



By EMAIL and RESS

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Our File: 20250125

Ontario Energy Board  
2300 Yonge Street  
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Toronto, Ontario  
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**Attn: Ritchie Murray, Acting Registrar**

Dear Mr. Murray:

**Re: EB-2025-0125 – IRP Framework Review – SEC Submissions**

We are counsel for the School Energy Coalition (“SEC”). Pursuant to the OEB’s letter of March 27, 2025, this letter constitutes SEC’s submissions on the Staff Discussion Paper filed October, 2025 (the “Staff Paper”).

Section 1 of these Submissions represents SEC’s overall input into the OEB’s consideration of the IRP Framework. Section 2 of these Submissions responds specifically to the nineteen questions posed by OEB Staff to Stakeholders in the Staff Paper<sup>1</sup>.

**General Submissions**

On May 27, 2025 SEC counsel, in his capacity as a member of the IRP Technical Working Group, provided detailed comments<sup>2</sup> on the IRP Framework and the challenges preventing IRP from being implemented in Ontario. Those comments continue to be SEC’s position, and can be summarized as follows:

1. ***IRP is prevented by the Averch-Johnson effect***, i.e. the very strong incentive for a regulated utility to add to its rate base. It is not possible to structure an IRP incentive lucrative enough to counter the need for a regulated utility to add income-generating capital. Further, at present there are no negative consequences if the utility fails to implement IRP, even if

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<sup>1</sup> At page 71.

<sup>2</sup> Posted by OEB Staff on the OEB website and referred to multiple times in the Staff Paper.

ordered to do so. *The obvious solution is to shift responsibility for stranded assets to the shareholders*, thus requiring management to balance the risk of loss against the benefits of rate base growth.

2. *If the OEB believes on the evidence that a shift away from fossil fuels in Ontario is going to continue over the longer term, then current public policy should not prevent a push for more IRP.* The independence of the OEB is a key benefit, allowing it to develop regulatory policy based on a) considering what it expects to actually happen, b) creating and relying on an objective evidentiary record, and c) using a long term perspective.
3. *The IRP Framework should become more detailed, with milestones and targets, and periodic formal IRP Plans filed by the utility.* In the best case, the IRP Plan and the Asset Management Plan would be considered together.
4. *An annual standalone application through an adjudicative process is the best way to ensure that IRP targets and milestones are being achieved.* The over-reliance on the working group has removed any sense of urgency, and allowed IRP to flounder with no results.
5. *The current IRP screening process is a barrier to IRP alternatives.* It screens out virtually all possible IRP alternatives at the various stages. *A better approach would be to screen facilities projects* based on their probability of being fully utilized for their entire expected life.
6. *The DCF+ Test should be replaced with a goal-oriented analysis of the cost to attain an energy transition soft landing.* That is, how much has to be spent today on IRP system wide to manage the cost and risk of stranded assets as fossil fuel use declines?
7. *It is unreasonable and unfair to ask a gas distributor to shift customers away from natural gas.* This shift should still be encouraged, either by electricity utilities or by seeking bidders from the broader marketplace. It should not be Enbridge.
8. *The IRP TWG should change its role, so that it acts as a sounding board for the utility prior to engagement with the adjudicative process.* The adjudicative process creates consequences and urgency, while the working group retains the value of collaboration and expert input.

SEC continues to believe that IRP will not happen until there are significant changes to the expectations placed on the utility by the regulator, and to the consequences of failing to meet those expectations.

### **Questions Posed by OEB Staff**

1. *What implications does the current public policy environment have for an evolved IRP Framework and the OEB's IRP-related expectations of natural gas distributors?*

Perhaps perversely, the current public policy, with a more favourable view of the role of natural gas, may allow the OEB to start to implement shareholder responsibility for stranded assets. If

the risk of a declining natural gas sector is thought to be smaller today, the intense resistance to moving the stranded asset risk from customers to shareholders may be lower.

**2. Which of the procedural options, if any, for updating the IRP Framework do you prefer, and why?**

SEC believes that OEB Staff should draft and file an updated IRP Framework for adjudicative review.

**3. Should any updated IRP Framework be specific to Enbridge Gas, or applicable to all rate-regulated gas distributors?**

Any IRP requirements should apply to anyone distributing natural gas in Ontario and rate-regulated by the OEB.

**4. Does the level of detail in the current IRP Framework strike an appropriate balance between: (a) defining the OEB's expectations and providing regulatory certainty on IRP (b) Allowing for flexibility and evolution in Enbridge's approach to IRP implementation? a. Would more or less detail be preferable in an updated IRP Framework?**

Either the Framework, or the IRP Implementation Plan if there is one, should contain detailed milestones and deliverables that are not susceptible to continued delays and inaction.

**5. Do you support the OEB staff proposal for an IRP Implementation Plan? What modifications, if any, to this proposal, and to the annual reporting approach, would you suggest? a. How frequently should an IRP Implementation Plan be developed and reviewed? Should the IRP Implementation Plan be reviewed as part of, or separately from, Enbridge Gas's rebasing application?**

An IRP Implementation Plan should be considered and adjudicated by a panel of Commissioners in the same manner as a multi-year DSM Plan. Then, annually, the utility should report on progress through an expanded annual report, and seek clearance of any DVAs, all as part of an annual application. That application should include filing of an updated annual Asset Management Plan, providing the context for IRP activity.

**6. How do you see the role of the IRP Working Group evolving under an updated IRP Framework? Do you agree with OEB staff's proposed approach? Why or why not?**

The IRP WG should continue with a reduced role as a sounding board for the utility. The value of collaboration and expert input should not be lost as more adjudication is implemented.

**7. Do you support the definition of "innovation-related IRP proposals" as proposed by OEB staff? Why or why not? a. Are there additional elements or considerations you believe should be emphasized or included to better define the scope of innovation-related IRP proposals?**

No submissions.

**8. Which, if any, of the four proposed oversight mechanisms for innovation-related proposals do you support and why? a. What modifications to the proposed oversight mechanisms, if any, would you suggest?**

Innovation proposals are best considered as part of periodic reviews of the IRP Implementation Plan.

**9. What assessment criteria would best support value-driven innovation? Do you agree with the five considerations proposed by OEB staff? If not, what changes would you propose?**

The criteria proposed by OEB Staff are a useful starting point. The further option of a competitive solicitation is worth piloting.

**10. Are you in favour of expanding electrification as an eligible IRP Alternative beyond the current pilots? Why or why not?**

Electrification is an important part of the energy transition, and should be actively encouraged. It is unreasonable to ask Enbridge to be the entity to do that, if the OEB wants it to be done in a vigorous manner.

**11. Is there value in a pilot that includes electrification as an alternative to new customer connections (which is not part of the existing Southern Lake Huron pilot or the system pruning pilot)?**

This kind of pilot would be instructive, but it should not be implemented by the gas distributor.

**12. Are there any legal considerations or limitations relevant to the OEB's ability to approve funding for electrification or other non-gas IRP Alternatives under the OEB Act (natural gas rates)?**

No submissions.

**13. Do you have suggestions regarding the approach to identifying electricity system impacts triggered by an electrification IRP Alternative, or the approach to quantifying electricity system impacts in cost-effectiveness testing?**

No submissions.

**14. Do you support increasing the cost threshold at which IRP Plans require OEB approval, or do you have alternative proposals related to approval requirements?**

If an IRP Implementation Plan is approved by the OEB in an adjudicative process, subsequent IRP Plans that are included in the approved Implementation Plan should have a higher cost threshold.

**15. How should the OEB address the implications of approval requirements regarding potential impacts of IRP Plans on Aboriginal or treaty rights?**

No submissions.

**16. Do you support introducing a cost threshold for mandatory evaluation of IRP Alternatives for growth-related projects? Why or why not?**

All growth-related projects should be screened to determine if the facilities will be fully utilized throughout their useful lives. That screening should not be limited by a cost threshold, and should all be disclosed to the OEB as part of the IRP Implementation Plan and each annual progress application.

**17. Should the importance placed on the different phases of the DCF+ test be adjusted? Why or why not? a. Should this issue be considered as part of the process to update the IRP Framework, or as part of a subsequent proceeding (e.g., as part of the first IRP Implementation Plan proceeding)?**



The process to update the IRP Framework should include a review of the cost-effectiveness approach, and look at whether different approaches to the analysis (such as a goal-oriented approach) would produce better long term results.

***18. Are there other changes to the cost-effectiveness approach used for IRP that should be incorporated into an updated IRP Framework (as opposed to subsequently considered through adjudicative review of the enhanced DCF+ test)? If so, what?***

A goal-oriented approach should be considered.

***19. Do you have any other comments or suggestions regarding changes to the IRP Framework?***

The OEB should commission an independent study of leave-to-construct facilities applications over the last twenty years. The study should compare the forecast needs to be fulfilled by the facilities (whether or not those facilities were ultimately constructed or even approved) to what actually happened. The goal should be to determine whether overbuilding has occurred, and, if so, why. It should also seek to identify any trends to either less or more overbuilding.

The assumption is that overbuilding is still ubiquitous, and that utility forecasting and planning is to blame. The OEB should be more rigorous, obtaining data to determine the extent, if any, to which that assumption remains valid. The level of overbuilding in the context of a range of energy transition scenarios is key information required to assess the need for increased IRP, and its urgency.

### **Conclusion**

SEC believes that, without fundamental changes to the OEB's policies with respect to IRP, no meaningful IRP alternatives will be implemented in the short and medium term. The result may be that gas utility customers (or those still left on the system) will face increasing costs and risks that could otherwise have been avoided.

All of which is respectfully submitted.

Yours very truly,  
**Shepherd Rubenstein Professional Corporation**

A handwritten signature in black ink, appearing to read "Jay Shepherd".

Jay Shepherd

cc: Brian McKay, SEC (by email)  
Interested Parties (by email)