

VIA RESS

April 28, 2025

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

RE: EB-2024-0200 St. Laurent Replacement – FRPO Response to EGI Objection

We are writing on behalf of the Federation of Rental-housing Providers of Ontario (FRPO) as directed in the Ontario Energy Board (OEB or the Board) Decision and Order in the St. Laurent Pipeline (SLP) Replacement proceeding and in response to the Enbridge Gas Inc. (EGI) Letter of April 17, 2025. FRPO respects the opportunity to assist the Board and serve our members. As such, we submit the following to assist the Board's determination of the value of our investment in the process.

The following submissions outline FRPO's general approach to engagement, the extension of this application from the original request for Leave to Construct (LTC) in EB-2020-0293 following the Board's directions and responses to assertions contained in EGI's Letter on this topic.

FRPO is Judicious in its Involvement in OEB Proceedings

In the Board's recently published report to the Minister on Intervenors and Regulatory Efficiency, the report made two key observations:¹

Intervenor costs are approximately 0.03% of the revenues of regulated utilities, on an annual basis.

Regular intervention by expert intervenors can support positive outcomes. Energy regulation is a complex, technical area where institutional knowledge can support more efficient adjudication.

FRPO has been an active intervenor in OEB proceedings since 2008. While FRPO has periodically participated in generic proceedings (e.g., Renewed Regulatory Framework), we have been intentionally focused on proceedings where our technical knowledge and expertise can be of assistance to the Board. As demonstrated recently, we did not request participation in the recently completed Cost of Capital proceeding² as we believed the Board could be served more efficiently by those with more extensive financial expertise. Further, even

¹ Ontario Energy Board's Report Back to the Minister entitled Intervenors and Regulatory Efficiency, September, 2024, pg, 5

² EB-2024-0063

though FRPO was an active participant in the first phase of EGI's 2024 Rebasing proceeding,³ we believed that some of our fellow intervenors with legal expertise could assist the Board more effectively in the Motion to Review and Vary elements of the Decision.⁴

FRPO respectfully submits that we can and have assisted the Board more effectively with our expertise in natural gas technical matters. As examples, we have strived to leverage our experience in gas supply⁵, pipeline system design⁶ and technical elements of infrastructure⁷ to provide the Board with key considerations and insights that were not found in the respective applications. Our technical expertise was recognized by the Board in being selected for Integrated Resource Planning (IRP) Technical Working Group.⁸ Given our experience, we are relied upon by other stakeholders to address the more technical elements of natural gas applications and, as such, invest more time than others to understand and test natural gas technical evidence.

Current Application Requests Replacement of SLP using Enhanced Inspection

The first page of the Executive Summary of the Application in EB-2024-0200 opens with the connection of the Application to the same pipeline whose proposed replacement was denied in EB-2020-0293. Included in this evidence, EGI states:⁹

The current application is based on a physical inspection of the SLP pipeline, including an in-depth technical assessment in conjunction with a review of the historical SLP condition records, and not exclusively on evidence contained within EB-2020-0293. The application is also responsive to the OEB's recommendations for future applications related to this pipeline.

FRPO was very active in the original application, pursuing an understanding of EGI's assessment of the condition of the SLP and their reluctance to use robotic In-line Inspection (ILI). Contrary to EGI's assertion that ILI could not¹⁰ or would not¹¹ be performed to assess the SLP condition, FRPO provided publicly available information¹² and provided evidentiary submissions that provided the Board with an enhanced understanding of the capability of ILI. In rejecting the first SLP LTC, the Board urged EGI "to thoroughly examine other alternatives such as the development and implementation of an in-line inspection and

³ EB-2022-0200

⁴ EB-2024-0078

⁵ EB-2023-0326 Hearing on the Ontario Energy Board's own Motion regarding Enbridge Gas Inc.'s 2021 Vector Contracting Decision

⁶ EB-2019-0172 Windsor Pipeline Replacement Project

⁷ EB-2020-0293 St. Laurent Ottawa North Replacement Project

⁸ EB-2021-0246 Integrated Resource Planning Technical Working Group - Membership Selection, December 6, 2021

⁹ Exhibit A, Tab 2, Schedule 2, pg. 1

¹⁰ EB-2020-0293 Exhibit B, Tab 1, Schedule 1, page 35, para. 53

¹¹ EB-2020-0293 Transcript, Volume 1, March 4, 2022, page 59, line 16 to page 61, line 1

¹² EB-2020-0293 KT1.1 FRPO Compendium and Transcript, Volume 1, March 4, 2022, page 33, lines 8-16

maintenance program using available modern technology and propose appropriate action based on its findings, as part of its next rebasing application.”¹³

We note these above facts as they are applicable to refute assertions made by EGI in its Letter regarding our cost claim.

EGI Assertions Do Not Withstand Scrutiny

EGI’s Letter Response to Cost Claims asserts a number of statements which either generalize the review process or minimize the technical nature of the evidence under consideration by the Board. We will respond to those assertions individually.

1) FRPO Invested in Understanding the New Diagnostics & Assessments

EGI complains that our focus was on “*technical details related to the need and alternatives to the Project*”. This complaint was followed by their suggestion that “*the review of certain technical matters may justify a small amount of additional time as compared to other points in the proceeding*”. The fact is that EGI’s evidence contained around 200 pages of technical evidence, most of which outlined the application of new, modern technologies and novel assessment criteria. In our view, to test the evidence appropriately, one needs to review this application thoroughly to ask informed questions on these critical components of the justification for the project. Given FRPO’s expertise, we believed that we were best qualified to try to understand and assist the Board with technical discovery. In our respectful submission, who else was going to contribute to the Board’s understanding of these elements?

Further, EGI insinuates that because of our acknowledgment that we are not experts in all elements of risk assessment that somehow, we should not be compensated for reviewing technical documents. With respect, as chief engineer of a natural gas utility for a decade and a member of the Technical Standards and Safety Authority’s Natural Gas Advisory Council for seven years, I have acquired sufficient fundamental understanding of risk to interpret and question new approaches that are being implemented. This discovery process involves an investment of time.

2) Current Application is for SLP Replacement as was EB-2020-0293

It is almost trite to say, but this SLP proceeding is about the replacement of the same SLP that was rejected in EB-2020-0293. The above referenced section of the executive summary in this application’s Executive Summary acknowledges that. There are elements of that record, such as existing pipe running line location and ongoing corrosion assessments, that were not included in the new application. Our referring to that evidence was to recall those elements when prompted by aspects of the new evidence. Further, our work in the first proceeding included research to understand and bring forth the applicability of robotic ILI since EGI had not provided information on the technology as a diagnostic. That time used to retrieve

¹³ EB-2020-0293 Decision and Order, p. 23

information from the first proceeding contributed a small but still important investment of time to read EGI's new evidence in context. In fact, using this information from the initial proceeding likely saved time by avoiding additional interrogatories or performing additional research on robotic ILL.

3) FRPO Tested IRP-type Approaches Seeking Reductions in Cost

IRP is often classified as having demand-side or supply-side alternatives to traditional infrastructure investments. In the prefiled evidence, EGI focused its demand side evaluation on Enhanced Targeted Energy Efficiency (ETEE) and Demand Response (DR) and its supply-side on Compressed Natural Gas installation (CNG), all of which they ruled out.¹⁴

FRPO explored other alternatives. On the demand-side, we investigated the potential for design day reductions available given the content of the Gazifere contract and the potential to reduce the flow through the Rockcliffe Control Station. On the supply-side, we strived to have EGI assess operational changes that could be implemented to lower demand on the SLP and potentially reduce the size and cost of the replacement pipe. So, as not to re-argue the case, we respectfully submit that our inability to convince the Board of the importance of our inquiry does not mean that our efforts were not well invested and, in our view, will arise again in future facilities proceedings.

The Board's decision and directions in IRP¹⁵ have not borne the anticipated reduction in infrastructure projects.¹⁶ FRPO has pursued alternatives discounted by EGI. As an example, our lead consultant has pursued station modifications and operational changes within the IRP Working Group but EGI prefers to view station improvements as "a routine part of facility planning".¹⁷ However, EGI has not been advancing these alternatives and have been reluctant to provide scenarios requested to test those operational capabilities.¹⁸ EGI wants to point to an estimated \$1.3 million savings as "immaterial"¹⁹ but, in our view, they are material, especially in the context of risk of being stranded in the future. Further, we believe that the onus is on the applicant to demonstrate that they have evaluated all feasible approaches to cost savings.

4) EGI's Cost Comparisons Disregard the Process

After the above assertions, EGI goes on to assert that the FRPO claim should be the average of other intervenors resulting in a 64% reduction which they characterize as reasonable.²⁰ This comparison disregards the reality of efforts, as described above, to assist the Board given the

¹⁴ Exhibit C, Tab 1, Schedule 1, pg. 21-25

¹⁵ EB-2020-0091 Decision and Order, July 22, 2021

¹⁶ EB-2022-0335 Decision and Order, March 27, 2025

¹⁷ EB-2021-0246 IRP Working Group, Meeting 38, June 5, 2024 Meeting Notes, pg. 6-7 available at <https://engagewithus.oeb.ca/28744/widgets/145694/documents/133288>

¹⁸ In the April 17, EGI Letter on Cost Claims, it blames FRPO for "unnecessary procedural delay" which in the footnote it defines as the period from the first undertaking responses but is silent on the fact that a second set of undertakings was still to be delivered almost two weeks later not to mention the limitations on their responses to requests for fulsome information during that period.

¹⁹ EGI_LTR_Response_to_Cost Claims_20250417, pg.5-6

²⁰ Ibid, pg. 6


technical nature of the application and our efforts to reduce the risks of stranded assets. Since we do not have complete access to all of the costs associated with the development of the evidence yet,²¹ we do not know the precise amount. However, we can state definitively that, in our view, it is completely appropriate for ratepayers to invest thousands of dollars to test an application that costs tens of thousands to create²² and will cost ratepayers tens of millions annually in the years to come.²³

Conclusion

This proceeding was somewhat rare and perhaps, unprecedented, in that this was the second attempt to apply for an LTC to replace aging assets. In addition, the application came at a time when Energy Transition and IRP strategies continued to evolve while new diagnostic and assessment techniques were employed to support the company's request to replace. In our view, the importance of this proceeding and its underpinning technical evidence warranted a rigorous review.

We trust that the above is helpful to the Board in understanding our approach in this significant proceeding.

Respectfully Submitted on Behalf of FRPO,



Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

- c. EGIRegulatoryProceedings – EGI
Interested Parties, EB-2024-0200

²¹ Ontario Energy Board's Report Back to the Minister entitled Intervenor and Regulatory Efficiency, September 27, 2024, pg. 10, point 6 Enhancing reporting, tracking and analysis of utility costs

²² Exhibit I.2-PP-44, Attachment 1 provides some consultant costs for evidence development on top of which would be legal and other applicant costs.

²³ Exhibit I.1-SEC-2, Attachment 3, pg. 7