

Ms. Nancy Marconi  
Registrar  
Ontario Energy Board  
P.O. Box 2319, 27th Floor  
2300 Yonge Street  
Toronto, ON M4P 1E4

August 23, 2024

**Re: EB-2024-0139 - Consultation to Review EPCOR Natural Gas Limited Partnership's ("EPCOR" or "ENGLP") 2024 Annual Gas Supply Plan Updates - Aylmer and Southern Bruce Pollution Probe Comments**

Dear Ms. Marconi:

In accordance with the OEB direction for the above-noted proceeding, please find below Pollution Probe's comments on the 2024 Updates to the EPCOR Natural Gas Limited Partnership (ENGLP) Natural Gas Supply Plans (GSPs) for Aylmer and Southern Bruce. Pollution Probe has also included comments on the overall GSP annual review process and recommendations to the OEB for improvement.

The Aylmer GSP is a new five year GSP covering 2024-2028 and the South Bruce GSP is a 2024 annual update to the 2023-2025 plan. As noted previously, Pollution Probe suggests that a five-year plan approach that is updated annually provides the most appropriate approach of long-term planning, while making relevant changes on an annual basis. Changes in Ontario continue to accelerate (in part due to the Energy Transition) and a GSP can become stale and unresponsive to relevant policy and environmental/consumers factors outside a one-year timeframe. A static approach is contrary to the OEB's Gas Supply Framework.

The refresh of the five-year Gas Supply Plan for Aylmer was an optimal time to start implementing plan improvements, ENGLP indicates that there have been no significant changes which has led to a status quo plan and ENGLP has not modified its approach, inputs and analysis to reflect the current and accelerating impacts of the Energy Transition<sup>1</sup>. Pollution Probe believes that Gas Supply Plans are not likely to change at a sufficient pace to meet the future unless the OEB is more directive on the enhancements expected in Gas Supply Plans over time. The current process does not seem to be achieving that objective.

As expected, many of the elements/drivers across both the Aylmer and South Bruce Gas Supply Plans are similar and therefore feedback should be applied to both plans where applicable. In some cases, there are distinct differences that need to be considered independently and where that occurs, Pollution Probe has specifically noted those differences.

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<sup>1</sup> Pollution Probe-1 IR Repsonse

The current annual Gas Supply Plan review process has struggled to modernize Gas Supply Planning and advance important progress. To the extent that the OEB believes that ENGLP should be more adaptive to proposed changes, the OEB Staff Report to the OEB can continue to highlight the changes required, but really it appears that the OEB would need to provide more specific direction to advance the pace. The OEB has the ability to provide direction to ENGLP at any time, but this is most likely to occur in the annual or rebasing proceeding since there is no panel of Commissioners assigned to the annual GSP process. ENGLP should expect that any issues not adequately addressed in the annual Gas Supply Plan review may become issues in the rate case process.

#### Gas Supply Plan Timing & Scope

The Aylmer Gas Supply Plan is a five-year (2020-2024) plan. However, the South Bruce Gas Supply Plan is only a three-year plan which was recently updated to cover the 2023-2025 period. As noted previously, Enbridge files a five-year gas supply plan annually which is actually a fully updated five-year rolling plan updated to cover a five-year period each year it is filed. It was recommended that both the Aylmer and South Bruce gas supply plans be five-year rolling plans updated annually going forward. ENGLP and OEB Staff should consider when the right timing is to move to a common approach to provide sufficient time to make the transition.

Section 9 of the South Bruce GSP references the Staff Report to EB-2023-0111, which recommended 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. Pollution Probe recognizes that EPCOR added a list of major policy changes in the Scorecard starting with this Supply Plan Update, but there is further opportunity to take a more holistic approach given the integration of Energy Transition issues evolving in Ontario. It would also be beneficial for ENGLP to assess and identify the current and future actions it believes are necessary related to each of the current and emerging policy areas. A static list without an assessment of risks and potential actions is of limited value.

ENGLP confirmed that it is not currently participating in the Ministry development of the Natural Gas Policy Statement which was a recommendation of the *Electrification and Energy Transition Panel's* final report<sup>2</sup>. This seems to be a disconnect since the outcomes of that initiative will impact ENGLP's entire gas business in Ontario, including issues related to the gas supply plans. It is very surprising that this gap exists and Pollution Probe recommends that the OEB consider ways to ensure that all gas utilities and related stakeholders can engage in the process.

#### Renewable Natural Gas (RNG) and Related Issues

As previously noted, ENGLP has indicated that it is supporting RNG in Ontario through enabling access to its system for RNG projects. Pollution Probe notes the addition of information related to RNG, particularly Section 6.1 of the Aylmer GSP.

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<sup>2</sup> Pollution Probe-9 & 11 IR Responses

Enabling low carbon RNG aligns with public policy and there is a significant demand for RNG, primarily to markets in BC and the US<sup>3</sup>, but also by Ontario municipalities as part of their energy and emission plans. ENGLP indicates that it understands and supports the development of an RNG market and facilitates inclusion of RNG in its gas supply portfolio.

Pollution Probe recommends that ENGLP include a standard section in the annual GSPs to identify progress in supporting and developing RNG in Ontario, including current and future specific RNG production opportunities and overall outreach and enablement activities conducted and planned by ENGLP.

ENGLP indicates that consideration of emission reduction (e.g. from RNG) are not within scope of the GSP<sup>4</sup>. Pollution Probe disagrees and suggests that emission reduction considerations are directly related to the Public Policy requirements of the GSP. The Energy Transition driving energy planning and decision in Ontario is being driven in large part by the net emissions related to fuel use and alignment with Net Zero policy objectives. Similarly, emission reduction results are an explicit driver of DSM which is also relevant to the GSP. Pollution Probe recommends that the OEB clarify this confusion so that ENGLP can consider emission

#### Demand Side Management (DSM)

ENGLP has indicated for many years that it is targeting their 2025 filing for inclusion of DSM programs. However, now with the filing of the 2025 rate case ENGLP has decided to exclude the DSM programs that have been anxiously awaited. ENGLP indicates that it does not have a defined date as to when it is expected to file a DSM application<sup>5</sup>. Pollution Probe suggests that is a poor decision and it is not acceptable to delay DSM, especially with no future plan in place.

Pollution Probe understands that ENGLP was hoping to piggy-back on Enbridge and IESO DSM and states delays in those discussions as a principal reason for delaying DSM implementation further. ENGLP indicates that Enbridge does not have capacity at this time to deliver for ENGLP. However, Attachment Staff 5-1 includes an Enbridge proposal deck to do exactly that. It is unclear what the barrier is if Enbridge has already provided a proposal deck to ENGLP with a path forward to execute on DSM. To be clear, Pollution Probe does not suggest that Enbridge delivery is the most prudent option (that would require ENGLP analysis), but it does provide one option.

Some DSM is better than no DSM and ENGLP customers have no access to DSM. ENGLP indicates that its lack of maturity in DSM is a barrier<sup>6</sup>, but without any actions this lack of maturity will persist forever. Given the drivers of the Energy Transition, there has never been a better time than now to initiate a baseline level of DSM. Nobody expects a full suite of perfect DSM programs immediately from ENGLP, but zero is unacceptable.

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<sup>3</sup> Pollution Probe-5 IR Response

<sup>4</sup> Pollution Probe-4 IR Response

<sup>5</sup> Staff-5 IR Response

<sup>6</sup> Pollution Probe – 6 IR Response.

There are significant opportunities to initiated baseline DSM program and also leverage off existing initiatives (either through partnership or mimicking existing materials and programs). Partnering with municipalities in alignment with energy emission plans (plus Provincial requirements for Broader Public Sector reporting and action plans) is also an easy partnership opportunity. Additionally, delivery partners like IESO already have capacity that could be leveraged by ENGLP and IESO has express general interest in partnering on their evolving suite of programs. IESO has supported multi-fuel programs in the past to provide an easy and effective one-window approach that is consumer friendly. Should ENGLP require contact or assistance, Pollution Probe is open to discussing options and engaging its partners.

### Integrated Resource Planning

ENGLP is participating in Enbridge Gas's Integrated Resource Planning (IRP) working group as an observing member. Progress has been slow and even the IRP Pilot projects have been delayed. The IRP Framework provides opportunities for ENGLP to meet customer needs in a cost-effective manner that also reduces GHG emissions from incremental natural gas solutions. Part of the Gas Supply Plan objectives are to assess the current and emerging trends that will impact gas supply and infrastructure decisions, including Energy Transition. Now is the time to ensure that planning aligns with future needs of Ontario energy consumers.

As previously mentioned, it is recommended that ENGLP accelerate its assessment of the IRP Framework and options for implementation. The Enbridge CNG project is an IRP project that appears directly relevant to ENGLP. Information on those opportunities should be included in the annual Gas Supply Plan. ENGLP is encouraged to consultant with relevant stakeholders and could leverage an IRP consultative group to increase real time input, partnership and increase regulatory certainty on options being considered.

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"<sup>7</sup>. Pollution Probe notes that although Enbridge IRP efforts have been largely delayed, Enbridge did install an initial CNG project in Kingston as an IRP alternative to avoid a reinforcement they expected. It is unclear if ENGLP has assessed information and lessons learned from the Enbridge experience, but if not, that is recommended. Additional information is available under EB-2024-0125.

ENGLP indicates that 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

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<sup>7</sup> ENGLP - Southern Bruce: 2024 Annual Update to the 2023-2025 Gas Supply Plan EB-2024-0139, Page 14

implemented.”<sup>8</sup>. Notwithstanding the reference above, a facility application such as a Leave to Construct only occurs based on gas supply planning outcomes. In fact, if IRP analysis is successful, it would avoid a Leave to Construct application entirely. Therefore, if IRP options are not considered in a gas supply plan, there is a lost opportunity to leverage more cost-effective IRP alternatives. Waiting until a Leave to Construct application when a decision is already made for a pipeline solution is too late.

### Recommended Improvements for the OEB’s Gas Supply Framework

In Pollution Probe’s view the current Annual 5 Year Gas Supply Plan Review process has not been adequate to drive alignment, innovation and effective consideration of stakeholder input into the Annual Gas Supply Plan.

The Annual Gas Supply Plan review process is a very important process given that gas supply represents one of the largest costs to Ontario ratepayers in their natural gas bill. Gas supply is also a fundamental portfolio that impacts directly and indirectly many of the policy areas that the Province and OEB has targeted for improvement and innovation. Proper Gas Supply planning can significantly contribute to reducing energy costs for consumers, increasing energy efficiency, developing Integrated Resource Plan options to defer or avoid Capital investments, play a role in mitigating risks related to stranded assets, Distributed Energy Resources and many other focus areas. The results and outcomes of the current review process have not been sufficient to drive the enhancements of the Gas Supply Plans. In keeping with its commitment to protect consumers and hold distributors to account, the OEB identified three guiding principles that will be used in assessing gas supply plans<sup>9</sup>:

- Cost Effectiveness
- Reliability & Security of Supply
- Public Policy

Over the past cycle, the Gas Supply Plan improvements have been slow in relation to the policy and Energy Transition evolution in Ontario. This lack of progress is not typically experienced when the OEB leverages a more traditional hearing process.

Pollution Probe recommends that the OEB:

- Recognize the importance and role for the Gas Supply Plan and Portfolio to evolve more urgently on an annual basis to align with Energy Transition demands, Capital Planning rationalization (including more prudent IRP and stranded assets option mitigation).
- Add better structure and transparency, specifically adding an adjudicative hearing element with Commissioners to the annual process including greater direction to the

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<sup>8</sup> Pollution Probe-8 IR Response

<sup>9</sup> EB-2017-0129 Gas Supply Framework, Page 1.

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gas utilities on enhancements required to meet the principles notes above and the rapidly changing environment in Ontario.

- Raise the bar on the Gas Supply Scorecard approach to ensure more meaningful metrics, targets and delivery. What does not get measured, does not get managed. The current approach used is too passive, retrospective, delivers little real value or outcomes and should require specific metrics, targets and actuals reporting related to metrics for Cost Effectiveness, Reliability and security of supply, plus Public Policy in alignment with OEB requirements.
- Require that each Annual Update identify the changes since the previous version of the Gas Supply Plan and provide a catalogue of any enhancements and the specific benefits of each enhancement.
- Require that the Gas Supply Plan demonstrate alignment with policy drivers including reduced natural gas infrastructure requirements, Demand Side Management and IRP alternatives in alignment with the Energy Transition.

All of which is respectfully submitted on behalf of Pollution Probe.



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