, impacts on gas supply in Ontario, impacts on local communities and impacts versus assumptions in the current 5-Year Plan.⁴⁰ PP suggests that the OEB should recognize the importance of the Gas Supply Plan being able to adapt on an annual basis to align with energy transition demands.⁴¹

³⁵ [Framework for the Assessment of Distributor Gas Supply Plans | Ontario Energy Board \(oeb.ca\)](#)

³⁶ FRPO Submission, pages 6-8.

³⁷ FRPO Submission, page 6.

³⁸ ED Submission, pages 1-2.

³⁹ VECC Submission, page 3.

⁴⁰ Three Fires/Minogi Submission, pages 3-8

⁴¹ PP Submission, page 5.

Enbridge Gas agrees that its 5-Year Plan and Annual Updates should include and address information about how the Company's Gas Supply Plan is able to adapt to changes in demand arising from energy transition. This can include review of how actual experience compares to what was forecast. The Company also agrees that its filings should include information about how, if at all, the energy transition is impacting gas supply options. Enbridge Gas does not agree that the Gas Supply Plan and related review processes are the proper forum to consider and critically review demand forecasts – those are items determined in rate proceedings, including the rebasing case. Similarly, any impacts of energy transition on local communities is not a topic that is properly included within the gas supply plan review process.

- d. *Further information about RNG.* VECC suggests that the OEB require Enbridge Gas to provide more information about RNG potential in Ontario and how premiums would be recovered from ratepayers.⁴² PP suggests that Enbridge Gas should be required to provide more information about the environmental attributes associated with RNG.⁴³

As Enbridge Gas made clear at the Stakeholder Conference, questions about RNG and the Company's future plans for expansion of RNG are squarely at issue in Phase 2 of the rebasing proceeding. Where the volumes of RNG in the Gas Supply Plan increase in the future, then there will very likely be more information included in Gas Supply Plan filings at that time.

- e. *Indigenous consultation requirements and reporting.* Three Fires/Minogi suggest that the Company should have undertaken Indigenous consultations with its First Nations customers to canvass their views and ideas in relation to the Annual Update, and more generally in relation to impacts from energy transition. These parties request that future Gas Supply Plan Annual Updates (or 5-Year Plans, presumably) include commentary on how First Nations customers were engaged, developments relevant to First Nations, consequences of issues identified on First Nations and actions been taken to address identified issues or risks.⁴⁴

While Enbridge Gas maintains its position that formal consultation on the Annual Update is not required, as it does not have an impact on traditional lands or Aboriginal or treaty rights, the regulatory process itself is a consultation.⁴⁵ Interested indigenous groups like those represented by Three Fires/Minogi, can participate in the regulatory process, which in and of itself is a form of consultation. In addition, Enbridge Gas would like to highlight that it has established an Indigenous Working Group (IWG), which includes representatives from seven Indigenous communities or corporations, including Three Fires/Minogi and Enbridge Gas has and will continue to provide capacity funding to participants of the IWG as set out in the EB-2022-0200 Decision on Settlement Proposal and subsequent report filed with the OEB.⁴⁶ Enbridge Gas is committed to discussing and engaging on topics of interest with the IWG, and this includes matters related to energy transition, which in fact is one of the

⁴² VECC Submission, pages 4-5.

⁴³ PP Submission, pages 6 and 11.

⁴⁴ Three Fires/Minogi Submission, pages 8-10.

⁴⁵ July 2, 2024 Stakeholder Conference Transcript, pages 22-23.

⁴⁶ EB-2024-0125, Exhibit H, Tab 1, Schedule 2.

focus areas set out in the Decision on Settlement Proposal. Where specific gas supply issues are of interest to members of the IWG, these can be added to the areas being addressed. The Company has filed a report with the OEB on the activities of the IWG in its first year, and will continue to do so each year.⁴⁷

- f. *Enhancement of the scorecard.* PP suggests that the current scorecard be enhanced with specific metrics and targets, with the updated approach to be determined through a separate stakeholder consultation.⁴⁸

Enbridge Gas disputes that the current scorecard is deficient. It meets the OEB's expectations for performance metrics, as set out in Framework.⁴⁹ There is no requirement in the Framework for the performance metrics to include "targets". Enbridge Gas has, at the instance of PP, recently added performance reporting related to RNG volumes and GHG reductions. No party other than PP has raised any concerns about the current scorecard. And even PP does not point to specific items that should be added to the performance scorecard and "measured" that relate to the core of the Gas Supply Plan. The items noted by PP all relate to "public policy", and include things like alignment with community energy plans, IRP and "policy drivers in the OEB Mandate Letter". Enbridge Gas submits that there is no need for the suggested stakeholder consultation on performance metrics.

36. In general, as can be seen from the responses set out above, Enbridge Gas acknowledges that there are additional gas supply related items that could be addressed in future Gas Supply Plans. However, many of the items proposed are better addressed in other existing proceedings, processes and forums. Some will argue that this is evidence of a siloed approach. Enbridge Gas disagrees. The OEB and stakeholders participating in the gas supply plan review process also participate in many other Enbridge Gas related processes and proceedings. Addressing the same topics and items in multiple processes and proceedings is not efficient, and potentially leads to inconsistent outcomes and/or duplication.

All of which is respectfully submitted this 31st day of July 2024.

⁴⁷ Ibid.

⁴⁸ PP Submission, pages 6 and 11-13.

⁴⁹ Framework, pages 11-12.