Shepherd Rubenstein

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BY EMAIL and RESS

August 23, 2024
Our File: EB20240111

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

Attn: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2024-0111 – Enbridge 2024-28 Phase 2 –SEC IRs to Intervenor Evidence (M2)

We are counsel to the School Energy Coalition ("SEC"). Enclosed, please find SEC's interrogatories on the intervenor evidence filed by Environmental Defence (Exhibit M2).

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Brian McKay, SEC (by email)
Applicant and intervenors (by email)

EB-2024-0111

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.

INTERROGATORIES TO ENVIRONMENTAL DEFENCE ON BEHALF OF THE SCHOOL ENERGY COALITION

<u>Exhibit M2 – Current Energy Group (CEG) Report</u>

M2-SEC-1
[M2, p.3] For each of the report's authors, please provide a list of all expert evidence that has been authored filed in a regulatory proceeding regarding incentive ratemaking, regulatory frameworks, energy transition or other areas discussed in its report. Please provide a link, or copy of the listed expert evidence, if a link is unavailable.

M2-SEC-2
[M2, p.2-3] For each proposed recommendation, please provide CEG's view on, if implemented, would they increase or decrease Enbridge's business or financial risk?

M2-SEC-3
[M2, p.10-11] With respect to CEG's proposed differentiated ROE proposal:

a. Please explain how CEG's proposal works in the context of Enbridge's proposal for a Price Cap IR mechanism between 2025-2028, where except for the use of ICM mechanism and various DVAs, the rate-setting mechanism decouples costs from rates.
b. Does CEG propose that the differentiated ROE be applied and adjust rates between 2025 and 2028, or that upon rebasing in 2029 the undepreciated capital costs added to rate base attract differentiated ROEs?
c. How would CEG define "growth capital" for the purposes of this mechanism? Please make specific reference, if possible, to Enbridge's existing capital expenditure and asset categories.

M2-SEC-4
[M2, p.14 Please explain what CEG means when it says "*the OEB should explore* a harmonized revenue balancing account that allows for truing up collected revenues against allowed revenues in a manner that is not tied to customer counts or customer average use." [emphasis added]. Is CEG recommending that the OEB undertake further study or consideration of such an approach, or implement it for Enbridge's 2025-2028 IRM term?

M2-SEC-5

[M2, p.14-15] With respect to CEG's recommendations regarding an Efficiency Carryover Mechanism (ECM):

a. Is CEG's recommendation based on Enbridge specific evidence regarding the need for an additional mechanism to incent efficiency? If so, please provide details.
b. [EB-2012-0459, Decision with Reasons, July 17, 2024, p.15-18] In EB-2012-0459, the OEB rejected a proposal by one of Enbridge's predecessor utility's (Enbridge Gas Distribution) for an ECM (the Sustainable Efficiency Incentive Mechanism). Please explain how CEG's recommendation addresses the OEB's concerns.
c. [AUC Decision 27388-D01-2023, October 4, 2023, p.95-98] As part of the Alberta Utilities Commission's establishment of both electricity and natural gas utilities 2024-2028 Performance-Based Regulation (PBR) Plan, it discontinued the ECM that had been part of the previous PBR Plan. Please explain how CEG's recommendation addresses concerns that the AUC had with its previously approved ECM.

M2-SEC-6

[M2, p.17-20; EB-2006-0034, Decision with Reasons, July 5, 2007, p.37-47; EB-2007-0606, Decision, July 31, 2008, p.11-17] CEG recommends that QRAM process be modified to expose the company to recovery risk related to gas supply cost volatility. In the past, the OEB directed Enbridge's predecessor utilities (Enbridge Gas Distribution and Union Gas) to discontinue its gas supply Risk Management Program which involved hedging activities, or disallowed recovery of associated costs. Please explain how CEG believes those OEB decisions impact its recommendation.

Respectfully, submitted on behalf of the School Energy Coalition this August 23, 2024.

Mark Rubenstein
Counsel for the School Energy Coalition