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February 18, 2025

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

Dear Ms. Marconi,

**RE: EB-2024-0111: Enbridge Gas Rebasing Phase 2  
Argument Submissions of Energy Probe**

Attached are the argument submissions of Energy Probe Research Foundation (Energy Probe) in the EB-2024-0111 Enbridge Gas Rebasing Phase 2 proceeding.

Respectfully submitted on behalf of Energy Probe.

Tom Ladanyi  
TL Energy Regulatory Consultants Inc.

cc. Patricia Adams (Energy Probe Research Foundation)  
Khalil Viraney (OEB Staff)  
EGI Regulatory Proceedings  
Intervenors of Record

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**EB-2024-0111**  
**Enbridge Gas Rebasing Phase 2**  
**Argument Submission of Energy Probe**  
**February 18, 2025**

**Introduction**

In its Decision on the Settlement Proposal dated November 29, 2024, the OEB identified three unsettled items.

- There was no agreement on Issue 7, as to whether the 2024-2028 IRM should include a mechanism to decouple revenue from customer numbers.
- There was no agreement on one aspect of Issue 8, which relates to Performance Metrics and Measurement targets. The Parties do not agree about whether the calculation of the meter reading metric should exclude inaccessible meters.
- There was only a partial agreement on Issue 17, and no agreement to whether and on what terms Enbridge Gas should establish a Low Carbon Voluntary Program for the inclusion of RNG in gas supply for contract and general service customers.

The OEB indicated that each of these unsettled items would be determined through an oral hearing process. The oral hearing took place between December 17 and December 19, 2024. The following are Energy Probe's submissions on the three issues.

**Issue 7 Revenue Decoupling Mechanism**

There is an unresolved issue about whether Enbridge Gas's 2024-2028 IRM should include a mechanism to decouple revenue from customer numbers. That issue was left for the OEB to decide.<sup>1</sup> The issue was stated as follows on the issues list.

*Issue 7: How should Enbridge Gas be incentivized to implement economic alternatives to gas infrastructure and how should the recovery of its costs be treated?*

It was put forward by Environmental Defense (ED) who filed supporting by evidence of its consultant, Current Energy Group (CEG).<sup>2</sup> CEG was asked by ED to recommend adjustments to the proposed incentive rate-setting mechanism for Enbridge Gas aimed at improving capital cost containment and mitigating financial risks to customers associated with the energy transition.

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<sup>1</sup> Exhibit N-1, page 9

<sup>2</sup> Exhibit M2

CEG made six recommendations. Only Recommendation 2, Revenue Decoupling proceeded to the hearing. The following is CEG's recommendation.

*"The OEB should extend revenue decoupling to make Enbridge Gas indifferent to the number of customers that it connects to its system. This will benefit customers by reducing the incentive to connect new customers, which requires significant capital outlays that increase rate base and energy transition risks."*<sup>3</sup>

The CEG report described what *revenue decoupling* or partial revenue decoupling was trying to accomplish.

*"A partial revenue decoupling mechanism should be designed to ensure that Enbridge Gas is indifferent to whether new customers are added to its system while still exposing the company to revenue variations attributable to weather risks."*

*The primary objective of revenue decoupling is to weaken the link between utility earnings and sales volume. Revenue decoupling is designed to enable greater energy efficiency improvements by reducing the "throughput incentive" – the inherent financial incentive that utilities have to sell more therms of gas."*<sup>4</sup>

It states what would a "well-designed partial revenue decoupling mechanism" do.  
*"A Well-Designed Partial Revenue Decoupling Mechanism Should Leave the Utility Indifferent to Customer Additions or Reductions in the Near-Term"*.<sup>5</sup>

In its argument ED filed a large amount of evidence to explain why revenue decoupling is necessary.

### **Submission of Energy Probe on Issue 7**

Energy Probe is opposed to the revenue decoupling proposal by ED.

ED has not proven a need for revenue decoupling. There is no doubt that ED is opposed to the use of natural gas. To prevent Enbridge from adding new gas customers it wants to OEB to implement revenue decoupling, but it has not explained what it is or how it would work. From the evidence on the record, it seems that ED does not even understand how revenue is coupled.

ED has not explained how revenue decoupling will work in Ontario. ED wants Enbridge to design a revenue decoupling proposal that would suit ED.. Enbridge is right to refuse.

ED hired CEG consultants from the US who it intended to qualify as expert witnesses. Energy Probe intended to object to their qualification as expert witnesses. The normal procedure in OEB oral proceedings is that a party introduces the witnesses and asks that they be qualified as experts

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<sup>3</sup> Ibid., page 3

<sup>4</sup> Ibid., page 12

<sup>5</sup> Ibid., page 13

in certain areas of expertise. Then the presiding commissioner normally asks if there are any objections. Parties objecting then explain the reasons for their objections. The commissioners then decide or defer their decision on qualifying the witnesses as experts. This normal procedure was not followed in this hearing. Instead, the presiding commissioner directed Energy Probe to explain its objections to CEG consultants being qualified as experts before ED asked that they be qualified as experts or explained their areas of expertise.<sup>6</sup> This was unfair to Energy Probe and placed it at a disadvantage.

ED proposed that CEG witnesses be qualified as experts in “*energy transition considerations relating to incentive ratemaking mechanisms*”. Energy Probe submitted that there is no such field of expertise. This is a new field created by ED to get the CEG witnesses qualified as experts. ED has not explained what are the criteria for individuals to be considered as experts in this new field of expertise. ED has mentioned a number of other jurisdictions and other fields where its witnesses were accepted as experts. The OEB does not know what criteria these jurisdictions use in qualifying experts or what fields they were qualified in. Energy Probe submits that being qualified as an expert in another jurisdiction or in another field or in an earlier time does not immediately qualify an individual as an expert in Ontario in this proceeding.

Energy Probe submitted that the CEG witnesses do not have academic credentials or experience that would be required for evaluation of economic alternatives at an expert level. Neither has academic credentials or experience that would be required for evaluation of economic alternatives at an expert level. In their evidence, they made recommendations on cost recovery and the cost of capital, but they have no expertise in cost allocation and rate design, nor in determination of the return on equity. They don't appear to have much knowledge about OEB regulation of gas utilities.

CEG evidence attempts to re-argue energy transition (ET) issues that were dealt with in Phase 1. ED also filed a large amount of ET reference material. ET was an issue in Phase 1 and is not an issue in Phase 2. Energy Probe submits that the two CEG witnesses were not in Phase 2 to provide assistance to the Commissioners as experts, but to help ED re-argue ET issues from Phase 1.

OEB form A, *Acknowledgement of Expert's Duty*, that expert witnesses are required to sign includes the following acknowledgement.

*"I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows: (a) to provide opinion evidence that is fair, objective, and nonpartisan."*

Energy Probe submits that their opinion evidence was not fair, objective, and nonpartisan. By reviewing their evidence and their CVs, it is clear the CEG witnesses are activists who are strongly opposed to the use of natural gas, and want to reduce or eliminate it as soon as possible. Having strong opinions does not qualify an individual as an expert.

Energy Probe believes that for far too long the OEB has qualified expert witnesses whose evidence has not been fair, objective, and non-partisan. Certain parties have exploited this

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<sup>6</sup> Tr. Vol.2, pages 94-98

permissive attitude by the OEB. The OEB has an opportunity in this case to enforce its own rules. If it does not, it is likely there will be an increase in partisan expert evidence in future proceedings. Energy Probe submitted that the CEG witnesses should not be qualified as experts.

In its decision on Energy Probe's objection, the commissioners accepted CEG witnesses as experts, and ignored the key point of the objection that the witnesses are not able to provide evidence that is fair, objective, and non-partisan as required by OEB form A, Acknowledgement of Expert's Duty.<sup>7</sup> Commissioners should ask themselves why the OEB found it necessary to require that witnesses seeking to be qualified as experts sign form A. Energy Probe submits that the objective of form A is to prevent exactly the situation that we have here, where a party is asking that partisan evidence be accepted as expert evidence. Energy Probe submits that the OEB in its decision should deal with OEB form A as it pertains to CEG witnesses. The meaning of OEB Form A also came up in another recent proceeding where the OEB did not deal with it when a party raised its objection to the qualification of expert witnesses.<sup>8</sup> Energy Probe submits that the OEB should review its Rules of Practice and Procedure that deal with the qualification of expert witnesses. Energy Probe suggests that the OEB may want to establish two categories of witnesses, independent expert witnesses and factual matter witnesses.

Energy Probe believes that anyone proposing revenue de-coupling for Ontario should know how revenue coupling works in Ontario. Energy Probe wanted to find out if the CEG witnesses did not know how revenue coupling now works in Ontario or how it works in their own country, but ED objected to the questions.<sup>9</sup> Because of this it can safely be assumed that CEG witnesses did not know how revenue coupling works in Ontario or in the US.

CEG witnesses were not familiar with Ontario customer attachment policies or process.<sup>10</sup> CEG witnesses claim that the US State of Hawaii should be the example that Ontario should follow<sup>11</sup>. Energy Probe submits that there are no similarities between Hawaii and Ontario.

It was disappointing to see that some of the US expert witnesses in the Generic Cost of Capital proceeding<sup>12</sup> did not know how Ontario municipally owned electricity distributors were financed or regulated and assumed that they were identical to investor owned distributors in a typical US state. Energy Probe submits that any expert witness that offers opinions in OEB proceedings should know how energy utilities are structured and regulated in Ontario.

Energy Probe submits that the OEB should not give any weight to the testimony of CEG witnesses. Not even ED placed much weight on the evidence of CEG witnesses in its argument as Enbridge pointed out.<sup>13</sup>

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<sup>7</sup> Tr. Vol.2, pages 108-109

<sup>8</sup> EB-2024-0331 Application to Review Amendments to the Market Rules made by the Independent Electricity System Operator

<sup>9</sup> Tr. Vol.2, pages 167-174

<sup>10</sup> Ibid., page 186

<sup>11</sup> M2.Staff-1

<sup>12</sup> EB-2024-0063, Argument Submission of Energy Probe

<sup>13</sup> AIC, page 27, para. 98

Energy Probe submits that the OEB should not approve ED's revenue decoupling proposal for the following reasons.

- ED has not explained how revenue decoupling would work in Ontario.
- ED's proposal is contrary to Ontario government policy.<sup>14</sup>
- ED's proposal is contrary to OEB's price cap rate setting method as stated in the Renewed Regulatory Framework.<sup>15</sup>
- ED's proposed revenue decoupling would take customer choice away.

### **Issue 8 Performance Metrics – Meter Reading Metric**

*Should the OEB approve Enbridge Gas's proposed change to calculation of the Meter Reading Performance Measure (MRPM) metric to exclude inaccessible meters? (the Meter Reading Issue)*

Enbridge Gas requested that the OEB approve an update to the calculation of the Meter Reading Performance Measurement (MRPM) metric such that inaccessible meters are excluded from the calculation of the metric for the 2024 to 2028 IR term.

The MRPM metric is set out at Section 7.3.3.1 of the Gas Distribution Access Rule (GDAR). The MRPM metric measures the percentage of meters with no read for four consecutive months. The measurement shall not exceed 0.5% on a yearly basis.

Enbridge Gas claims that it has experienced difficulties with meeting the MRPM metric in recent years but through diligent efforts the Company's results have greatly improved.

The Company began to implement its MRPM Mitigation Plan in 2022. The MRPM results have significantly improved from 5.0% in 2021 to 1.3% in 2023, with further improved results in 2024. The updated MRPM results for 2024 filed in advance of the oral hearing forecast a result of 1.0%. Since that time, further updated 2024 results are available, showing an anticipated annual 2024 MRPM result of 0.94%.

Enbridge Gas claims that it is not reasonably possible to meet the MRPM target. The reason is the proliferation and persistence of inaccessible meters.

In Phase 1, Enbridge Gas proposed a change to the MRPM metric and the OEB found that this was not warranted, in part because Enbridge Gas had not established any persisting unusual circumstances beyond the Company's control.

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<sup>14</sup> *Keeping Energy Costs Down Act, 2024* (Bill 165)

<sup>15</sup> Renewed Regulatory Framework for Electricity Distributors: A performance Based Approach,

In evidence and testimony in Phase 2, Enbridge Gas has explained why inaccessible meters, the key factor beyond the Company's control, are what is in making the MRPM metric unattainable. Enbridge Gas classifies an inaccessible meter as a meter that cannot be read by a meter reader in the ordinary course because of access issues caused by or within the control of the customer. Enbridge Gas has observed that the number of inaccessible meters has grown in recent years.

Enbridge Gas requested that the OEB approve the proposal to interpret or amend the MRPM metric to exclude the impacts of inaccessible meters during the 2024 to 2028 IRM term. Under this proposal, Enbridge Gas would still be expected to meet the 0.5% MRPM metric, but the calculation would not include inaccessible meters.

### **Energy Probe Submission on Issue 8**

Energy Probe does not support the request by Enbridge to exclude inaccessible meters from the MRPM metric for the following reasons.

This issue was dealt with in Phase I and Enbridge is now back with a new and different approach.<sup>16</sup>

*MR. RUBENSTEIN: I just want to make sure I understand the proposal, what has gone on. Am I correct in Phase I Enbridge requested a partial exemption from the meter reading performance measure; correct?*

*MR. GARNETT: That is correct.*

*MR. RUBENSTEIN: That was from the target where you sought to increase it from the current 0.5 percent to 2 percent; do I have that right?*

*MR. GARNETT: You do.*

*MR. RUBENSTEIN: And you sought a partial exemption from GDAR related to the MRPM target because it was -- the target is contained in the gas distribution access rule, GDAR; correct?*

*MR. GARNETT: That is correct.*

*MR. RUBENSTEIN: And ultimately the OEB denied the request to adjust the target; correct?*

*MR. GARNETT: That is correct.*

*MR. RUBENSTEIN: And now, as part of Phase II, you are asking to change how the metric is calculated; correct?*

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<sup>16</sup> Tr. Vol 1, pages 65-66

*MR. GARNETT: Just to clarify as a part of our exception request it was also suggested through compliance staff that bringing the meter reading performance metric through the rebasing was a good place to do so. Also meter reading performance impacts broad customer base so, you know, I think the scope of the issue, you know, makes sense to do so. And, you know, we are not here changing the metric this time. We are here just to, again, to remove inaccessible meters.*

*MR. RUBENSTEIN: Okay. But just to back up for second you keep saying exemption. Mr. Stevens said, no, we are not seeking an exemption. So, my first question is: Are you seeking an exemption? I just want to be clear.*

*MR. GARNETT: No, we are proposing to remove inaccessible meters from the meter reading performance calculation."*

Energy Probe submits that Enbridge is attempting an end run around the OEB decision on this issue in Phase 1. It does not like the OEB decision from Phase 1 and wants to change it.

The second reason why the OEB should reject Enbridge's proposal is that it would result in an increase in estimated bills. Energy Probe is concerned that this would result in a significant increase in estimated bills which seems to be a serious problem for many customers.

The problems with estimated bills are particularly severe and numerous for customers who have replaced their air conditioner with a heat pump and use the heat pump for home heating except for the coldest days in winter. Even after two years the estimated bills continue to be based on gas consumption at the home prior to the installation of a heat pump.<sup>17</sup>

*"MR. LADANYI: Thank you. Can you turn to Energy Probe-2, which would be 1.7-EP-2. And this interrogatory deals with increasing problems that Energy Probe found out by talking to gas customers. As you are aware, are no doubt aware, customers with older homes that have central air conditioning are replacing the air conditioning unit with a heat pump. So, when the air conditioning unit reaches the end of its life, they have a choice: Do we buy a heat pump, or do we buy another air conditioner?*

*These customers use the heat pump for space heating for most of the time and the gas furnace -- they still are a gas customer. They use the gas furnace only for the coldest months or days. They probably also have a gas water heater or possibly a stove. They are gas customers. They continue to be gas customers, but they now use far less gas than before they installed the heat pump.*

*Customers are therefore expecting to receive lower gas bills based on their lower gas consumption. You understand that. But, instead, they receive a low bill one month based on the actual reading and a high bill the following month based on an estimated*

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<sup>17</sup> TC Tr., Vol. 3, pages 124-135



consumption. Then, the customer calls Enbridge and is asked to read the meter and report back.

Customers have told Energy Probe this keeping happening month after month after month. It appears that the method that Enbridge uses for estimating bills does not take into account the much lower consumption due to the installation of the heat pump. So, in the preamble, I quoted from your evidence:

*'Enbridge is working on a plan to educate customers about use of actual rates. There is a misconception that Enbridge does not use a customer-provided read. Because, if the read is provided outside of a three-day meter reading window, the bills display estimate read, wherein the actual meter is read or was obtained within the billing month. These reads are in fact used to adjust the account as required and are used to estimate the read that is within the reading window to generate a bill. Enbridge Gas is considering a process improvement to address how reads are utilized based on when they are received and how they represent in the bill.'*

So, in Energy Probe 2, I asked: The passage says that a customer's self-reported reading is used to adjust the accounts for that month, so how is self-reported reading in one month used by Enbridge to influence and estimate for that customer's next month of gas consumption or the same month next year? If it is used -- or not used for future estimates by Enbridge, why not? And your answer is a strange answer:

*'Customers' self-reported rates are used in the same manner as read obtained by the meter reader. All actual reads obtained are factors used in estimation calculations going forward on the customer's account.'*

So can you explain to me -- and then, you know, I can go on in question B and so on. And what I understand is: Are you saying that you do not change the estimating process, even if the process consistently produces bills that are too high? That is what seems to be the case.

MR. GARNETT: Ian Garnett. So the way the estimation model works does not discriminate between a customer read or a meter reading or what we call a periodic read. So the answer here is trying to indicate that all reads, including customer provided reads, are used as a part of the estimation model to predict future consumption and are therefore utilized in the future months. The challenge for customers is that if we don't receive their customer read within that billing window their bill says that the -- that their consumption has been estimated and when they've provided a read that is confusing for them. So, all reads are leveraged in the estimation model regardless of customer actual read, but also trying to provide some context as to why customers are confused by that.

MR. LADANYI: So, from what I understand what you are saying you have a process whereby you have got now these customer reads that are much lower. You got a reading every second month. They got a meter read that does showing your really low consumption and then your estimating model uses some history, some file that same

*premise which was based on consumption prior to the installation of the electric heat pump. So, how long does it take for your whole estimating system to be adjusted based on what is actually going on at that premise. How long would that take, a year?*

*MR. GARNETT: I don't know the answer to that. The estimation model is complex. I don't know exactly how long it takes for the estimation model and how much actual consumption it takes to pinpoint accuracy, as an example. But it does take a period of time with actual consumption in order to adjust.*

*MR. LADANYI: So, some customers have told us that they have actually they have been overcharged for so much gas that they have built up, that's cause they pay their bill, they don't want to be disconnected but they have overpaid probably for, like, a whole year's consumption. And now they have a huge credit balance. So, how does that effect the credit balance builds up and I presume over time this will be corrected. Corrected by you. But first, the credit balance, are you paying some kind of a credit rate to the customer? You are holding their money for many months before adjustment. Are customers credited for the time value of money?*

*MR. GARNETT: I'd have to check the conditions of service to understand -- my understanding is that we don't pay interest on that. A customer can contact us at any time with respect to credits, it is reported on their bills at any time. And we will work with them on refunding them their money.*

*MR. LADANYI: What if the customer -- suppose the customer doesn't contact you, for whatever. Maybe they have language issues, who knows. And so, they do nothing. So, they have one big bill, one month they pay it and they have a little bill next month. They pay it and they have another big bill, and so on, goes on. And how does it all get sorted out if the customer does nothing?*

*MR. GARNETT: Sorry. Can you just clarify what you mean by all sorted out?*

*MR. LADANYI: Well, sorted out at the -- finally at some point in time I expect that the customer's account will not show a large credit balance. That at some point in time it will be essentially sorted out. Like, you can't -- you are not expecting to have it -- your customers to carry -- have a large credit balance on your books. And you are not even paying them any interest charge.*

*MR. GARNETT: So, Ian Garnett. So, I couldn't comment on the length of time it would take to sort out or correct, again, the consumption based on the estimation model and the actual consumption. It would depend on the circumstance of, again, how much consumption is being used, what the value of the credit is, so it is really hard to comment on that in general. And how length of time and how long it would take to sort out.*

*MR. LADANYI: By the way, do you know how many Enbridge Gas customers are in a credit position at any time?*

MR. GARNETT: I don't.

MR. LADANYI: No, not personally. I didn't mean right here. But does your billing system know? Can your billing system actually answer that question for you?

MR. GARNETT: I would have to look into that."

Enbridge provided the answer in an undertaking.<sup>18</sup> *"As of June 30, 2024, there are 166,784 active mass market accounts with credit balances over \$501."* While the total of 166,784 customers is relatively small compared to the total number of Enbridge Gas customers, it is still a large number of customers. Energy Probe believes that there are problems with bill estimation and that they are causing an increase in unaccounted for gas (UFG) which can be seen from the evidence in another Enbridge proceeding.<sup>19</sup>

In response to the same undertaking Enbridge illustrated what happens when a customer installs a heat pump.

*"As an example, if a customer had an estimated meter reading month which overestimated consumption (e.g. a customer installs a heat pump) which was valued at \$20, when Enbridge Gas obtains an actual read the following month, the consumption is adjusted based on the actual read. The \$20 credit is applied to the following bill and the customer would pay the balance (current bill minus credit) and therefore only be invoiced for the gas actually consumed over the previous two months. This process continues as the estimation model adjusts to the new consumption and estimates become more accurate over time."*

Customers reported to Energy Probe that it takes more than two years for the Enbridge bill estimation model to adjust. Energy Probe believes that it is far too long.

The problems with Enbridge's bill estimation system have attracted the attention of Toronto Star.<sup>20</sup> Former Enbridge Gas customers are still getting estimated bills from Enbridge Gas long after they have completely stopped using gas. While this does not deal directly with meter access, it does highlight problems with Enbridge's bill estimation model which is directly linked with meter access. However, Enbridge claims that there are no problems with estimated bills.<sup>21</sup>

*"Therefore, the estimated bills that are provided are eventually trued up to actual. In the interim months, Enbridge Gas has processes in place to confirm that estimated meter readings are in line with historical and expected trends. Enbridge Gas is not aware of large numbers of complaints from these customers about inaccurate estimated meter readings. In fact, the number of complaints overall from customers to the OEB about inaccurate estimated meter readings has*

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<sup>18</sup> JT3.25

<sup>19</sup> EB-2024-0125, Exhibit D, Tab 1, pages 16 to 24

<sup>20</sup> [https://www.thestar.com/news/gta/these-five-toronto-area-homeowners-tried-to-ditch-natural-gas-what-happened-next-left-them/article\\_ab5d8cc0-d830-11ef-8ee1-5fa3419c5469.html](https://www.thestar.com/news/gta/these-five-toronto-area-homeowners-tried-to-ditch-natural-gas-what-happened-next-left-them/article_ab5d8cc0-d830-11ef-8ee1-5fa3419c5469.html)

<sup>21</sup> AIC, page 8, paragraphs 27 and 28

*declined precipitously in recent years, by around 70% in 2024 compared to 2023. There were only 69 such complaints to the OEB in 2024, out of around 4 million customers.”*

Energy Probe believes that there are many problems with estimated bills, but most customers are not aware that they should complain to the OEB to have their complaints counted. Most customers are not aware of what OEB is or what it does. Energy Probe believes that the OEB is not equipped to deal with billing problems of 3.8 million Enbridge Gas customers. The OEB should reject Enbridge’s attempt to download its responsibility for dealing with customer complaints on the OEB.

Another reason why the OEB should reject Enbridge’s proposal is Enbridge’s solution to the estimated bills problem is having the customers submit their own meter readings. Enbridge customers are paying to have the gas meter read by Enbridge. It seems that Enbridge is attempting to download meter reading work on its customers.

Yet another reason why the OEB should reject Enbridge’s proposal is that it is an attempt to change the MRPM metric that was dealt with in Phase 1.<sup>22</sup>

*“MR. RUBENSTEIN: Well, if the target of 0.5, which was in GDAR, was created at a time when there were at least some inaccessible meters, and now we are removing all inaccessible meters, shouldn't we make an adjustment to that metric to reduce it from 0.5? I don't know if it is 0.4 or zero-point -- isn't that fair, for trying to get us back to the position we were in?”*

*MR. GARNETT: No, I don't think so, because the position that the -- the unusual circumstances and the accessibility issues are -- you know, as per our evidence, are something that is outside of our control. So it would make the metric harder, or a smaller component of meters, it doesn't make sense.”*

Energy Probe submits that the response of the Enbridge witness does not make sense. Accessibility of meters was a problem when GDAR was created. The GDAR standards were adopted when some meters were inaccessible. Now Enbridge wants to remove all inaccessible meters from the metric. If the OEB approves what Enbridge wants it would make it easier for Enbridge to meet the standard, not harder.

If the OEB decides to approve Enbridge’s request to exclude inaccessible bills from the MRPM metric, it should ensure that this does not result in more problems with estimated bills. Energy Probe submits that the OEB should require Enbridge Gas to file a report each month listing the number of estimate bills and the number of customer complaints that Enbridge has received each month regarding estimated bills. The OEB should also direct Enbridge Gas to improve its bill estimation methods and report on what it has done in the next rebasing proceeding.

Enbridge blames poor performance metrics on inaccessible meters and dogs. Why would there be an increase in inaccessible meters or dogs. For this to affect the MRPM metric, a large proportion of Enbridge customers would have had to purchase thousands of dogs, installed

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<sup>22</sup> Tr., Vol. 1, page 71

kilometers of fences, and have the dogs running loose in backyards, in the last few years. Energy Probe submits that this is not credible. Enbridge has 3.8 million customers. For Enbridge and its predecessor companies have been reading gas meters for more than 170 years. Why is this now a problem. Meter readers have been dealing with fences and dogs since the beginning of metered gas service.

The more likely reason is that Enbridge has outsourced the contract for meter reading to a new vendor.<sup>23</sup>

*“MR. GARNER: Thank you. And talking about this vendor change, you said, I mean, Covid happened, you are saying that happened. But as you say, your vendor changed. Right? And so you had issues with your new vendor. So why wouldn't I ascribe all of your problems to the fact that you have a new vendor? Does your new vendor have as many readers as your old vendor did, for instance?”*

*MR. GARNETT: The meter-reader vendor currently has more readers than our previous vendor.*

*MR. GARNER: Did they lack experience? Is that what it was?*

*MR. GARNETT: It took them a while to get up to speed, exactly. They had to get used to the routes. They had to train new people. There is a lot of factors that caused them to get up to speed. But, when you look at -- I think a good way to look at that is if you look at the legacy Enbridge versus the legacy Union rate zones, and you see the comparable performance between the two meter-reading vendors. The legacy Enbridge vendor has been around for a long, long time. So, if you set that as the bar for performance, you will see that the new vendor is performing very similar, if not the same performance as the legacy Enbridge vendor is.”*

In conclusion, the OEB should not approve Enbridge's proposal to remove inaccessible meters from the MRPM metric for the following reasons.

- This issue was decided in Phase I and Enbridge is trying a different approach.
- Enbridge's proposal would result in a large increase in estimated bills and UFG.
- Enbridge's bill estimation system does not work well.
- Enbridge is trying to download the responsibility for reading meters on its customers.
- Enbridge is trying to download its responsibility for dealing with customer billing complaints on the OEB.

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<sup>23</sup> Tr., Vol.1, page 52

- Enbridge’s claim that its meter reading problems are related to a sudden large increase in dogs and fences does not seem credible.
- Enbridge’s claim that its meter reading problems are unrelated to its new meter reading vendor does not seem credible.

**Issue 17: Are the specific proposals to amend the Voluntary RNG Program and to procure low-carbon energy as part of the gas supply commodity portfolio, appropriate?**

Enbridge described the relief sought in its AIC.<sup>24</sup>

*Enbridge Gas is requesting OEB approval for a proposed Lower-Carbon Energy Program (Program) to allow Enbridge Gas to procure lower-carbon energy (particularly RNG) as part of the gas supply commodity portfolio beginning in 2026. Enbridge Gas intends to recover the incremental costs associated with this procurement through the proposed cost recovery mechanism, including a Lower- Carbon Voluntary Program (LCVP) for large volume customers.*

*Renewable natural gas, referred to as “RNG is produced from decomposing organic matter which creates biogas that can be upgraded to pipeline quality methane. As it is a ‘drop-in’ fuel, RNG can use the Company’s current gas infrastructure and without modifications to customer equipment. By displacing conventional natural gas, RNG reduces greenhouse gas (GHG) emissions.”<sup>25</sup>*

In its AIC Enbridge described the program as having two distinct components. One is a Lower Carbon Energy Program which Enbridge defines as “the Program” and the other is a Lower Carbon Voluntary Program which Enbridge defines as LCVP.<sup>26</sup>

*“Enbridge Gas proposes a Lower-Carbon Energy Program (the Program) for procurement of RNG as part of the gas supply commodity portfolio and to recover the incremental costs associated with RNG through the proposed cost recovery mechanism.*

*The Program will procure RNG starting at a target percentage of 0.25% of the gas supply commodity portfolio in 2026, increasing up to a maximum of 2% in 2029, subject to a maximum bill impact to the average residential customer of \$2 per month per target percentage point of RNG.*

*The Lower-Carbon Energy Program includes the Lower-Carbon Voluntary Program (LCVP) component and the blend component. The LCVP offers RNG to large volume sales service customers on a voluntary basis to achieve emissions reductions – a mechanism that they have expressed an interest in and that exists in other jurisdictions.*

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<sup>24</sup> AIC, page 11, paras. 37 and 38

<sup>25</sup> AIC page 11, paras. 39 and 40

<sup>26</sup> AIC page 3, para. 10

*RNG not elected through the LCVP will be included in the cost of gas supply commodity purchases. All sales service customers will receive the benefit of RNG with the certainty of a maximum bill impact. This approach recognizes customers' interest in including lower-carbon energy without having to take specific action."*

*Participating LCVP customers will receive a specified portion of their supply as RNG and pay the associated premium cost above the gas commodity cost, as set out below. The premium for RNG will vary based on the portfolio of RNG the Company procures but will be known at the time that customers elect to participate in the LCVP.<sup>35</sup> RNG that is not elected as part of the LCVP will be included in the gas supply portfolio for all sales service customers.*

*The cost recovery mechanism proposed for the Program consists of two parts: a. First, large-volume sales service customers can voluntarily elect to have RNG be included as part of their gas supply mix (up to 100%) starting on January 1, 2027<sup>37</sup> through the LCVP and pay directly for the RNG premium. The cost premium of the LCVP will be recovered through the proposed Rider L; and*

*Second, the RNG premium that is not recovered through the LCVP (including those incurred in 2026) will be included in the recovery of the cost of gas supply commodity purchases from all sales service customers. Enbridge Gas proposes a maximum bill impact for the average residential customer of \$2 per month per target percentage of RNG. Importantly, the bill impact threshold is not the guaranteed impact the average residential customer can expect under the Program. It is instead a maximum or upper limit which, depending on LCVP participation, may not be reached.*

*Enbridge Gas will stop procuring RNG once the annual target percentage is reached in a particular year, or when the above-noted maximum residential bill impact is reached.<sup>27</sup>*

*Enbridge Gas seeks to continue the Program beyond 2029, at the 2029 procurement target and the maximum residential bill impact targets, until approval from the OEB is granted to procure amounts above 2%.*

*As is typical in the market, it is expected that Enbridge Gas will purchase RNG through longer-term contracts (likely of five years or longer). Longer-term contracts require a mechanism to provide cost recovery certainty for the duration of the underpinning commodity contracts. Without cost-recovery, Enbridge Gas is unable to compete in the market for larger volumes of cost-effective RNG supply. As RNG is not directly supporting new gas infrastructure, and requesting pre-approval of each contract would be administratively burdensome, Enbridge Gas will not be requesting pre-approval of specific long-term contracts for commodity purchases the OEB's Filing Guidelines for the Pre-Approval of Long-term Natural Gas Supply and/or Upstream Transportation Contracts.*

*The Lower-Carbon Energy Program is supported by the LCVP – a voluntary program that will create a service option for large volume customers to reduce their emissions, decrease their Federal Carbon Charge costs, and contribute to Ontario's GHG reduction targets. For the*

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<sup>27</sup> AIC, pages 13 – 15, paras. 47-50

*purposes of the LCVF, large volume sales service customers with annual consumption of greater than 15,000 m3 are eligible. There are approximately 75,000 customer accounts that meet the LCVF criteria.*

Green Energy Coalition (GEC) filed evidence in opposition to the Enbridge's LCVF by its US based consultant Energy Futures Group (EFG).

## **Energy Probe Submission on Issue 17**

Enbridge is seeking approval of a program within a program, LCVF within the Low Carbon Energy Program (the Program). This seems confusing. However, when Energy Probe sought clarification Enbridge objected.<sup>28</sup>

*“MR. LADANYI: Thank you. Very good. So, there is a lot of evidence about this issue and I don't want to go through any of it, in fact Mr. Gluck asked some excellent questions. I would have asked similar questions, but not as well as he can. I want to first understand: What approval are you seeking from the OEB? The evidence is about the lower-carbon voluntary program and the program has many components, many moving parts. Is this all or nothing approval you are seeking for? Either the OEB approves everything or the OEB proving nothing? Or is there a menu of approvals you are seeking? Can you explain that to me?”*

*COMMISSIONER MORAN: Mr. Ladanyi, I think Mr. Stevens clarified that question for us a little while ago. Would you like Mr. Stevens to repeat his clarification?”*

*MR. STEVENS: I think, if I may, Mr. Ladanyi, this is identified at the beginning of the first slide that Ms. Mikhaila spoke to this morning. I mean, as to what happened you asked is this an all or nothing -- well, things always evolve through argument through an OEB decision. I have not heard Enbridge say at any point if we don't get everything every single component of this ask then we want nothing. I think we will see how things evolve. But what Enbridge is asking for is as set out in the evidence, but it is as summarized in Ms. Mikhaila's presentation this morning. That was the intention of the presentation, to encapsulate what we are asking for.*

*MR. LADANYI: Sorry, I listened to the presentation. I was confused, I was seeking some clarification. But I will look at the presentation again and read a transcript, and maybe on second reading I will get what exactly you are asking for.*

*MR. STEVENS: I believe it starts with Enbridge Gas is sequencing OEB approval. So hopefully when you read the first two slides you will be able to see what it is that Enbridge is seeking.*

*MR. LADANYI: Let me continue that. So, if you do not get approval for everything what*

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<sup>28</sup> Tr. Vol.2, pages 174-176



*happens then? You are going to evaluate and do something else? Is that what it is?*

*MR. STEVENS: I think it would depend on what conditions or stipulations or questions were attached to the OEB's decision in that regard, Mr. Ladanyi.*

*MR. LADANYI: So, if I was a commissioner I would be very uncomfortable approving this, because this program has a lot of what Donald Rumsfeld would have called known unknowns and unknown unknowns. There is two many unknowns here and, essentially, you are asking the Commissioners to accept this in faith. And that -- and I don't want to go through the whole list, but it seems there is just too many things that are not really specified here.*

*MR. STEVENS: That sounds like something that we will be addressing in argument."*

Energy Probe has reviewed the AIC and may have found the answer to its question. Enbridge does not want approval of all or nothing, it wants all or something. It seems that Enbridge wants the Commissioners to a design some kind of a program involving RNG and approve it.

*"While Enbridge Gas remains confident in the updated proposal for the Program, and it believes that the OEB ought to approve it as currently formulated, the Company recognizes that there could be variations to the Program that the OEB may believe is more appropriate. Enbridge Gas would accept reasonable modifications to the Program in order to begin procuring RNG and offer the Program to customers." <sup>29</sup>*

Enbridge is asking the Commissioners to do its work. Energy Probe submits that the Commissioners should not be doing Enbridge's work and should not approve the relief sought by Enbridge.

In its evidence which is summarized in the AIC<sup>30</sup>, Enbridge explains that both federal and provincial governments consistently recognized that displacing natural gas with RNG reduces greenhouse gas (GHG) emissions. One of the benefits of RNG is the continuation of federal and provincial government initiatives to reduce GHG emissions. One of these initiatives is the federal carbon tax. Energy Probe sought clarification of potential impact of the approval that Enbridge was seeking if the carbon tax referred to as Federal Carbon Charge (FCC) was removed.

*"MR. LADANYI: Very good. Okay. Well, let me ask you about one unknown. So, if the Conservatives win the next election and get rid of the carbon tax what would that change? Would that change with the plan? What would happen?"*

*MS. MIKHAILA: Recognizing that we have the uncertainty of the FCC regulations right now and what will happen with it, it doesn't necessarily change the proposal. It might change the amount of RNG that could be procured under the two thresholds that we have proposed, the residential bill impact component and the target percentage. So, if the*

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<sup>29</sup> AIC, page 15, para. 54

<sup>30</sup> AIC, page 11, para. 40

*incremental cost increases because the FCC benefit is no longer in place then it may change the quantity that we could procure under those thresholds.”*

So, Enbridge may change what it is doing if there is no FCC, but it still wants the OEB to approve something involving RNG, even if Enbridge is not sure what the OEB would be approving.

Enbridge tells us that the OEB should approve something involving RNG because this will create jobs.

*“In addition to its ability to reduce GHG emissions through various direct and indirect means, RNG has a number of ancillary benefits. RNG production has the potential, for instance, for the development and operation of RNG facilities creating jobs in various sectors, such as construction, engineering, operations and maintenance.”<sup>31</sup>*

Energy Probe submits that the OEB mandate does not include job creation. Moreover, an equal number of jobs may be lost if the cost of gas commodity increases due to the cost of purchased RNG.

Enbridge claims that if, *RNG can be produced and consumed in Ontario to contribute to increasing energy security and a diversified energy portfolio.*<sup>32</sup>

It is technically impossible for all the RNG produced in Ontario to be consumed in Ontario. The RNG gas that is produced in Ontario will be comingled with natural gas in the Enbridge pipeline system as Enbridge witnesses confirmed.<sup>33</sup>

*“MR. LADANYI: So, as I understand it, you plan to inject RNG into your system at various locations and commingle it with natural gas so all customers would get the same concentration of RNG, but only some customers would pay for it; is that right?”*

*MS. MIKHAILA: Sorry, can you just refer what you mean by some customers will pay for it?*

*MR. LADANYI: Well, some customers. Let's say large volume customers will pay for it, and system gas customers will pay for it, and some other customers and you can tell me if there are any left after that will not pay anything. But they will still get some of the RNG.*

*MS. MIKHAILA: Can we just confer for a minute? Thank you for that. I think what you are trying to say is that the RNG molecules, once they are injected into our system, they look and behave no different than other conventional fossil fuel molecules, and so who gets what molecule is, I guess, just part of the system design and where it is injected and where gas is consumed, but the benefits associated with RNG would be streamed to the customers who are paying for that RNG. So, who is actually consuming which molecule I*

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<sup>31</sup> AIC, page 12, para. 44

<sup>32</sup> Ibid.

<sup>33</sup> Vol. 2, Tr. pages 176 - 178

*think that can't be identified, but the benefits of the RNG will be -- will be attributed to those who are paying for it.*

*MR. LADANYI: So, some of these molecules will end up in the transmission system on the Dawn-to-Parkway system and they will eventually end up in Québec and the U.S. Is that a concern for you?*

*MS. MIKHAILA: Just a moment, please. Sorry, can you repeat your question again?*

*MR. LADANYI: Well, since you told me the molecules are co-mingled and they are also must be co-mingled on the Dawn-to-Parkway system, because some of your system gas is going through the Dawn-to-Parkway system. And it is commingled with the gas that is actually being transmitted to locations outside of the province, those locations being in northeast U.S. actually, and Quebec. Would you agree with me with on that?*

*MS. MIKHAILA: I think, as far as the molecule flows, that could be possible. Enbridge goes on to claim that "RNG production can also improve waste management practices through the collection and processing of organic waste material."<sup>34</sup> Energy Probe agrees that RNG production can also improve the processing and management of waste but submits that is not dependant on Enbridge buying Ontario produced RNG or that Enbridge customers consume it."*

Energy Probe submits that the reduction in GHG emissions resulting from RNG production and consumption are independent of who buys it or who consumes it. If another utility such as Fortis BC instead of Enbridge Gas buys all of Ontario produced RNG, the GHG reduction will be the same. The only difference will be that the customers of Fortis BC would pay more for their gas and be able to claim the FCC benefits of the gas that Fortis BC purchased in Ontario. There would be no difference in the GHG volumes released into the atmosphere.

*MS. MIKHAILA: The purchaser would get the benefits. And so I think that is the example I was trying to relay earlier is, right now, there are local producers injecting RNG into our network. The benefit of that RNG may be for FortisBC on behalf of its customers. So the purchaser, FortisBC, would get those benefits, and they would transfer them to customers, through whatever mechanisms they have, retire the attributes. But it would not be part of Ontario's emissions reductions.<sup>35</sup>*

Energy Probe submits that Enbridge Gas ratepayers would have lower gas costs if all of the RNG produced in Ontario would be sold to other utilities.

Another one of Enbridge Gas objectives is to create and sustain RNG production industry in Ontario.<sup>36</sup>

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<sup>34</sup> Ibid.

<sup>35</sup> Tr. Vol. 2, page 179

<sup>36</sup> Ibid., pages 179-180

*“MR. LADANYI: Is one of your objectives to create or sustain an RNG production industry in Ontario?”*

*MS. MIKHAILA: We do see there are benefits of RNG production in Ontario, recognizing that RNG has been a component of all reports and studies of what may transpire with the energy transition. And so the development of the RNG market in Ontario will help support that.*

*MR. LADANYI: But FortisBC buying gas in Ontario would also support the Ontario RNG industry, would it not? I mean, it doesn't matter who buys it; you told me that if you are supporting the industry, it can be in Alberta supporting the industry, and buying some RNG in Ontario. Maybe it could be in Michigan. I don't know. Obviously, it is not a question of the molecules going back. Now it is the question of industry being created in Ontario, and that can be met by any purchaser and located anywhere. Is that right?*

*MS. MIKHAILA: Yes. There is a market developing in Ontario because of the purchase of RNG from other provinces. Yes.*

Energy Probe submits that the OEB mandate does not include the creation of a RNG industry in Ontario. There are parties in this proceeding who represent clients that would profit from the creation of a RNG industry in Ontario. Energy Probe submits that OEB should not be influenced in its decision by their arguments.

Enbridge Gas plans to buy each year a volume of RNG and inject it into its distribution and transmission system. It would offer large volume sales service customers option to pay for it on a voluntary basis. Those who choose to pay for it would receive GHG reduction attributes. Those who don't, would still get RNG molecules but would not get any attributes. The cost of RNG that large volume sales service customers do not choose to pay for would be charged to all other sales service, mainly residential, customers. The LCVP or *low carbon voluntary program* is only voluntary for large volume customers and is not voluntary for other sales service customers. Energy Probe submits that the name of the program is deliberately misleading. Enbridge Gas should not be misleading its customers or the OEB.

Enbridge admitted that there is lower than expected participation by general service and residential customers in the current Voluntary RNG Pilot Program<sup>37</sup>. It is a clear indication of a lack of interest from ratepayers in paying more to have RNG included in their gas supply mix. These customers are not interested in paying extra for RNG if they can get it for free. Now Enbridge wants them to pay the extra cost whether they want RNG or not.

Energy Probe will now deal with the EFG evidence filed by GEC. ED represented GEC in the proceeding intending to qualify EFG witnesses as experts. Energy Probe notified OEB staff on Friday, December 14 that it intended to object to the qualification of witnesses as experts. The Presiding Commissioner stated on December 17 that the OEB was not provided with notice of

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<sup>37</sup> AIC, page 18, para. 64

Energy Probe's objection and directed any party with objections to the qualification of EFG witnesses to put its objections in writing.<sup>38</sup> This was again a departure from the normal OEB procedure and put Energy Probe in the position of objecting to the qualification of witnesses prior to knowing what it was objecting to. Energy Probe believes that it has provided adequate notice of its objections. In the experience of Energy Probe objections to qualification of witnesses in an oral proceeding were always provided orally and not in writing and not in advance of the presentation of witnesses.

The following were the reasons for the objection of Energy Probe to the qualification of EFG witnesses.

ED proposed to qualify the Energy Futures Group witnesses, as *"experts in energy transition planning and analysis for the gas sector."*

Energy Probe submitted that there is no such field of expertise. This is a new field created by ED to get the EFG witnesses qualified as experts. ED did not explain what the criteria for individuals are to be considered as experts in ED's new field of expertise.

ED named several other jurisdictions and other fields where the witnesses were accepted as experts. The OEB does not know what criteria these jurisdictions use in qualifying experts or what fields they were qualified in. Energy Probe submitted that being qualified as an expert in another jurisdiction, or in another field or at an earlier time does not immediately qualify an individual as an expert in Ontario in this proceeding.

The OEB should consider the academic credentials and expertise of the two witnesses and their relevance to the issues that they are testifying to. Issue 17 is as follows.

*"Are the specific proposals to amend the Voluntary RNG Program and to procure low-carbon energy as part of the gas supply commodity portfolio, appropriate?"*

Energy Probe submitted that, as a minimum, one needs a degree in engineering or economics for design and analysis of a gas supply portfolio at expert level. Neither witness has such degrees.

Energy Probe submitted that EFG evidence attempts to re-argue ET issues that were dealt with in Phase 1. ED had also indicated that it will be referring to Phase 1 evidence on energy transition and filed about 500 pages of reference material on ET that it intended to use in the hearing. Energy Probe submitted that the two EFG witnesses were not there to provide assistance to the Commissioners as experts but to help ED and GEC to re-argue ET issues. The commissioners should look at the OEB Form A, *Acknowledgement of Expert's Duty*, particularly part 3, where it says:

*"I acknowledge that it is my duty to provide evidence in relation to this proceeding as follows: (a) to provide opinion evidence that is fair, objective and non-partisan".*

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<sup>38</sup> Vol.1, page 156

Energy Probe submitted that their opinion evidence was not fair, objective and non-partisan. By reviewing their evidence and their CV's, it is clear that the EFG witnesses are activists who are opposed to the use of natural gas and methane and want their use reduced and eliminated as soon as possible. It should also be noted that the two witnesses have degrees in Political Science. This proceeding is not a political process but a rate setting process.

Energy Probe had additional concerns that one of the two witnesses is listed in the PO No.1 for Phase I as a representative of GEC. Energy Probe submitted that an individual that is currently a representative of a party in this very proceeding and should not be qualified as expert whose opinion evidence is expected to be fair, objective and non-partisan. Energy Probe submitted that the EFG witnesses should not be qualified as experts.

In another departure from normal practice the OEB did not rule on Energy Probe's objection until the hearing was over<sup>39</sup>. It decided to qualify the witnesses as experts but again, as in its previous ruling on the CEG witnesses, it did not deal with OEB Form A, *Acknowledgement of Expert's Duty*. Energy Probe submits that the OEB should address this in its decision.

Energy Probe decided not to cross-examine the EFG witnesses because it would have given them more opportunity to re-argue ET. As expected, the EFG oral evidence was a re-argument of ET issues from Phase I.

In conclusion, Energy Probe submits that the OEB should turn down Enbridge's LCVP proposal in its entirety for the following reasons.

- LCVP is not voluntary for residential customers.
- The justification for LCVP is partially based on the unlikely continuation of the FCC.
- Large volume customers who volunteer to pay for RNG don't actually get the RNG gas molecules they paid for.
- The objective of LCVP should not be to create an RNG industry in Ontario.
- The OEB should not be swayed by parties that would profit from RNG.
- EFG evidence and most of their testimony should not be given any weight because it is an attempt to re-argue ET issues that were decided in Phase 1.

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<sup>39</sup> PO No.10, December 20, 2024, revised January 13, 2025