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BY EMAIL and RESS

February 18, 2025

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Marconi:

EB-2024-0111 Enbridge Gas Inc. 2024 Rebasing and IRM Phase 2 - Building Owners and Managers Association Toronto's (BOMA) Submission on Unsettled Issues

Pursuant to the Ontario Energy Board (OEB) Procedural Order No. 10 (revised), please find attached BOMA's submission on the unsettled issues in the above noted proceeding.

Sincerely,

Clement Li
Director, Policy & Regulatory Development
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EB-2024-0111 – Enbridge Gas Inc. 2024 Rebasing and IRM Phase 2

Building Owners and Managers Association Toronto's Submission on Unsettled Issues

Introduction

The Building Owners and Managers Association Toronto (BOMA) represents over 800 Ontario Property and Facility Owners, Managers, Developers, Leasing Agents, and Commercial Real Estate Professionals. Its members are large consumers of energy, and they account for over 80 per cent of all commercial and industrial real estate companies in Toronto and the Greater Toronto Area. Over the years, BOMA has been active in protecting and advancing the interests of its members on important policy issues including energy transition, conservation, advanced metering infrastructure, energy pricing and supply, property taxes, labour requirements, building materials and equipment regulations.

Background

Enbridge Gas Inc. (EGI) filed Phase 2 of its 2024 Rates Application on April 26, 2024, requesting Ontario Energy Board (OEB) approval of an incentive rate-setting mechanism (IRM) for the years from 2025 to 2028 and updated 2024 rates effective January 1, 2024. Following a discovery process, a settlement conference was held during September and October 2024. This resulted in a resolution of most but not all of the issues in Phase 2. The three outstanding issues are:

1. Should the OEB approve EGI's proposed change to calculation of the Meter Reading Performance Measure (MRPM) metric to exclude inaccessible meters? (the Meter Reading Issue)
2. Are the specific proposals to amend the Voluntary Renewable Natural Gas (RNG) Program and to procure low-carbon energy as part of the gas supply commodity portfolio, appropriate? (the Lower-Carbon Energy Program)
3. Should the 2024-2028 Incentive Ratemaking Mechanism (IRM) include a mechanism to decouple revenue from customer numbers? (the Revenue Decoupling Issue)

This is BOMA's submission on the Meter Reading Issue. BOMA has no submission on the Lower-Carbon Energy Program and the Revenue Decoupling Issue.

BOMA Comments

Phase 1 OEB Decision

In its December 21, 2023 Decision on Phase 1 (EB-2022-0200), the OEB denied EGI's exemption request to change the MRPM target from the current target of 0.5% to 2.0% of meters. The OEB stated that since this metric is based on estimating four consecutive bills, the result could be an unexpectedly large bill when an actual meter read takes place, which is unacceptable from a customer's perspective. It further stated that EGI needs to improve its performance rather than seek to change the metric and it is imperative that customers have accurate bills to manage their expenses, assess their energy costs and manage their energy activities accordingly.[1]

EGI's Proposal in Phase 2

As summarized in EGI's Argument-in-Chief (AIC), its recent additional investment and diligent efforts have noticeably improved the MRPM performance in 2022, 2023 and 2024.[2] However, EGI continues to find that it is not possible to meet the MRPM target of 0.5% because of the proliferation and persistence of inaccessible meters. EGI further discusses why inaccessible meters are an unusual and key factor beyond its control that is in fact persisting and making the MRPM metric unattainable.

While BOMA commends EGI's recent efforts to improve the MRPM performance, it does not agree with EGI's suggestion that the persistence of inaccessible meters is beyond its control. Installing Encoder Received Transmitter (ERT) on inaccessible meters is one shorter-term solution. Natural gas Advanced Metering Infrastructure (AMI) that enables remote meter reads could be a long-term solution to inaccessible meters.

BOMA did not find a detailed breakdown of these inaccessible meters that indicates whether this issue materially impact commercial buildings. Nevertheless, BOMA shares the OEB's concerns from a customer's perspective and supports its Phase 1 Decision on this issue. EGI's recent efforts to improve MRPM performance has yielded good results. The current MRPM target and its calculation (i.e. including all meters) of 0.5% should not change as it incentivizes EGI to continue to improve its billing/metering performance

[1] EB-2022-0200 Phase 1 OEB Decision and Order pages 134 to 135, issued on December 21, 2023
[2] Enbridge Gas AIC page 5 of 45.

(including reducing the number of inaccessible meters) to provide customers with accurate bills to manage their energy costs during the energy transition. This suggestion is consistent with the OEB's Phase 1 decision, as discussed in the above section - Phase 1 OEB Decision. **As such, BOMA submits that the OEB should deny EGI's request to exclude inaccessible meters from the MRPM calculation for the 2024-2028 IR term.**

A Better Solution to Address the Problem of Inaccessible Meters for Commercial Buildings

EGI provides contract customers with interval (advanced) gas metering which provides the owner with accurate monthly consumption data. Interval metering also provides hourly usage profiles to enable analysis of peak demand, how consumption varies with occupancy and weather and other information which helps identify inefficiencies and opportunities to implement and verify savings.

Contract customers make up less than 0.1% of commercial buildings. The rest are General Service customers relying on intermittent manual meter readings by door-to-door meter readers. In theory meters are read every month or every second month, with estimated billing in between. In practice, estimated billings are often found to extend for many months in a row. This lack of complete and accurate data confounds utility budgeting and tracking and presents a major barrier to owners' conservation activities and energy transition planning. For these reasons, some commercial building owners have invested in their own metering systems, which is a costly and inefficient approach to mitigating a fundamentally archaic metering system.

Like customers, EGI also has little or no visibility into gas demand by commercial buildings. Lack of advanced metering data prevents EGI and commercial building owners from identifying opportunities to lower design day and design hour gas demand in commercial buildings which could reduce or avoid gas distribution and upstream capital costs, which are essential in Integrated Resource Planning (IRP).

In its AIC, EGI states that one solution to address the problem of inaccessible meters is to install a new meter that can be read remotely, and it certainly sees this as a long-term way to address the problem.[3]

Natural gas AMI for commercial buildings is long overdue. It is vital for gas system planning and an essential tool in IRP. It enables design and verification of effective efficiency activities, as well as hybrid decarbonization in commercial buildings during the energy transition, which will benefit both commercial customers and utilities (natural gas

[3] EGI AIC, page 9 of 45, paragraph 31.

and electric). Moreover, it could be a permanent effective solution to address the problem of inaccessible meters for commercial buildings.

BOMA notes that the British Columbia Utilities Commission (BCUC) has approved implementation of a province-wide AMI for residential, commercial and industrial customers (FortisBC receives approval from the BCUC for Advanced Gas Meters).

BCUC's rationale and stated benefits include:

i) Gas customers will receive the ability to access daily data of their gas usage which will help create cost effective energy choices.
ii) Gas customers will also receive notifications of gas leaks or unusual flows (faulty appliances).
iii) The purpose is to also reduce the inconvenience to customers by no longer needing to shut-off gas service during meter exchanges and will no longer need to enter customer homes.
iv) The changes will allow FortisBC to better monitor and manage its system and offer additional safety features (detecting and fixing gas leaks).
v) Will enable more accurate and convenient billing processes, reduce meter reading costs and service risks, help customers access their energy consumption and conserve energy.

BOMA acknowledges that many parties are reluctant to support a large investment on Natural Gas AMI. BOMA respectfully disagrees and the reasons are:

i) EGI cannot effectively manage and plan its natural gas system investment without proper customer level usage profiles from its commercial customers. This is especially important in an IRP exercise where both electricity and natural gas customers' usage profiles are needed to come up with a balanced solution.
ii) Commercial building owners cannot effectively manage their energy costs, conservation and energy transition activities without the detailed consumption profiles from AMI meters.

With all the reasons stated above, BOMA submits that the OEB should order EGI to:

i) Shift its focus to using Natural Gas AMI to address the inaccessible meter issue for commercial buildings; and
ii) File a Natural Gas AMI strategy, benefit-cost analysis, budget and implementation plan for commercial buildings (if that is not included in EGI's phase III evidence already) for OEB approval within one year from the OEB's Phase 3 Decision.[4]

[4] BOMA expects EGI to file its Phase 3 evidence in early 2025. Therefore, the OEB's Phase 3 decision is expected to be issued in late 2025 or early 2026.

BOMA takes no position with respect to Gas AMI or MRPM for residential customers where the number of customers is far greater, the sector is more homogeneous and the related opportunities for enabling conservation/demand management activities and supporting the energy transition and IRP may be less.