

Elson Advocacy

March 28, 2023

BY RESS

Nancy Marconi

Registrar

Ontario Energy Board

2300 Yonge Street, Suite 2700, P.O. Box 2319

Toronto, Ontario M4P 1E4

Dear Ms. Marconi:

Re: EB-2022-0156 – Enbridge Gas Inc. – Selwyn Pipeline Project
EB-2022-0248 – Enbridge Gas Inc. – Mohawks of the Bay of Quinte First
Nation Pipeline Project
EB-2022-0249 – Enbridge Gas Inc. – Hidden Valley Pipeline Project

I am writing in response to Enbridge's letter of today's date objecting to the evidence of Dr. Heather McDiarmid being filed in the above proceedings.

Dr. McDiarmid's evidence on the comparative cost-effectiveness of gas versus electric heat pumps is relevant to the customer attachment forecast, the revenue forecast, the financial implications for existing customers, the accuracy of Enbridge's survey of potential new customers, and the accuracy of the promotional materials that Enbridge is providing to potential new customers to encourage them to pay to switch their heating equipment to gas. Enbridge argues that the evidence conflicts with government policy, conflicts with the Integrated Resource Planning Framework, and will not be informative. That is not the case.

Consistent with Government of Ontario Policy

The proposed evidence is not "inconsistent with the Government of Ontario's policy" as alleged by Enbridge. The Government of Ontario's natural gas expansion regulation clearly contemplates leave to construct applications for projects funded under the gas expansion program.¹ The regulation could have removed this requirement, but did not do so. The OEB therefore maintains the jurisdiction and obligation to consider the public interest factors under s. 96 of the *Ontario Energy Board Act*, including the financial impacts on existing and new customers.

Consistent with IRP Framework

The proposed evidence is not inconsistent with the Integrated Resource Planning ("IRP") Framework as alleged by Enbridge. Environmental Defence is not alleging that Enbridge is

¹ O. Reg. 24/19.

required to develop an IRP Plan for this project. And the proposed evidence relates to the accuracy of the customer attachment forecast and Enbridge's promotional materials, not to IRP.

Informative

Enbridge is incorrect in speculating that the "evidence would provide the OEB with no insight into the energy interests" of customers. The relative cost-effectiveness of gas versus the most cost-effective alternative (electric heat pumps) is clearly an important factor in their decisions on whether to switch to gas.

Enbridge argues that Dr. McDiarmid must calculate "market adoption rates." This would require holding Environmental Defence to a higher standard than the applicant itself, which has not filed evidence of an expert on market adoption rates. The applicant has the burden in this case, not Environmental Defence.

Enbridge argues that the costs of incremental electricity capacity must be calculated. Dr. McDiarmid's evidence will focus on consumer prices as that is relevant to consumer fuel switching choices. Those prices include the cost of capacity, mainly through the Global Adjustment charges that all customers pay. Dr. McDiarmid could in theory conduct an avoided cost analysis that breaks out generation, transmission, and distribution costs, as her evidence has in the past, but that would not be as directly relevant to the key customer attachment forecast issue in this case.

Finally, Enbridge argues that the financial impacts on customers are not within the scope of these leave to construct proceedings on the basis the treatment of surpluses and shortfalls will be dealt with at the next rebasing application according to the decision in EB-2019-0188. There is no merit to that argument. Costs are typically incorporated into rates in rebasing proceedings, not leave to construct proceedings. That does not relieve applicants from justifying project costs and economics in leave to construct proceedings.

All of Enbridge's objections are unfounded. Environmental Defence's proposed evidence is relevant to the OEB's consideration of the project costs and economics for each of the three community expansion projects, as well as the accuracy of its customer promotional materials.

Yours truly,



Kent Elson

cc: Applicant and intervenors in the above applications