resilient LLP

August 23, 2024

VIA RESS

Ontario Energy Board
P.O. Box 2319,
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Attention: Registrar

Dear Ms. Marconi,

Re: Enbridge Gas Inc. ("EGI")
2024 Rebasing and IRM – Phase 2
Board File No.: EB-2024-0111

We are counsel to Three Fires Group Inc. ("**TFG**") and Minogi Corp. ("**Minogi**") in the above-noted proceeding. Please find attached TFG and Minogi's joint interrogatories to (i) Energy Futures Group on Exhibit M1 and (ii) Current Energy Group on Exhibit M2, pursuant to Procedural Order No. 2.

Sincerely,

DT Vollmer

c. Vanessa Innis, EGI
David Stevens, Aird & Berlis LLP
Dennis O'Leary, Aird & Berlis LLP
Dr. Don Richardson, Minogi
Reggie George, TFG

Encl.

DT Vollmer • Toronto, ON • +1.647.993.6338 • daniel@resilientllp.com

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule. B);

AND IN THE MATTER OF an Application by Enbridge Gas Inc., pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2024 (the "**Application**").

EB-2024-0111

INTERROGATORIES

OF

THREE FIRES GROUP INC.

("TFG")

AND

MINOGI CORP.

("MC")

August 23, 2024

Question: **M1-TFG/MC-1**

Reference:

- Exhibit M1, pp. 6-7, 12-13

Preamble: Energy Futures Group ("**EFG**") notes in its report, "Enbridge Gas 2024 Rebasing Phase 2" (the "**Report**"), that Enbridge Gas Inc.'s ("**EGI**") proposed Energy Transition Technology Fund ("**ETTF**") should only invest in technology that is likely to offer customers better choices.

EFG suggests that the ETTF (i) is heavily biased towards solutions that rely on gas pipelines and the future and role (and therefore profits) of EGI, and (ii) spreads funding across too many projects to have any material impact.

The Report notes that the proposed ETTF will support end-use energy efficiency technology not covered by DSM funding.

EFG recommends that the Board either reject the ETTF or require it to be targeted solely on major energy transition needs that are universally recognized by the industry.

a) Please describe the general characteristics or structure of an energy transition/innovation fund that could both: (i) facilitate the ability of utilities like EGI to obtain funding for worthwhile innovation proposals; and (ii) operate substantially free of the bias concerns raised in the Report.

b) Please comment on what the likely advantages and disadvantages would be of establishing a centralized energy transition/innovation fund, such as a fund administered by the OEB or otherwise on behalf of the provincial government, pursuant to which Ontario utilities could apply for funding of proposed energy transition/innovation projects. As part of your answer, please consider the advantages and disadvantages of such a hypothetical fund as compared with the prospect of an increasing number of "energy transition" funds administered by individual energy utilities in Ontario[1].

c) Please comment on whether and how a centralized and independent source of energy transition/innovation funding in Ontario would address and alleviate the concerns and issues related to the ETTF, as identified in the Report.

d) Are you aware of any centralized sources for energy transition technology funding instead of utility managed funds in other jurisdictions? If yes, please discuss how they operate and how regulated entities apply for and receive funding for proposed projects.

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[1] For example, see Toronto Hydro's proposed "Innovation Fund" in EB-2023-0195, Exhibit 1B, Tab 4, Schedule 2.

e) Assuming an energy transition/innovation fund could overcome the concerns, including relating to bias, raised in the Report, what is the minimum amount of funding that would be necessary to provide a material impact on addressing energy transition risks and supporting the development and use of technologies that support the energy transition in Ontario?

f) Please provide examples of the types of technologies under a hypothetical energy transition/innovation fund that you believe would provide the greatest value to Ontario ratepayers. In your response, please provide examples of energy transition/innovation funds that provide funding for the identified technologies and the types of projects funded.

Question: **M1-TFG/MC-2**

Reference:
- Exhibit M1, p. 13

Preamble: EFG recommends that the Board consider creating a stakeholder advisory committee for the ETTF that would work with EGI on the development of a scoring rubric, the actual scoring of different options, and the selection of project funding priorities.

a) How could the ETTF, or a similar hypothetical energy transition/innovation fund, be improved to support and ensure Indigenous participation and funding for Indigenous-led projects?

b) Are there examples of Indigenous participation in comparable energy transition/innovation funds to the ETTF that could provide helpful precedents for Indigenous participation? If yes, please describe the fund(s) and how they support Indigenous participation.

c) How should EGI, or a similar hypothetical energy transition/innovation fund, encourage Indigenous participation in the stakeholder advisory committee? In your response, please discuss how to ensure (i) meaningful Indigenous participation in the selection of project funding priorities through the ETTF, (ii) Indigenous engagement and participation in projects funded by the proposed ETTF, and (iii) adequate consideration of the interests of First Nations and Indigenous communities.

d) To the extent not already addressed in your answers above, please comment on relevant issues related to improving Indigenous participation in the (i) ETTF, (ii) stakeholder advisory committee, and (iii) projects funded through the ETTF.

Question: **M1-TFG/MC-3**

Reference:
- Exhibit M1, pp. 14-20

Preamble: EFG notes that under the Low-Carbon Energy Program ("**LCEP**") proposal, EGI could procure renewable natural gas ("**RNG**") supplies from anywhere across North America and recommends that the LCEP should prioritize or be restricted to support the development of regional (i.e., Ontario-based) RNG projects and infrastructure.

EFG recommends that the Board cap the price at which EGI can procure RNG at $25.58/GJ.

a) How should EGI and/or Ontario policy work to encourage the development of RNG projects and infrastructure to ensure the supply of Ontario RNG satisfies the demand anticipated in your proposals?

b) What does the recommendation to prioritize the procurement of Ontario-sourced RNG mean for Ontario First Nations and Indigenous groups that may be interested in developing RNG projects?

c) Please comment on whether the price cap will limit the ability of First Nations and Indigenous groups to develop RNG projects? In your response, please consider the unique challenges of many First Nations including (i) access to capital, (ii) location (remote and near-remote), and (iii) the economic realities of many of Ontario's First Nations that may impact the price at which RNG is financially viable.

d) Please comment on how the recommendation to prioritize and/or restrict the development of RNG projects benefits or disadvantages Ontario First Nations and Indigenous groups interested in producing and supplying RNG. In your response, please discuss any unique benefits and/or disadvantages for Ontario First Nations and Indigenous groups as compared to non-Indigenous suppliers and producers, if any.

e) Please comment on setting targets under the LCEP for procuring RNG from First Nations and Indigenous-owned suppliers in Ontario.

Question: **M2-TFG/MC-1**

Reference:
- Exhibit M2, pp. 9-12

Preamble: Current Energy Group ("**CEG**") notes that EGI is financially indifferent to capital investments related to system growth versus capital investments focused on safety and mandatory relocations. CEG further notes that capital investments related to system expansion carry far greater risk to customers than do capital expenditures centered on safety.

CEG suggests that a differentiated ROE creates a financial incentive for EGI to manage investments in gas system expansion and focus on higher return investments, lowering the overall stranded asset risk of its capital investment portfolio.

a) Is it your position that all capital investments related to system expansion carry greater risk to customers than do capital expenditures centred on safety? If not, what are the merits (or lack thereof) of a more nuanced analysis that considers the risk arising from the specific investment/expenditure in question?

b) Do all capital investments related to system expansion give rise to the same extent of stranded asset risk? If not, what are the merits (or lack thereof) of a more nuanced analysis that considers the risk arising from the specific investment in question?

c) Are there certain examples of capital investments related to system expansion that carry the same or less risk to customers than do capital expenditures centred on safety?

d) Would it be possible to develop an analysis that divides EGI's capital investments in system expansion into risk categories according to the risk of stranded assets that the investments represent? If so, what would be involved in such an approach?

e) If such analysis or information contemplated above in d) were available, how (if at all) would it affect your analysis and/or conclusions concerning the appropriate ROE for gas system expansion?

f) Please comment on how an assessment of stranded asset risk would differ for remote communities in Ontario that may receive access to EGI's system through future gas system expansion. In your response, please provide additional comment on how the Ontario government's public policy goals relating to the expansion of natural gas access, as exemplified in the *Natural Gas Expansion Program*, can impact an analysis of the degree of risk that any particular capital investment supporting system growth carries the risk of becoming stranded.

g) Please comment on the importance (or lack thereof) of an analysis of the availability of alternative energy options as part of an assessment of the stranded asset risk for any specific capital investment? In your response, please discuss the considerations that remote communities face, including any challenges in accessing reliable, accessible, and low-emitting energy sources.

h) How could incentives be calibrated to ensure that any disincentive towards natural gas expansion does not come at the expense of improved energy access for remote communities?

i) To the extent you have not already addressed the issue in your answers above, please comment on whether expansion projects under the *Natural Gas Expansion Program* face the same risks of stranded assets as other projects.

j) How could the *Natural Gas Expansion Program* be restructured in order to reduce any such risks while continuing to promote enhanced energy opportunities for remote communities in Ontario?

Question: **M2-TFG/MC-2**

Reference:
- Exhibit M2, pp. 16-20

Preamble: CEG notes that EGI currently has an incentive to include connection costs in rate base instead of having them covered by CIACs but that this is contrary to the interests of existing gas customers, who benefit if connection costs are covered by CIACs.

CEG recommends making EGI indifferent between the two connection cost recovery mechanisms.

a) How, if at all, should the Board distinguish between different types of system expansion for the purposes of your recommendations concerning CIACs? In your answer, please provide comment on how the Board should consider the interests and circumstances of remote and Indigenous communities as compared with, for example, an expansion driven by industrial/commercial demand.

Question: **M2-TFG/MC-3**

Reference:
- Exhibit M2, pp. 20-21

Preamble: CEG recommends that the OEB should examine opportunities to level the financial playing field for Integrated Resource Plan Alternative ("**IRPA**") projects – both as against traditional infrastructure investments as well as between EGI-owned projects and third-party owned projects.

CEG further recommends that the OEB should examine opportunities to allow Enbridge Gas to earn a return on third-party owned IRPA project costs.

a) Please elaborate on any benefits for remote and/or Indigenous communities that you see as likely to result from your recommendations concerning IRPAs. Among any other views you may have, please include in your response any views you have on how your recommendations would:

(i) support reliable, affordable, and/or low-emitting energy sources for remote and/or Indigenous communities; and

(ii) affect opportunities for First Nation equity participation in energy projects.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS
23er day of August, 2024

Nicholas Daube
Resilient LLP
Counsel for TFG and MC

DT Vollmer
Resilient LLP
Counsel for TFG and MC