

**ONTARIO ENERGY BOARD**

**Generic Proceeding to Consider Cost of Capital Parameters and  
Deemed Capital Structure**

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**POLLUTION PROBE INTERROGATORIES to LEI/OEB Staff (M1)**

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M1-2-PP-1

Reference: The term “energy transition” refers to a shift from an energy system that primarily relies on fossil fuel-based energy sources (such as natural gas, coal and oil) to net zero-emitting renewable energy sources (such as batteries, solar and wind power, and carbon capture and storage). Electrification of heating and transportation is often a large part of such policies, with impacts on regulated utilities in both the electricity and gas sectors.” [Page 44]

- a) Please provide sources and references for the Energy Transition definition LEI notes above.
- b) Please confirm that the Energy Transition is already underway and what changes are expected over the next 5, 10 and 15 year periods that are material to Cost of Capital.
- c) The Province of Ontario already dictated a ‘status quo’ approach in Bill 165 related to regulatory treatment (e.g. temporarily maintain revenue assumptions pertaining to fossil fuel Capital despite the Energy Transition). Why should Energy Transition be treated differently for Cost of Capital assumptions?
- d) Given the Energy Transition is a more complex issue that impacts specific items (e.g. useful life of assets) more than others, please explain whether it should be more appropriately address in those more specific manners (e.g. rule changes to asset lives) rather than broader Cost of Capital.
- e) Enbridge does not currently have any assessment of Energy Transition risk in its Capital Asset Management. If Energy Transition risk is not included in Ontario gas Capital planning, why apply it to Cost of Capital? Shouldn’t mitigating any (potential) risks be done during Capital planning in advance of determining any residual risk for the utility?

M1-3-PP-2

Please describe the difference between Cost of Capital of electric utilities and gas utilities in Ontario and how those differences should be considered and applied when determine Cost of Capital parameters.