

IRP Subgroup Work on Economic Evaluation of IRP Alternatives

IRP Working Group Meeting #9

August 9, 2022

Background

- At initial DCF+ meeting (July 9), the group:
 - Agreed on general intent to provide advice report from the WG to Enbridge on DCF+ considerations, for Enbridge's use in drafting enhanced DCF+ test and guide.
 - Agreed that Enbridge should give and receive timely feedback to/from the WG, so it can draft DCF+ test/guide in parallel, instead of waiting for WG report.
 - Will strive for resolution between Enbridge and WG on DCF+ issues through the course of WG meetings, where possible
 - Established rough target of completing most DCF+ WG work by year-end 2022

DCF+ Working Paper

- Structured to list and allow the WG to work through key issues under consideration regarding DCF+
- Evolving document:
 - Updated by Staff between WG DCF+ meetings to:
 - Incorporate discussion/determinations made at previous meeting
 - Add new content as appropriate to serve as a starting point for issues to be covered at next meeting (other WG members could also be tasked with contributing content on issues for consideration)
- Key material can be extracted for advice report to Enbridge as needed, but can also be accessed at any time by Enbridge to understand issues and WG's current views

Issues Prioritization

- OEB staff propose that WG address the listed foundational issues first
- These issues are intended to address (and improve) clarity and logical consistency of Enbridge's proposed DCF+ test, and are not intended to deviate from policy direction provided in IRP decision
- Other issues (including those raised by Chris N and Guidehouse) would be addressed after foundational issues

* Could potentially be parked until later discussion

** Discussion of whether and how specific costs/benefits can/should be measured and valued in practice parked for later discussion

1.1 Is a separate DCF+ test run for the baseline facility solution and the IRP alternative(s) relative to “doing nothing” and comparing the results, or is one DCF+ test run that assesses the incremental costs/benefits of an IRPA, relative to the baseline facility solution?

1.2 What is the intended purpose/question that is answered by each stage of the DCF+ test?

1.3 Can the intended purpose of the stage 2 test be met by adding the incremental results (NPV) of stages 1 and 2, and can the purpose of the stage 3 test be met by adding the incremental results of stages 1, 2, and 3, or should these be run as separate tests?

1.4 (*) Should the number of stages/tests be reduced such that the customer and societal tests are combined?*

2.1 (**) What categories of costs/benefits are applicable in principle for each stage/test, to align with the intended purpose of each stage/test, and avoid double-counting?