

EB-2022-0335

Enbridge Gas Inc.

Application for approval of costs and the accounting treatment of costs, associated with two Integrated Resource Planning (IRP) Pilot Projects

Final Submissions of VECC October 8, 2024

Enbridge Gas Inc. (Enbridge Gas) applied to the Ontario Energy Board (OEB) on July 19, 2023, under section 36 of the Ontario Energy Board Act, 1998, for OEB approval of (i) the cost consequences for the Parry Sound Pilot Project and the Southern Lake Huron Pilot Project, and (ii) the proposed accounting treatment to record costs of these Pilot Projects in the IRP costs deferral accounts for later disposition and recovery. The Pilot Projects are intended to provide learnings regarding future IRP alternatives (IRPAs) design, performance, and potential for scalability. Enbridge Gas expects that the Pilot Projects will defer the need for additional pipelines and/or traditional facility infrastructure which would otherwise be necessary to address system constraints in the two communities.

The application is in response to the first iteration of the OEB's IRP Framework for Enbridge Gas which states:

“Enbridge Gas is expected to develop and implement two IRP pilot projects. The pilots are expected to be an effective approach to understand and evaluate how IRP can be implemented to avoid, delay, or reduce facility projects”.

On June 28, 2024, Enbridge Gas filed updates to its pre-filed evidence after assessing the impacts of the OEB's 2024 Rebasing Phase 1 Decision under EB-2022-0200 on the IRP Pilot Projects application. Enbridge Gas determined that the baseline facility projects for Parry Sound and Southern Lake Huron are no longer in Enbridge Gas's 10-year capital forecast. Enbridge Gas decided to remove the Parry Sound Pilot Project and modify the location and scope of the Southern Lake Huron Pilot Project.

These are the submissions of VECC regarding Enbridge Gas' proposed Southern Lake Huron Pilot Project.

Southern Lake Huron Pilot Project

In general, VECC is supportive of Enbridge Gas' decision to proceed with a modified Southern Lake Huron Pilot Project. Although the project will not address a near-term system need, VECC concurs the project meets the primary objectives of the IRP Pilot Projects which are: to develop an understanding of how enhanced targeted energy efficiency (ETEE) and demand response (DR) programs impact peak hour flow/demand; and to develop an understanding of how to design, deploy, and evaluate ETEE and DR programs. In its letter to the OEB dated April 30, 2024, Enbridge Gas states "The SLH system no longer has a baseline facility need in the 10-year capital forecast; however, Enbridge Gas has determined it is the best location to implement demand-side alternatives to achieve the primary objectives given that existing Encoder Receiver Transmitter ("ERT") technology is already in place and provides the ability to scale for the implementation of ETEE. It should be noted that the SLH system remains very sensitive and the addition of a large development or customer that is not currently included in the forecast may result in a baseline facility need once again within the 10-year capital forecast."

Enbridge Gas engaged the IRP Technical Working Group (TWG) to discuss key items related to the Pilot Projects such as: pilot project objectives, pilot project alternatives, pilot project selection criteria, and potential IRPAs. TWG members reviewed a draft version of the initial Application in June 2023, which was filed in July 2023.¹ At the Technical Conference, Enbridge Gas confirmed there is general support by the TWG of the pilot proposal and where there wasn't a consensus around all elements these items would be brought forward in this proceeding.²

The suite of ETEE programming includes residential (including affordable housing), commercial and industrial customers in the City of Sarnia and the Village of Point Edward. The offerings will leverage existing DSM programming and will supplement DSM with additional incentives, engagement, and/or marketing efforts to meet the specific objectives of the Pilot Project.

19% of customers in the Southern Lake Huron Pilot Project Area are estimated to be income qualified (residential and multi-residential segments). Applying this percentage estimate to the customer amounts for the Southern Lake Huron Pilot Project area results in 4,940 customers estimated to be income qualified (residential and multi-residential segments).³ There are more income qualified customers than commercial and industrial customers yet Enbridge Gas did not conduct research to identify any gaps in the ETEE programming based on specific feedback from its low-income residential customers during stakeholdering and marketing efforts for both pilot project areas.⁴ Net new ETEE offerings not

¹ Enbridge Gas Letter to OEB dated April 30, 2024

² TC Tr. 131

³ JT1.18

⁴ TC Tr. 101

leveraging existing DSM programming are being proposed in the form of the limited ETEE offering for advanced technologies. Low-income programming is not specifically incorporated into these advanced technology offerings. Low-income customers can participate, but there is not a separate offering for targeting affordable housing customers.⁵ To the extent that low income or income qualified customers are a subset of residential customers, Enbridge Gas believes there would be transferrable learnings.

Enbridge Gas intends to provide Pilot Project updates and key learnings to the OEB and stakeholders through the IRP Annual Report that the Company files as part of its annual Non-Commodity Deferral Account Clearance and Earnings Sharing Mechanism application.⁶ VECC submits that Enbridge Gas should include any learnings specific to low-income or income qualified customers in its reporting of results with a view that any relevant findings can be subsequently integrated into future IRP plans.

Cost Allocation

The total cost for the Southern Lake Huron Pilot Project over the proposed term of 2023-2027 is estimated to be \$14.2 M.⁷

Enbridge Gas' proposal is to allocate the costs of the Southern Lake Huron IRP Pilot Project solely to the Union South franchise area. Given the Project is no longer needed to address a pending capacity shortfall in Union South, and the testing, monitoring and reporting proposed for the Project will help ensure that the experience and learnings from the implemented IRPAs can be used to evaluate, design and implement future IRP plans, across Enbridge Gas' service territory, VECC submits the costs of the Project should be allocated to customers in all rate zones as provided in JT 1.20.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 8th DAY OF OCTOBER 2024

⁵ TC Tr. 102-104

⁶ D-1-3 p.10

⁷ E-1-1 p. 1