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

September 23, 2024

**EB-2024-0130 – EPCOR Natural Gas Limited Partnership (“ENGLP”)  
2025 – 2029 Cost of Service - Aylmer Service Territory  
Pollution Probe Interrogatoires**

Dear Ms. Marconi:

In accordance with OEB direction, please find attached Pollution Probe’s Interrogatories to ENGLP.

The following appendices have been filed in parallel.

PollutionProbe\_IR\_AppendixA\_EPCOR\_2024-0139\_Gas Supply Plan IRR\_20240923  
PollutionProbe\_IR\_AppendixB\_DSMAccounts\_20240923  
PollutionProbe\_IR\_AppendixC\_IRPaccounts\_20240923

Pollution Probe is filing these in advance of the deadline to assist all parties.

Respectfully submitted on behalf of Pollution Probe.

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cc: EPCOR Regulatory (via email)  
All Parties (via email)  
Richard Carlson, Pollution Probe (via email)

**ONTARIO ENERGY BOARD**

**EPCOR Natural Gas Limited Partnership (“ENGLP”)  
2025 – 2029 Cost of Service  
Aylmer Service Territory**

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**POLLUTION PROBE INTERROGATORIES**

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**September 23, 2024**

**Submitted by: Michael Brophy  
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**Consultant for Pollution Probe**

2-PP-1

- a) Please explain why the Asset Management Plan and Utility System Plan are distinctly separate documents and how they are related.
- b) Please confirm that ENGLP is requesting OEB approval of its Utility System Plan, but not its Asset Management Plan. If not correct, please explain.

2-PP-2

Reference: ENGLP has developed this Application under the priorities of:

[1/1/1, Page 7]

- Alignment with public policy (including Energy Transition)
- a) Please provide the definition of Energy Transition ENGLP and what elements were included in development of this application.
  - b) What does ENGLP believe are the most relevant elements of the Energy Transition to current and future natural gas customers?

2-PP-3

Reference: Moving forward, EPCOR's Asset Management Plan must be prudent and ensure that it has accounted appropriately for the risk arising from the energy transition.

[1/1/1, Page 8]

- a) Please provide the process ENGLP uses to prudently account for the risks arising from the Energy Transition as it develops and updates its Utility System Plan and Asset Management Plan.
- b) Please provide examples of Utility System Plan and Asset Management Plan changes directly due to ENGLP's prudent accounting for the risks arising from the Energy Transition.

2-PP-4

Reference: There are a number of examples of such prudent consideration of energy transition in EPCOR's USP, including facilitating the connection of RNG and the use of local production and existing gathering assets in response to customer connection requests rather than increase the demand on the transmission system. EPCOR will continue to monitor any energy transition policy as outlined by the provincial government and associated regulation under the purview of the OEB and update its USP and customer communication outreach as necessary. [1/1/1, Page 8]

- a) What data, information and other approaches (e.g. coordination, consultation, etc.) does ENGLP use to identify current and future RNG production opportunities in its franchise area? Is this proactive or passive approach?
- b) What are the sources of RNG production that ENGLP believes are relevant for consideration in its franchise area (e.g. only landfill gas or others?).
- c) What studies or other data does ENGLP use to assess the potential for growth of RNG production in its franchise area? Please provide copies of the studies or relate information sources.
- d) Section 12.1 of the USP indicates that the location of some RNG production poses challenges in the summer when system flows are low. Has ENGLP looked at opportunities to target areas of the system that do not pose those issues? If no, why not. If yes, please provide details.

2-PP-5

Does EPCOR believe that carbon (i.e. GHG) reductions/emissions (including from RNG displacement of natural gas) should be calculated on a lifecycle basis or a different methodology? Please explain why.

2-PP-6

Reference: PollutionProbe\_IR\_AppendixA\_EPCOR\_2024-0139\_Gas Supply Plan IRR\_20240923 – PollutionProbe #5 Response

In the 2024 ENGLP Gas Supply Plan proceeding ENGLP confirmed that RNG generated in Ontario and being injected into the EPCOR system is being exported (actually or nominally) outside of Ontario to jurisdictions such as BC and the US.

Please confirm this response is still accurate.

2-PP-7

Reference: Exhibit 1, Tab 1, Schedule 1, Page 35

Table 1.5.3-2 shows that ENGLP is proposing a capital plan for the 2025 Test Year of \$4.064M. This is a \$2.724M increase from the \$1.340M capital plan previously approved for 2020. Table 1.5.3-1 shows that rate base in the 2020 Test Year was \$16,160 million, growing to \$26,627 million for the 2025 Test Year, or a difference of \$10,467 million over the previous IR rate term (2020-2024).

- a) Please reconcile the \$10,467 million increase in rate base over the previous term against the OEB approved capital plan over the same term. If the amounts do not reconcile, please explain.
- b) Please provide an estimate of the finishing rate base expected at the end of 2029 and include it in a table comparing it to the 2020 and 2025 Test Year amounts.
- c) Please confirm the amortization period that ENGLP intends to use for Capital investments over the proposed term. Is this value OEB approved?
- d) Please provide ENGLP's best estimate of the rate base and Capital investment trajectory over the next 25 and 40 year period (average \$ or % growth per year). Please explain how this aligns with the Energy Transition analysis undertaken by ENGLP. If documentation of that analysis exists, please provide a copy, otherwise confirm that it has not been documented.
- e) Please provide a summary of the Capital by major category proposed to be included in the 2025 Test Year that exceeds what was approved by the OEB during the 2020-2024 term. Please explain the variance and why the OEB should approve it for inclusion in rate base for 2025.

2-PP-8

Reference: Exhibit 1 Tab 1 Schedule 1 Page 39

- a) Please explain why Interruptible Peaking rates are increasing if interruptible customers are not driving peak system design or demand.
- b) Has ENGLP conducted analysis to determine the maximum use of interruptible rates to manage Capital costs and peak demand? If no, why not. If yes, please provide a copy.

2-PP-9

What Integrated Resource Planning (IRP) alternatives has ENGLP consider when developing and implementing it Capital plan (USP and AMP)? Please provide details on how this analysis is integrated into the process.

2-PP-10

Reference: ENGLP's capital spend has varied from its USP filed in 2019 as per the table below (2.2.2-1). This deviation was less driven by the scope of work being completed, but rather an increase in the standards to which work is completed. [2/1/1, Page 8]

- a) Please provide details on the increased standards noted above indicating when they are proposed to be effective.
- b) Please indicate if the increased standards require retroactive application (i.e. to existing assets) or only prospective application for new assets once the standard is in place.
- c) The examples provided by ENGLP (e.g. multiple butt fuse failures on plastic mains in Southern Bruce, and an emergency leak on the steel IGPC pipeline) appear to be related to construction crew quality and/or poor Quality Assurance (QA) during construction. Please explain why those deficiencies can't be resolved more cost effectively through improved QA/Inspection.

2-PP-11

Reference: Table 2.2.2-3 [2/1/1, Page 9]

Please provide details on the specific elements driving the cost per service from \$653/service to the new estimate of \$4,693/service.

2-PP-12

Reference: USP Table 7: Planned Large Customer Additions and System Reinforcement Projects

- a) Does ENGLP have contracts in place to lock in the forecasted demand and Contribution in Aide of Construction (if  $PI < 1.0$ ) for the projects related to the large agricultural customer and 5MW power plant? If yes, please provide a copy. If no, please provide details on how the OEB would be able to review those details prior to approving the projects as part of the USP.
- b) Has ENGLP assessed Integrated Resource Planning alternatives for the Port Burwell Low Pressure Reinforcement? If yes, please provide a copy of the assessment. If no, why not?
- c) Has ENGLP assessed Integrated Resource Planning alternatives for the South Belmont Pipe Addition project? If yes, please provide a copy of the assessment. If no, why not?

2-PP-13

- a) Please provide a copy of all previous ENGLP commitments and OEB directions to ENGLP related to IRP.
- b) Please provide a copy of all previous ENGLP commitments and OEB directions to ENGLP related to DSM.

2-PP-14

Reference: In order for a DSM program offering to be successful, ENGLP would require several additional resources to prepare an application, launch, fulfill and meet the reporting obligations, which would lead to higher costs for customers if all of these roles were to be filled internally. [USP - 12.2 Demand Side Management]

- a) Please confirm that the primary reason ENGLP did not include DSM programs in this application is that ENGLP was not able to advance collaboration and delivery with Enbridge and IESO. If incorrect, please provide the other reasons.
- b) Has ENGLP conducted an assessment of the incremental (internal staff and/or contractor) resources to deliver DSM compared to the net benefits to ratepayers from DSM programs? If yes, please provide a copy of the analysis. If no, why not?

2-PP-15

Reference: PollutionProbe\_IR\_AppendixA\_EPCOR\_2024-0139\_Gas Supply Plan  
IRR\_20240923 - Staff.5 Response

EPCOR received four responses with preliminary prices ranging from \$75K to a time and materials proposal. Each offering proposed a variety of services and specialties, which included some, but not all of the following components that would be required in order to develop and deliver a DSM portfolio:

- a) Development and start up.
- b) Promotion
- c) Delivery
- d) Evaluation, Measurement and Verification (EM&V)
- e) Administration

Please provide a copy of the four DSM responses received.

2-PP-16

Reference: PollutionProbe\_IR\_AppendixA\_EPCOR\_2024-0139\_Gas Supply Plan  
IRR\_20240923 – Attachment Staff 5-1

- a) Attachment Staff 5-1 includes a DSM delivery proposal dated October 2023 which would have enabled programs to be included in this 2025-2029 Cost of Service application. Please explain why this proposal was not pursued in alignment with a 2025 DSM program launch for ENGLP.
- b) Did ENGLP compare the costs and value of the Enbridge proposal against the other four contractor proposals received in 2021? If no, why not. If yes, please provide a copy of the analysis and outcomes.

2-PP-17

- a) Please provide a summary of the intended DSM collaboration with IESO. For example, did ENGLP explore IESO delivery on behalf of ENGLP or was it simply to do joint marketing of gas and electric DSM programs.
- b) Please provide the responses from IESO related to DSM collaboration.



2-PP-18

Reference: PollutionProbe\_IR\_AppendixA\_EPCOR\_2024-0139\_Gas Supply Plan  
IRR\_20240923 – PollutionProbe #6c Response

Please explain why ENGLP would not consider a DSM Variance Account in its Rebasing application to provide flexibility and the ability to initiate DSM during the new term. **EPCOR RESPONSE:** It is our understanding it would be included in the DSM application along with several other related variance accounts.

The current 2025-2029 Cost of Service application includes all variance account requests pertaining to the 2025-2029 rate period. Is this proceeding what ENGLP was referring to above. If it is another proceeding, please indicate which one.

2-PP-19

Please indicate what policy and related municipal energy and emission plans ENGLP has assessed and how those outcomes have been included in the 2025-2029 plan.

2-PP-20

- a) If an IRP alternative was available (e.g. cold climate air source heat pump) in the ENGLP franchise area that was more costs effective than traditional gas pipelines, would ENGLP be open to delivering that customer solution.
- b) What would ENGLP need in place to pursue those cost-effective opportunities during the 2025-2029 rate term, that are not already in place?

4-PP-21

Reference: Table 1.5.4-1 Proposed 2025 Test Year OM&A Expenditures and 2020 Board Approved

- a) The top 3 increases in O&M are Affiliate Services, Bad Debt and Other at an increase of 139.3%, 183.8% and 168.6%, respectively. Please explain the details of why these categories are significantly higher than all others. Please also provide a breakdown of what is included in each of these categories.
- b) ENGLP indicates that Inflation is responsible for \$500k of the \$1.1 million increase, but the categories with the highest increases do not appear to be driven by inflation. Please reproduce Table 1.5.4-1 including a column that indicates how much of the \$500k in inflation increases relate to each category.
- c) ENGLP indicates that a driver of cost increases is due to FTEs, but the Staffing category in Table 1.5.4-1 indicate a decrease in staffing costs by 6.7%. Please reconcile.
- d) Please explain why the Bad Debt provision has increased so much. Please also indicate if this is based on a projection or actual data and analysis. If it is due to data and analysis, please provide a copy of those materials or reports.

5-PP-22

Reference: PollutionProbe\_IR\_AppendixB\_DSMAccounts\_20240923

Appendix B includes the most recent OEB approved Demand Side Management (DSM) Variance Account and Lost Revenue Adjustment Mechanism (LRAM) Variance Account for Enbridge. Please provide a copy with any wording edits ENGLP believes would be required if the OEB were to establish these accounts for ENGLP.

5-PP-23

Reference: PollutionProbe\_IR\_AppendixC\_IRPaccounts\_20240923

Appendix C includes the most recent OEB approved IRP accounts for Enbridge. Please provide a copy with any wording edits ENGLP believes would be required if the OEB were to establish these accounts for ENGLP.

5-PP-24

Reference: Exhibit 4 Tab 1 Schedule 1, Section 4.2 - UFG

- a) Has ENGLP done any benchmarking to determine if its unaccounted for gas is in a reasonable or best practice range? If not, why not. If yes, please provide a copy of the report or analysis.
- b) What plan and activities does ENGLP have included in its 2025-2029 plan to reduce unaccounted for gas?

8-PP-25

Reference: ENGLP proposes the inclusion of an Incremental Capital Module (“**ICM**”) in its Price Cap IR Plan to address the treatment of capital investment needs that arise during the Price Cap IR Term. [10/1/1, Page 8]

- a) Please explain what value ICM is in the Price Cap IR Plan since any ICM would relate to a Capital project not currently in the Utility System Plan and Asset Management Plan.
- b) Would ENGLP need to update and file a revised USP and/or AMP for OEB review and approval if the case were to arise that an ICM project is identified?
- c) Based on ENGLP’s application, what is the materiality threshold amount for an ICM project?
- d) What other requirements/criteria would ENGLP need to satisfy in order to bring forward an ICM project application.

9-PP-26

Reference: Table 1.7-1 ENGLP Aylmer – 2020-2023 Scorecard [1/1/1, Page 55]

- a) The Scorecard provided does not include any targets. Please provide the basis for not including targets on the scorecard.
- b) The Scorecard does not include any metrics related to public policy objectives (one of the four key elements per Section 1 of the USP, an O&M consideration and overall application considerations). If the OEB were to deem that such scorecard metrics were appropriate, please provide 2-3 metrics that ENGLP would suggest are appropriate.

- c) If ENGLP did not include DSM, IRP and RNG metrics in the response to part b, please explain why those should not be considered.
- d) ENGLP has not proposed an incentive mechanism pertaining to delivery excellence (e.g. compared to scorecard performance). Please explain why given that this is common for utility incentive regulation.