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File No. 061604.54

October 8, 2024

By Email and RESS
registrar@oeb.ca

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

Dear Ms. Marconi,

**Re: Enbridge Gas Inc. (“EGI”) Integrated Resource Planning Pilot Projects
OEB File No.: EB-2022-0335
Association of Power Producers of Ontario (“APPrO”) - Submission**

In accordance with Procedural Order No. 5, please find attached APPrO’s submission for the above-noted proceeding.

Yours Truly,

A handwritten signature in black ink that reads 'Colm Boyle'. The signature is written in a cursive, flowing style.

Colm Boyle

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Schedule B; and in particular section 36 thereof;

AND IN THE MATTER OF an application by Enbridge Gas Inc. for an order or orders approving the cost consequences of an Integrated Resource Planning (“IRP”) Plan for an IRP Pilot Project in the City of Sarnia and Village of Point Edward.

SUBMISSIONS OF THE ASSOCIATION OF POWER PRODUCERS OF ONTARIO

October 8, 2024

Counsel for the Association of Power Producers of Ontario

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1. The Association of Power Producers of Ontario (“**APPrO**”) recognizes that significant value can be obtained from Integrated Resource Planning (“**IRP**”) pilot projects that propose to understand and evaluate how IRP can be implemented to avoid, delay or reduce facility projects. APPrO also recognizes the collective effort of the IRP Technical Working Group.
2. APPrO is concerned the proposed Southern Lake Huron (“**SLH**”) IRP Pilot Project may not be a prudent or proper application of IRP, particularly for large volume customers, and may depart from the underlying principles contemplated in the Ontario Energy Board (“**OEB**”) policy guidance on IRP (EB-2020-0091, “**IRP Policy Decision**”).
3. APPrO does not want to impede a pilot project many other parties see value in. APPrO submits that the issues raised in this submission for large volume customers can be resolved by appropriately allocating costs to those who may benefit from the pilot. APPrO submits the requested IRP funding should be subject to greater scrutiny by the OEB as it will likely create (or is intended to at least spur) a larger market for Enbridge’s affiliate, Enbridge Sustain.¹

A. IRP SHOULD BENEFIT ALL CUSTOMERS

4. The OEB drew a key distinction between IRP and DSM at page 56 of the IRP Policy Decision and found that IRP is aimed at reducing longer-term costs for **all customers**:

The purposes of DSM and IRP are distinct from each other. The OEB has determined that the primary objective of Enbridge Gas’s post-2021 DSM Plan should be to assist customers in making their homes and businesses more efficient in order to better manage their energy bills. DSM is aimed at reducing annual natural gas usage, and IRP is aimed at reducing peak demand in specific geographic areas to replace infrastructure investment with an IRPA investment. Given the separate purpose, it is reasonable that a different economic test should be applied in the IRP Framework than in the DSM Framework. The OEB finds that an IRP Plan is attempting to reduce the longer-term cost **to all Enbridge Gas customers**,

¹ Undertaking Response JT1.11(3).

accordingly it is important to have an evaluation test that looks at impacts from the gas customer perspective. [*Emphasis added*]

5. The IRP Pilot Project, however, is not aimed at all Enbridge customers. The IRP Pilot Project is not targeting the one large volume customer in the SLH project area, rather the focus of the IRP Pilot Project is on general service customers.² ETEE programs as part of the Pilot Project will not be applicable to large volume contract customers and learnings from this Pilot Project will not be scalable to large volume contract customers.³ It is not clear from the evidence filed by Enbridge how learnings from this project may be transferable to future IRP projects that are intended to benefit all Enbridge customers.
6. Further, Enbridge's primary justification for the SLH IRP Pilot Project, which is leveraging the existing network of automated meter reading in SLH, appears to be only true for residential and smaller commercial customers.⁴
7. The SLH IRP Pilot Project appears to be focusing on a subset of Enbridge customers (residential and small commercial) and does not appear to be reducing the long-term costs for large volume customers. APPrO is concerned that the SLH IRP Pilot Project is a rebranding of additional funding for Enbridge's 2023-2025 DSM Plan Program and Offerings.⁵
8. If large volume customers are expected to share in the costs of IRP there should be some corresponding, tangible benefit for those customers, which does not appear to be present in the IRP Pilot Project.

² Interrogatory Response I.APPrO-1

³ Interrogatory Response I.APPrO-1

⁴ Interrogatory Response I.APPrO-3

⁵ Enbridge AIC paras 10 and 28(i).

B. PILOT PROJECTS DO NOT AVOID, DELAY OR REDUCE FACILITY PROJECTS

9. The OEB states that pilots are an effective approach to understand and evaluate how IRP can be implemented to avoid, delay or reduce facility projects.⁶ The OEB defined IRP at page 22 of the IRP Policy Decision as follows:

Integrated Resource Planning is a planning strategy and process **that considers Facility Alternatives and IRP Alternatives (including the interplay of these options) to address the system needs of Enbridge Gas's regulated operations** and identifies and implements the alternative (or combination of alternatives) that is in the best interest of Enbridge Gas and its customers, taking into account reliability and safety, cost-effectiveness, public policy, optimized scoping, and risk management. [*Emphasis added*]

10. The SLH IRP Pilot Project does not avoid a facility project.⁷ Additionally, there are currently no underlying facilities requirements that the Pilot Projects would be addressing since they have been removed from the Company's Asset Management Plan.⁸ In other words, there is no system need being addressed or tested by the SLH IRP Pilot Project, nor is there a facility alternative.
11. APPrO questions the ability of the SLH IRP Pilot Project to inform the evaluation, development, implementation and costing of future IRP plans when the pilot project does not demonstrate the avoidance, delay or deferral of facility projects itself.⁹ The SLH IRP Pilot does not appear to fall within the OEB's definition of IRP.
12. Even if it is assumed an underlying system need and facilities requirement exists in SLH area, the SLH IRP Pilot Project may not avoid, delay, or defer any facility projects. The baseline facility alternative initially proposed by Enbridge is a more economic solution for ratepayers.¹⁰

⁶ IRP Policy Decision at page 90.

⁷ Enbridge AIC at para 26.

⁸ Enbridge AIC at para 12(v).

⁹ Enbridge AIC at para 24.

¹⁰ Interrogatory Response I.APPrO-3, I.APPrO-4.

One of the guiding principles of IRP is that IRP solutions must be cost-effective when compared to facility alternatives.¹¹ The expanded scope of the SLH IRP Pilot Project has a net present value of negative \$8.9 million versus the initially proposed facility alternative solution that has a net present value of negative \$2.0 million.¹²

C. COST ALLOCATION

13. It is a well-established principle of the OEB's rate making framework that costs must follow benefits. The determination is fact-dependent and in the context of the facts of Enbridge's proposed IRP Pilot Program, the facts do not support cost allocation and recovery from large volume customers.
14. The IRP pilot budget is focused on implementing a suite of "Enhanced DSM ETEE" offerings (~93% of total budget) with a small component dedicated to demand response (~7% of total budget).¹³
15. Of the Enhanced DSM EETE offerings, the focus is on "Enhanced DSM" (~77% of total budget) with smaller proportions allocated to "Electrification Measures" (~3% of total budget) and "Advanced Technology" (~13% of total budget).¹⁴ The programs proposed as part of the Enhanced DSM EETE offerings largely overlap with Enbridge's 2023-2025 DSM Plan Program and Offerings.¹⁵
16. Many of the initiatives target residential customers, such as electric source air and ground source heat pumps and a residential DR program.¹⁶ Other programs include thermal energy storage and hybrid heating, which may have industrial application, but do not provide any opportunity to benefit large volume customers.¹⁷ In its Argument in Chief, Enbridge explains

¹¹ IRP Policy Decision at pgs 5 and 18.

¹² Interrogatory Response I.APrO-4 and Undertaking Responses JT1.11 and JT1.12(6).

¹³ Enbridge AIC paras 27 and 35.

¹⁴ Enbridge AIC para 35.

¹⁵ Enbridge AIC para 28(i). See Table 1.

¹⁶ Enbridge AIC para 16.

¹⁷ Enbridge AIC para 16.

that “largest share of the participation, results and budget” for the Pilot Project “are aimed at the Enhanced DSM ETEE offerings.”¹⁸ But the Enhanced DSM ETEE offerings are not providing customer incentive funding to large volume customers.¹⁹

17. The ultimate goal of the IRP Project is to reduce Enbridge’s customer’s long-term costs,²⁰ which can only align with the OEB’s cost-follows-benefits principle if the customers allocated costs are the one drawing benefit from the program. As noted above, Enbridge has stated that there will be no benefits or learnings for large volume customers.
18. Assuming that the benefits proposed to be demonstrated for small customers are realizable under the proposed project plan, they are still not scalable to the operations of large volume customers. Without corresponding benefits for large volume customers, costs should not be allocated to them.²¹

¹⁸ Enbridge AIC para 27.

¹⁹ Enbridge AIC para 28(i). See Table 1.

²⁰ EB-2022-0091, Decision and Order (July 22, 2021), page 56.

²¹ Undertaking Response JT1.13.