Review of 2024 Annual Update to Gas Supply Plan of EPCOR

Natural Gas Limited Partnership

EB-2024-0139

Responses to OEB Staff Questions

August 15, 2024

EPCOR NATURAL GAS LIMITED PARTNERSHIP - AYLMER SERVICE AREA
ONTARIO ENERGY BOARD STAFF QUESTIONS

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.

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

a) Please discuss why Power Advisory was selected to update the forecast.

EPCOR RESPONSE: The forecast was prepared by Andrew Blair, who moved from Elenchus to Power Advisory in July 2023. With Elenchus, Mr. Blair prepared ENGLP's throughput forecasts in its 2020-2024 rates application and each gas supply plan filing since that application. Additionally, he regularly prepares load forecasts for electricity LDC cost of service applications that have been approved by the OEB or accepted in settlement agreements.

i) Please provide Power Advisory's credentials.

EPCOR RESPONSE: Please see Andrew Blair's CV attached as Attachment Staff 1-1

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).

EPCOR RESPONSE: Table 2-2 contains a transcription error. Power Advisory's Report Table 1 contains the correct data.

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.

EPCOR RESPONSE: See response for Staff 1.b. The apparent decrease in annual consumption between 2027-2028 is due to the transcription error. Annual consumption between 2027-2028 increases approximately 0.6% as per Power Advisory's Report Table 1.

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.

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).

EPCOR RESPONSE: As per response to Staff 1b, there is a transcription error in Table 2-2. Between 2025-2026 total forecasted annual customer service demand increase is roughly 0.6% the higher CD is triggered by a number of customers that are expected to have relatively high peak day demand (see response to Staff 2 b).

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)

EPCOR RESPONSE: The additional customers in place for 2023-2026 that will be taking on the CD are a mix of General Service, Contract and Seasonal customers.

ii) If contract customers, what types of contracts?

EPCOR RESPONSE: The additional customers that will be taking on the CD are Rate 3 (Special Large Volume Contract Rate) customers.

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.

EPCOR RESPONSE: EPCOR is anticipating these customers to be located in areas of the system where there are no identified low pressure issues. Please see below maps of the distribution system depicting the location of the customers and pipe pressures observed for both the Winter peak and Fall peak cases.

Table Staff 2-1 – Winter Peak

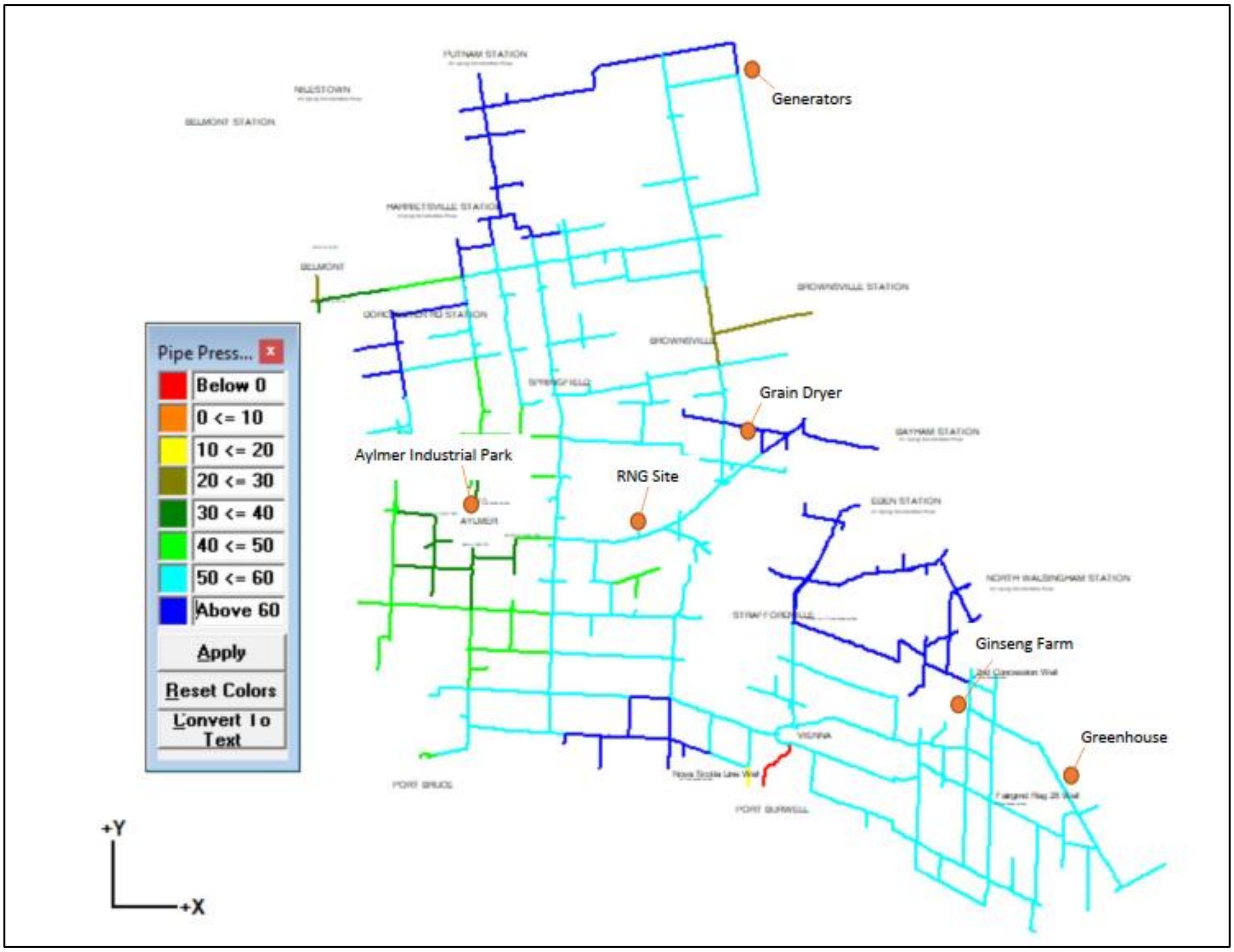
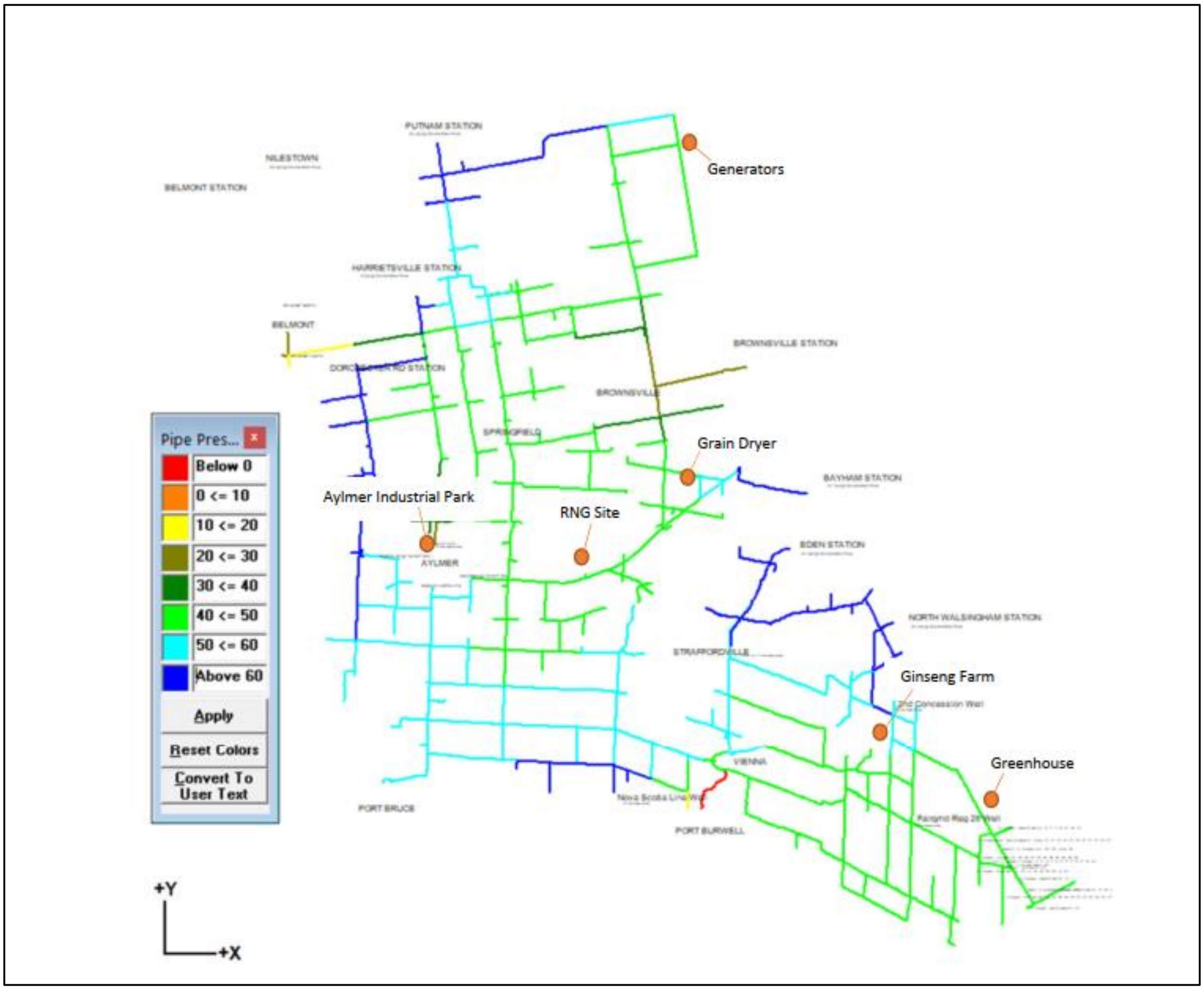


Table Staff 2-2 – Fall Peak



iv) Does EPCOR believe this increase in CD continues beyond 2028?

EPCOR RESPONSE: Yes

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.

Table 3-1 - Actual & Forecast Demand Requirements

	ACTUAL / FORECAST	Actual and Forecast Peak Demand	Enbridge Contract Demand		Lagasco Contract Demand	Total Contract Demand
			Enbridge Sys Gas	Enbridge DP		
		m3/day	m3/day	m3/day	m3/day	m3/day
2019	ACTUAL	241,670	208,429	13,366	30,856	252,651
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

EPCOR RESPONSE: Yes, Lagasco confirmed its ability to provide additional volumes / CD shown in Table 3-1 for 2024 and are reviewing logistics for 2025 onwards. For greater clarity, the Lagasco Contract Demand is a combination of the existing Lakeview Station supply source and a new supply source named Clearbeach, commencing 2024. The Clearbeach supply source is separate from the Lagasco Lakeview supply source. The breakdown in the supply is shown below. Note the Contract Demand / peak day requirements have been updated with the most up-to-date information since the filing of the GSP:

	ACTUAL / FORECAST	Actual and Forecast Peak Demand	Contract Demand				Total CD
			Enbridge Sys Gas	Enbridge DP	Lakeview	Clearbeach	
		m3/day	m3/day	m3/day	m3/day	m3/day	m3/day
2019	ACTUAL	241,670	208,429	13,366	30,856		252,651
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	290,088	188,041	35,695	54,352	12,000	290,088
2025	FORECAST	304,032	195,066	35,695	61,271	12,000	304,032
2026	FORECAST	351,000	242,034	35,695	61,271	12,000	351,000
2027	FORECAST	353,856	244,890	35,695	61,271	12,000	353,856
2028	FORECAST	356,712	247,746	35,695	61,271	12,000	356,712

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?

EPCOR RESPONSE: With the updated table, Lakeview is expected in CD by 70% between 2023 to 2024, and by 92% between 2023 and 2028. Lagasco has not received an updated reserve report.

e) What pipeline additions or modifications are required to provide alternative supply options?

EPCOR RESPONSE: No pipeline additions or modifications are required to provide alternative supply at the Lagasco Lakeview Station.

The Clearbeach supply solution will involve installing approximately 2.5kms of 4" Medium Density P.E. pipe from the Maricann station south to Walsingham Townline Road and then east on Walsingham Townline Rd. The Clearbeach proposed supply solution will be able to provide capacity of upto 1,300 m^3/hr thereby satisfying both the Phase 1 and Phase 2 load requirements for the large greenhouse customer.

f) Who will bear the cost of the increase CD contracts?

EPCOR RESPONSE: It is expected that this cost would be borne by all customers, similar to other CD related costs, but as there are more customers/usage as a result will not have a significant impact on existing customers.

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?

EPCOR RESPONSE: The E62 rate has not been implemented.

i) If implemented, please discuss any changes compared to M9 Rate.

EPCOR RESPONSE: N/A. The E62 rate has not been implemented.

ii) If possible, please provide the annual financial impact of a typical residential customer between the M9 Rate and Rate E62.

EPCOR RESPONSE: Based on discussion with Enbridge, EPCOR understands that from a rate structure perspective, E62 is similar to M9. There is a monthly demand charge and a delivery commodity charge as well as a gas supply commodity and transportation charge if the gas supply is purchased from Enbridge Gas Inc. There is an additional fixed monthly charge in the proposed E62 rate compared to the current M9 rate. The additional fixed monthly charge in the proposed E62 rate is expected to have immaterial financial impact to a typical residential customer.

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.
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?

EPCOR RESPONSE: Table 3-2 contained a transcription error. The correct percentage breakdown is shown below.

Supply Source Breakdown-Forecast					
	Enbridge	**Production A & B**	**Production C**	**Production D**	**Total**
2028	58.0%	1.3%	31.6%	9.2%	100%
2027	57.0%	1.5%	32.1%	9.4%	100%
2026	56.0%	1.8%	32.6%	9.5%	100%
2025	55.0%	2.1%	33.2%	9.7%	100%
2024	60.1%	2.7%	27.7%	9.5%	100%

Supply Source Breakdown-Historical					
	Enbridge	**Production A & B**	**Production C**	**Production D**	**Total**
2023	67.2%	2.8%	25.7%	3.8%	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%

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?

EPCOR RESPONSE: There is no CD for production D.

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?

EPCOR RESPONSE: EPCOR does not have a defined date as to when it is expected to file a DSM application.

With that stated, based on discussions with both Enbridge and the IESO, EPCOR would expect to file a DSM application in 2026, but this is not a firm commitment.

A detailed history of EPCOR's DSM activities is included below:

In December of 2020 the OEB issued a letter to all Rate-Regulated Natural Gas Distributors. The letter outlined the Post-2020 Natural Gas Demand Side Management Framework including the primary and secondary objectives of a ratepayer-funded DSM framework. The OEB concluded that the "primary objective of ratepayer-funded natural gas DSM is assisting customer in making their homes and businesses more efficient in order to better manage their energy bills. In addition, a ratepayer funded DSM plan should also consider the following secondary objectives:

- Help lower overall average annual natural gas usage (and costs)
- Play a role in meeting Ontario's greenhouse gas reduction goals.
- Create opportunities to defer and/or avoid future natural gas infrastructure projects.

However, the appropriate level of ratepayer funding expended for DSM programs must weigh the cost-effective natural gas savings to be achieved against both short-term and long-term customer bill impacts."

In 2021, in an effort to develop a DSM program which meets these objectives, EPCOR reached out to six vendors requesting support services for the implementation of a DSM Pilot program. Vendors included Seeline Group LTD, CTC Strategies; Econoliner, CLEAResult Canada Inc., INDECO Strategy Consulting and Posterity Group. EPCOR received four responses with preliminary prices ranging from $75K to a time and materials proposal. Each offering proposed a variety of services and specialties, which included some, but not all of the following components that would be required in order to develop and deliver a DSM portfolio:

a) Development and start up.
b) Promotion
c) Delivery
d) Evaluation, Measurement and Verification (EM&V)
e) Administration

In all instances additional internal EPCOR resources would be required for the following:

a) **Program Management:** Vendor management, develop sustainable relationships with local suppliers, channel management, marketing execution, sales/outreach, program administration, customer care, and quality assurance/quality control.

b) **Financial Support:** Financial support for DSM program Management in administration and accounting for CDM programs, including EM&V Plans, prepare calculations based on set procedures. Prepare monthly activity reports for analysis by program managers. Assist program managers in variance analysis as required. Financial support for regulatory affairs to track and account for energy savings by program.

c) **Regulatory support:** Regulatory support for DSM filing including initial program filing, annual updates and to track and account for deferral accounts.

In addition, EPCOR considered the marketing budget necessary to promote the programs & educate the customer through development of materials and costs of channel delivery. EPCOR did not consider incentives to promote customer enrollment in any program.

Upon evaluation of the resources necessary to deliver a pilot program EPCOR determined not to proceed a pilot program for the following reasons:

1) Initial costs & bill impacts to customers would be significant. As an example, customers in the Enbridge franchise "depending on their rate zone, residential customers pay between $1.05-$1.70 per month to fund the costs of Enbridge's conservation programs"[1]. EPCOR estimates that it would require the equivalent of $4.90/customers to deliver a single pilot program.

2) Material greenhouse gas reductions would not be achieved.

[1] EB-2021-0002 Decision and Order, November 15, 2022, Page 31

3) The pilot did not contemplate pipeline alternatives defer and/or avoid future natural gas infrastructure projects.

4) The pilot would require the support of all customers yet be limited to one or possibly two offerings resulting in benefits that would accrue to only a subset of customers. Specifically, customers who did not participate would end up cross-subsidizing, through natural gas distribution rates, energy efficiency upgrades for those customers who do participate.

Other considerations in EPCOR's decision to delay it's DSM application include:

5) The OEB's DSM working group (established as a result of EB 2021-0002) has yet to make its recommendations and

6) The IESO is expected to align a residential program in 2025.

In 2023, EPCOR engaged with Enbridge Gas Distribution in an effort to provide a more robust DSM program which more closely aligned with the OEB objectives for rate-funded DSM programs.

EPCOR believed there is significant value in industry collaboration base on EPCOR Electricity Distribution Ontario's experience with the Conservation First Framework CDM program whereby economies of scale were realized in pooling multiple LDC customer bases into a single program administered by a single larger utility (Alectra Utilities).

Enbridge proposed a DRAFT DSM program design which would provide (included as Attachment Staff 5-1 in this document):

- EPCOR offering Enbridge's full residential, commercial, industrial and low-income DSM portfolio in both Aylmer and Southern Bruce service territories.
- EPCOR enters into a management agreement with Enbridge for a "turnkey" program administration services.
- EPCOR promotes the programs through its website and bill insert to all rate classes and sectors.
- Enbridge provides quarterly reporting on program participation, budget and evaluation results.

Enbridge subsequently communicated that it does not have the capacity to deliver the program in 2024.

EPCOR staff engaged with the IESO in April 2024 to discuss a single window approach for residential and income-eligible natural gas and electricity energy efficiency programs collaboration in response to the Minister of Energy's letter of direction. ENGLP was told that the IESO was not in a position to assist at this time.

In 2026 Enbridge is expected to bring forward a new plan and framework and has indicated it would make sense to layer an EPCOR DSM program at that time. EPCOR strongly believes that pursuing a relationship with Enbridge would result in a DSM program that most strongly aligns with the policy objectives and will benefit Ontario's natural gas customers.

b) Please discuss what EPCOR means by having a "shared arrangement with a larger provider".

EPCOR RESPONSE: Refer to Staff 5a – A larger provider is in reference to Enbridge/IESO.

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%.

EPCOR RESPONSE: While EPCOR currently is receiving RNG (without the environmental attributes) as part of its supply mix, EPCOR currently do not have any specific policies related to procuring RNG.

b) Why is RNG as a percent of system gas is at 4.45%, while Table 3-2 is 4%.

EPCOR RESPONSE: RNG as a percent of system gas is at 4.45% - which excludes volumes related to direct purchase. Table 3-2 relates to total gas supply volumes (excluding IGPC), which is inclusive of both system gas and direct purchase volumes.

EPCOR NATURAL GAS LIMITED PARTNERSHIP - SOUTH BRUCE SERVICE AREA
ONTARIO ENERGY BOARD STAFF QUESTIONS

JULY 30, 2024

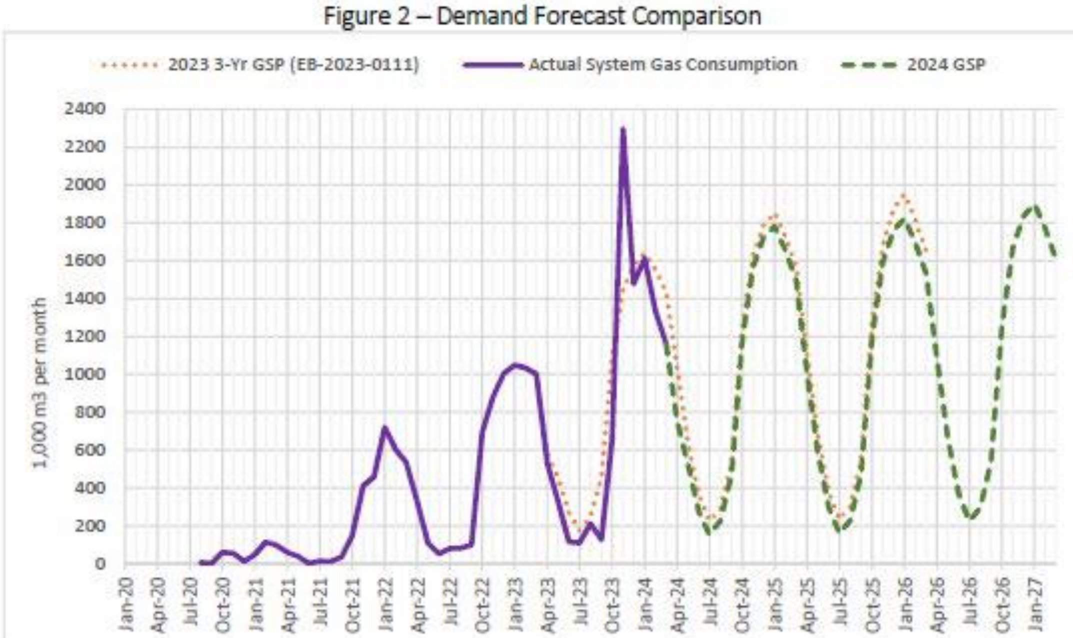
Staff.1- Demand Forecast

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]."

Figure 2 – Demand Forecast Comparison



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.1

Table 1-5 Customer Growth Included in CIP

	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
Total	979	2,583	3,676	4,332	4,887	5,137	5,193	5,233	5,271	5,278	42,569

1 EB-2018-0264, EPCOR South Burce Custom IR, Exhibit 1, April 12, 2019, pg. 31
The following is EPCOR South Bruce's year end customer connection forecast comparison in its 2024 GSP.

Table 1 – Calendar year end Customer connection forecast comparison

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	53	9	5,534
2025					5,829	34	7	5,870	5,800	36	7	5,843	5,560	55	9	5,624
2026													5,610	55	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.

EPCOR RESPONSE: In November 2023 grain dryer consumption was much higher than anticipated.

i. How did it affect the system and its connected customers?

EPCOR RESPONSE: The increase in grain dryer's consumption had no impact on the gas supply cost. Some grain dryers experienced some pressure impacts during a few short periods throughout the drying season.

ii. How long did this spike in demand last? i) How long can the EPCOR system sustain this level of demand without affecting reliability?

EPCOR RESPONSE: During November 2023, EPCOR's grain drying customers in the southern part of the system saw a spike in dryer peak consumption resulting in low pressure impacts during few short periods through the month. The low pressure was experienced at the inlet to the regulating stations. This was attributed to increased growth of system gas (residential, commercial) connections as well as the dryers running at their peak volumes to dry harvested crop which was heavily concentrated during the month of November.

Injecting CNG in the south part of the system at a specific point during times of peak demand of dryer loading will ensure the EPCOR system can sustain the level of demand without affecting 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?

EPCOR RESPONSE: EPCOR does not anticipate any issues resulting from the increase of Rate 11 customers from 6 to 9 with the injection of CNG in the south part of the distribution system at times of peak demand of dryer loading.

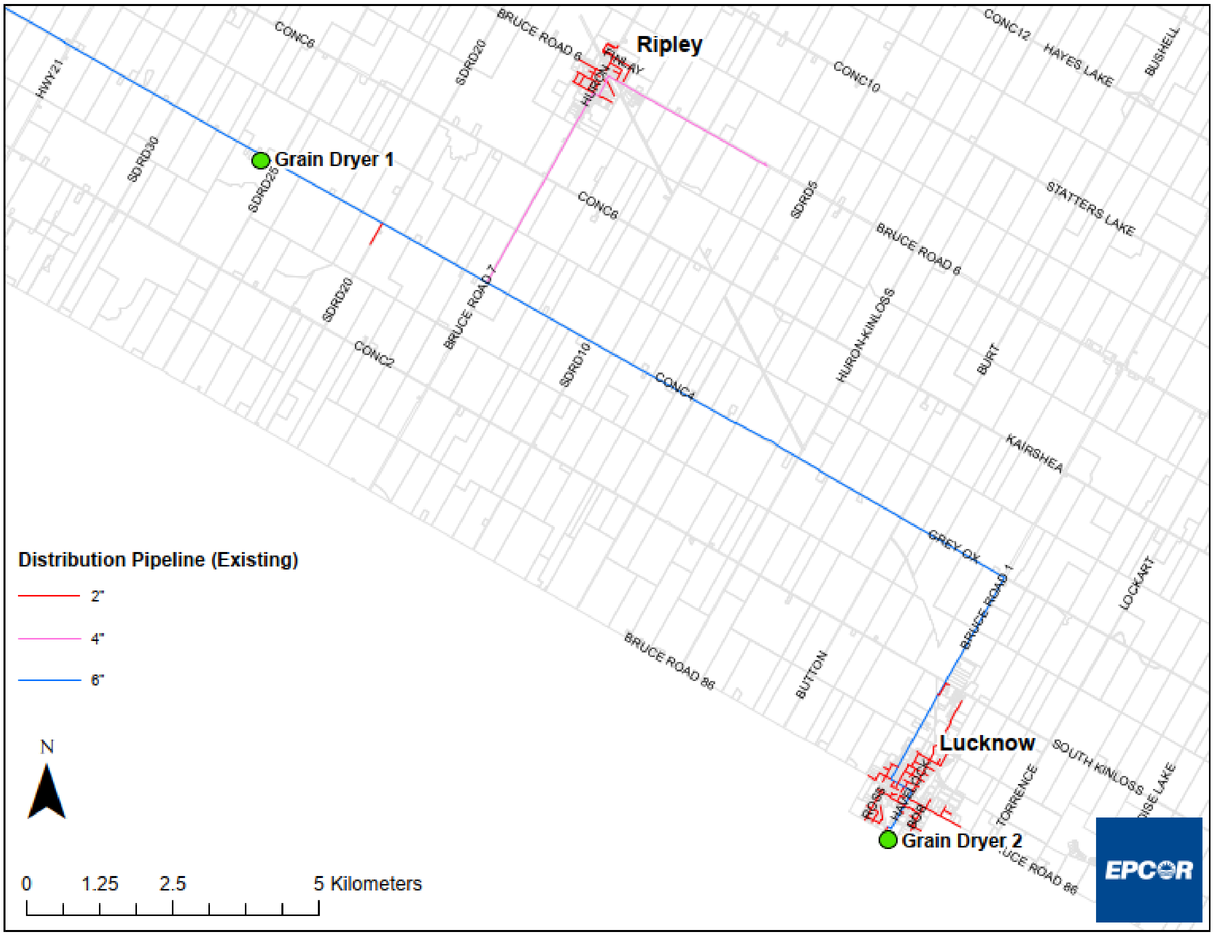
c) Please provide further discussion on the low pressures observed in the November 2023 to March 2024 season.

i. Provide the number and type of customers that was affected, including the number of contract customers.

EPCOR RESPONSE: The low pressure observed during November 2023 affected two Large Volume Seasonal Service Rate 11 customers and no Contracted Firm Service Rate 16 customers.

ii. Provide a map of the observed low-pressure area.

EPCOR RESPONSE: See below.


Ripley
Grain Dryer 1
Lucknow
Grain Dryer 2
Distribution Pipeline (Existing)
2"
4"
6"
N
0
1.25
2.5
5 Kilometers
EPCOR
HWY21
CONC6
BRUCE ROAD 6
SDRD20
CONC10
CONC12
HAYES LAKE
BUSHELL
SDRD30
SDRD25
CONC8
SDRD5
STATTERS LAKE
BRUCE ROAD 7
CONC2
SDRD10
CONC4
HURON-KINLOSS
BURT
KAIRSHEA
GREY OX
BRUCE ROAD 1
LOCKART
BRUCE ROAD 86
BUTTON
SOUTH KINLOSS
TORRENCE

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?

EPCOR RESPONSE: There are not currently any customers that can be curtailed by rate contract prior to December 15th.

EPCOR has taken steps to meet and communicate with each of the dryer customers to understand their drying needs and seek input into staggering their loading. Dryer customers expect to be able to consume at peak as per their applied for loading. There is not much flexibility for dryer customers to manage their usage. The crop determines the timing of drying, and this is not within their direct control. EPCOR Operations still continues to meet with the customers and understand initial plans for upcoming drying season along with any maintenance schedules if available and to go over overrun authorization procedures.

iv. In the discussion, include what would happen if EPCOR did nothing in this low-pressure scenario.

EPCOR RESPONSE: EPCOR doing nothing is not a realistic scenario, but in the event of no action, drying customers could possibly experience periods of gas shortage should demand exceed system availability.

During the short periods of low pressure impacts, EPCOR Operations responded by adding additional regulator runs at two dryer station locations to increase gas flow and reduce the pressure drop across the station. Additionally, operations increased the size of the service line supplying a large dryer from 2"MDPE to 4"MDPE in order to reduce the pressure drop across the service line thereby increasing the inlet pressure of the station.

Further, EPCOR was in constant communication with the dryers to understand their drying needs and the potential of staggering loads to manage usage in order alleviate any low pressure impacts on the system (if/when commercially viable for the customers).

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?

EPCOR RESPONSE: EPCOR is able to meet peak demand in the winter (February).

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)?

EPCOR RESPONSE: For clarity, the pressure issues are not experienced in the January-April timeframe. EPCOR was not able to anticipate pressure issues in the fall as there was not sufficient dryer historical consumption to accurately forecast demand.

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.2 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?

EPCOR RESPONSE: In 2023 dryer consumptions were much higher than anticipated and modeled for the CIP. Further, actual customer additions are much higher than anticipated under the CIP for all customer groups (Rate 1. Rate 6 and Rate 11) in the observed low pressure area.

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?

EPCOR RESPONSE: Low pressure was observed in the southern part of the South Bruce system. Increasing flow at Dornoch from Enbridge and increasing the utilization of the transportation would not have alleviated the low pressure situation.

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?

EPCOR RESPONSE: EPCOR is anticipating a maximum CNG injection flow rate demand of 1,018 m^3/hr during periods of peak dryer consumption during the upcoming fall drying season.

At this stage, EPCOR cannot accurately estimate the portion of system gas that is expected to come from CNG. The benefit of the CNG injection during this upcoming fall drying season would be the ability to begin to gather qualitative data about consumption patterns in order to project system gas needs required from CNG for future years.

b) What other solutions has EPCOR considered?

i. Has EPCOR completed an analysis on other solutions for the system deliverability issue?

EPCOR RESPONSE: EPCOR did consider multiple possible solutions to address the system deliverability issue including CNG, the addition of a compressor station, addition of regulating stations, creating a loop to connect the existing 6 inch pipe in Kincardine to the 4 inch pipe in Ripley as well as getting a secondary source of gas supply in the south end of the system through a connection at Lucknow.

ii. Please include analysis if completed.

EPCOR RESPONSE:

1) Addition of compressor station in the South – Modeled the installation of a compressor station in the south end of the system to boost the pressure prior to 60 psi. Modeling showed that there is not sufficient inlet pressure at either point on the system to boost the pressure to 60 psi outlet and was deemed not a viable option.

2) Addition of regulating stations prior to Ripley and Lucknow – Modeled the installation of regulating stations to regulate pressure to 30psi at the inlet of each of the town locations. Modeling showed there is not sufficient inlet pressure at either point on the system to justify the addition of new regulating stations.

3) Creating a system loop to connect pipe from Kincardine to Ripley – requires the installation of 14kms of pipe to create a system loop and attempt to reduce the pressure drop seen across all the load between Kincardine and Ripley. This option provided marginal benefit to resolve any pressure issues and would not permit any future growth in the system.

4) New connection in south part of system through a connection at Lucknow – involves 7km of 6inch pipe installation to tie in to the existing Lucknow system. Preferred and viable option to not just resolve low pressure impacts but also the additional supply source loops the system thereby providing future operational integrity and reliability benefits.

c) Who is expected to bear the cost of CNG both the commodity and non-commodity portion?

EPCOR RESPONSE: As stated in the filing "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)."

System gas customers would bear the commodity costs through the QRAM process and all customers would bear the non-commodity cost.

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?

EPCOR RESPONSE: Not at this time.

b) Why did EPCOR withdraw the application?

EPCOR RESPONSE: As per the December 22, 2023 Notice of Withdrawal, EPCOR stated:

"Since submitting its application, there have been unexpected procedural delays that have impacted EPCOR's ability to order the necessary pipeline and building materials in time for the 2024 construction season. In addition, EPCOR has received updated information regarding increased demand for natural gas than originally forecasted and used to design the original project. As a result, EPCOR will need to review and reassess the information in the application, before determining whether or not to resubmit a new leave to construct application."

Review of 2024 Annual Update to Gas Supply Plan of EPCOR

Natural Gas Limited Partnership

EB-2024-0139

Responses to Pollution Probe Questions

August 15, 2024

Questions related to the EPCOR's Aylmer 2024-2028 Gas Supply Plan

Please note that some of the EPCOR/ENGLP questions included in Part A relate to EPCOR/ENGLP opinions or plans in general. If the response to those questions would vary between the Aylmer and South Bruce Gas Supply Plans, please indicate in the response. Otherwise Pollution Probe will assume that EPCOR/ENGLP response would apply to both areas and EPCOR/ENGLP in general.

Pollution Probe #1

Please explain how ENGLP has modified its approach, inputs and analysis in the 2024 Gas Supply Plan to reflect the current and accelerating impacts of the Energy Transition.

EPCOR RESPONSE: EPCOR has not modified the approach at this time.

Pollution Probe #2

Per Figure 1 and Section 5.2, the majority of gas supply (particularly during peak demand periods) is from the Enbridge system.

a) Enbridge is requesting the ability to cross-subsidize RNG purchases as part of its gas supply in the 2024 Rebasing Phase 2 proceeding [EB-2024-0111]. Does EPCOR support cross-subsidizing more expensive RNG for blending in the gas network or support it being a customer choice to procure RNG? Please explain the response.

EPCOR RESPONSE: This is not currently being actively considered.

b) Enbridge has proposed that it gradually be allowed to blend more costly RNG into its system and pass the higher costs along to customers. If approved, what impact would this have on the ENGLP system and customers?

EPCOR RESPONSE: While there are multiple factors used in determining gas prices, EPCOR would expect there would be a corresponding change if the Enbridge QRAM prices are impacted.

c) Enbridge is undertaking a study to support migrating its system to hydrogen by 2050 [Reference: EB-2022-0200 Exhibit 1.10.5.2_Pathways to Net-Zero Emissions for Ontario_BLACKLINE_20230421]. If Enbridge proceeds with that plan, what impacts will that have on the ENGLP system and customers?

EPCOR RESPONSE: ENGLP has not undertaken detailed review of study and thus is not in the position to answer this question at this time.

Pollution Probe #3

Reference: "In December 2022, EPCOR finalized the local supply contract with a local RNG producer. The RNG producer is expected to generate approximately 11% to 12% of total system demand by 2024". [Annual Update to the 2020-2024 EPCOR (Aylmer) Gas Supply Plan Filed: 2023-04-28 EB-2023-0111 Page 17 of 48]

Please provide an update on the amount of RNG (m3, GJ and percent of system demand) in the Updated Gas Supply Plan.

EPCOR RESPONSE: Please see updated table 3-2 as per Staff 4 and Production D (RNG Supply) volumes in the table in Appendix C of the original submission. RNG volumes are expected to be approximately 9.2% to 9.7% of total annual supply (excluding IGPC) 2024 through 2028.

Pollution Probe #4

Reference: EPCOR recognizes the importance of Greenhouse Gas (GHG) abatement across the province, as well as the role that EPCOR plays in supporting the achievement of GHG emission reduction targets. [Section 6.1]

a) Does EPCOR believe that carbon (i.e. GHG) reductions/emissions (including from RNG displacement of natural gas) should be calculated on a lifecycle basis or a different methodology? Please explain why.

   EPCOR RESPONSE: No comment as this is outside of scope of the GSP.

b) Is EPCOR aware of existing standards for calculating GHG reduction that apply to the use of RNG? If yes, please provide a copy.

   EPCOR RESPONSE: No comment as this is outside of scope of the GSP.

c) If the OEB were to develop guidelines related to accounting for RNG (including net emissions reduction values), would EPCOR find value in that, or would EPCOR prefer to develop such guideline independently?

   EPCOR RESPONSE: No comment as this is outside of scope of the GSP.

Pollution Probe #5

Reference: In Q3 of 2023, EPCOR started receiving RNG into its distribution system. However, EPCOR is not purchasing the environmental attributes of this RNG gas. As such, EPCOR will purchase the RNG as another source of local supply, and will not take ownership of the environmental attributes generated from the production of RNG. [Section 6.1]

a. Please confirm that EPCOR is just providing access for RNG to be transported (i.e. claimed) by parties outside its system when it provides RNG access to its system.

   EPCOR RESPONSE: Confirmed.

b. Please confirm that RNG generated in Ontario and being injected into the EPCOR system is being exported (actually or nominally) outside of Ontario to jurisdictions such as BC and the US.

   EPCOR RESPONSE: Confirmed.

c. Please confirm that given the RNG environmental attributes are not flowing to EPCOR, that the methane in its system is not being treated as RNG (i.e. is counted as regular natural gas for emissions purposes).

   EPCOR RESPONSE: Confirmed.

d. RNG typically ceases to be RNG once the environmental attributes are striped from it. Please confirm that EPCOR is not procuring RNG, but simply enabling access to the gas system and augmenting its supply of methane equivalent to natural gas).

   EPCOR RESPONSE: Confirmed.

Pollution Probe #6

Reference: When preparing the 2023 update, EPCOR included commentary regarding plans to submit a DSM proposal in its next cost of service filing for Aylmer (or in a separate standalone proceeding), where the plan, the financial impacts and ratemaking implications can be addressed. While this was the intent, EPCOR is not currently ready to do so. This is largely attributable to the transitional state of the DSM framework for natural gas customers in Ontario, and specially the Enbridge DSM supplemental application to be filed in 2024. [Section 6.2]

a. Given that ENGLP is at the early stages of DSM development/delivery, why would it not be more appropriate to initiate a baseline level of DSM in the Rebasing application rather than delay DSM initiation further?

   EPCOR RESPONSE: EPCOR's DSM development is not of significant maturity, therefore there would be no justifiable basis for the inclusion of a subjective baseline level.

b. Regardless of the barriers ENGLP has encountered, why is it not reasonable to include an estimated DSM approach in the ENGLP Cost of Service application so that details can be sorted out during the term. An issue with excluding DSM entirely is that it delays potential implementation and flexibility to develop programs/partnerships real time during the new Cost of Service term.

   EPCOR RESPONSE: Similar to 6a, EPCOR's DSM development is not of significant maturity, therefore there would be no justifiable basis for the inclusion of a subjective baseline level.

c. Please explain why ENGLP would not consider a DSM Variance Account in its Rebasing application to provide flexibility and the ability to initiate DSM during the new term.

   EPCOR RESPONSE: It is our understanding it would be included in the DSM application along with several other related variance accounts.

d. Despite over $160 million per year and over 150 FTEs, Enbridge has been struggling to accelerate DSM to the level that the OEB indicated it expects and in alignment with cost-effective DSM available. This is a different paradigm from where ENGLP will start in its first DSM term given its limited experience with DSM. Please comment on why it is reasonable to allow Enbridge's struggles to hold back DSM initiation at ENGLP.

   EPCOR RESPONSE: Refer to Staff 5.

e. Please provide an update on the development and specific stakeholder (customers, consultants, partners, LDC, government, etc.) engagement activities related to EPCOR's DSM proposal for its next cost of service filing for Aylmer.

   EPCOR RESPONSE: Refer to Staff 5. There are no further updates at this time beyond what was included in this filing. ENGLP has not included a DSM proposal in its current Cost of Service application.

Pollution Probe #7

Reference: After engaging third party vendors, as well as investigating potential collaboration with both Enbridge and the IESO (in response to the Minister of Energy's letter of direction as noted above in section 8.2), 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. [Section 6.2]

a. a. Please provide details of discussions and planning with related parties (including IESO and/or Enbridge) and what barriers ENGLP is navigating to get progress with those stakeholders on coordinated DSM efforts.

   EPCOR RESPONSE: Refer to Staff 5.

b. Please provide a copy of all correspondence with Enbridge and IESO related to potential coordination on DSM.

   EPCOR RESPONSE: Refer to Staff 5.

c. Please identify if ENGLP has requested deliver of DSM through (or with) IESO and what the outcomes of those discussions have been. Please explain why this did not result in DSM programs for its next Cost of Service application.

   EPCOR RESPONSE: Refer to Staff 5. ENGLP staff met with the IESO in April 2024 to discuss a single window approach for residential and income-eligible natural gas and electricity energy efficiency programs collaboration. ENGLP was told that the IESO was not in a position to assist at this time.

d. If the barriers to coordinate with Enbridge and/or IESO are not able to be overcome by EPCOR, what is Plan B?

   EPCOR RESPONSE: Refer to Staff 5. ENGLP does not have a defined Plan B but still believes that a partnership with either Enbridge or the IESO would be the most beneficial option to customers so it continues to pursue these options.

Pollution Probe #8

Reference: This Supply Plan does not include potential impacts of future IRP projects. [Section 6.6]

If an IRP alternative was available (e.g. cold climate air source heat pump) in the ENGLP franchise area that was more costs effective than traditional gas pipelines, would ENGLP be open to delivering that customer solution and be compensated using an incentive mechanism? If no, please explain. If yes, could this be applied in the upcoming Cost of Service term?

EPCOR RESPONSE: As per the Staff Report for the Review of the 2023 GSP [EB-2023-0111], the Board noted the following: "As set out in the 2022 OEB staff report, the provision of information regarding IRP alternatives to facility projects are not properly part of a GSP review. IRP alternatives are properly considered as part of leave to construct applications and in distribution system planning for rate applications. However, as also set out in the 2022 OEB staff report, OEB staff expects EPCOR to report, in future GSPs, on the demand and the gas supply portfolio impacts resulting from any future IRP projects that are eventually implemented."

<u>Pollution Probe #9</u>

Reference: The Ministry of Energy confirmed in February 2022 that it is working on a Natural Gas Policy Statement which was a recommendation of the *Electrification and Energy Transition Panel*'s final report.

a. Is EPCOR aware that the Ministry is working on the Natural Gas Policy Statement which was a recommendation of the *Electrification and Energy Transition Panel*'s final report? If yes, when and how did it become aware?

   EPCOR RESPONSE: EPCOR is aware of this.

b. What participation and communications has EPCOR had with the Province of Ontario (including Ministry of Energy) on implementing elements of the EETP and development of the Natural Gas Policy Statement?

   EPCOR RESPONSE: EPCOR has not participated.

c. Please provide a copy of all materials (submissions, letters, presentations, briefing notes, etc.) provided by EPCOR/ENGLP to the Province (including Ministry of Energy) on the EETP and Natural Gas Policy Statement, since the EETP was completed.

   EPCOR RESPONSE: EPCOR has not participated.

d. What coordination/correspondence has EPCOR had with Enbridge, Ontario Energy Association or other industry stakeholders related to the Natural Gas Policy Statement. Please provide copies of the correspondence.

   EPCOR RESPONSE: N/A based on the responses above.

e. What impacts if any does EPCOR expect the Natural Gas Policy Statement to have on its natural gas business in Ontario?

   EPCOR RESPONSE: Without reading the statement, EPCOR cannot comment.

f. When does EPCOR expect the Natural Gas Policy Statement to become available?

   EPCOR RESPONSE: EPCOR is unable to speculate when this will become available.

Pollution Probe #10

Reference: ENGLP Aylmer Performance Metrics Scorecard

Please provide a summary of any scorecard metrics that have been updated since the last plan.

EPCOR RESPONSE: No scorecard metrics have been updated since the last plan. In the 2023 Board Report, OEB staff agreed above with Pollution Probe's recommendation that EPCOR should provide a more comprehensive list of major policy changes that would impact EPCOR's GSPs both in the long and short term. However at this time there were no major policy changes to report for the scorecard.

Please provide what metrics EPCOR is considering for measurement of the DSM scorecard metric given that the DSM programs are currently being developed.

EPCOR RESPONSE: None at this time.

Questions related to the EPCOR's Southern Bruce 2024 Annual Update to the Gas Supply Plan 2023-2025

Pollution Probe #11

Please summarize in a table any feedback provided on the last Gas Supply Plan version (e.g. 2023 OEB Staff and other stakeholders) and indicate where any of such feedback was adopted into the 2024 Gas Supply Plan update.

EPCOR RESPONSE:

Recommendations in the 2023 OEB Staff Report[2]:

1. *OEB Staff recommends EPCOR provide a more comprehensive list of major policy changes that would affect EPCOR's GSPs both in the long and short term in its 2024 update to the GSPs*

   EPCOR acknowledges that there is significant policy discussion taking place (such Natural Gas Policy Statement), but is not aware of significant policy changes that have impacted the Gas Supply Plan at this time. EPCOR has noted the relevant policy references in section 6 of the original submission.

2. Recommends EPCOR provide a status update on the progress of its DSM plan in its next GSP update if EPCOR does not file its DSM plan in late 2023 or early 2024 (whether with its rebasing application or as a standalone application)

   Refer to Staff 5 - Demand Side Management

3. OEB staff expects EPCOR to report, in future GSPs, on the demand and the gas supply portfolio impacts resulting from any future IRP projects that are eventually implemented.

   Refer to Pollution Probe #8

[2] OEB Staff Report to the Ontario Energy Board – EB-2023-0111, November 20, 2023

Pollution Probe #12

Please explain how ENGLP has modified its approach in the 2024 Update to the Gas Supply Plan to reflect the current and accelerating impacts of the Energy Transition.

EPCOR RESPONSE: Refer to Pollution Probe #1.

Pollution Probe #13

Is ENGLP aware of the potential for RNG production in the South Bruce area? If no, why not. If yes, please provide details.

EPCOR RESPONSE: There are no details to provide at this time.

Pollution Probe #14

Reference: ENGLP South Bruce Performance Metrics Scorecard
Please provide a summary of any scorecard metrics that have been updated since the last plan.

Please provide what metrics EPCOR is considering for measurement of the DSM scorecard metric given that the DSM programs are currently being developed.

EPCOR RESPONSE: Refer to Pollution Probe #10.

Pollution Probe #15

The OEB has regularly recommended that EPCOR continue to explore opportunities to engage with local suppliers for RNG to identify potential opportunities (including costs and benefits).

Please provide copies of marketing materials, correspondence or other tools that ENGLP has used to enhance awareness and potential partnerships to expand RNG production in Ontario.

EPCOR RESPONSE: EPCOR is not actively marketing RNG at this time.

Attachment Staff 1-1

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SUMMARY

Andrew Blair is an energy sector professional with eight years of experience in energy regulation. His primary focus is economic price regulation, including cost allocation and rate design. He regularly prepares models, reports, and other written evidence for electricity and natural gas utility application filings and appears in regulatory hearings.

Prior to joining Power Advisory, Andrew was a Senior Consultant with Elenchus Research Associates. Andrew has been engaged in the energy regulatory process with a range of clients including utilities, consumer advocates, an electricity worker union, and industrial customers across multiple jurisdictions. Andrew provides cost of service support to 3 to 5 Ontario distributors annually, primarily in the areas of load forecasting, cost allocation, and rate design. He is also an instructor in MEARIE's Regulatory Specialist Certificate program in these areas.

His experience in economic price regulation extends beyond the energy sector to water utilities and setting quasi-governmental user fees. Andrew holds an MA in Economics from Carleton University and a BA in Economics and Financial Management from Wilfrid Laurier University.

Professional History

Power Advisory LLC, Manager, Regulatory, 2023- Present
Elenchus Research Associates, Senior Consultant, 2016-2023

Education

Carleton University, MA Economics, 2014
Wilfried Laurier University, BA Economics and Financial Management, 2012

PROFESSIONAL EXPERIENCE

Cost of Service and Tariff Design

- New Brunswick Power, prepared cost allocation evidence for annual general rate applications and rate design hearing. Contributed to expert reports on cost allocation issues and proposed methodology changes for NB Power. Appeared before New Brunswick Energy & Utilities Board in GRA and Rate Design hearings as NB Power subject matter expert in area of cost allocation.
- Ontario Energy Board, contributed to *Electric Delivery Rates for Electric Vehicle Charging* report which assessed rate design options for commercial EV fleets and public DC fast chargers.
- Montserrat Utilities Ltd., for an integrated resource plan, cost of service and tariff study led by HATCH, created a cost allocation model to attribute costs to electricity, water, and wastewater services and to rate classes within each service. Proposed changes to tariff structures.

- Burlington Hydro, prepared load forecast, cost allocation, and rate design models and evidence for cost of service application to OEB.
- Grimsby Power Inc., prepared load forecast, cost allocation, and rate design models and evidence for cost of service application to OEB.
- SaskPower, prepared rate design analysis for proposed standby rates in report submitted to the Saskatchewan Rate Review Panel. Prepared cost of service jurisdictional review of best cost allocation and rate design practices.
- EfficiencyOne Nova Scotia, prepared and revised long-term rate and bill impact analysis model for Nova Scotia demand-side management programs. Prepared cost allocation and savings allocation models.
- Bluewater, prepared load forecast, cost allocation, and rate design models and evidence for cost of service application to OEB.
- E.L.K. Energy, prepared load forecast, cost allocation, rate design, and benchmarking models and evidence for cost of service application to OEB.
- EPCOR Electricity Distribution Ontario, prepared load forecast, cost allocation, and rate design models and evidence for cost of service application to OEB.
- Greater Sudbury Hydro, prepared load forecast, cost allocation and rate design models and evidence for cost of service application to OEB.
- Lakeshore Utilities, prepared 40-year cost of service and bill analysis for prospective natural gas utility along the north shore of Lake Superior. Also prepared bill-smoothing and rate mitigation analysis.
- Hydro Ottawa, prepared cost allocation and rate design models and evidence for cost of service application to OEB.
- Hydro One Transmission, prepared report on export transmission service rates based on cost allocation between domestic and export services and appeared on expert panel on export transmission rates.
- Independent Electricity System Operator, prepared annual cost allocation and usage fee design models for revenue requirement submissions.
- Utilities Kingston, prepared electricity load forecast, cost allocation, and rate design models and evidence for Kingston Hydro's cost of service application to OEB. Also prepared water and wastewater cost allocation models and report for setting municipal water rates.
- Milton Hydro, prepared load forecast, cost allocation, rate design, and benchmarking models and evidence for cost of service application to OEB.
- Synergy North, prepared load forecast, cost allocation, and rate design models and evidence for cost of service application to OEB, including rate harmonization and rate mitigation plans for merging Thunder Bay Hydro and Kenora Hydro rate zones.
- Power Worker's Union, act as intervenor on behalf of the Ontario Power Worker's Union in OEB consultations and rate cases of large utilities with PWU-represented employees. Reviewed evidence, prepared interrogatories and submissions on behalf of the PWU in rate cases for Hydro One, Ontario Power Generation, Toronto Hydro, Alectra Utilities, and Elexicon Energy.
- MEARIE Regulatory Specialist Training – conducted training in areas of load forecast, cost allocation, and rate design for cost of service applications to employees of Ontario distribution utilities.

Attachment Staff 5-1

Epcor Proposal

Next Gen Program Design Outline

October 23, 2023

ENBRIDGE®

Key Deal Points (cont'd)

- EPCOR enters into a management agreement with Enbridge for "turnkey" program administration services including:
  - Regulatory support including plan development and filing
  - Program management including marketing, sales and technical services and delivery agent
  - Tracking and reporting, audit and evaluation including annual reporting to the OEB
- EPCOR pays Enbridge quarterly to cover rebates and program administration.
  - Enbridge charges an annual program administration fee [redacted].
  - Enbridge flows through rebates (2024 estimate: ~$900,000)
- EPCOR receives 100% attribution of energy savings. Enbridge is not seeking a shareholder incentive.
- Enbridge processes rebates and issue cheques directly to EPCOR customers on behalf of EPCOR.
- Enbridge reports quarterly to EPCOR on program participation, budget and evaluation results.

Key Deal Points

- EPCOR files an application with the OEB for approval of its 2024 DSM Plan (programs, targets and budgets).
- EPCOR offers Enbridge's full DSM program portfolio to its ~20,000 (2024 forecast) customers in two service territories:
  - EPCOR (Aylmer) – 10,105 customers
  - EPCOR (Bruce) – 10,000 +/- customers
- EPCOR promotes the programs through its website and bill inserts to all rate classes and sectors including residential, commercial, industrial and low-income sectors. EPCOR can opt-out of sectors/rate classes but not individual program offerings in a sector.
- EPCOR adds a DSM charge to its customers bills and sets up a DSM account.

Sector	Program
Residential	Whole Home
	Single Measure
	Smart Home
Low Income	Home Winterproofing (HWP)
	Affordable Housing Multi-Residential
Commercial	Prescriptive Downstream
	Commercial Custom
	Direct Install
	Prescriptive Midstream
Industrial	Industrial Custom
Large Volume	Direct Access
Energy Performance	Whole Building Pay For Performance
New Construction	Residential Savings by Design
	Commercial Savings by Design
	Affordable Housing Savings by Design
	Commercial Air Tightness Testing

ENBRIDGE

Next Steps

- EPCOR and Enbridge meet to agree on key deal points
- EPCOR and Enbridge sign an MOU
- Enbridge submits a detailed proposal
- EPCOR and Enbridge sign a management agreement
- Enbridge begins development of EPCOR's 2024 DSM Plan