

Elson Advocacy

November 5, 2024

BY RESS

Nancy Marconi

Registrar

Ontario Energy Board

2300 Yonge Street, Suite 2700, P.O. Box 2319

Toronto, Ontario M4P 1E4

Dear Ms. Marconi:

Re: EB-2023-0343 – Enbridge Gas – East Gwillimbury Gas Expansion Project

I am writing on behalf of Environmental Defence to request that a technical conference be held in this matter. In the alternative Environmental Defence requests that Enbridge be ordered to answer the interrogatories set out below.

At a technical conference and in its request for adequate interrogatory responses, Environmental Defence seeks more information regarding the treatment of normalized reinforcement costs by Enbridge. According to EBO 188, Enbridge is required to include normalized reinforcement costs in the discounted cash flow analysis used to determine the financial feasibility of expansion projects.¹ This is important because reinforcement costs represent a cost to the system that the OEB has said must be accounted for in order to protect existing ratepayers. This is recognized by Enbridge itself in its own connections policies. The relevant section reads as follows:

4.4.Normalized System Reinforcement Cost Estimates

18. Enbridge Gas includes an allowance for NSRC in the feasibility assessment of individual projects and the system expansion portfolio.

19. NSRC is determined using the procedure described in E.B.O. 188 Section 2.3.7 and is applied to individual project feasibilities, the Investment Portfolio and the RPP.²

We asked Enbridge to provide details and justifications as to why it did not include normalized reinforcement costs despite the requirement to do so. An interrogatory 22 (c) we asked as follows: “If Enbridge did not include normalized system reinforcement cost, please fully explain why that is justified. Please refer to and attach and supporting documents.” Enbridge did not provide an explanation beyond baldly stating that those costs need not be incorporated and did not attach any supporting documentation. Its response reads as follows: “Normalized system reinforcement costs (NSRC) are not applicable to community expansion projects and all

¹ Guidelines for Assessing and Reporting on Natural Gas System Expansion in Ontario, EBO 188, January 30, 1998, p. 4 ([link](#)).

² Enbridge Gas Inc., Customer Connection Policies, May 1, 2024 ([link](#)).

reinforcement costs associated with the Project are directly applied in the DCF analysis for the Project. The cost of reinforcement required for community expansion projects are separate to, and not included within, calculations of NSRC. Therefore, it would not be appropriate to apply NSRC to the Project.”

Environmental Defence also asked the following question in part (h) of its interrogatory 22: “Please provide excerpts of any OEB or Ministry of Energy guidance documents that explicitly state the Enbridge is not required to include normalized reinforcement costs in calculating cost-effectiveness for community expansion project.” Enbridge did not respond. It neither provided said documents nor confirmed that no such documents exist.

Environmental Defence also asked specific questions regarding the calculation of normalized reinforcement costs in interrogatory 54. These questions were aimed at establishing that there is no justification for declining to apply normalized reinforcement costs to these specific projects. Again, Enbridge declined to answer.

A technical conference would allow a back-and-forth discussion regarding this issue and would enable better testing of Enbridge’s assertion that said costs need not be included. For example, it would allow for an exploration of the distinction between reinforcement costs directly attributable to a single project and the normalized reinforcement costs that are applied to all expansion projects.

If a technical conference is held, Environmental Defence would also ask questions on other topics, including assessments of the financial impacts of potential customer exits within the 40-year revenue horizon, estimates of cost savings provided to customers, and the impacts of changes to Enbridge’s survey in comparison to other recent gas system expansion projects.

We therefore request that a technical conference be held.

If a technical conference is not held, Environmental Defence requests orders that Enbridge respond to the following interrogatories. Most of these interrogatories are ones that were already asked and which Enbridge declined to respond to. With respect to those interrogatories, this request should be considered a motion for full and adequate interrogatory responses under rule 27. The last interrogatory listed below is a follow up question. The OEB has the jurisdiction to direct Enbridge to answer the question under the *Rules of Practice and Procedure*, including rule 4.01.³

1. Exhibit I.ED-22 & 54: Environmental Defence asked a number of questions regarding normalized reinforcement costs as set out above. Those questions appear in interrogatories 22 and 24. Enbridge declined to respond and should be ordered to respond if a technical conference is not convened.
2. Exhibit I.ED-10: Environmental Defence asked questions regarding the cost to convert to natural gas. These questions are relevant to the likelihood that Enbridge will meet its

³ 4.01: The OEB may at any time in a proceeding make orders with respect to the procedure and practices that apply in the proceeding. Every party shall comply with all applicable procedural orders.

connection forecasts. Enbridge declined to answer on the basis that it does not have conversion costs available. However, that is not true. Enbridge has filed conversion costs in recent proceedings, including conversion costs provided to customers in survey instruments. Enbridge has objected to Environmental Defence referring to evidence from other proceedings, and therefore this information can only get on the record by way of interrogatory responses. Providing an answer would take minimal effort. We therefore ask that the same information filed in previous proceedings regarding conversion costs be filed in this proceeding.

3. Exhibit I.ED-11: Environmental Defence requested a forecast of the customer connections based on the fuel type extrapolated from the customer connection survey. Enbridge indicated that it does not forecast attachments by fuel type. However, Enbridge's forecast is based on its customer connection survey and that customer connection survey indicates the existing fuel of customers who intend to connect to the gas system. It is therefore entirely possible to use the results of the survey to extrapolate a breakdown of the connection forecast by fuel type. This is relevant, for example, because a number of the survey respondents indicated that they would be likely to convert from electric baseboards to gas even though that is a very expensive conversion process. The greater the number of forecast connections that are subject to particularly higher costs, the less robust the forecast is.
4. Exhibit I.ED-8/52: Environmental Defence has a follow up question on interrogatories 8 and 52. Enbridge indicated that it changed its survey and removed information such as cost savings information. Enbridge also provided forms in response to interrogatory 52, which indicated that customers could contact Enbridge to receive an estimate of their potential cost savings from converting to gas (by email an email request to the following address: ceapplications@enbridge.com). Environmental Defence requests that Enbridge provide a copy of all cost estimate communications with customers in the project area. This is relevant to determining whether customers were given valid information and whether the provision of any inaccurate information could have impacted the customer attachment forecast.

We understand that this project is proposed under a government program. However, that program does not relieve Enbridge from seeking leave to construct. Regardless of the ultimate outcome of this proceeding it is important that the project be tested in accordance with the OEB's mandate. Environmental Defence's questions are relevant and should be answered in order to ensure a complete record on which the OEB can make its decision.

Yours truly,



Kent Elson

cc: Parties in the above proceeding