

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

November 15, 2024

EB-2024-0111 Enbridge 2024 Rebasing – Phase 2
Pollution Probe Letter on ED Motion

Dear Ms. Marconi:

Pollution Probe is in receipt of the Environmental Defense Motion dated November 4, 2024 and related correspondence from Enbridge. Pollution Probe intends to attend the virtual hearing November 18th and thought it would be more efficient and helpful to the OEB to provide written comments in advance. If the OEB has any questions, Pollution Probe would be pleased to respond to them at the virtual hearing.

Pollution Probe supports the Environmental Defence motion requesting “an order that Enbridge Gas provide additional detail regarding the possible options to reduce its financial incentive to connect as many customers as possible and to stop customers from leaving its system.”

The OEB is aware that in the Partial Settlement Proposal recently filed in this proceeding, Enbridge and Parties agreed that the issue pertaining to a mechanism to decouple revenue from customer numbers should be heard in this proceeding and that its implications for the rate term be determined by the OEB. The OEB is also aware that there has been longstanding issues related to customer attachment and related Capex biases that incent Enbridge to undertake monopolistic actions to maximize shareholder profits based on the current approach. Although these issues have been present in other proceedings, they have not been adequately assessed or addressed. There is general agreement that this Rebasing proceeding is the appropriate time to thoroughly consider these issues and potential options. The outcome of this issue has broader impacts in that if this issue¹ can be addressed it would support more objective customer choice and enable a more reasonable and orderly Energy Transition in Ontario. It would also reduce related ratepayer costs that are currently used by Enbridge to influence governments, consumers and other stakeholders on phantom benefits of natural gas as the most cost-effective option to reach Net Zero².

It is not reasonable to believe that Enbridge has not assessed the issues related to profitability from growing and retaining customers under the current model. In fact, evidence in this very proceeding already confirms that this is a top issue for Enbridge and its sustainable shareholder profits³. Enbridge knows exactly what each current or

¹ The bias toward adding and retaining customers on the gas system.

² The myth that natural gas is Net Zero or the most cost-effective option was dispelled during the EB-2022-0200 proceeding in testing of Enbridge’s Pathways to Net Zero Emissions for Ontario Report. However, it still consumed over \$600,000 of Enbridge consulting costs for the Posterity and Guidehouse work on that report [per EB-2022-0200 Exhibit I.1.2-CCC-3, Attachment 1.]. Many other examples exist of costs incurred to overstate potential benefits and alignment with Net Zero including Exhibit JT1.44, Attachment 1 and EB-2024-0200 Exhibit I.1-CAFES Ottawa-10, Attachment 2.

³ EGI_IRR-Re.HRAI Motion_20240823

prospective customer means for long term revenues and shareholder earnings. Enbridge also knows what the impacts are if the current regulatory model for customer attachment and profitability were to change to remove perverse incentives that are counter to objective consumer choice and modern options under the Energy Transition. Any suggestion that this is not an issue that Enbridge can speak to is subterfuge.

Pollution Probe disagrees that Enbridge has no responsibility to provide information and analysis related to this issue. Similar to the Enbridge Sustain evidence that Enbridge fought to avoid, Enbridge has a vested interest to avoid putting information on the record that considers options other than status quo for customer attachment and Capex profitability. It is evident that Enbridge has spend a significant amount of time assessing these issues and providing that information and analysis would help inform options for consideration. It is also not unreasonable that Enbridge should be required to provide options and assess those options based on its perspective. It could also be a consideration for the OEB to retain a consultant to provide objective information to supplement what Enbridge is required to file. Pollution Probe recommends that the OEB put in place a process to enable that to happen.

Respectfully submitted on behalf of Pollution Probe.

A handwritten signature in black ink, appearing to read "Michael Brophy", is positioned above a horizontal line.

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