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**BY E-MAIL**

July 30, 2024

Nancy Marconi  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**Re: EPCOR Natural Gas Limited Partnership (EPCOR)  
Consultation to Review Aylmer Gas Supply Plan Five-Year Gas Supply Plan  
(GSP) and South Bruce 2024 Annual Update  
OEB File Number: EB-2024-0139**

In accordance with the Ontario Energy Board (OEB) initiation letter dated June 16, 2024, please see attached OEB staff questions pertaining to the above-noted matter.

Any questions relating to this letter should be directed to Arturo Lau at [Arturo.Lau@oeb.ca](mailto:Arturo.Lau@oeb.ca).

Yours truly,

Arturo Lau  
Advisor, Natural Gas Applications

Encl.

**EPCOR NATURAL GAS LIMITED PARTNERSHIP - AYLMER SERVICE AREA**

**ONTARIO ENERGY BOARD STAFF QUESTIONS**

**JULY 30, 2024**

Please note, EPCOR is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB’s *Rules of Practice and Procedure*.

**Staff.1- Demand Forecast**

**Ref: 2024-2028 Aylmer GSP, pg. 10, Table 2-2  
Appendix E, Power Advisory Report, Table 1**

The demand forecast for the GSP was provided by Elenchus; the analysis was updated by Power Advisory. OEB staff notes that the update was historically done by Elenchus in the 2023 GSP and prior.

In EPCOR Aylmer’s GSP, the following table was provided.

	2023 Actual	2023 Normalized	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
R1 Residential	19,043,524	19,394,143	19,778,416	20,165,775	20,556,215	20,949,733	19,043,524
R1 Industrial	2,654,845	2,579,897	2,686,373	2,795,837	2,908,361	3,024,023	2,654,845
R1 Commercial	5,659,391	6,119,454	6,193,869	6,268,637	6,343,760	6,419,235	5,659,391
R2 Seasonal	869,131	832,281	832,281	832,281	832,281	832,281	869,131
R3	1,389,910	3,943,038	4,518,036	4,495,600	4,475,300	4,456,801	1,389,910
R4	2,227,329	2,023,938	2,334,616	2,408,833	2,485,410	2,564,421	2,227,329
R5	980,160	647,586	647,586	647,586	647,586	647,586	980,160
R8	65,345,852	65,345,852	65,345,852	65,345,852	65,345,852	65,345,852	65,345,852
<b>Total</b>	<b>98,170,143</b>	<b>100,886,188</b>	<b>102,337,027</b>	<b>102,960,400</b>	<b>103,594,765</b>	<b>104,239,931</b>	<b>98,170,143</b>

In EPCOR Aylmer’s accompanying Appendix E, the following table was provided by Power Advisory.

Table 1. Consumption Forecast by Class

Normal Forecast								
	2022 Actual	2023 Actual	2023 Normalized	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
R1 Residential	18,760,439	17,466,767	19,043,524	19,394,143	19,778,416	20,165,775	20,556,215	20,949,733
R1 Industrial	2,377,452	3,013,707	2,054,845	2,579,897	2,686,373	2,795,837	2,908,361	3,024,023
R1 Commercial	6,163,726	5,823,050	5,659,391	6,119,454	6,193,869	6,268,637	6,343,760	6,419,235
R2 Seasonal	839,041	869,131	809,131	832,281	832,281	832,281	832,281	832,281
R3	1,551,993	1,335,618	1,389,910	3,943,038	4,518,036	4,495,600	4,475,300	4,456,801
R4	1,601,474	2,227,329	2,227,329	2,023,938	2,334,616	2,408,833	2,485,410	2,564,421
R5	585,954	980,160	980,100	647,586	647,586	647,586	647,586	647,586
R6	62,040,423	65,345,852	65,345,852	65,345,852	65,345,852	65,345,852	65,345,852	65,345,852
<b>Total</b>	<b>93,920,502</b>	<b>97,061,614</b>	<b>98,170,143</b>	<b>100,886,188</b>	<b>102,337,027</b>	<b>102,960,400</b>	<b>103,594,765</b>	<b>104,239,931</b>

Question(s):

- a) Please discuss why Power Advisory was selected to update the forecast.
  - i) Please provide Power Advisory’s credentials.
- b) Please provide rationale for the difference in EPCOR’s forecasted annual demand (Table 2-2) and Power Advisory report (Appendix E- Table 1) for the periods 2023-2028, when Power Advisory’s report informs EPCOR’s customer demand forecast. OEB staff notes that the forecast between the two tables are similar but shifted a year (e.g. in Table 2-2 the 2024 forecast is 102,337,027 and Power Advisory’s Report Table 1 the 2025 forecast is 102,337,027).
- c) In Table 2-2, OEB staff notes that the forecast of annual consumption increases steadily from 2022-2026 (from 0.5%-2% annual increase); from 2027-2028 there is a precipitous drop (5.8%). Please explain why there is a forecasted drop in consumption between 2027-2028.

**Staff.2- Supply Options**

**Ref: 2024-2028 Aylmer GSP, pg. 13-15**  
**2023 Aylmer Annual Update to GSP, pg. 14**

EPCOR stated that additional peak demand was forecasted for expected large volume customer additions in 2024 through 2028.

**Table 3-1 - Actual & Forecast Demand Requirements**

	ACTUAL / FORECAST	Actual and Forecast Peak Demand m3/day	Enbridge Contract Demand		Lagasco Contract Demand m3/day	Total Contract Demand m3/day
			Enbridge Sys Gas m3/day	Enbridge DP m3/day		
			2019	ACTUAL		
2020	ACTUAL	187,720	208,429	13,366	30,856	252,651
2021	ACTUAL	213,131	186,100	35,695	30,856	252,651
2022	ACTUAL	248,955	186,100	35,695	30,856	252,651
2023	ACTUAL	235,813	186,100	35,695	31,912	253,707
2024	FORECAST	299,688	186,100	35,695	75,952	297,747
2025	FORECAST	313,632	193,125	35,695	82,871	311,691
2026	FORECAST	360,600	240,093	35,695	82,871	358,659
2027	FORECAST	363,456	242,949	35,695	82,871	361,515
2028	FORECAST	366,312	245,805	35,695	82,871	364,371

In its current GSP, EPCOR identifies the following alternative supply options:

- a) Pipeline additions or modifications
- b) Additional supply from Enbridge Gas
- c) Additional supply from Others

EPCOR further determined that to meet the forecasted increase in demand, a mix of additional supply from Enbridge and local supply was the best available mix from a cost perspective.

Question(s):

- a) For the 2024 GSP, please discuss why there is a forecasted 17% increase in contract demand (CD) between 2023-2024 and 15% in 2025-2026 (as seen in Table 3-1), whereas the total forecasted annual customer service demand increase is roughly 0.5%-2% in the same time frame (Table 2-2).
- b) Is EPCOR expected to have additional customers in place for 2023-2026 that will be taking on the CD?
  - i) What type of customers are they? (i.e. System gas customers or contract customers)
  - ii) If contract customers, what types of contracts?
  - iii) Where is EPCOR anticipating these customers to be located geographically? Please overlay a map of where low-pressure spots are and where the anticipated customers

will be.

- iv) Does EPCOR believe this increase in CD continues beyond 2028?
- c) Please advise whether there have been discussions with Lagasco on its ability to provide additional volumes/ CD as shown in Table 3-1. If so, provide the outcome of those discussions.
- d) In the 2023 GSP update proceedings, in EPCOR's response to OEB staff question 1.d) EPCOR stated that an annual study was received by Lagasco stating that Lakeview has approximately 49.5 years of reserve life. Considering the CD forecast for Lakeview in this GSP will be increasing by 138% between 2023 to 2024 and 160% between 2023 and 2028 does this affect the reserve life of Lakeview?
  - i) If so, has Lagasco received a report with the EPCOR's updated CD and what are the results?
- e) What pipeline additions or modifications are required to provide alternative supply options?
- f) Who will bear the cost of the increase CD contracts?

### **Staff.3- Gas Supply Plan execution & Risk Mitigation**

**Ref: 2024-2028 GSP Update, Aylmer GSP, pg. 18**

EPCOR states that "EPCOR has reviewed Enbridge's proposed Rate E62 in their 2024 Rebasing application (EB- 2022-0200), which is expected to have no material impact. EPCOR will manage Aylmer's gas supply under the new rates."

#### Question(s):

- a) Has Enbridge implemented the E62 rate in place of M9?
  - i) If implemented, please discuss any changes compared to M9 Rate.
  - ii) If possible, please provide the annual financial impact of a typical residential customer between the M9 Rate and Rate E62.

**Staff.4- Renewable Natural Gas**

**Ref: 2024-2028 GSP Update, Aylmer GSP, pg. 17 and 20-21**

EPCOR states, “One of the key learnings to date is that RNG projects tend to have relatively steady production volumes throughout the year, which presents a challenge to system operations during the summer period when consumption is low, especially for systems like Aylmer where it is not possible for the RNG to physically leave the system. This limits the size and the number of RNG projects to be considered and implemented in the Aylmer system.”

EPCOR in Table 3-2 presents Production D’s (RNG) percent of annual supply volume.

Table 3-2 - Supply Source Breakdown - Forecast and Actual					
Supply Source Breakdown-Forecast (% of annual supply volume)					
	Enbridge	Production A & B	Production C	Production D	Total
2028	57.0%	1.5%	32.1%	9.4%	100%
2027	56.0%	1.8%	32.6%	9.5%	100%
2026	55.0%	2.1%	33.2%	9.7%	100%
2025	60.1%	2.7%	27.7%	9.5%	100%
2024	67.2%	2.8%	25.7%	3.8%	100%

Supply Source Breakdown-Historical (% of annual supply volume)					
	Enbridge	Production A & B	Production C	Production D	Total
2023	67.2%	2.8%	25.7%	4%	100%
2022	70.3%	2.6%	27.1%	0%	100%
2021	67.5%	2.7%	29.8%	0%	100%
2020	67.3%	3.3%	29.4%	0%	100%
2019	95.4%	4.2%	0.5%	0%	100%

Question(s):

- a) EPCOR stated there are challenges to system operations specifically during summer months when volumes are low. If this is the case, why does EPCOR forecast an increase in Supply source breakdown for Production D from 3.8% to 9.5% from 2024 to 2025?
- b) In Table 3-2, Production D will account for 3.8% of the forecasted supply source in 2024 and roughly 9% from 2025 onwards. Is there CD for Production D to assist in offsetting the anticipated CD shown on Table 3-1?

**Staff.5- Demand Side Management****Ref: 2024-2028 GSP Update, Aylmer GSP, pg. 21**

EPCOR states it is not currently ready to implement a Demand Side Management (DSM) program. This is due to the transitional state of the DSM framework for natural gas customers in Ontario, and especially the Enbridge DSM supplemental application to be filed in 2024.

EPCOR states that “after engaging third party vendors, as well as investigating potential collaboration with both Enbridge and the IESO, EPCOR believes that a collaborative, consistent program offering would be of best interest to its customers and the most effective way to deliver this would be through a shared arrangement with a larger provider.”

Question(s):

- a) When is EPCOR expected to file a DSM?
- b) Please discuss what EPCOR means by having a “shared arrangement with a larger provider”.

**Staff.6- Scorecard****Ref: 2024-2028 GSP Update, Aylmer GSP, Appendix F**

EPCOR has added the metric “RNG as % of system gas” under Diversity and added metrics for major policy changes including RNG.

Question(s):

- a) Please discuss why RNG under Supporting Policy remains at “N/A”, while under Diversity the RNG as a percent of system gas is at 4.45%.
- b) Why is RNG as a percent of system gas is at 4.45%, while Table 3-2 is 4%.

**EPCOR NATURAL GAS LIMITED PARTNERSHIP - SOUTH BRUCE SERVICE AREA**

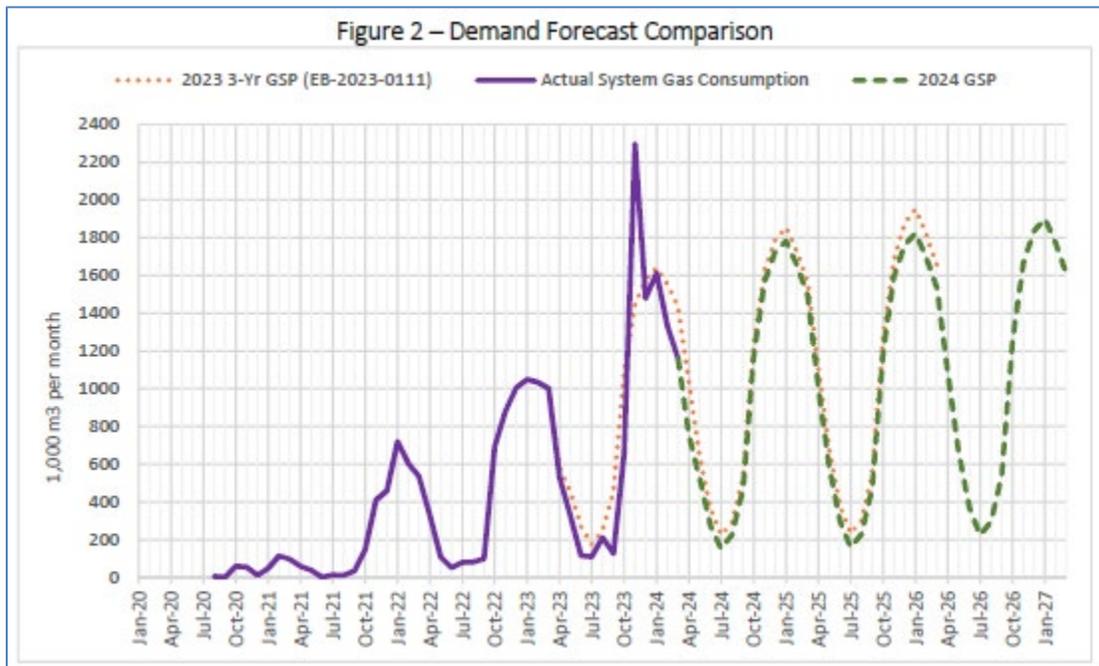
**ONTARIO ENERGY BOARD STAFF QUESTIONS**

**JULY 30, 2024**

**Staff.1- Demand Forecast**

**Ref: 2024 South Bruce Update, Pg. 22-24**

EPCOR states that, “in Figure 2, with the exception of November 2023, demand forecast in this update does not deviate significantly from the forecast in the 2023 3-year Update. The deviation in system gas consumption compared to the forecast in November 2023 was due to very high Rate 11 grain dryer consumption over an extended grain drying season. Corn harvest for 2023 in Southern Bruce was historically high compared to previous years. Further, the crop had significantly higher moisture content. The two factors combined led to significantly higher natural gas consumption for this group of customer[s].”



EPCOR states that “[i]n response to low pressure observed in the 2023-2024 winter season (November to March), EPCOR updated its engineering/system modeling with current customer consumption patterns. While the contract demand contracted with Enbridge is expected to be sufficient to meet peak day demand during the drying season, the modelling results indicated that low pressure issues could persist in the Southern part of the system. In order to ensure reliability, EPCOR plans to introduce CNG on a pilot basis for the 2024- 2025 winter season.”

The following (Table 1-5) is the Customer Growth included in the CIP, from EPCOR South Bruce’s Custom IR.<sup>1</sup>

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9	Col. 10	Col. 11
Rate Class	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	Cumulative
Rate 1 - General Firm Service	962	2,544	3,611	4,246	4,792	5,038	5,094	5,134	5,172	5,179	41,772
Rate 6 - Large Volume General Firm Service	14	36	59	79	88	92	92	92	92	92	736
Rate 11 - Large Volume Seasonal Service	1	1	4	5	5	5	5	5	5	5	41
Rate 16 - Contracted Firm Service	2	2	2	2	2	2	2	2	2	2	20
<b>Total</b>	<b>979</b>	<b>2,583</b>	<b>3,676</b>	<b>4,332</b>	<b>4,887</b>	<b>5,137</b>	<b>5,193</b>	<b>5,233</b>	<b>5,271</b>	<b>5,278</b>	<b>42,569</b>

The following is EPCOR South Bruce’s year end customer connection forecast comparison in its 2024 GSP.

Year	2021 GSP Update				2022 GSP Update				2023 GSP				2024 GSP			
	Rate 1	Rate 6	Rate 11	Total	Rate 1	Rate 6	Rate 11	Total	Rate 1	Rate 6	Rate 11	Total	Rate 1	Rate 6	Rate 11	Total
2020	179	-	1	180	179	-	1	180	179	-	1	180	179	-	1	180
2021	2,614	40	3	2,657	1847	7	1	1,858	1847	7	1	1,858	1847	7	1	1,858
2022	3,703	56	6	3,765	3,112	21	6	3,139	3,388	21	5	3,414	3,388	21	5	3,414
2023	4,792	71	6	4,869	4,878	34	7	4,919	4,911	27	7	4,945	4,833	32	6	4,871
2024	5,039	91	6	5,136	5,829	34	7	5,870	5,604	32	7	5,643	5,472	33	9	5,534
2025					5,829	34	7	5,870	5,800	36	7	5,843	5,560	35	9	5,624
2026													5,610	35	9	5,674

Question(s):

- a) Please provide a discussion of what happened to the system in November 2023 that resulted in a spike in demand.
  - i. How did it affect the system and its connected customers?
  - ii. How long did this spike in demand last?
- i) How long can the EPCOR system sustain this level of demand without affecting

<sup>1</sup> EB-2018-0264, EPCOR South Bruce Custom IR, Exhibit 1, April 12, 2019, pg. 31

reliability?

- b) Based on Table 1- Customer connection forecast in the 2024 GSP, the number of Rate 11 customers is expected to increase to 9, from 6, a 50% increase from 2023 to 2024. Is EPCOR anticipating any issues resulting from this increase?
- c) Please provide further discussion on the low pressures observed in the November 2023 to March 2024 season.
  - i. Provide the number and type of customers that was affected, including the number of contract customers.
  - ii. Provide a map of the observed low-pressure area.
  - iii. Are there any customers that can be curtailed by contract? What is the quantum of curtailment and does that materially alleviate the low pressures?
  - iv. In the discussion, include what would happen if EPCOR did nothing in this low-pressure scenario.
- d) Please clarify why the contract demand is expected to be sufficient to meet peak day demands during the drying season despite low pressure issues in the system.
  - i. If the system is able to meet peak demand as shown in Figure 2 in November 2023, why would it not be able meet demands in the winter season?
  - ii. EPCOR noted that the System Gas Consumption did not deviate significantly from the forecast in the 2023 GSP, yet there are low-pressure issues. Why did EPCOR not anticipate low-pressure issues considering the forecast was fairly accurate and in some cases lower than forecasted (seen in January – April 2024)?
- e) When comparing the customer connections in the 2024 GSP and the CIP connections in the 2024 rate year, OEB staff notes there are approximately 10% more Rate 1 customers, 40% fewer Rate 6 customers and 80% more Rate 11 customers. In a recent rate proceeding, EPCOR stated that Rate 1 customers consume 32% less than the CIP assumptions.<sup>2</sup> Please provide discussion as to why the system is experiencing low pressures, when Rate 1 and Rate 6 customers are consuming less than anticipated.
  - i. Was the system not designed to provide deliverability to customers in the region based on surveys conducted?

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<sup>2</sup> EB-2022-0184, Application, July 18, 2022, Pg 31.

- f) OEB staff notes that in Table 5- Unutilized Transportation, there was 497 GJ unutilized transportation as peak day demand in 2023 did not reach the forecasted level, meaning there was still 497 GJ of underutilized transportation capacity. Why would EPCOR not use the underutilized transportation capacity to feed the system?

## **Staff.2- Compressed Natural Gas (CNG)**

**Ref: 2024 South Bruce Update, Pg. 14 and 26-28**

**EB-2018-0264, Exhibit 1, Tab 2, Sch 1, Pg 32, Table 1-5**

EPCOR states that it “is expecting to procure Compressed Natural Gas (CNG) on a pilot basis during periods of non-coincident peak demand. In the 2023-24 fall/winter season, EPCOR experienced delivery pressure issues in the southern parts of its distribution system. Given the expected growth of the system this year beyond what was contemplated in the CIP (largely concentrated in the southern part of its system), there is a possibility further pressure issues may present itself again in the southern end of the system during periods of non-coincident peak demand. To mitigate the risk of system deliverability issues in the southern end of the system, EPCOR is currently in negotiation with a CNG provider to start introducing CNG during periods of non-coincident peak demand. EPCOR expects to recover the commodity cost of the CNG as part of its QRAM process, and recover the non-commodity portion of the costs related to CNG through the Storage & Transportation Variance Account (S&TVA).”

Currently, EPCOR does not have enough information to assess how the introduction of CNG would impact the Supply Plan Update.

With the consideration of CNG introduced to the Supply Plan, there will likely be additional transportation cost introduced as part of delivering the CNG into the distribution system.

### Question(s):

- a) How much CNG is required to ensure system deliverability issues are resolved?
- i. What portion of the gas system is EPCOR expecting to come from CNG in the next 5 years?
- b) What other solutions has EPCOR considered?
- i. Has EPCOR completed an analysis on other solutions for the system deliverability issue?

- ii. Please include analysis if completed.
- c) Who is expected to bear the cost of CNG both the commodity and non-commodity portion?

### **Staff.3- Brockton Expansion**

**Ref: 2024 South Bruce Update, Pg. 19**

EPCOR states that “EPCOR received conditional approval for Municipal Franchise Agreements with each of the Municipality of Brockton, the Municipality of West Grey, and the Township of Chatsworth and Amendments to the Certificates of Public Convenience and Necessity for each of the Municipality of Brockton, the Municipality of West Grey, and the Township of Chatsworth (EB-2021-0269. EPCOR filed a leave to construct (LTC) application for the Brockton expansion (EB-2022-0246) in July 2023, but subsequently withdrew the application in December 2023.”

Question(s):

- a) Is EPCOR expecting to refile its Brockton LTC?
  - i. If so, when will this be expected?
- b) Why did EPCOR withdraw the application?