



BY EMAIL and RESS

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2300 Yonge Street
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December 18, 2025
Our File: EB20250065

Attn: Ritchie Murray, Acting Registrar

Dear Mr. Murray:

Re: EB-2025-0065 – Enbridge 5-Year Gas Supply Plan – SEC Submissions

We are counsel to the School Energy Coalition (“SEC”). Pursuant to Procedural Order No. 2, these are SEC’s submissions on Enbridge Gas Inc.’s (“Enbridge”) Application for approval of its 5-Year Gas Supply Plan (the “Gas Supply Plan”).

General Comments

SEC has reviewed the Application and the record in this proceeding and broadly supports the Gas Supply Plan as a reasonable approach for procuring the natural gas commodity required to serve its customers. This includes both system supply customers who purchase commodity directly from the company, and direct purchase customers for whom certain commodity-related costs are recovered to support other services. The Gas Supply Plan appears to properly consider the guiding principles set out in the Gas Supply Framework.¹

However, SEC’s support is necessarily tentative. What matters for customers is the cost they ultimately pay through rates. That cost will depend on the specific commodity and transportation decisions the company makes. It is the execution of the Gas Supply Plan, and the balancing of the various objectives in the company’s decision-making, that will determine whether gas supply costs are just and reasonable. SEC’s general support should be understood in that context.

Specific Comments on Gas Supply Plan

Fixed Price Commodity Purchases. We have had an opportunity to review a draft of the submission from the Federation of Rental-housing Providers of Ontario (“FRPO”) regarding its view that Enbridge should meet a greater share of its load balancing needs through fixed-price commodity purchases

¹ [Report of the Ontario Energy Board, Framework for the Assessment of Distributor Gas Supply Plans \(EB-2017-0129\)](#), p.7-8

delivered to Dawn, rather than market-priced storage. FRPO's analysis demonstrates that this strategy is likely to result in lower costs for customers, as the premium paid for fixed-price contracts during certain peak winter months is less than the cost of market-based storage, which Enbridge currently relies on to meet its load balancing requirements.

Enbridge has already agreed, as part of the EB-2024-0111 (2024-2028 Phase 2) approved settlement, to consider such purchases, although there is expressly no commitment to use that approach to meet its load balancing requirements.² SEC submits that the company should do more than simply consider it. At the same time, a cautious approach is warranted, which can be implemented by shifting a relatively small portion of its delivered Dawn supply as a form of a pilot and assuming that it is successful, to procure more.

Affiliate/Non-Utility Business. Enbridge's non-utility and corporate affiliates are heavily involved in storage, and upstream transportation. This creates a natural concern that Enbridge may favour its shareholder interests when making gas supply decisions. For example, while the company has put in place a blind RFP process for storage procurement³, SEC remains skeptical that it can truly be blind, given the often-unique attributes in each storage bid that may reveal the bidder's identity. In addition, Enbridge's shareholder is the majority owner of the Vector pipeline, which is a major source of upstream transportation into the Enbridge service territory.⁴ Enbridge's contract with Vector has faced significant scrutiny in past proceedings.⁵

SEC submits that this requires continued close scrutiny by the OEB. It is often difficult to determine whether the company is favouring shareholder interests, because gas supply planning involves balancing multiple competing objectives and is not simply a matter of choosing the lowest possible cost in every instance. Further, additional scrutiny is needed not only for the selection of a particular gas supply asset, such as a storage facility or a transportation pipeline, but also for decisions regarding what type of asset to use in the first place. For example, the company's likely opposition to the FRPO proposal to use fixed-price commodity purchases for winter deliveries raises the question of whether Enbridge has a disincentive for options that reduce reliance on market-based storage, where its non-utility and affiliate businesses hold material ownership positions.

To be clear, SEC is not suggesting that the company has acted improperly. The point is that these financial incentives do exist, and OEB oversight is necessary to ensure it does not lead to gas supply decision-making that benefits Enbridge's shareholders over customers.

Changes to the Framework and Gas Supply Commodity Costs

During the submissions on the original Gas Supply Framework, as well as the 2024 Gas Supply Update, SEC raised concerns regarding the approval process for Enbridge's gas supply costs. The OEB agreed and, unlike in the previous framework, determined that the current Gas Supply Plan would be approved through an adjudicative process. This is a positive step. However, a concern remains regarding the implementation of the Gas Supply Plan, which involves numerous consequential

² See EB-2024-0111, N-1-1, [Partial Settlement Proposal \(November 4, 2024\)](#), p.23

³ Interrogatory Response 1-SEC-1, Attachment, p.6

⁴ [Decision and Order \(EB-2023-0326\), March 5, 2024](#), p.11; Interrogatory Response 1.2-CCC-8(b)

⁵ See [Decision and Order \(EB-2023-0326\), March 5, 2024](#)



decisions whose cost impacts are principally addressed through the largely mechanistic QRAM proceedings.

SEC believes that these costs should be approved through a proper adjudicative process with participation of impacted parties, as opposed to the QRAM and the annual update consultation process. For regulatory efficiency, ideally the process would be merged with one of the two major existing Enbridge applications per year, the annual rate adjustment, or the deferral and variance account (“DVA”) application. However, we understand that schedules of the various activities do not allow that to happen, and we are not proposing the OEB require an additional application to be filed. In light of that, SEC suggests an incremental improvement focused on dealing with an area that has historically not received much focus, individual gas supply commodity purchases.

SEC believes that there has been an insufficient level of detail provided in either, the annual update and, more importantly, the QRAM process, regarding the specific commodity purchases Enbridge makes. The company provides aggregate information, but not the details of what it actually purchased, from whom, in what quantities, and at what price (i.e., surcharge or discount relative to the specified index). In response to 1.4-SEC-9, Enbridge provided a largely confidential table containing that information. SEC submits that the company should be required to file this information as part of its QRAM application, as necessary support for the proposed Purchase Gas Variance Account (“PGVA”) clearance. In our view, this is vital information to substantiate the prudence of the largest component of gas supply costs.

As the QRAM proceedings are mechanistic, if upon review the OEB has further questions or observes that certain underlying costs appear out of line, it should dispose of the PGVA balances on an interim basis, and direct that the matter be reviewed for final approval as part of the company’s next DVA proceeding, where there is a full discovery process and broad intervenor involvement.

SEC believes that while Enbridge may point to the annual gas supply update process as an appropriate venue, we do not believe it is the proper place for such a review. The problem with respect to gas supply commodity costs, is even if the OEB Staff Report concludes, and the OEB agrees that a hearing is warranted, those costs would already have been disposed of on a final basis. This is different than storage and transportation costs which are subject to various variance accounts that are cleared through Enbridge’s annual DVA application process.⁶

Yours very truly,
Shepherd Rubenstein P.C.

Mark Rubenstein

cc: Brian McKay, SEC (by email)
Applicant and intervenors (by email)

⁶ See for example, the proposed DVA in Enbridge Phase 3 application (EB-2025-0064, 9-1-2, p.14-15) for Third-Party Transportation VA, Market Based Storage VA, Load Balancing VA.