



Ontario | Commission
Energy | de l'énergie
Board | de l'Ontario

BY EMAIL

October 27, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ritchie Murray:

**Re: Ontario Energy Board (OEB) Staff Submission
Motion to Review Decision on IRP Pilot Project
OEB File Number: EB-2025-0124**

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 1.

Yours truly,

Stephanie Cheng

Application Policy and Conservation

Encl.

cc: All parties in EB-2025-0124



ONTARIO ENERGY BOARD

OEB Staff Submission

Motion to Review Decision on IRP Pilot Project

EB-2025-0124

October 27, 2025

Background

In 2021, the OEB established a first-generation Integrated Resource Planning (IRP) Framework to provide direction to Enbridge Gas Inc. (Enbridge Gas) in considering integrated resource planning alternatives (IRPAs) to traditional pipeline infrastructure to meet its natural gas system needs (EB-2020-0091). This included directing Enbridge Gas to develop and implement two IRP Pilot projects to evaluate how IRP can be implemented to avoid, delay, or reduce the need for facility projects to meet system needs.

On July 19, 2023, Enbridge Gas initially applied to the OEB for approval of two IRP Pilot projects. Enbridge Gas later withdrew one of the pilot projects and modified the location and scope of the remaining pilot project (IRP Pilot). The proposed budget for the IRP Pilot was \$14.2 million, encompassing four categories of IRPAs:

1. Enhanced targeted energy efficiency measures
2. Demand response programming
3. Limited electrification offerings (cold climate Air Source Heat Pumps (ccASHPs) and Ground Source Heat Pumps (GSHPs))
4. Advanced technology offerings (hybrid heating, natural gas heat pumps, and thermal energy storage)

On March 27, 2025, the OEB issued a decision (Decision) approving the IRP Pilot, subject to certain modifications. The Decision stated that “it is now clear that electric solutions are squarely on the table, as part of the IRP Framework”, and did not approve parts of the application that provided incentives for gas-fired equipment. Rather, Enbridge Gas was directed to reallocate \$1.5 million originally proposed for Advanced Technologies (hybrid heating and gas heat pumps) to Limited Electrification Measures including ccASHPs, GSHPs, and potentially other technologies such as combined water/space heating systems.

On March 27, 2025, the OEB also initiated this proceeding on its own motion, under Rule 41.01 of the *OEB’s Rules of Practice and Procedure*, to review the Decision. The Notice of Review raised the following questions:

1. By requiring the use of electricity IRPAs and/or excluding funding for gas-fired technologies, did the Decision change the IRP Framework and do so improperly without notice to the parties and without providing parties with a full opportunity to address this issue through the hearing process?
2. Was there sufficient evidence to support the findings that categorically exclude funding for gas-fired technologies in the IRP Pilot?
3. In assessing the cost effectiveness of electric heat pumps versus gas-fired heat pumps, which formed part of the basis for denying the use of gas-fired heat pumps, was there sufficient evidence of, and did the Decision adequately consider, the potential cost of any required electricity system upgrades?

Motion to Review Summary

On October 6, 2025, the OEB issued Procedural Order No. 1, inviting parties to comment on whether there is still merit in proceeding with the review to address the three questions outlined in the Notice of Review.

In Procedural Order No. 1, the OEB noted the significant passage of time since the Notice of Review was filed in March 2025 and highlighted that the three questions identified appear to be predicated on issues that can be, or will be, raised in other ongoing OEB proceedings – such as the consultation on the OEB’s IRP Framework (EB-2025-0125), the extension of Enbridge Gas’s existing DSM Framework in 2026, and Phase 3 of Enbridge Gas’s rebasing application – that were mostly initiated after the Review was filed.

The OEB also clarified in Procedural Order No. 1 that the scope of the Review will not be expanded and is narrowly focused on the issues outlined in the Notice of Review.

OEB Staff Submission

In Procedural Order No. 1, the OEB specifically requested that submissions address whether proceeding with the review is likely to result in the most just, expeditious and efficient determination of matters before the OEB. The focus of OEB staff's submission is consideration of what is the most efficient and effective path to addressing the issues that underlie the three questions outlined in the Notice of Review. OEB staff submits that the core issues raised in the Notice of Review could be addressed in the IRP Framework Review consultation, wherein the recently released IRP Framework Review staff discussion paper outlines OEB staff proposals for updating the Framework.

Regarding the three questions outlined in the Notice of Review, OEB staff notes that each matter could be addressed as follows:

1. By requiring the use of electricity-based IRPAs and/or excluding funding for gas-fired technologies, did the Decision alter the IRP Framework improperly, without notice to parties or providing them a full opportunity to address the issue during the hearing?

The question of whether electricity-based IRPAs should be part of the IRP Framework is being considered as part of the consultation. Specifically, the IRP Framework Review addresses the eligibility of electricity-based IRPAs under Topic #3: *Electrification as an IRP Alternative*. The OEB has now released a [staff discussion paper](#) to support its review of the IRP Framework, which includes OEB staff proposals for updating the Framework. In this paper, OEB staff proposes to expand the IRP Framework to include electrification and recommends avoiding the outright exclusion of other non-gas IRP alternatives. The OEB staff discussion paper does not make a proposal to exclude gas-fired technologies from being eligible to serve as IRPAs.

2. Was there sufficient evidence to support the categorical exclusion of funding for gas-fired technologies in the IRP Pilot?

The IRP Framework Review addresses the issue of how the OEB should assess and review innovation-related proposals under Topic #2: *Innovation*. OEB staff proposes a new path for Enbridge Gas to seek funding for pilots and innovative technologies as part of its IRP Implementation Plan, to be filed periodically. OEB staff also proposes that Enbridge Gas be required to address five key considerations, similar to those used in the OEB's guidance to electricity distributors on innovation-related proposals in rate applications. The fuel source of the innovative technology (i.e. natural gas vs. electricity) is not one of those considerations. If the proposed innovation considerations are adopted as part of an updated IRP Framework, the OEB's policy would be to take account of these considerations when assessing the merits of any innovation-related proposal.

Moreover, should the OEB adopt the proposals in the OEB staff discussion paper

(and should the IRP Framework Review determine that gas-fired technology IRPAs remain eligible IRPAs under the updated IRP Framework), an innovation-related proposal from Enbridge Gas for gas-fired technologies would be eligible for funding consideration and such proposals would be assessed by the OEB. This aligns with Ontario's Integrated Energy Plan and the Natural Gas Policy Statement, which affirms that the province will "continue to support the important role of natural gas in Ontario's energy system and economy while pursuing options to lower costs and reduce emissions through energy efficiency, electrification, clean fuels (e.g., renewable natural gas, low-carbon hydrogen) and carbon capture and storage."

3. In assessing the cost-effectiveness of electric heat pumps versus gas-fired heat pumps—which formed part of the rationale for denying gas-fired heat pump funding—was there sufficient evidence of, and did the Decision adequately consider, the potential cost of any required electricity system upgrades?

The IRP Framework Review considers potential IRP-associated electricity system upgrade costs through Topic #3: *Electrification as an IRP Alternative*. In the staff discussion paper, OEB staff proposes that Enbridge Gas be required to consult with upstream providers, including the affected electricity distributors/transmitters, and the IESO, to assess whether electricity system upgrades would be required to accommodate the expected electrical peak demand impact in the location of the electrification IRPA. If potential electricity system upgrades were to be identified, the upstream electricity provider would be asked to provide approximate cost and timing estimates. Enbridge Gas could then use this information to evaluate the cost-effectiveness of the proposed electric IRPA or determine whether it is viable given the identified constraints. The associated electrification system costs would also be included as Phase 3 impacts of the DCF+ test to assess whether the electrification IRPA is the preferred solution to meet a system need.

In terms of adequate electricity system capacity in the area covered by the IRP Pilot, Enbridge Gas confirmed in its response to interrogatory STAFF-10(A) that Bluewater Power (the local electricity distributor for the pilot area) has assessed the originally proposed electrification measures and determined it will not materially affect the local electricity grid. Enbridge Gas should reconfirm with Bluewater Power, and if the additional electrification measures do not materially change the cost effectiveness then there is no need to pursue this question further.

As noted above, issues related to all three questions outlined in the Notice of Review are being considered as part of the ongoing IRP Framework Review. Further, stakeholders (including Enbridge Gas) will have an opportunity to submit written comments in response to the IRP Framework Review OEB staff discussion paper, including to address OEB staff's proposals and/or provide any additional suggested changes to the IRP Framework for the OEB's consideration.

OEB staff are of the view that there are costs associated with proceeding with a review of the Decision - such a proceeding would require further time and resources from stakeholders and the OEB. Moreover, proceeding with both this review and the IRP Framework Consultation raises the possibility of differing outcomes of important issues such as the use of electrification in IRP. OEB staff believes that the consultation is better placed to deal with issues surrounding the use of electrical IRPAs and how gas-fired innovative technologies should be treated. That consultation will consider bigger picture issues and provide direction to stakeholders on how the OEB intends to assess IRP going forward.

As such, OEB staff supports the OEB's consideration of what is the most efficient and effective path for consideration of the issues that underlie the three questions outlined in the Notice of Review.

~All of which is respectfully submitted~