

Elson Advocacy

BY RESS AND EMAIL

August 28, 2024

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

Dear Ms. Marconi:

Re: EB-2024-0200 – St. Laurent Pipeline Replacement Project

I am writing on behalf of Environmental Defence to submit a request to file evidence regarding the methodologies that Enbridge has used to compare alternatives in this case, including its methodology to compare the cost-effectiveness of repairing the pipe versus replacing the pipe and its consideration of Integrated Resource Planning Alternatives (IRPAs). This evidence will include a focus on how Enbridge has accounted for energy transition scenarios and stranded asset risks as part of those methodologies.

The proposed evidence is particularly pertinent as this is the first case in which Enbridge has begun to attempt to implement guidance from the OEB regarding the consideration of energy transition scenarios and stranded asset risks in leave to construct proceedings. In addition, it is one of the first leave to construct cases in which Enbridge has begun to implement guidance from the OEB from the integrated resource planning proceeding. It is important that these new methodologies be appropriately considered.

As detailed below, the evidence would be prepared by Chris Neme of the Energy Futures Group (EFG), who has extensive experience with cost-effectiveness analysis, integrated resource planning, Enbridge Gas, and gas regulation in Ontario.

Experience of Energy Futures Group

Mr. Neme has been involved in leading or critiquing benefit-cost analyses of literally hundreds, if not thousands of energy efficiency, demand response, strategic electrification and other distributed energy resource programs in dozens of U.S. states and Canadian provinces over the past thirty years. This experience will be important for his assessment of methodologies to compare the benefits and costs of repairing versus replacing the relevant pipelines. Mr. Neme is one of the co-authors of the 2020 National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources (NSPM for DERs),¹ as well as one of the co-authors of its 2017

¹ <https://www.nationalenergyscreeningproject.org/national-standard-practice-manual/>.

predecessor, the National Standard Practice Manual for Assessing Cost-Effectiveness of Energy Efficiency Resources (NSPM for EE).² Mr. Neme has presented on the principles, processes and methods recommended in those manuals to dozens of audiences across the U.S. and Canada.

Mr. Neme is a leading expert on the options for and implications of decarbonization for gas customers and best practices to address those customer risks and opportunities. This will be important for his assessment of Enbridge's consideration of energy transition scenarios and stranded asset risks. Mr. Neme and his firm have prepared reports, comments to regulators and expert testimony specifically on this topic in jurisdictions across North America.³ Mr. Neme and his firm have also critically reviewed numerous gas utility decarbonization studies across a wide range of jurisdictions.

Over the past three decades, Mr. Neme has worked for energy regulators, utilities, government agencies and other organizations in more than 30 states, 7 Canadian provinces and several European countries. He has defended expert witness testimony in approximately 70 cases before regulatory commissions in 13 different jurisdictions. He has also testified before several state legislatures.

Mr. Neme also has decades of experience specific to Ontario and its gas system. Mr. Neme served on the Enbridge and Union natural gas demand side management audit/evaluations committees since their inception approximately two decades ago and currently sits on the gas DSM Evaluation Committee, the gas Integrated Resource Planning (IRP) Technical Working Group (IRP TWG), and the Demand Side Management Stakeholder Advisory Group (SAG). He has also previously served as an external reviewer of efficiency potential and carbon pricing studies. He has earned broad respect and trust from the Ontario regulatory community and has been elected to these committee roles by other intervenors and/or appointed by the OEB. Mr. Neme has provided expert testimony in approximately 25 OEB cases. Mr. Neme's CV is attached.

Evidence Description

At a high level, EFG's evidence would assess the new methodologies that Enbridge has used in this case to consider replacing versus repairing the relevant pipelines and IRPAs, with a focus on consideration of energy transition scenarios and stranded asset risks. We anticipate that EFG's evidence would answer the following two questions:

1. Has Enbridge used an appropriate methodology to assess the respective cost-effectiveness of the repair and replace options, including consideration of energy transition factors and stranded asset risks, and if not, how should that methodology be adjusted?

² <https://www.nationalenergyscreeningproject.org/the-national-standard-practice-manual-for-energyefficiency/#:~:text=The%20NSPM%20for%20EE%20provides,longer%20be%20updated%20or%20maintained.>

³ Including in Massachusetts, Vermont, Delaware, Michigan, Illinois, Washington, Oregon, and British Columbia.

2. Has Enbridge used an appropriate methodology to consider integrated resource planning alternatives, and if not, how should its methodology be adjusted?

The proposed evidence would primarily relate to issue 2 (Project Alternatives).

As this is the first time that these methodologies will be critiqued, EFG will endeavour to provide an assessment that is helpful not only in this case but also in other future leave to construct applications.

Budget

We anticipate the EFG report costing \$40,000 to \$60,000 to produce. Although we estimate that the remaining steps in the hearing would require an additional 40% in consultant costs based on past experience, we cannot provide a firm estimate of those costs as they are based on factors that are entirely outside of our control, including the number of interrogatories, whether presentations will be required, and whether Mr. Neme would be called as a witness. We anticipate incremental counsel time associated with this evidence to be less than \$2,500.

Process and time required

EFG could prepare the evidence for submission to the OEB by the last week of January, 2025 at the earliest. The evidence cannot be prepared earlier primarily because EFG is extremely busy over the coming months. In addition, EFG cannot begin to prepare the proposed evidence without receiving interrogatory responses as there is far from enough detail on the record to properly assess Enbridge's new methodologies. Based on past experience, we also expect a technical conference will be required to truly understand the details of Enbridge's new methodologies.

Environmental Defence considered retaining other consultants for this work with a less busy schedule. However, EFG is best placed to prepare the proposed evidence because of its detailed knowledge of the relevant issues and the Ontario context, including its involvement in the rebasing proceeding and IRP proceeding that have resulted in the OEB guidance that Enbridge is responding to in this leave to construct application.

It appears to us that this timing should be workable seeing as the in-service date is not until December of 2026 and there is no imminent risk that is being delayed. However, if the OEB decides that the regulatory schedule cannot accommodate this evidence, Environmental Defence would accept that decision as an exercise of the OEB's discretion and not a breach of procedural fairness. In other words, we are in the OEB's hands. We believe the OEB would greatly benefit from receiving this evidence in this proceeding and we provide this option for the OEB's consideration.

Coordination

Environmental Defence has conferred with Pollution Probe, which has also proposed evidence in this proceeding. We understand that Pollution Probe's proposed evidence will be focused on location-specific factors, such as the likely future demand scenarios for Ottawa. In contrast, the proposed evidence of EFG will be focused on assessing the methodologies used, as opposed to the location-specific inputs and outputs. We will continue to coordinate with Pollution Probe to avoid duplication.

Conclusion

In light of the above, we respectfully request that this evidence be approved to ensure that these new methodologies will be appropriately scrutinized.

Yours truly,

A handwritten signature in blue ink, appearing to read 'K. Elson', with a stylized, cursive script.

Kent Elson

cc: Parties to the above proceeding