Joel Denomy
Technical Manager
Strategic Applications – Rate Rebasing

tel 416-495-5499
EGIRegulatoryProceedings@enbridge.com

Enbridge Gas Inc.
500 Consumers Road
North York, Ontario M2J 1P8

March 6, 2025

VIA RESS AND EMAIL

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

Dear Nancy Marconi:

Re: Enbridge Gas Inc. (Enbridge Gas, or the Company)
EB-2024-0111 - 2024 Rebasing and IRM – Reply Argument

Enbridge Gas filed Phase 2 of its 2024 Rates Application on April 26, 2024. In this Application, Enbridge Gas requested approval of an incentive rate-setting mechanism (IRM) for the years from 2025 to 2028 and updated 2024 rates effective January 1, 2024. On June 12, 2024, Enbridge Gas filed further evidence regarding Enbridge Sustain.

Following the completion of the Oral Hearing, and further to Procedural Order No. 10 (revised), enclosed please find Enbridge Gas's Reply Argument.

Enbridge Gas will post the Reply Argument on its website at www.enbridgegas.com/about-enbridge-gas/regulatory. Enbridge Gas will send a copy of this letter, and a link to the website page, to all parties to the proceeding.

Should you have any questions, please let us know.

Sincerely,

Joel Denomy

Joel Denomy
Technical Manager, Strategic Applications – Rate Rebasing

EB-2024-0111

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 Phase 2 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.

REPLY ARGUMENT OF ENBRIDGE GAS INC.

PHASE 2 UNSETTLED ISSUES

Aird & Berlis LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, Ontario
M5J 2T9

David Stevens
Email: dstevens@airdberlis.com

Patrick Copeland
Email: pcopeland@airdberlis.com

Tel: 416-863-1500
Fax: 416-863-1515

Counsel to Enbridge Gas

A. INTRODUCTION

1. On February 6, 2025, Enbridge Gas Inc. (Enbridge Gas or the Company) submitted its Argument in Chief (AIC) related to the three unsettled issues in its Phase 2 Rebasing Application (the Outstanding Issues).[1]

2. Enbridge Gas received submissions in response to its AIC from OEB staff and 20 intervenors.[2]

3. This is Enbridge Gas's Reply Argument responding to the submissions received. For the purposes of this Reply Argument, Enbridge Gas repeats and relies upon the evidence that it has filed in this case (including testimony) and upon its AIC. To ensure a complete view of the Company's position on the Outstanding Issues, the Reply Argument should be read together with the Company's AIC.

4. The submissions from OEB staff and intervenors total around 250 pages. Enbridge Gas has not attempted to respond to each and every argument or comment made in the submissions of others. Enbridge Gas highlights that any lack of explicit reply by the Company to any argument or comment should not be taken as agreement with the particular point.

B. OVERVIEW

5. As with the AIC, Enbridge Gas addresses each of the Outstanding Issues separately in this Reply. Below is a summary of the Company's response.

(i) Meter Reading Issue

a. Contrary to the arguments from intervenors, the evidence supports Enbridge Gas's proposal to exclude inaccessible meters from the calculation of the Meter

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[1] Referred to as the Meter Reading Issue, the Lower-Carbon Energy Program and the Revenue Decoupling Issue.

[2] Building Owners and Managers Association (BOMA); Canadian Biogas Association (CBA); Canadian Manufacturers & Exporters (CME); Consumers Council of Canada (CCC); Energy Probe Research Foundation (EP); Environmental Defence (ED) & Green Energy Coalition (GEC); Federation of Rental-housing Providers of Ontario (FRPO); Ginoogaming First Nation (GFN); Industrial Gas Users Association (IGUA); City of Kitchener (Kitchener); London Property Management Association (LPMA); Minogi Corporation (Minogi) & Three Fires Group Inc. (Three Fires); Ontario Greenhouse Vegetable Growers (OGVG); Pollution Probe (PP); Quinte Manufacturers Association (QMA); School Energy Coalition (SEC); Six Nations Natural Gas (SNNG); and Vulnerable Energy Consumers Coalition (VECC).

Reading Performance Measurement (MRPM) metric. In particular, the issues faced by Enbridge Gas are new, unusual, and persisting. The Company is making reasonable and appropriate efforts to reduce consecutive estimated meter reads. Customers are not encountering issues with estimated meter reading, as seen by the very low number of customer complaints.

b. Enbridge Gas will remain accountable and focused on continuous improvement through its actions addressing this issue. The result of these actions will be reported and presented through the scorecard in the annual deferral and variance account clearance.

c. If the OEB does not accept Enbridge Gas's proposal, then a reasonable alternative is to suspend any compliance actions while Enbridge Gas develops, presents, and implements an updated action plan to reduce estimated meter reading resulting from inaccessible meters.

(ii) Lower-Carbon Energy Program

a. Many parties have expressed support for establishing a renewable natural gas (RNG) procurement program for large volume customers. The focus should accordingly be on the terms of the RNG procurement program, rather than whether it is needed.

b. The various concerns raised by the parties, including those related to the total cost and efficiencies of RNG as well as the unknown demand of large volume customers to voluntarily elect/pay for RNG, should not be an impediment to approval of the proposed Lower-Carbon Energy Program.

c. Enbridge Gas believes its proposal strikes the correct balance between the need to enter the RNG market in a more meaningful manner while recognizing there are uncertainties that may impact, among other things, large customer voluntary participation. As an alternative, however, the Company has proposed a modified approach, in line with one of OEB staff's suggested modifications, that ties procurement targets with voluntary participation, in order to provide a conservative and measured approach to RNG procurement.

(iii) Revenue Decoupling Issue

a. Almost all intervenors agree with Enbridge Gas's position that the ED Proposal for "revenue decoupling from customer numbers" is incomplete and unformed, and that it is an issue better addressed in a cost of service rebasing case. As such, OEB staff and almost all intervenors agree with Enbridge Gas that the ED Proposal should not be adopted.

b. Some intervenors argue that Enbridge Gas should be required to study, report upon and make a proposal related to revenue decoupling from customer numbers in the next rebasing case. This is not necessary or appropriate.

c. Enbridge Gas will be providing evidence and proposals, including rate mechanism proposals, to address a wide variety of issues, including stranded asset risk, as part of the next rebasing case. To the extent Enbridge Gas or any other party wishes to have revenue decoupling from customer numbers be an included element, then it should be up to that party (and their expert) to make that proposal.

C. OUTSTANDING ISSUES

(i) Meter Reading Issue

6. Enbridge Gas seeks an order from the OEB allowing for the Company's calculation of the MRPM metric to exclude inaccessible meters.

7. At a high level, OEB staff and intervenors say that this is not needed as it will take away the incentive for improvement, and because Enbridge Gas can meet the metric with more effort. Beyond installation of remotely read meters, intervenors offer almost no practical solutions for additional mitigation measures that Enbridge Gas can take beyond what's already being done.

8. As explained below, intervenors are not taking proper account of the evidence. The prefiled evidence and testimony in this case show that the Company has made strong progress on the MRPM metric but that inaccessible meters remain a barrier. Enbridge Gas has made reasonable efforts to reduce the impact of inaccessible meters, but immediate and widespread further improvements are very difficult. This is largely a customer-caused problem, exacerbated by external circumstances. There are no simple, inexpensive or quick solutions that the Company can undertake to immediately solve this issue.

9. In light of all of these circumstances, it is not fair for Enbridge Gas to face the prospect of compliance action and financial sanctions for outcomes fundamentally out of its control. That is what underlies the Company's request on this issue.

10. Enbridge Gas wants to emphasize that it takes accountability for ensuring timely meter reading within its control, and aims for continuous improvement. Enbridge Gas will ensure that the OEB and stakeholders receive full ongoing information

about progress and continuing issues with meter reading and reducing the number of inaccessible meters. The Company's ongoing efforts will be monitored through the annual submission of the performance scorecard and supporting information provided in the annual deferral and variance account clearing proceedings.

11. Should the OEB decline Enbridge Gas's request, then an alternative outcome along the lines proposed by VECC is a reasonable outcome.[3]

12. Enbridge Gas proposes that, if necessary, it could prepare an updated action plan for addressing inaccessible meters, for consideration in the 2026 rate case (filed in mid 2025). This could include criteria for disconnections and new charges for customer actions requiring repeated meter reader visits. It could also include an expanded plan to target inaccessible meters for replacement with meters that can be read remotely (referred to by intervenors as "ERTs"[4]), taking into account the higher costs and the potential concerns around premature retirement of existing meters. Thereafter, the Company would implement the updated action plan, and report on results each year as part of the scorecard evidence. Where this approach is being implemented and monitored, Enbridge Gas submits that it would not be appropriate for the OEB to institute compliance action or seek penalties related to non-compliance with the MRPM metric caused by inaccessible meters.

Detailed Response

13. Intervenors advance five arguments why the Company's proposal should be denied. A review of the evidence shows that these arguments are overstated or misplaced.

(a) This is not a collateral attack on the Phase 1 Decision

14. Intervenors say that the Company's proposal is an improper collateral attack on the Phase 1 Decision and Enbridge Gas should instead have pursued an appeal.[5] They

[3] VECC Submission, para. 49.
[4] Encoder Receiver Transmitters.
[5] See, for example, EP Submission, pages 6-7; LPMA Submission, page 5; SEC Submission, page 2; and VECC Submission, pages 8-9.

also say that the OEB cannot grant the relief requested because it amounts to a change to the Gas Distribution Access Rule (GDAR).[6]

15. Enbridge Gas submits that this is not a collateral attack on the Phase 1 Decision. It is an updated request grounded in expanded evidence in a subsequent proceeding.

16. In the Phase 1 Decision, the OEB provided reasons why it did not accept Enbridge Gas's proposal to change the MRPM metric, noting that changing the metric would "lock in" prior adverse performance levels where there are no unusual circumstances persisting in 2023.[7] Enbridge Gas paid attention to this determination, and responded in Phase 2 with detailed evidence about why the circumstances are unusual and persisting.

17. The Company's current request is properly within scope for the Phase 2 proceeding. Issue #8 in this EB-2024-0111 case asks: "*Are the proposed scorecard Performance Metrics and Measurement targets for the amalgamated utility, including the proposed change to the calculation of the Meter Reading Performance Measurement, appropriate?*"

18. The evidence establishes that the challenges related to reading inaccessible meters are in fact unusual and persisting.[8] Contrary to what intervenors say, the scale and scope of these issues are meaningfully different from the past, including from when the metric was established many years ago. Customers are much more protective of their properties and privacy, and this is driving the inaccessibility issues.

19. SEC's concerns that the OEB should not or cannot grant the relief requested[9] are misplaced. Even if the OEB considers the current request to be seeking an exemption from or amendment to the terms of Section 7.3.3.1 of GDAR, that should not be disqualifying. This is a form over substance objection. The Company's scorecard is at issue in Phase 2. Enbridge Gas represents virtually the full

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[6] See SEC Submission, page 2; and VECC Submission, page 9.
[7] EB-2022-0200 Decision and Order, December 21, 2023, page 135.
[8] See AIC, para. 21, including associated evidentiary references.
[9] SEC Submission, page 2.

population of gas distributors (and customers) to which the GDAR applies. The OEB Commissioners in this case are well positioned to grant the relief requested.

(b) Enbridge Gas is still very challenged to meet the MRPM metric

20. Intervenors point to Enbridge Gas's recent successes with the MRPM metric results and argue that Enbridge Gas can reach the target with continued effort.[10]

21. It may be true that Enbridge Gas can reach the MRPM metric in "due course" (as stated by OEB staff). But in the meantime, Enbridge Gas faces the risk of non-compliance sanctions. The Company submits that this is not appropriate or fair.

22. As summarized in AIC, Enbridge Gas is currently taking a wide range of reasonable and targeted steps to reduce the number of consecutive estimated meter readings.[11] This has yielded great improvements in the MRPM results, but the opportunity for further improvement is limited. Further steps, such as widespread disconnections or large-scale remote-read meter installations will add substantial costs.

23. Enbridge Gas is seeing the number of consecutive estimates come down, but inaccessible meters are becoming more and more prevalent as the basis for ongoing issues.[12] While the total number of consecutive estimates has declined dramatically, and while the number of consecutive estimates caused by inaccessible meters has also declined, the proportion of consecutive estimates caused by inaccessible meters has increased from 32% in 2022 to 60% in 2024.[13] The evidence shows that the number of consecutive estimated bills caused by inaccessible meters is not reducing at anything close to the rate that Enbridge Gas has been able to resolve other estimated meter reading causes.[14]

24. As noted, the tools available for further improvement, beyond installation of remotely read meters (discussed below) are limited. Intervenors offer very few suggestions

[10] See, for example, OEB staff Submission, page 5; LPMA Submission, page 4; and SEC Submission, page 3.
[11] See AIC, para. 22, and associated references.
[12] 1 Tr.77.
[13] See AIC, para. 25, and associated references.
[14] Exhibit I.STAFF.2 (updated).

about new or additional options. One proposal is to resume monthly meter reading.[15] But the evidence shows that Enbridge Gas already attempts monthly meter reading once a meter reading is missed where the meter is inaccessible.[16] Another suggestion is for disconnections.[17] This is possible, but will lead to a lot of complaints and concerns and additional customer costs. If necessary, Enbridge Gas will develop and implement a disconnection protocol for these circumstances.

<u>(c) Installing ERTs is not a simple or immediate solution</u>

25. Intervenors argue that the inaccessible meter issue can be solved with targeted installation of ERTs.[18]

26. The evidence shows it's not as simple as that. While replacing inaccessible meters with remotely read meters is an important tool, this is not an immediate fix.

27. There are around 265,000 meters that are inaccessible for reading at least once each year. Around 80,000 of those meters are classified as inaccessible four times per year.[19] It will be a large task to replace those meters, which are located throughout the Enbridge Gas service territory.[20] This will also be a costly exercise. The fact that the meters are inaccessible because of customer actions means that gaining access for replacement is challenging. These meters will not generally be due for replacement, meaning that there will be duplication of costs arising from premature retirements. Additionally, Enbridge Gas will not be able to benefit from the usual economies of scale associated with meter replacement in targeted areas, because these inaccessible meters are widely and randomly distributed.

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[15] VECC Submission, para. 50.
[16] See AIC, para. 22, and associated references.
[17] FRPO Submission, page 5.
[18] See, for example, CCC Submission, page 4; LPMA Submission, page 4; PP Submission, pages 8-9; and VECC Submission, pages 10-12.
[19] See AIC, para. 24, and associated references.
[20] See AIC, para. 31, and associated references.

28. Taking all of this into account, while Enbridge Gas can and does target replacement of chronically inaccessible meters with remotely read meters, this will take years to complete. In the meantime, difficulties with meeting the MRPM metric will persist.

29. Enbridge Gas continues to pursue an Advanced Metering Infrastructure (AMI) Proof of Concept, to inform the approach for full AMI deployment in Ontario. The Company has very recently provided an update about the progress of its AMI investigations and work, as part of the Rebasing Phase 3 filing.[21] The Company is completing its AMI Proof of Concept this year and will consider all results and findings in developing a plan for large-scale AMI deployment. BOMA's proposals and arguments around the need for widespread AMI implementation for commercial buildings are better considered in subsequent proceedings.[22]

(d) Customers are not being harmed

30. A number of parties express the concern that changing the calculation of the MRPM metric will lead to more estimated bills and suggest that this harms customers.[23] Some parties submit lengthy arguments about the problems caused in the past from bill estimates and missed meter readings.[24]

31. Enbridge Gas has provided evidence that demonstrates that the problems and issues with estimated billing are largely resolved.[25] Changing the calculation of the MRPM metric at this time will not result in the continuation of the historical issues with estimated bills.

32. The evidence is that there are currently very few complaints about estimated bills. There were only 69 complaints to the OEB on this subject in 2024, out of around 48

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[21] EB-2025-0064, Phase 3 Exhibit 2, Tab 7, Schedule 2.
[22] BOMA Submission, page 4.
[23] See, for example, EP Submission, pages 7-10; FRPO Submission, pages 2-4; and SEC Submission, page 3.
[24] See, for example, EP Submission, pages 7-10 and FRPO Submission, pages 2-4.
[25] See AIC, para. 28, and associated references.

million bills.[26] Enbridge Gas submits therefore that the concerns expressed about negative customer impact from the Company's proposal are not warranted.

33. Important context here is that inaccessible meters are caused in large part by customers who refuse to allow access and/or have limited the ability to access their meter. Generally speaking, these customers are paying their bills on time and are not complaining about inaccurate estimates.[27] These customers can submit their own readings if they are concerned about inaccurate estimates. On that point, Enbridge Gas objects to EP's characterization that the Company is downloading responsibility for meter reading to customers.[28] The fact is that Enbridge Gas is repeatedly sending meter readers to the locations, but access is denied or blocked.

(e) Enbridge Gas will still be accountable

34. Parties raise the concern that if inaccessible meters are excluded, then Enbridge Gas will not be motivated to improve its results and there will be no way for the OEB to track progress.[29]

35. Enbridge Gas says that this concern is unfounded. Enbridge Gas wants to have accurate and timely data, and as few repeated estimated bills as possible. Enbridge Gas's commitment to improvement is seen in the very positive progress in MRPM results each of the previous several years.

36. In the event that the OEB confirms that inaccessible meters can be excluded from the calculation of the MRPM metric, Enbridge Gas will provide reporting on the number of excluded meters and will be accountable to answer for its results.[30] In response to requests from LPMA and VECC[31], the Company confirms that it will

[26] See AIC, para. 28, and associated references.
[27] 1 Tr.37.
[28] EP Submission, page 11.
[29] See, for example, OEB staff Submission, page 4; CCC Submission, page 4; and SEC Submission, page 3.
[30] See AIC, para. 24, and associated references.
[31] LPMA Submission, page 6; and VECC Submission, pages 12-13.

report annually on the number and categorization of inaccessible meters and the steps being taken to reduce the number.

37. The reporting will be done in the annual filing for the disposition of deferral and variance accounts, where scorecard results are presented. This will allow for tracking of results and improvements. It will also allow for discovery as appropriate.

38. Enbridge Gas agrees with QMA's submission that the Company should remain accountable and aim for continuous improvement.[32] But Enbridge Gas submits that this should not equate to sanction and punishment for outcomes outside the Company's reasonable control.

39. If the OEB is concerned with the MRPM results being presented during the IR term, then it can take action as appropriate. The Company's proposed approach does not mean that the MRPM issue will be ignored until the next rebasing case.

Relief Sought

40. Enbridge Gas has proposed altering the calculation of the MRPM to exclude inaccessible meters as a simple and balanced solution to the issues being encountered with inaccessible meters. The reasons supporting this proposal are summarized at paragraph 36 of AIC.

41. Enbridge Gas submits that this is not the type of scenario where compliance action and financial sanctions would be appropriate. The negative impacts on customers are minimal and largely avoidable by the customers, and Enbridge Gas continues to make reasonable efforts to meet the MRPM metric, with improvements in results being demonstrated.[33]

42. With this in mind, a reasonable alternative to Enbridge Gas's proposal would be in line with what VECC proposes[34], but with some changes.

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[32] QMA Submission, para. 23.
[33] These are factors that would mitigate against substantial financial penalties, as set out in O. Reg 51/16 under the *OEB Act* (Administrative Penalties).
[34] VECC Submission, para. 49.

43. Enbridge Gas would put together an updated action plan for reducing the number of inaccessible meters, for consideration in the 2026 rate case (to be filed in mid-2025). Enbridge Gas submits that this proposed timing makes more sense than VECC's proposal to address this in Rebasing Phase 3, because the Phase 3 filing has already been submitted and that case will be underway by the time the OEB issues its Phase 2 Decision. In the event that the Phase 2 Decision is not released in time to support this approach, the updated action plan could be filed through a later process, as directed by the OEB.

44. The Company's updated action plan would be broader than what VECC suggests, since VECC's proposal is focused only on ERTs. The updated action plan could include items such as: (i) a protocol for disconnections of customers who decline to provide Enbridge Gas with access to their meters (recognizing that this will almost certainly lead to complaints); (ii) new charges to be levied against customers whose actions necessitate repeated meter reader visits; (iii) further expanded communications with customers who decline access to meters; (iv) targeting inaccessible meters for replacement with remotely read meters, taking into account factors such as higher costs, potential issues with premature retirement of existing meters, economies of scale and ongoing difficulties gaining access to customer premises.

45. Thereafter the Company would implement the updated action plan, and report on results each year as part of the scorecard reporting in the annual deferral and variance account case.

46. During the current IR term, so long as this approach is in place and the OEB is satisfied with the Company's actions and efforts, then Enbridge Gas submits that it would not be appropriate for the OEB to institute compliance action or seek penalties against Enbridge Gas.

(ii) Lower-Carbon Energy Program

47. Enbridge Gas is requesting OEB approval for a proposed Lower-Carbon Energy Program (Program) to allow Enbridge Gas to procure lower-carbon energy (currently focused on 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.

48. The Program garnered significant attention from most parties. From their submissions, a number of common themes emerged. While this section will be primarily focussed on addressing the parties' key concerns about, and proposed modifications to, the Program, it is important to acknowledge the areas of general consensus.

49. The primary disagreement with many of the intervenors is not a matter of *whether* Enbridge Gas ought to have a RNG procurement program, but rather *on what terms* should that program be operated and RNG be procured.

50. Enbridge Gas has previously acknowledged[35] that while customers have expressed interest in lower-carbon energy options and in a voluntary program, true customer demand patterns and commitment is currently unknown. Moreover, as certain intervenors rightly point out, there are also geo-political considerations and other factors that continue to create uncertainties in the future actions of customers. Inaction and further delay to begin a meaningful RNG procurement program, however, should not be the response to the current proposal. Enbridge Gas is already lagging behind large utilities in other jurisdictions with established RNG procurement programs. In addition, most RNG supply that is produced in Ontario is leaving the province to meet RNG demand elsewhere.[36] It is important that Enbridge

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[35] See, for example, AIC para. 67.

[36] According to Canada Energy Regulator, in 2023 there were seven RNG projects with a combined production of approximately 2.8 PJ/yr in service within Enbridge Gas franchise area. To date, Enbridge Gas has had limited capacity to purchase RNG from the projects located in Ontario. CER – Market Snapshot : Two Decades of Growth in Renewable Natural Gas in Canada.

Gas's foray into the RNG market to enable access to economic RNG supply for customers not be further delayed. Enbridge Gas remains of the view that its Program strikes the appropriate balance between entering a nascent RNG market, which many intervenors recognize as having some value, while accounting for the fact that uncertainties regarding the Program persist.

51. Nevertheless, Enbridge Gas has also previously acknowledged that the OEB may ultimately conclude that certain modifications to the Program are appropriate to account for these uncertainties. In light of the comments and concerns raised by certain intervenors, Enbridge Gas believes that the OEB may wish to consider a further modification to the Program, drawing specifically on an approach recommended by OEB staff. The details of this alternative are set out in more detail below, but in short, Enbridge Gas proposes to only increase RNG procurement to the next target procurement level in any given year if there is a certain level of supporting LCVP participation.

Areas of Alignment

52. Numerous parties highlighted both the advantages of a RNG procurement program and the benefits of RNG as a tool to help customers reach their greenhouse gas emissions goals. While not an exhaustive list, some of the key messages in this regard from various intervenors are summarized below.

53. OEB staff highlighted what it believes are "several benefits" of the Program, including:

    a. increasing the level of RNG in the distribution system can provide a needed lower-carbon option for hard-to-electrify customers;

    b. RNG has the potential to reduce the likelihood of stranded assets and play a part in energy transition; and

    c. procuring RNG in significant volumes can result in incremental greenhouse gas emissions reductions in the near term while growing the overall supply of RNG over the long term.[37]

[37] OEB staff Submission, pages 23-24.

54. OEB staff further indicated its agreement with Enbridge Gas that there should be no strict limit on contract length[38] and agreed that Enbridge Gas's "overall approach to address double-counting concerns is sufficient given" RNG's regulatory framework.[39]

55. SEC characterized the LCVP as "well-developed" and confirmed its support for a voluntary RNG procurement program. SEC recognized that RNG can allow large customers to reduce their emissions, and that these customers may be willing to pay a premium for it.[40]

56. ED/GEC noted the imperative of introducing an expanded RNG procurement program sooner rather than later, stating that "Ontario customers may continue to lose access to the best and least expensive RNG sources" unless action is taken quickly.

57. Both SEC and ED/GEC recognize Enbridge Gas's ability to use its large buying power to help customers achieve emissions reductions through RNG procurement.[41] IGUA noted its support for utility RNG procurement programs.[42] VECC similarly indicated a general support for "*initiatives which would allow [Enbridge Gas] to procure long-term contracts for [RNG]*".[43] CBA was generally supportive of the Program as currently framed.[44]

58. Similarly, in its February 28, 2025 Decision in the Company's Federal Carbon Charge Application (EB-2024-0251), the OEB provided its encouragement to Enbridge Gas to consider providing input on how RNG, among other things, can potentially contribute to reductions of the Federal Carbon Charge (FCC).[45]

59. Multiple intervenors also expressed their support, or non-opposition, for the jointly proposed Indigenous participation framework put forward by Enbridge Gas and

[38] OEB staff Submission, page 28.
[39] OEB staff Submission, page 31.
[40] SEC Submission, page 4.
[41] SEC Submission, page 4 and ED/GEC Submission re: RNG, page 5.
[42] IGUA Submission, page 1.
[43] VECC Submission, page 13.
[44] See CBA Submission generally, including para. 3.
[45] February 28, 2025 OEB Decision in EB-2024-0251, page 10.

Three Fires/Minogi, with ED/GEC stating that they “strongly support” the proposal.[46]
Three Fires/Minogi summarized their position on the proposal as follows:

a. the increased levels of RNG contemplated by the Program, coupled with the Indigenous participation proposal, “are a positive contribution to Ontario’s decarbonization efforts”;

b. the Program and Indigenous participation proposal are consistent with government policy and Enbridge Gas’s goals of increased collaboration with Indigenous Peoples; and

c. the Program and Indigenous participation proposal are consistent with the Indigenous Working Group, and they contribute to the goals of reconciliation and Indigenous inclusion.[47]

<u>Common Criticisms</u>

60. The above summary is not meant to gloss over or otherwise diminish the various qualifications the above-noted parties attached to their remarks. This section will summarize the common criticisms raised by the parties and provide Enbridge Gas’s reply to same. Enbridge Gas submits that a fair review of its responses to these concerns further reinforces the need and appropriateness of approving the Program.

<u>*(a) The Premium Cost of RNG*</u>

61. The potential cost of the Program, particularly in the event of minimal LCVP participation, forms the foundation of many of the intervenors’ positions (see, for instance, CCC[48], IGUA[49], SEC[50], and LPMA[51]). While some of the related arguments raised by intervenors are specifically addressed below (such as the alleged import of the relatively low participation in the existing Voluntary RNG (VRNG) Pilot Program, or the alleged cost ineffectiveness of reducing emissions through RNG compared to DSM), it is important to put the costs of the Program into context.

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[46] ED/GEC Submission re: RNG, page 10. See also, for example, the Submissions of OEB staff, Six Nations Natural Gas, and CBA.
[47] Three Fires/Minogi Submission, para. 9.
[48] See, for example, CCC Submission, pages 14 and 15.
[49] See, for example, IGUA Submission, pages 1 – 2.
[50] See, for example, SEC Submission, page 4.
[51] See, for example, LPMA Submission, page 10.

62. Criticisms from intervenors about costs were not unexpected[52] and there is no question that RNG has a premium cost.[53] As noted above, various intervenors, along with government policies[54] and ED/GEC's expert (EFG)[55], all recognize the supporting role RNG can play in the energy transition. There are inevitable, but ultimately necessary and worthwhile, costs that will need to be incurred in order to reduce greenhouse gas emissions. Presenting more options to customers may ultimately come at a cost, but also provides benefits that all parties seem interested in achieving.

63. It is particularly important to note in this regard that the $2 per month per target percentage of RNG is the *maximum* potential bill impact for an average residential customer. Depending on LCVP participation, this level may not be reached (in whole or in part) in any given year. In other words, this is not the guaranteed impact to the average residential customer, but only the 'worst case' scenario.

64. RNG as a tool to reduce emissions has unique advantages that should not be minimized. RNG can, for example, use the Company's existing gas infrastructure and there is no need for customers to modify their equipment.[56] Further, many large volume customers (who are the focus of the LCVP) can take advantage of RNG's robust regulatory framework to achieve their emissions reduction targets. This is described in detail in response to Undertaking J3.1.[57]

65. Even acknowledging the FCC's uncertain future, government regulations should be considered alongside any arguments about the cost of RNG. Large volume customers will not be considering the increased cost associated with RNG without also considering how RNG can be leveraged within these regulations, as intended by the provincial and federal government, to achieve emissions reduction targets.

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[52] See AIC paras. 55 – 57 and associated evidence.
[53] See AIC para. 63 and associated evidence.
[54] See AIC para. 40 and associated evidence.
[55] See AIC para. 41 and associated evidence.
[56] AIC, para. 39 and associated evidence.
[57] See Exhibit J3.1, including Table 1, for more information.

66. Analyzing the cost of the Program without regard to these factors will present a distorted and inaccurate picture compared to the more complex decision large volume customers will make about how to reduce their emissions.

(b) Relative cost effectiveness of DSM and RNG

67. Various intervenors argue that the Program is less cost effective than DSM, and this could support reducing the proposed scale of the Program.[58]

68. Many of these arguments have already been addressed in Enbridge Gas's AIC at paragraphs 58 – 62. In summary:

    a. DSM is primarily about helping customers make their homes/business more energy efficient, assisting them to reduce their consumption of natural gas – while an ancillary goal is to generally reduce GHG emissions, this is not the primary objective;

    b. the LCVP will allow a level of customization for large volume customers to specifically implement measures to reduce their emissions, including by leveraging the above-noted regulatory framework; and

    c. comparing the relative costs of RNG and DSM is not a direct 'apples to apples' comparison in any event – the DSM program spend does not include portfolio level costs or the costs and/or savings experienced by participating customers, as one example.

69. Many of the criticisms about the costs of RNG compared to DSM fail to recognize that these options for reducing emissions are not mutually exclusive. Rather, they can work in tandem to allow customers to reach their emissions reduction targets or otherwise reduce their emissions. They are complementary tools that should be viewed as part of a holistic approach for the energy transition. There is no one size fits all solution to reducing emissions. Enbridge Gas disagrees that it is appropriate, reasonable, or in the customers' interests to singularly focus on only DSM, to the exclusion of any meaningful RNG procurement.

[58] See, for example, ED/GEC Submission re: RNG, page 5, SEC Submission, page 5, and CCC Submission, pages 8 – 12.

(c) Customer demand for RNG

70. CCC[59], LPMA[60], OEB staff[61], and others point to Enbridge Gas's existing VRNG Pilot Program, and the relatively low participation rate, as evidence of the lack of demand customers have for RNG. This conclusion should be viewed with skepticism.

71. Paragraphs 64 – 66 of the AIC set out various reasons why the participation levels of the VRNG Pilot Program is not a fair indicator of the potential LCVP participation. The programs target different customers (VRNG is designed for residential and small commercial customers, while the LCVP is designed for large volume customers). The advantages offered by the LCVP, including a customizable quantity of RNG, are not found in the VRNG Pilot Program.

72. In addition, and in any event, Enbridge Gas has identified that VRNG Pilot Program participation is strongly correlated with the marketing campaign spend and timing. The Company would need to significantly increase and maintain the marketing budget to attract additional customers to the VRNG Program. Further, the VRNG Pilot Program requires residential customers to take proactive steps and provide information to which they may not have easy access (such as account numbers). All of this further calls into question the reliability of relying on the VRNG Pilot Program's participation rate as being representative of what can be reasonably expected with the LCVP.

73. Further, as noted in paragraph 52 of the AIC, multiple large volume customers have expressed an interested in a lower-carbon option for their gas supply and in a voluntary offering that allows a customizable quantity of RNG in their gas supply. This includes certain customers providing letters of support for RNG. Sample letters of support are filed in evidence, including one from FRPO that stated, among other things, that:

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[59] CCC Submission, pages 12 – 13.
[60] LPMA Submission, pages 14 – 15.
[61] OEB staff Submission, page 25.

a. RNG "created from the anaerobic digestion of organic materials, has a significant role to play in helping us reduce our reliance on fossil fuels and smooth the transition to renewable sources of energy";

b. Enbridge Gas's "procurement of RNG could provide rental housing providers across Ontario with a way to reduce their consumption of fossil fuels and supply quality RNG to the markets where they operate"; and

c. "RNG is a great option to act as a bridge between fossil fuels and renewable resources".[62]

(d) Risks from Uncertainties

74. Various intervenors point to different unknown factors, including those relating to customer demand[63], geo-political/tariff risks[64], and the repeal of the FCC[65] as reasons why the Program should be modified, delayed, or rejected. Enbridge Gas acknowledges that all of the parties, as well as the OEB, do not currently have, and cannot have, a complete understanding of all of these variables. This acknowledgment, however, need not prevent the OEB from approving the Program.

75. With respect to demand concerns, customers do not yet have a robust option to incorporate RNG into their gas supply mix.[66] Given the nascent market environment for RNG production, customer demand patterns for lower-carbon energy are only in the initial stages of taking shape.[67] From the multiple intervenors who have expressed support for a larger scale RNG procurement program, to the various ways in which customers have expressed their interest in a RNG program/willingness to pay more for RNG[68], Enbridge Gas does not believe it is a foregone conclusion that there will be zero LCVP participation.

76. The Program (and uncertainties associated with it) should also be contextualized with other jurisdictions. The Program's procurement targets are, for example, far less

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[62] Phase 2 Exhibit 4, Tab 2, Schedule 7, attachment 1, page 1.
[63] See, for example, SEC Submission, page 4.
[64] CME Submission, para. 30
[65] LPMA Submission, pages 13 – 14.
[66] See AIC, para. 67 and associated evidence.
[67] Exhibit I.4.2-SEC-32.
[68] See, for example, Phase 2 Exhibit 4, Tab 2, Schedule 7 (Updated) , paras. 53 – 55 and Exhibit I.4.2-SEC-32.

aggressive than what is found in other Canadian provinces of Québec and British Columbia.[69] The utilities in these provinces are securing RNG supply on long-term contracts. Recently, FortisBC and Énergir each signed 20-year supply agreements.[70]

77. Even if the Program is approved, Enbridge Gas will already be playing catch-up with other utilities. As noted in paragraphs 68 – 70 of the AIC, and as recognized by certain parties as set out above, Enbridge Gas (and by extension, Ontario ratepayers) risks being left further behind these other jurisdictions unless action is taken now. Appreciating that some of the factors that will ultimately impact the Program are currently unknown and unknowable, including LCVP participation, should not lead to inertia.

78. The Program has built-in guardrails (being the maximum bill impact and annual target percentages) to help insulate against the risks posed by any of the various uncertainties. The Program's updated, and reduced, thresholds provide further mitigation compared to the original version.

(e) Greenwashing accusations

79. Certain intervenors, including ED[71], raise pre-emptive concerns that Enbridge Gas will provide misleading claims, or otherwise engage in "greenwashing", in relation to the Program. These claims are unfair.

80. Enbridge Gas specifically denies ED's observation that the Company's prior marketing materials have been misleading as to the climate impacts of gas.[72] That accusation is inflammatory and untrue. In any event, it's not relevant to the Outstanding Issues. ED's insistence in repeatedly raising extraneous accusations is not efficient or appropriate.

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[69] As noted in para. 67 of the AIC, and its associated evidence, "To put the Program's current ambition of 2% into perspective, Énergir's (Quebec) RNG target is 10% by 2030 while FortisBC's (British Columbia) target for 2030 is 15%".
[70] Exhibit I.4.2-ED-46 (a).
[71] ED/GEC Submission re RNG, pages 6 – 7.
[72] ED/GEC Submission re RNG, page 7.

81. Enbridge Gas is mindful of its obligations under Bill C-59 and reiterates its willingness and commitment to ensuring the accuracy of marketing materials that include environmental benefits claims.[73] Nothing further is required from the OEB on this topic in advance of the launch of the Program.

Proposed Modifications to the Procurement

82. In light of various concerns, many intervenors proposed modifications to the way in which RNG would be procured under the Program.

83. For example, certain of the intervenors (such as SEC[74] and CBA[75]) raise concerns surrounding Enbridge Gas potentially preferring or showing favouritism towards its affiliates during the bid procurement process. The OEB is, of course, already very aware of the potential harms that can come from regulated utilities preferring the interests of affiliates – that is why the Affiliate Relationships Code (ARC) exists. Enbridge Gas will fully comply with the ARC should any form of the Program be approved. Speculative allegations of wrongdoing are unfounded and should be given no weight. In any event, Enbridge Gas will be reporting on RNG procurement each year as part of the gas supply plan filing, and that will provide visibility (and opportunity for follow-up questions) should there be any affiliate transactions.

84. As will be expanded upon in the concluding section, Enbridge Gas believes that certain modifications to the Program could be potentially viable. Imposing other restraints, however, can severely undercut the Company's ability to secure reliable and cost-effective supply, and would therefore not be in the interests of customers.

85. For example, a (publicly known) price cap on RNG purchases would be particularly prejudicial to Enbridge Gas's negotiation power, especially an arbitrary and unreasonable net price cap of $25.58.[76]

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[73] Exhibit I.4.2-Staff-37 (c).
[74] SEC Submission, page 6.
[75] CBA Submission, paras. 8 – 10.
[76] See AIC, para. 77 and associated evidence.

86. Enbridge Gas similarly believes that requiring it to procure RNG generated from only specific feedstocks or carbon intensities, only enter into contracts of a certain length, or only procure RNG from new or Ontario sources, will unduly limit the Company's ability to provide a diversified and cost-effective RNG alternative for its customers.[77] A similar concern arises from suggestions that the Program be dramatically overhauled to make it purely voluntary.

87. Any of these modifications to the Program will significantly affect its viability and cost-effectiveness. Enbridge Gas believes that none of these proposals work in the interests of customers, and will ultimately create so many barriers as to prevent any meaningful chance of success.

88. Notwithstanding this, however, Enbridge Gas believes that some of the concerns, and some of the proposed suggestions (particularly those posed by OEB staff), that have been raised can inform a potential modification to the Program the OEB may wish to consider.

Conclusion and Modified Approach

89. Enbridge Gas believes that it has appropriately accounted for the uncertainties, risks, and benefits associated with RNG procurement with the Program. The guardrails built into the Program provide certainty as to the level of procurement on a year-by-year basis, and as to the maximum bill impacts for the average residential customer. There is an imperative to enter this market without further delay, and the measured approach proposed by Enbridge Gas is a reasonable first step.

90. At the same time, Enbridge Gas recognizes that parties have raised concerns with the Program, or have proposed revisions, which may resonate with the OEB. Should the OEB not be inclined to approve the Program in its current form, Enbridge Gas suggests the following modification could be incorporated which, in important respects, tracks OEB staff's recommendations.

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[77] See AIC, paras. 50 and 78 – 79 and associated evidence, including in respect of the Company's commitment to provide details in the annual gas supply plan update regarding its procurement efforts.

91. Fundamental to this modified approach is attaching conditions on when the RNG procurement targets will be increased. Under the proposed Program, these increases happen on a yearly basis, irrespective of LCVP participation. Enbridge Gas suggests as an alternative that it could require a certain level of LCVP participation be reached before there is any increase to the next level of procurement target.

92. This alternative approach is being advanced primarily in response to various intervenors' concerns that procurement should be either fully voluntary, or at least tied to the LCVP participation. This modification provides further certainty and protections for all sales supply customers. It adopts a similar approach to the key additional measure proposed by OEB staff.[78]

93. In particular, Enbridge Gas would accept a modified approach that begins RNG procurement at 0.25% in 2026 as proposed but increases by 0.25% in each of 2027, 2028 and 2029 until a maximum target percentage of 1.0% of the gas supply portfolio is reached. Additionally, Enbridge Gas would procure RNG for the first two years (2026 and 2027) but then not increase to the next target percentage for subsequent years until LCVP participation is equal to the difference between the then-current target percentage and the next target percentage. If the LCVP participation rate fails to reach this threshold, then the procurement target would stay at the same level for the next year. Under this modification, the maximum amount of unelected RNG does not exceed 0.5% of total purchases and the average residential bill impact is limited to $1.00/month, subject to continued LCVP participation. The modified approach thresholds and impacts are set out in Table 1:

[78] OEB staff Submission, page 27.

Table 1
Lower-Carbon Energy Program Modified Approach

Line No.	Year	Target Percentage	Target PJ	LCVP Participation to Move to Target Percentage (2)	Maximum Gas Supply Portfolio Impact (3)	Maximum Average Residential Customer Impact
	(a)	(b)	(c)	(d)	(e)=(b)-(d)	(f)
1	2026	0.25%	1.3	--	0.25%	$0.50 / month
2	2027	0.50%	2.6	--	0.50%	$1.00 / month
3	(1)	0.75%	4.0	0.25%	0.50%	$1.00 / month
4	(1)	1.00%	5.3	0.50%	0.50%	$1.00 / month

Notes:
(1) The actual target percentage level will be based on LCVP participation rate, not a specific year.
(2) To move to the target percentage, LCVP participation must equal the increase in procurement from the previous target percentage.
(3) Maximum gas supply portfolio impact subject to continued LCVP participation at level achieved.

94. The modified approach would address the concerns of OEB staff and many intervenors about the impact to the gas supply portfolio of the proportion of RNG procurement that is not elected from LCVP participation. Additionally, decreasing the maximum target percentage from 2% to 1% and restricting procurement increases based on LCVP participation would reduce the impact for all sales service customers including non-residential customers who will have a larger total bill impact from the Program than the average residential customer.

95. Enbridge Gas has concern with a Program restriction that requires 100% LCVP participation before increasing RNG procurement as suggested by some intervenors. A restriction of this nature does not allow the Company to procure RNG in advance of offering the RNG to LCVP eligible customers at a known price. Large volume customers will require an understanding of the RNG price when making decisions about participating in the LCVP. Enbridge Gas submits that if its proposal is not accepted, then the proposed modified approach balances the concerns of many intervenors regarding impact on customers of unelected RNG and the timing of steps the Company needs to take to execute the Program.

(iii) Revenue Decoupling Issue

96. On January 27, 2025, ED and GEC filed their submission proposing that the OEB require Enbridge Gas to implement "revenue decoupling from customer numbers"[79] (referred to as "revenue decoupling" in the balance of this submission). Enbridge Gas set out its detailed response to the ED Proposal in AIC, setting out seven key reasons why it should be rejected. The Company repeats and relies on its prior submissions. If ED raises new issues or proposals in its upcoming Reply Argument, Enbridge Gas reserves the right of further reply.

97. Fifteen parties filed submissions on this issue. Almost all of the parties agree with Enbridge Gas that the ED Proposal should be rejected.[80]

98. Consistent with Enbridge Gas's AIC, there is broad agreement from most parties that the ED Proposal is not sufficiently developed to be implemented. Almost all parties agree that this is a topic better addressed in a comprehensive cost of service rebasing application. Even the two parties who support the ED Proposal[81] agree that it would require another proceeding to determine the required implementation details.

99. Many intervenors agree with the arguments advanced in the Enbridge Gas AIC on this topic. Enbridge Gas notes that there are some other important arguments advanced by intervenors as to why the ED Proposal should be rejected. These include the risks of unintended consequences as described by CME[82], as well as concerns that the ED Proposal does not actually address the long term stranded asset concerns that ED says need to be mitigated.[83] It is also instructive to note the

[79] Submissions of Environmental Defence and the Green Energy Coalition – Enbridge Rebasing Phase II – Incentive Ratemaking Mechanisms, January 27, 2025.
[80] See Submissions from each of OEB staff, CME, CCC, EP, FRPO, IGUA, LPMA, OGVG, QMA, SEC and VECC.
[81] See Submissions from PP and Minogi/Three Fires.
[82] CME Submission, pages 8-10.
[83] See, for example, IGUA Submission, page 4; and SEC Submission, page 7.

CCC comments about how the ED Proposal for revenue decoupling is inconsistent with the only regulatory precedent cited by ED's expert CEG.[84]

100. There are a small number of items from intervenor arguments on the Revenue Decoupling Issue to which Enbridge Gas would like to respond.

101. First, Enbridge Gas disputes the conclusions from PP and Minogi/Three Fires that revenue decoupling should be implemented as a result of this proceeding.

102. PP argues that the OEB should approve ED's Proposal to true up revenue from actual customer counts against test-year customer counts.[85] Alternately, PP asserts that if the OEB decides that none of the options available to it in this proceeding are adequate, then the OEB should put in place the right approach to ensure the information required is included in Phase 3 of the Rebasing proceeding.[86]

103. Minogi/Three Fires argue that Enbridge Gas should implement revenue decoupling on an implementation timeline aligning with the Company's next rebasing application.[87]

104. It is not clear how PP reaches its recommendations. PP simply presents a long list of concerns and attacks and then concludes that ED's Proposal should be endorsed. PP's Submission is replete with factual errors and exaggeration. The attacks against purported monopolistic behaviours, excess revenues and locking Ontario ratepayers into the wrong infrastructure are misplaced and unsupported by evidence.[88] PP is simply wrong when it asserts that ED's revenue decoupling proposal is aligned with "true customer choice".[89] PP is also incorrect when it accuses Enbridge Gas of somehow hiding the revenues that are earned from new customer attachments.[90] PP misstates the Settlement Agreement related to marketing materials, as well as the

[84] CCC Submission, page 32.
[85] PP Submission, pages 6 and 19-20.
[86] PP Submission, pages 6 and 20-21.
[87] Minogi/Three Fires Submission, page 23.
[88] PP Submission, page 20.
[89] PP Submission, page 22.
[90] PP Submission, page 22.

IESO's own forecast of heat pump adoptions.[91] There are many other similar examples of unfair and untrue accusations and allegations in PP's Submission on this issue.

105. For all of the reasons set out in AIC, and echoed and expanded upon by OEB staff and most intervenors, there is no "revenue decoupling" proposal that is sufficiently defined, developed or substantiated to be implemented based upon ED's Proposal.

106. Moving this "revenue decoupling" issue to Phase 3 is not appropriate. Questions related to energy transition, stranded assets and rate setting mechanisms are complex and interconnected and are properly looked at holistically. These will be part of the next rebasing case. Parties can re-raise a proposal for revenue decoupling at that time. PP's suggestion that the OEB should put in place an approach to look at other options for revenue decoupling within Phase 3 (including having OEB staff retain an expert) would greatly expand the scope of Phase 3 of this very large and lengthy rebasing proceeding. That is not appropriate or necessary, nor does it support regulatory efficiency.

107. It is also not appropriate to approve the ED Proposal now, and then have it implemented at the next rebasing. Minogi/Three Fires do not establish why implementation is warranted at all, nor do they provide any persuasive explanation about how customer choice for their constituents is improved by implementation.[92] Importantly, Minogi/Three Fires provide no clarity as to what the OEB would be approving and express no preference or rationale for adopting any of ED's three revenue decoupling options. Similarly, Minogi/Three Fires do not address any of the concerns as to the details that must be determined in order to implement revenue decoupling. Approving a revenue decoupling construct now for later implementation as part of the next rate framework restricts the ability of the next OEB panel of Commissioners to consider the appropriate ratemaking approaches to be adopted

[91] PP Submission, page 25.
[92] Minogi/Three Fires Submission, page 25.

starting in 2029. It is not appropriate for one panel of Commissioners to fetter the discretion of a later panel of Commissioners.

108. Second, Enbridge Gas disputes the position from several intervenors that the Company should be required to lead evidence and/or make a proposal about revenue decoupling in its next rebasing case.[93]

109. Enbridge Gas agrees that questions about energy transition, stranded assets, customer attachments and revenue decoupling mechanisms could all be relevant and in-scope for its next rebasing case. But the Company does not agree that it should be obliged to study and report upon and potentially propose revenue decoupling from customer numbers in that case. This is an ill-defined proposal that the Company does not support and that has no regulatory precedent from Ontario or any other jurisdiction.

110. The OEB declined ED's motion to require Enbridge Gas to provide revenue decoupling options as part of this Phase 2 proceeding.[94] Now, after Phase 2 is complete and ED has continued to fail to address any of the concerns raised by Enbridge Gas about missing details from ED's Proposal, it should not fall to Enbridge Gas to do this work.

111. As part of the next rebasing case, Enbridge Gas has already agreed or been directed to study and report upon a wide range of items related to energy transition and stranded asset risk. As ordered in the Phase 1 Decision, Enbridge Gas's next rebasing filing will include options to ensure that its depreciation study addresses the risk of stranded asset costs, a plan to reduce stranded asset risk in the context of system renewal, an updated Asset Management Plan (AMP) that provides clear linkages between capital spending and energy transition risk and potentially a

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[93] See Submissions from CCC, FRPO, LPMA, OGVG and SEC. Note that other parties do not propose that Enbridge Gas must prepare evidence and proposals on this issue, simply noting instead that revenue decoupling can be an open issue for the next rebasing case – see Submissions from OEB staff, CME, EP, IGUA, QMA and VECC.
[94] See Transcript from November 18, 2024 Motion Day and Settlement Proposal Presentation Day, pages 124-125.

proposal for exit fees.[95] As agreed in the Phase 2 Settlement Proposal, Enbridge Gas will also study and propose implementable proposals for differentiated ROE (which is ED's expert's preferred mechanism to address stranded asset risk) and an efficiency carryover mechanism with a capital efficiency sharing mechanism.[96] Enbridge Gas will be consulting with intervenors as it proceeds with its plans for the next rebasing case, and will report on progress at stakeholder sessions in 2025 and 2026.

112. Recognizing all of the potential issues/items (i.e. energy transition, stranded assets, others yet to be determined, etc.) to be addressed through the comprehensive rate setting mechanism which will be approved as part of the next rebasing case, should any party (including Enbridge Gas) believe that a "revenue decoupling from customer numbers" is an appropriate component of that mechanism, they should be free to propose as such. However, Enbridge Gas disputes that it should be directed to lead this effort, given it may not align with its proposed mechanism.

113. Finally, Enbridge Gas has brief comments in response to OEB staff's submission on the interplay between the obligation to serve and the ED Proposal. No other party commented on this item.

114. As noted by OEB staff, the obligation to serve concern is only engaged if the ED Proposal is approved. There is further agreement between OEB staff and Enbridge Gas that this only applies to customers who are adjacent to existing lines – there is no obligation to serve expansion customers (such as most new subdivisions).

115. Where Enbridge Gas and OEB staff disagree is around whether Enbridge Gas would or could be relieved of its obligation to serve if ED's Proposal is implemented.[97]

116. This would of course depend upon details of what is ordered by the OEB, if the OEB decided to approve some form of the ED Proposal (which Enbridge Gas disputes). Enbridge Gas would consider the implications and its response to any such decision,

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[95] EB-2022-0200 Decision and Order, December 21, 2023, pages 140-141.
[96] Settlement Proposal, Issue 7 – see Exhibit N, Tab 1, Schedule 1, page 20.
[97] OEB staff Submission, pages 14-16.

taking into account the specific details of what is approved. On this point, the Company repeats its position that it may decide to decline to attach new customers where associated revenues are confiscated. As set out in AIC, Enbridge Gas accepts that this could require an appeal or an application to the OEB or to a judge.[98] At present, however, this is a theoretical issue that does not require any OEB determination.

D. RELIEF REQUESTED

117. Enbridge Gas repeats its request that the OEB grant the following relief in relation to the Outstanding Issues.

a. An update to the calculation of the Meter Reading Performance Measure (MRPM) metric for Enbridge Gas such that inaccessible meters are excluded from the calculation of the metric for the current 2024-2028 IRM term.

b. Approval for the proposed Lower-Carbon Energy Program, including the Lower-Carbon Voluntary Program (LCVP) for large volume customers and the cost recovery proposal that will recover RNG costs from LCVP participants as well as sales service customers up to a prescribed cap.

c. Decline to approve ED's Proposal for a mechanism to decouple revenue from customer numbers.

All of which is respectfully submitted March 6, 2025.

David Stevens, Aird & Berlis LLP
Counsel to Enbridge Gas

Patrick Copeland, Aird & Berlis LLP
Counsel to Enbridge Gas

[98] AIC, para. 157.