

DR QUINN & ASSOCIATES LTD.

October 21, 2025

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

Attention: Mr. Ritchie Murray, Acting OEB Registrar

RE: EB-2025-0065 EGI 5 yr Gas Supply Plan – FRPO Procedural Submission

We are writing on behalf of the Federation of Rental-housing Providers of Ontario (FRPO) in response to the contents of the Enbridge Gas Inc (EGI) cover letter to the Technical Conference undertakings. FRPO appreciated the Board's provision of an adjudicated proceeding for the purpose of commencing a new 5-year cycle for the Gas Supply plan as recommended by Board staff (Staff).¹ The purpose of our letter is to encourage the Board to stay the course outlined in the Staff-led Stakeholder meeting that informed the procedural plan.² More specifically, we urge the Board to allow continued discovery through an oral hearing to enhance an understanding of the complex nature of gas supply planning and its impacts on ratepayers.

Introduction

The Framework for the Assessment of Distributor Gas Supply Plans (Framework) was developed over years of discussion between ratepayers, Staff and, at the time, two large gas distributors, Union Gas Ltd. (UGL) and Enbridge Gas Distribution (EGD). The initial proceeding focused on the gas supply planning processes of the respective distributor *"to gain a deeper understanding of the risk/cost trade-offs being made as they develop their plans"*.³ The views of Staff produced in their report at the conclusion of the process began with *"In our view, the importance of natural gas supply to the customer's bill suggests a more robust regulatory approach is needed to protect consumers in Ontario"*.⁴

In the subsequent proceeding, The Report of the Board generated the Framework with the stated purpose: *"The Framework will ensure that there is transparency, accountability and measurability regarding the distributors' gas supply plans to assure they deliver value to consumers."*⁵

¹ EB-2024-0067 OEB Staff Report to the Ontario Energy Board, Review of 2024 Annual Update to Enbridge Gas Inc. Natural Gas Supply Plan, January 15, 2025

² Stakeholder Meeting Invitation Letter_EGI_Gas Supply Plan_20250506

³ OEBltr_revised_Gas Supply Planning_20151020, p.1

⁴ EB-2015-0238 STAFF REPORT TO THE ONTARIO ENERGY BOARD, Distributor Gas Supply Planning, August 12, 2016, p.7

⁵ EB-2017-0129 Report of the Ontario Energy Board **Framework for the Assessment of Distributor Gas Supply Plans**, October 25, 2018

Through the Update period, ratepayer representatives, including FRPO, submitted concerns regarding the limitations of the process that have resulted in an inability to adduce evidence to assess ratepayer impact.⁶ The initial plan along with annual updates were reviewed through submitted questions, a company presentation, submissions by the parties and a staff report. The only exceptions were the forgone 2020 Assessment⁷ and the issue-specific hearing on the Vector Contracting Decision.⁸ This current proceeding is the first opportunity for a full, rigorous testing of the Gas Supply Plan to understand fully the ratepayer impacts.

An Oral Hearing of the 5-yr Gas Supply Plan is Warranted

At a high level, FRPO believes that an Oral Hearing is a vital aspect of adjudicating the 5-yr Gas Supply plan. Gas Supply Costs form the largest portion of the customer bill and, in our view, are the least tested. EGI planned to spend approximately \$3.2B on gas supply costs⁹ compared to the revenue requirement for the utility services of \$2.8B.¹⁰ In addition, Gas Supply is arguably more complex in its risk management and value proposition trade-offs.

In support of our view, FRPO will provide a couple of high-level issues that would benefit from further discovery and understanding. We are intentional about presenting the issues without significant detail which could be construed as argument at this juncture of the proceeding. Further, the issues identified are not exhaustive nor comprehensive as there are other topics for which we would seek clarity and a better understanding.

Risk Management of Load Balancing Benefits from Diversity

As described in past submissions,¹¹ there are two important and inter-related aspects of load balancing, Seasonal and Peak. From a Gas Supply perspective, each aspect has a separate but inter-related planning approach. Historically, the delivery of these services focused on physical storage assets. While physical storage is foundational, FRPO has been requesting EGI, and previously EGD, to evaluate the benefit of delivered gas to Dawn and Corunna as a complement to and substitute for more physical storage.

EGD first agreed to study this opportunity from discussions held almost a decade ago after the Polar Vortex winter. In spite of our efforts, the ongoing studying has been constrained by the company's view of the risk price escalation for gas being delivered during winter periods with index pricing when the market price could be volatile. Our proposed approach to this

⁶ While there were many submissions on this matter, SEC_Comments_EGI_GSP_20240717 and especially the contents of FRPO_SUB_EGI_2024_GS_UPDATE_20240717 provide ratepayer concerns.

⁷ EB-2020-0135 Board Letter, July 6, 2020

⁸ EB-2023-0326 Hearing on the Ontario Energy Board's own Motion on Enbridge Gas Inc.'s 2021 Vector Contracting Decision

⁹ EB-2024-0111, Phase 2 Exhibit 4, Tab 2, Schedule A, Attachment 1

¹⁰ EB-2025-0064 Phase 3 Exhibit 7, Tab 3, Schedule 1, Attachment 13, p.1, line 1

¹¹ EB-2019-0137 FRPO_Comments_20191021, p.1-2

concern has been to urge the company to fix the price of that gas months or more in advance of the winter delivery. However, EGI has communicated on several occasions that there are regulatory limitations established for commodity purchases.¹² On the other hand, EGI and its predecessor company (EGD) have and continue to contract for long-term storage for up to 5 years as part of their load balancing portfolio. Not unlike the procurement of supply, the risks and costs of load balancing can benefit from diversity, including fixed price, natural gas purchases. Given some of the common attributes of fixed price delivered gas and storage, we believe that a full proceeding, including an oral hearing, would assist the Board's understanding of the issue for consideration and determination.

Methodology Changes not Fully Understood Driving Ratepayer Cost

As noted in the Framework, the Gas Supply plan must start with demand¹³ – the amount that is forecast to be supplied and delivered. For annual demand, weather-normalized historic consumption adjusted for a few factors including growth has been the approach for EGI, its predecessor companies and most gas utilities. However, daily demand for customers is derived by making assumptions about geographical climate, non-heat sensitive consumption, contract customer demand for design days and even what is considered to be the base temperature.

In the first phase of the rebasing proceeding, EGI presented their changes to determining Design Day Demand in a harmonized fashion.¹⁴ FRPO asked several questions in the interrogatory phase to test the evidence and understand the impact.¹⁵ While the responses provided some understanding and less concerns about the proposed changes, we took our greatest comfort in EGI's evidence that stated:¹⁶

The proposed harmonized method increases the design day demand by 0.4% or 34 TJ/day and includes an increase of 113 TJ/day in the EGD CDA offset by decreases in the EGD EDA, Union North and Union South rate zones of 17 TJ/day, 17 TJ/day and 44 TJ/day respectively. As a result of the proposal to use the Union Gas design day demand method, there are no incremental transmission or storage facilities required to serve the design day demand as the process was refined but did not materially change.

In reviewing the evidence in this Gas Supply proceeding, we were surprised at the significant increase in Design Day Demand for the EGD CDA, requiring additional transportation and

¹² FRPO has stated this communication generally as the precise reasoning, in our view, has been varied and we do not want to incite argument on the merits in this procedural matter

¹³ EB-2017-0129 Report of the Ontario Energy Board **Framework for the Assessment of Distributor Gas Supply Plans**, October 25, 2018, p.8

¹⁴ EB-2022-0200 Exhibit 4, Tab 2, Schedule 3

¹⁵ EB-2022-0200 Exhibit I.4.2-FRPO-116 to -FRPO-123

¹⁶ EB-2022-0200 Exhibit 4, Tab 2, Schedule 3, p.33

contract assignments. It is notable that EGD CDA demand provided in evidence¹⁷ does not show the demand with a comparable figure for the previous year as has been generated in past Gas Supply plans.¹⁸

FRPO attempted to understand the drivers of these changes and their implications for the Dawn-Parkway system through interrogatories¹⁹ and subsequently at the Technical Conference.²⁰ Even with the responses provided, we cannot reconcile the increase in demand of approximately 6% from what was in evidence the previous year. Even more disconcerting is the offsets referred to in the above quoted evidence from the rebasing proceeding seemed to have disappeared while the assurances of *no incremental transmission or storage facilities* are hollow if increased transportation and third-party contract assignments still create ratepayer cost. The answers provided to this point and those refused,²¹ leave us without the evidence needed to assist the Board and protect ratepayers.

Conclusion

FRPO and other ratepayer representatives have been appreciative that we already have had a more robust process and more data than was available in previous Gas Supply proceedings. Beyond the opportunity to reconcile the inconsistencies and gaps that we see in the evidentiary record, an oral hearing would allow Board members to ask their own questions to ensure that they are informed appropriately. Given the scale of costs and the history that has led us to this proceeding, we respectfully urge the Board to provide for an oral hearing to strive to establish clarity for the purpose of ensuring transparency, accountability and measurability in the public interest.

Respectfully Submitted on Behalf of FRPO,



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Principal
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- c. R. Wathy, EGI Regulatory Proceedings - EGI
C. Nguyen, I. Richler – Staff
Interested Parties EB-2025-0065

¹⁷ EGI_5-Year Gas Supply Plan_20250501, p. 25, Table 4

¹⁸ EGI_2024 Annual Update Gas Supply Plan_updated 20240327_signed, p. 26, Table 4

¹⁹ Exhibit I.2-FRPO-11 to -FRPO-19

²⁰ Transcript Volume 1, Sept. 16, p. 45-57 and Undertakings JT-1.5 & 1.6

²¹ Transcript Volume 1, Sept. 16, p.49, line 12 to p.57, line 3