ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule. B);

AND IN THE MATTER OF an Application by Enbridge Gas Inc, pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving or fixing just and reasonable rates and other charges for the sale, distribution, transmission and storage of gas as of January 1, 2024.

EB-2024-0111

PANEL 2 COMPENDIUM OF

MINOGI CORP.

AND

THREE FIRES GROUP INC.

December 16, 2024

Tab 1

ONTARIO ENERGY BOARD

FILE NO.:	**EB-2022-0200**	**Enbridge Gas Inc.**

VOLUME:	**6**	
DATE:	**July 20, 2023**	
BEFORE:	**Patrick Moran**	**Presiding Commissioner**
	Allison Duff	**Commissioner**
	Emad Elsayed	**Commissioner**

you know, a certain percentage of the net present value of the cost savings to customers, by pursuing the lower cost option. And conceptually, that could be applied just as easily to gas, as it can to electric.

MR. QUINN: Thank you, for that. I would concur with that. Thank you for your answers, Mr. Neme, and thank you, Commissioners. I apologize for a little bit over time with my logistics, but those are my questions.

MR. MORAN: Thank you, Mr. Quinn. Next, we have Three Fires Group.

CROSS-EXAMINATION BY MR. VOLLMER:

MR. VOLLMER: Daniel Vollmer, from Ginoogaming. I will also be asking questions on behalf of both the Three Fires and Ginoogaming First Nation, today.

MR. MORAN: Thank you, Mr. Vollmer.

MR. VOLLMER: Good afternoon, Commissioners, and good afternoon, Mr. Neme.

I just wanted to start off by asking a few questions on the relative risk of the energy transition decarbonization from declining gas peak demand and gas sales for lower income households, especially in remote communities and First Nations. Ms. Monforton, could you please pull up page 4 of Mr. Neme's evidence? Thank you.

As we just heard earlier today, you noted that the implications of declining gas peak demand and gas sales present a growing risk that current and new capital gas assets will become underutilized, if not stranded, and the implications of this will be probably problematic for

lower-income households. Right?

MR. NEME: Correct.

MR. VOLLMER: Could you just maybe unpack or elaborate on the reasons it would be particularly problematic for lower-income households.

MR. NEME: Sure. There are, I guess, a couple of lenses through which you could think about this issue. One is that low-income holds are typically already at their limits in terms of how much they can afford for energy. Their energy burdens tend to be quite high. And, therefore, anything that increases their energy costs just makes their lives more challenging. And some would use terms much stronger than that, you know.

And so, as the gas system -- if we go down the path of decarbonization and there is significant electrification, which I believe that pretty much every study, even the two scenarios that Enbridge had their consultant Guidehouse look at, says this, that there is going to be significant electrification and customers leaving the gas system, the costs that are going to have to be recovered from the gas system will be spread over a smaller number of customers and a smaller volume of sales. And that is going to create upward-rate pressure and it is going to create significant challenges for low-income households who are still on the gas system.

Now, those challenges could be mitigated if those customers could get onto a less expensive system, which is likely to be the electric system. And, as I mentioned to

somebody earlier, when the Massachusetts gas utilities did their analyses of eight or nine different pathways scenarios, they definitely found that energy burdens for low-income households could be maintained at relatively the same levels they are today for those customers who exit the system onto the electric system in a high-electrification scenario.

The problem is that those low-income households are the ones that do not have the capital to make that transition themselves. And, as a result, they are more likely without support than others, proportionally, to be the ones left on the system facing the higher gas prices that they cannot afford.

MR. VOLLMER: Thank you.

MR. NEME: Does that help?

MR. VOLLMER: Yes, thanks. Is it safe to say that a lot of those same considerations would apply to remote communities and First Nations that are often also, many of them, lower-income and have the same kinds of issues?

MR. NEME: Sure. Any customer that faces significant challenges in getting off the system and/or that has significant existing financial constraints would be in the same boat. And that's probably particularly true if you are in more northern areas, where the climate is more severe.

MR. VOLLMER: Thank you. I think maybe just jumping off that a bit more. In your opinion, are there any other -- or could you maybe elaborate on the other kinds of

considerations for those First Nation communities, and especially northern communities, trying to either leave the gas system or electrify, and just maybe some comments on that?

MR. NEME: Sure. Obviously, as you go further north, the winters get more severe, which means you use more energy for meeting your basic needs. And so that is a bigger challenge.

In addition, the more kind of common electric heating options for the more moderate parts of Ontario, like Toronto and environs, and even up to Ottawa, which is a cold-climate air source heat pump, in very far-north communities, those heat pumps will not function nearly as well. Because, the further north you go, the lower their operating efficiency and the less they can produce without having to rely on backup systems.

So, for those more northern communities, First Nations communities, there would need to be kind of a visiting of a range of options that are maybe a little bit different than the average household in Toronto might pursue, or even the average low-income household in Toronto. There may need to be more of a focus on ground-source systems. There may need to be more of a focus on biofuel systems. And there probably needs to be some thought, as well, to how to, from a public policy perspective, mitigate the costs that will be incurred in switching to those alternative fuels or alternative heating systems for those communities. That is a policy call, but it seems like it is a reasonable one to

consider.

MR. VOLLMER: Thank you. And I just want to talk a bit about the feasibility -- it kind of jumps from where you were just speaking now -- of the energy transition in a lot of these vulnerable communities and remote communities, including many First Nations. If we can please go to page 24 of Mr. Neme's evidence. Thank you. And then scroll down to, I guess, section B. Right there, thank you.

In your evidence here, you suggest that developing specific estimates of the cost effectiveness of customers investing in electrification at various points between 2023 and 2050 was beyond the scope of your evidence. In your opinion, does Enbridge's evidence in this proceeding allow for a comprehensive understanding of the cost effectiveness of customers investing in electrification in Ontario?

MR. NEME: No, I don't think it does. As I said earlier, I think the Guidehouse pathways study is fundamentally flawed, with numerous biases in favour of gaseous fuel pathways and against electrification pathways. But, moreover, it is a kind of economy-wide analysis. Which is not a criticism of their work; it's just that it doesn't allow for the kind of regional breakouts or community-specific challenges that you were alluding to earlier.

And nor does mine. My analysis in this report focuses on Toronto as kind of a typical, average Ontarian situation. I readily acknowledge that the situation is going to be different especially in far-northern

communities, and kind of a wider range of options is going to need to be investigated to find solutions that are the most cost effective there.

I didn't mention earlier, but another one could be a much more significant level of investment in energy efficiency of buildings so that, whatever heating system is adopted, there is much less of it needed so that it is much more affordable. And much higher levels of efficient in very northern communities will make sense than in Toronto.

MR. VOLLMER: Thank you. You basically answered my second question that I was going to ask you. So, with that, I think that's pretty much all of my questions. I just want to thank you, Mr. Neme, and yield back my time.

MR. NEME: Thank you.

MR. MORAN: Thank you, Mr. Vollmer. OEB Staff, are you ready to proceed?

MR. MILLAR: I am. Thank you very much, Mr. Chair.

MR. MORAN: Thank you, Mr. Millar.

MR. MILLAR: Just as we get started here, I have circulated a compendium for Mr. Neme and I propose to mark that as K6.3. These are materials that are already on the record; in fact, they are largely taken from Mr. Neme's report.

EXHIBIT K6.3: BOARD STAFF COMPENDIUM FOR PANEL 3.

MR. MILLAR: Good afternoon Mr. Neme. It's very nice to see you. I just have few questions to go over today, and I don't think we will take too long.

Let me start with -- maybe we can turn to page 5 of