



**Pollution
Probe**

130 Queens Quay East, Suite 902
Toronto, Ontario M5A 0P6
T 416.926.1907 F 416.926.1601
www.pollutionprobe.org

Ms. Nancy Marconi
OEB Registrar
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

August 14, 2024

**EB-2024-0125 Enbridge 2023 Utility Earnings and Disposition of Deferral & Variance Accounts
Pollution Probe Interrogatories to Applicant**

Dear Ms. Marconi:

In accordance with OEB direction, please find attached Pollution Probe's Interrogatories to the Applicant for the above noted proceeding. Appendix A has been filed in parallel.

Respectfully submitted on behalf of Pollution Probe.



Michael Brophy, P.Eng., M.Eng., MBA
Michael Brophy Consulting Inc.
Consultant to Pollution Probe
Phone: 647-330-1217
Email: Michael.brophy@rogers.com

Cc: Enbridge Regulatory (via EGIRegulatoryproceedings@enbridge.com)
All Parties (via email)
Richard Carlson, Pollution Probe (via email)

ONTARIO ENERGY BOARD

**Enbridge Gas Inc.
2023 Utility Earnings and Disposition of Deferral & Variance Accounts**

POLLUTION PROBE INTERROGATORIES

August 14, 2024

**Submitted by: Michael Brophy
Michael Brophy Consulting Inc.
Michael.brophy@rogers.com
Phone: 647-330-1217
28 Macnaughton Road
Toronto, Ontario M4G 3H4

Consultant for Pollution Probe**

A-Pollution Probe-1

Reference: Enbridge Gas requests that certain information included at Exhibit D, Tab 1 Schedule 6 be treated as confidential under the OEB's Practice Direction on Confidential Filings [A2 Page 3].

Has Enbridge filed the request for confidential treatment of certain information in this Application, as noted above? If not, when is this expected. If yes, please provide a copy.

B-Pollution Probe-2

Reference: Unregulated Adjustments (Line 24) increased by \$8.5 million driving lower O&M due to incremental unregulated costs primarily related to Enbridge RNG projects, Enbridge Sustain, and the Carbon Capture project. [B/3/1 Page 4]

- a) Please provide details related to each of the items noted by Enbridge above, including the impact of each item and reconciling it as a portion of the \$8.5 million.
- b) Please explain for each of the three categories above why these were done through the regulated utility and then adjusted, rather than just performing each of those activities entirely outside the regulated utility.

C-Pollution Probe-3

- a) Please provide the OEB approved description for the IRP Operating Costs Deferral Account and how Enbridge has determined that account description applies to amounts proposed to be cleared in 2023.
- b) Please provide the current OEB approved description for the IRP Operating Costs Deferral Account (if different from the response to part a) and indicates how that varies from the description outlined in part a.

C-Pollution Probe-4

Reference: C1 Page 4.

	<u>Union Policy</u>	<u>EGD Policy</u>	<u>EGI Policy</u>
<ul style="list-style-type: none"> • Verification of Maximum Operating Pressure Program (MOP); • Customer Assets Programs (Low Pressure Delivery Meter Set and Farm Tap Programs); • Distribution Integrity Technology; • Distribution Records Management Program; and, 	Expensed as incurred	Capitalized	Expensed as incurred
<ul style="list-style-type: none"> • Integrity Digs resulting from integrity inspections 	Expensed as incurred	Capitalized	Capitalize

- a) For each of the items above, please provide the OEB Decision reference approving the treatment for the merged Enbridge Gas Inc.
- b) If specific OEB approval has not been provided for any item in the table above, please indicate when Enbridge expects to seek approval for the change in treatment.

C-Pollution Probe-5

Reference: C1 Page 5

	<u>Union Policy</u>	<u>EGD Policy</u>	<u>EGI Policy</u>
Threshold	IDC is only calculated on projects with capital spend of \$1 million or greater, and that have a duration of greater than 12 months	No threshold – applied to all capital projects regardless of size and duration	No Threshold – applied to all capital projects regardless of size and duration
Rate	OEB prescribed interest rate for CWIP	Weighted average cost of debt (WACD)	OEB prescribed interest rate for CWIP

- a) For each of the items above, please provide the OEB Decision reference approving the treatment for the merged Enbridge Gas Inc.
- b) If specific OEB approval has not been provided for any item in the table above, please indicate when Enbridge expects to seek approval for the change in treatment.

C-Pollution Probe-6

Reference: C1 Page 15, Table 1

<u>Line No.</u>	<u>Item</u>	<u>Description</u>	<u>Millions (\$)</u>
1	Incremental FTE's	Salaries, loadings and expenses	\$2.680
2	East Kingston Creekford Rd Project	Project costs	\$0.278
3	Posterity Group	Model enhancement costs	\$0.113
4	Stakeholder Engagement	Promotion and materials	\$0.010
5	Total Requested for Clearance		<u>\$3.081</u>
6	IRP Pilot Projects	Not Requested for Clearance	<u>\$0.061</u>
7	Total in IRP Operating Cost DA		<u>\$3.142</u>

- a) Please confirm that all costs related to the East Kingston Creekford Rd Project were incurred in 2023. If any costs related to the project were incurred outside 2023, please provide the full project costs segmented by year and cost centre they were (or will be) allocated to.
- b) Please provide a copy of the East Kingston Creekford Rd Project completion (or equivalent) report or related documentation (presentation, etc.).
- c) Please provide the start date and end date for the East Kingston Creekford Rd Project and also when the amounts summing to the project costs of \$0.278 million were posted to the IRP Operating Costs Deferral Account.
- d) Please confirm the Capital estimate for the East Kingston Creekford Rd Project (or alternate name if applicable) that was used for Capital planning (AMP) purposes and provide the source reference.
- e) Please provide a copy of the materials (report, slides, memo, email and/or SOW) indicating the scope and delivery of work performed by Posterity Group for the "Model enhancement costs" noted in Table 1.

C-Pollution Probe-7

References: C1 Page 15, Table 1 and
PollutionProbe_IR_AppendixA_IRPOCDA_20240814

- a) Please reconcile the EB-2022-0200 Exhibit I.9.1-PP-40d response (per attachment noted above) with Table 1.
- b) Please confirm that the balance in the Enbridge Gas IRP Capital Cost Deferral Account (Account No. 179-386) is still zero. If that is incorrect, please provide the current values and when they were journaled into the account.

C-Pollution Probe-8

Reference: The East Kingston Creekford Rd Reinforcement project was a planned \$24.3 million capital reinforcement for 2024. Enbridge Gas's Asset Management Plan (AMP) included this investment in the 2024 – 2028 Rebasing application⁶. The proposed facility project submitted in the AMP was a replacement of the entire existing NPS 6 pipeline from Westbrook check measurement station (CMS) to the Woodbine town boarder station (TBS) to account for forecasted growth, and to address class location and depth of cover issues which exist on the current Kingston Lateral. [EB-2023-0092 Exhibit C, Tab 1, Page 20, including footnote 6 - EB-2022-0200, Exhibit 2.6.2 Appendix A, p. 25 of 59.]

- a) Please confirm that the CNG IRP alternative is to replace a project that was planned for 2024 in the Enbridge AMP and as presented in EB-2022-0200 (Enbridge 2024-2028 Rebasing period). If incorrect, please explain.
- b) Please provide any OEB approvals from EB-2022-0200 related to this project and/or the 2024 Capital envelope for which this project was identified.
- c) Please explain why Enbridge is describing the East Kingston Creekford Rd project as a Reinforcement project, when the purpose (as noted above) is a replacement of the existing pipeline.

C-Pollution Probe-9

Reference: Enbridge Gas engaged Posterity to assess the ETEE potential for the Kingston project service area to understand if conservation could reduce demands and reduce, defer or eliminate the facility infrastructure needed. [EB-2023-0092 Exhibit C, Tab 1, Page 24]

Please provide a copy of the Posterity Report.

C-Pollution Probe-10

Reference: The East Kingston Creekford Rd Reinforcement project was a planned \$24.3 million capital reinforcement. Enbridge Gas determined that this project could be deferred by implementing a supply side IRP alternative in the form of CNG beginning in 2022. [Exhibit C Tab 1 Page 19]

- a) Please confirm that the Enbridge did not file an IRP application for the East Kingston Creekford Rd Reinforcement project and has not previously received OEB approval for this IRP project. If not correct, please provide the details.
- b) Was the East Kingston Creekford Rd Project the name of the original Capital project in Enbridge's Asset Management Plan, or just the name of the IRP Alternative? If there was a different name for the Capital project, please provide it.
- c) Please provide the most recent Asset Management Plan references filed with the OEB that includes the East Kingston Creekford Rd Project (or alternate name if applicable) that was deferred.
- d) Please provide the first Enbridge AMP version reference that includes the East Kingston Creekford Rd Reinforcement project. If the first AMP reference to the Reinforcement has not been filed with the OEB, please file the related pages pertaining to the Reinforcement.
- e) Please provide the most recent Enbridge AMP materials filed with the OEB that includes the East Kingston Creekford Rd Reinforcement project planned at a cost of \$24.3 million.
- f) Is the East Kingston Creekford Rd Reinforcement project in the most current version of the Enbridge AMP? If yes, please provide the references if already available on the OEB record or provide the relevant documentation if not already filed.
- g) Please explain when the East Kingston Creekford Rd Reinforcement project is deferred until and the analysis (report, presentation or other information) supporting the deferral period.

D-Pollution Probe-11

Reference: Exhibit D, Tab 1, Attachment 1

Please provide a copy of the RFP and Highwood agreement for the EGI Fugitive Emissions Measurement Report.

D-Pollution Probe-12 (for Highwood)

Reference: **Recommendation 1:** Develop company-specific emission factors based on source-level measurements for DO. [Exhibit D, Tab 1, Attachment 1, Page 95]

- a) Please explain what “company-specific emission factors” are and provide examples of how they are calculated and used by similar utilities.
- b) Why not use internationally recognized emissions factors so that emissions can be compared and calculated in a standard manner consistent with recognized protocols?
- c) Please provide any benchmarking against peer utilities that identify the current state and ultimate best practice targets for emission reductions.

H-Pollution Probe-13

Reference: The East Kingston Creekford Rd Reinforcement project was a planned capital reinforcement, and Enbridge Gas determined that this project could be deferred by implementing a supply side IRPA in the form of CNG beginning in 2022. [Exhibit H, Tab 1, Schedule 1, Page 18]

- a) Please explain why the CNG was implemented in 2022 if the Enbridge AMP did not have construction of the Reinforcement planned until 2024.
- b) Please confirm the date that the CNG facility was commissioned and the volumes (natural gas m3 and GJ equivalent) of CNG injected in that year.
- c) Please confirm that the CNG facility is still operating in 2024 and the 2024 YTD volumes (natural gas m3 and GJ equivalent) of CNG injected into the system.
- d) Please provide Enbridge’s estimate for when the CNG facility will be required until and any documentation to support that estimate.
- e) Does Enbridge own and/or operate the CNG facility or a third party. If it is a third party, please provide a copy of the agreement.
- f) Is any portion of the CNG facility included in Enbridge Capital (i.e. rate base)? If yes, please provide the details.
- g) Please confirm that no targeted DSM was leveraged for the area served by the pipeline and explain why not. If it was used, please provide the details and results.

H-Pollution Probe-14

Reference: October 31, 2023 – Enbridge Gas filed the Asset Management Plan Addendum – 2024 under EB-2020-0091 which included an updated version of the previously filed Appendix B on March 8, 2023 at EB-2022-0200. This updated Appendix B filed on October 31, 2023 included the original 3,087 investments as well as 1,194 new investments to Appendix B. [Exhibit H, Tab 1, Schedule 1, Page 7]

- a) Please confirm that the East Kingston Creekford Rd Reinforcement is the only IRP related alternative implemented by Enbridge. If not correct, please provide details on IRPAs implemented and their success.
- b) In addition to this Kingston project, please provide a list of IRP alternatives proposed to be implemented based on the 4,281 (3,087 + 1,194) projects in the AMP and a schedule of when they are proposed to be implemented.

H-Pollution Probe-15

Reference: EB-2024-0125, Exhibit H, Tab 1, Schedule 1, Page 36.

- a) Please describe what is meant for each project in the table where it notes “Rejected - No longer in 10 year AMP”.
- b) Please describe how a project assessment results in a determination of “Low Cost, Low Value Category” and provide any supporting materials that help define when a project should be put in that category (i.e. it is not defined in the IRP Assessment Screening and Evaluation Guidelines).
- c) Please provide the documentation that supports the Status for each project in the table.

H-Pollution Probe-16

Reference: IRP Assessment Screening and Evaluation Guidelines (EB-2024-0125, Exhibit H, Tab 1, Schedule 1, Page 87)

- a) Enbridge had filed a preliminary draft version of IRP Screening Guideline in EB-2022-0200. Is this the first time Enbridge has filed the the IRP Assessment Screening and Evaluation Guidelines?
- b) What approvals (if any) is Enbridge requesting related to the IRP Assessment Screening and Evaluation Guidelines?