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NOTICE OF REVIEW ON THE OEB'S OWN MOTION

OEB File No. EB-2025-0124

The Ontario Energy Board (OEB) is initiating this proceeding on its own motion under Rule 41.01 of the OEB's Rules of Practice and Procedure (Rules) to review the Decision and Order in EB-2022-0335 issued on March 27, 2025 (Decision).

Background

As a companion document to the OEB's Decision and Order dated July 22, 2021, the OEB established a first-generation Integrated Resource Planning (IRP) Framework to provide direction to Enbridge Gas Inc. (Enbridge Gas) on the OEB's requirements as Enbridge Gas considers integrated resource planning alternatives (IRPAs) to traditional pipeline infrastructure to meet its natural gas system needs. The direction provided under the IRP Framework is for Enbridge Gas to utilize supply-side and demand-side alternatives to avoid, delay or reduce the need for new gas system infrastructure. As part of the IRP Framework, the OEB determined that it is not appropriate to provide funding to Enbridge Gas for electricity IRPAs.¹

One direction in the IRP Framework was for Enbridge Gas to develop and implement, within two years, two IRP Pilot projects to evaluate how IRP can be implemented to avoid, delay, or reduce the need for facility projects to meet system needs.

Enbridge Gas initially applied to the OEB on July 19, 2023 for approval of two IRP Pilot projects that would deploy a combination of demand-side and supply-side IRPAs to help meet two identified system needs. Enbridge Gas subsequently withdrew one of the pilot projects and modified the location and scope of the remaining pilot project (IRP Pilot). The proposed budget for the IRP Pilot was \$14.2 million.

¹ Integrated Resource Planning Framework for Enbridge Gas, July 22, 2021, p. 6.

The Decision

The Decision states that “it is now clear that electric solutions are squarely on the table, as part of the IRP Framework”, despite the above-noted statement in the IRP Framework that the funding of electricity IRPAs is not appropriate. The Decision also determined that approval would not be given to any parts of the application that provided incentives for gas-fired equipment (and more specifically in this case gas fired heat pumps).

The Decision notes:

Consistent with [the OEB’s EB-2021-0002 decision approving Enbridge Gas’ current DSM plan], the OEB will not approve an IRP pilot project that includes incentives for gas equipment. The inclusion of incentives for gas equipment is entirely inconsistent with the purpose of:

- IRP, which has as its objective the avoidance of gas infrastructure where there are economic alternatives, and
- DSM, which has as its objective the reduction of the utilization of gas through various efficiency and conservation measures.

Incentives for gas equipment continue the need for gas infrastructure and utilization of gas, rather than reducing it.

The Decision further directs Enbridge Gas as follows:

Enbridge Gas has proposed a budget of \$1,522,560 for various gas-based technologies (hybrid heating, natural gas heat pumps, thermal energy storage) under the heading of Limited Advanced Technologies. The OEB does not approve funding for hybrid heating or natural gas heat pumps, both of which would incent new gas-fired heating equipment. Recognizing that thermal energy storage can utilize electricity, the OEB will approve pilot funding for thermal energy storage, on the condition that it utilizes electricity and does not require or incent the customer to install, modify, or upgrade gas-fired space heating or water heating equipment. The OEB directs Enbridge Gas to reallocate the budget for the denied Advanced Technologies (hybrid heating and gas heat pumps) to the budget for Limited Electrification Measures. Enbridge Gas shall increase the number of participants for its electrification offerings.

Review on the OEB's own Motion

Pursuant to Rule 41.01 of the Rules, the OEB is initiating a review of the Decision on its own motion in respect of the following questions:

1. By requiring the use of electricity IRPAs and/or excluding funding for gas-fired technologies, did the Decision change the IRP Framework and do so improperly without notice to the parties and without providing parties with a full opportunity to address this issue through the hearing process?
2. Was there sufficient evidence to support the findings that categorically exclude funding for gas-fired technologies in the IRP Pilot?
3. In assessing the cost effectiveness of electric heat pumps versus gas-fired heat pumps, which formed part of the basis for denying the use of gas-fired heat pumps, was there sufficient evidence of, and did the Decision adequately consider, the potential cost of any required electricity system upgrades?

Next Steps

A Procedural Order will be issued in due course to establish next steps in this proceeding.

Yours truly,

Nancy Marconi
Registrar