



By EMAIL and RESS

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Our File: EB20220335

Ontario Energy Board
2300 Yonge Street
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Toronto, Ontario
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Attn: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2022-0335 – IRP Pilot Projects – SEC Final Argument

We are counsel to the School Energy Coalition (“SEC”). Pursuant to Procedural Order #5 in this proceeding, this letter is SEC’s Final Argument.

SEC counsel Jay Shepherd is a member of the IRP Working Group, and in that capacity has had several opportunities to comment on the Applicant’s planned pilot projects as they have evolved. Input from members of the working group, including Mr. Shepherd, is publicly available on the OEB website in the form of detailed minutes of meetings prepared by OEB Staff.

As a result, SEC will limit submissions in this Final Argument to a brief summary of the most important points with which in our view the OEB panel should be concerned, including some comments on the Argument-in-Chief.

Submissions

SEC is generally supportive of the proposed Sarnia pilot project, despite the fact that there is no longer a facilities project in the asset management plan that can be avoided or deferred, at least not in the next ten years. We also believe that the budget, although higher than might be the case for a similar non-pilot project, is in a reasonable range. Ratepayers will, in our view, get value from this expenditure.

In supporting the proposal, SEC is mindful of two things:

- While there is no facilities project scheduled in the next ten years, that can change, as we have already seen. In any case, subject to the overriding impact of the Energy Transition (which may ultimately place much stricter limits on growth projects), Southern Lake Huron is a growth area and will certainly have higher energy demand in the future.

- As the Applicant correctly points out, the existence in the Southern Lake Huron area of ERTs for most customers means that the research/investigative aspects of this pilot project will be enhanced, at lower cost than might otherwise be the case. In a non-pilot IRP project it is not clear that ERTs will be necessary, but to model the impact of future projects, having granular data from Sarnia ERTs will be valuable.

There are, however, some details of the Applicant's proposal that are not appropriate, or raise questions that should be considered by the Commissioners. Those issues include the following:

1. **ETEE.** The Applicant has taken the novel approach of labelling electrification and gas technologies as enhanced targeted energy efficiency. This is a misnomer, and should be rejected by the Commissioners. It is simply a way of making certain technologies, like gas heat pumps, look more "green".
2. **Gas Technologies.** The IRP Working Group almost unanimously opposed the inclusion of gas heat pumps in the pilot project. This is not a mature technology, and no business case has been made that there is any role for gas heat pumps in IRPAs, now or in the future. The Applicant is motivated to maintain natural gas connections, as was seen in the last DSM plan, which proposed extra incentives for customers that retained their gas connection. That motivation has no place in an IRPA, when the Applicant is spending ratepayer funds.
3. **Hybrid Heating and Thermal Storage.** SEC is also concerned with the inclusion of hybrid heating and thermal storage offerings, although recognizing that the limits on their numbers emphasize their role as investigative components of the project. At the relatively low numbers proposed, we do not object to their inclusion. We do note that the Applicant has an unregulated business, Enbridge Sustain, that is in this business, yet the Application does not contain any mention of how that conflict will be managed.
4. **Electrification Measures.** SEC continues to be concerned that the Applicant should not be the delivery agent for electrification measures such as ccASHPs and GSHPs, because the Applicant is fundamentally in competition with these measures. This is exemplified by the fact that the Applicant assumes 80% peak reduction for ground source heat pumps, an assumption that is not supported by any of the many studies looking at geothermal. A geothermal installation removes the need for gas at peak in almost every case. However, including these measures in the pilot project may allow the collection of data that shows the higher impact on peak these technologies can provide, justifying their wider use in IRPAs in the future.
5. **EM&V.** In several places the Argument-in-Chief claims that the Applicant has EM&V objectives and methodologies in place. In fact, for the first time on September 25th the IRP Working Group considered a draft scope of work to hire a consultant to advise on the evaluation plan for this pilot project. While some of that scope of work is process evaluation rather than impact evaluation, the distinction is relatively weak for a pilot project, where the learnings from the project are the key deliverable. A read-through of the draft scope of work (it is on the OEB website) shows that, aside from having ERTs in place, no evaluation plan exists at this time. SEC does not see this as a serious problem, because this kind of third party input is still timely and helpful, even now. However, SEC is concerned that the Commissioners not reach incorrect conclusions on the EM&V status based on the AIC.
6. **Cost Allocation and Attribution.** The Applicant's proposal to have all costs come out of the IRP DVA, rather than some coming out of the DSM budget, is an indirect increase on the



DSM budget. This is justified on the basis that it is a simplifying approach, and allows attribution to be simplified as well. SEC agrees. We note that this does not mean the same approach should be used in non-pilot IRP proposals. Budget allocations, and attribution, will be an issue to be addressed in the first non-IRP application, along with the details of the cost benefit test (DCF+) that is proposed at that time. We also note that the allocation of the costs of this pilot project to rate classes is a matter to be determined on the clearance of the IRP DVA, and is not up for approval in this proceeding (as the details of the funds being expended are not yet known).

Conclusion

SEC therefore submits that the Application should be approved, subject to the caveats we have noted above.

All of which is respectfully submitted.

Yours very truly,
Shepherd Rubenstein Professional Corporation

A handwritten signature in black ink, appearing to read "Jay Shepherd".

Jay Shepherd

cc: Brian McKay, SEC (by email)
Interested Parties (by email)