Ontario Energy Board | Commission de l'énergie de l'Ontario

**January 15, 2025**

# OEB Staff Report to the Ontario Energy Board

## Review of 2024 Annual Update to Enbridge Gas Inc. Natural Gas Supply Plan

**EB-2024-0067**

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# 1 INTRODUCTION AND SUMMARY

On April 15, 2024, the Ontario Energy Board (OEB) initiated a consultation to review the annual update to the five-year natural gas supply plan of Enbridge Gas Inc. (Enbridge Gas) in accordance with the gas supply plan assessment process established in the OEB's *Report of the Ontario Energy Board: Framework for the Assessment of Distributor Gas Supply Plans* (Gas Supply Framework).[1] This is the OEB Staff Report resulting from this consultation. Based on the guidance set out in the Gas Supply Framework, the OEB will consider the recommendations in this report to determine if there are issues that require a hearing.

In 2019, the OEB initiated a review of the five-year Gas Supply Plan (GSP) of Enbridge Gas Inc. (Enbridge Gas) culminating in an OEB staff report dated March 26, 2020.[2]

The Gas Supply Framework requires distributors to file an annual update to their five-year GSP. Accordingly, Enbridge Gas filed its 2024 annual update to the five-year GSP on March 1, 2024 (2024 Annual Update). The 2024 Annual Update is the fifth update to Enbridge Gas's five-year GSP. As part of its update, Enbridge Gas advised that it would file an additional appendix to address information requested by the OEB in its 2021 Vector Contracting Decision, which it did on March 27, 2024.[3]

This report sets out OEB staff's assessment of Enbridge Gas's 2024 Annual Update. In particular, as per the Gas Supply Framework, OEB staff assessed the extent to which:

- Enbridge Gas's GSP provides the information requirements (i.e., the framework criteria) used to evaluate whether the plan delivers value to customers and meets the OEB's guiding principles of: i) cost-effectiveness, ii) reliability and security of supply and iii) public policy. The OEB's framework criteria are: i) demand forecast analysis, ii) supply option analysis, iii) risk mitigation analysis, iv) achieving public policy objectives, v) procurement process and policy analysis, and vi) performance measurement.

- Enbridge Gas's GSP includes a description of how the framework criteria have been met.

[1] EB-2017-0129, October 25, 2018.
[2] EB-2019-0137 Final OEB Staff Report to the Ontario Energy Board on Consultation to Review Natural Gas Supply Plans, March 26, 2020.
[3] EB-2023-0326

- Enbridge Gas's GSP successfully balances the three OEB guiding principles in a way that is prudent and delivers value to customers.

In their comments, several stakeholders supported Enbridge Gas's 2024 Annual Update. None of the stakeholders identified major issues with the annual update or requested a further review of the plan.

OEB staff is generally satisfied with the 2024 Annual Update and the information provided therein. OEB staff has considered the comments of stakeholders and the reply of Enbridge Gas in formulating its recommendations to the OEB. While OEB staff proposes that additional information be provided as part of the next five-year GSP, OEB staff does not propose any further review of the 2024 Annual Update and recommends that the process end with the filing of this report.

GSP Framework and Process

The report also includes comments by Enbridge Gas and stakeholders, as well as OEB's staff assessment on the GSP framework and process in response to the OEB's initiation letter that requested that stakeholders provide observations on the Framework and the consultative process that has been in place since 2019. OEB staff proposes that the next five-year GSP filing due in early 2025 be reviewed in an adjudicative proceeding and the subsequent annual updates continue to be held as consultations.

## 1.1 Background

The Gas Supply Framework sets out the OEB's approach for the assessment of the rate-regulated natural gas distributors' (distributors) supply plans. It identifies three guiding principles to be used in assessing the distributors' GSPs:

- **Cost-effectiveness** – The GSP will be cost-effective. Cost-effectiveness is achieved by appropriately balancing the principles and executing the supply plan in an economically efficient manner.

- **Reliability and security of supply** – The GSP will ensure the reliable and secure supply of natural gas. Reliability and security of supply is achieved by ensuring gas supply to various receipt points to meet planned peak day and seasonal gas delivery requirements.

- **Public policy** – The GSP will be developed to ensure that it supports and is aligned with public policy where appropriate.

The OEB clarified that cost-effectiveness does not necessarily mean the "lowest cost," reliability does not mean "reliable at any cost" and support for public policy does not mean "support at any cost" or "any level of reliability". Rather, the intent is to strike a balanced approach to the benefit of customers. Distributors are required to demonstrate that their GSPs balance the principles in a way that is prudent and appropriate for customers. It is expected that distributors would employ strategies that clearly describe their approach, customer impacts and risks associated with both the options considered and chosen to deliver value to customers.[4]

The OEB also stated that a distributor's plan must meet specific criteria established by the OEB and the GSP should include a description of how the criteria have been met. The framework criteria are the following:

- **Demand Forecast Analysis**: A distributor must describe: i) the process used to develop its demand forecasts, ii) the factors impacting its demand forecasts such as historical demand, customer demographic trends and changing weather patterns, and iii) associated risks. A distributor is expected to also use its OEB-approved methodology when preparing these forecasts.

- **Supply Option Analysis**: A distributor must describe the options that were considered and how the selected option was determined. The option analysis should include: landed costs, bill impacts, the risks associated with each option and how the option aligns with the OEB's guiding principles.

- **Risk Mitigation Analysis**: A distributor must provide a clear description of the risk management process (identification and mitigation) and an assessment of the risk/cost trade-off implications for customers that are associated with options examined. A distributor must also include a suite of scenarios: best, most likely and worst scenarios.

- **Achieving Public Policy**: A distributor must identify and demonstrate the public policy (i.e., public policy that is in effect, not proposed) that its gas supply plan is supporting and how it balanced achieving this with the other guiding principles.

- **Procurement Process and Policy Analysis**: A distributor must provide an overview of its gas procurement policies including how the distributor monitors the market and what resources are applied to ensure that it meets demand.

[4] EB-2017-0129, Gas Supply Framework, p. 8

- **Performance Measurement**: A distributor must develop performance metrics that reflect the OEB's criteria and demonstrate how the OEB's guiding principles have been achieved.

## 1.2 The Process

Enbridge Gas filed its 2024 Annual Update on March 1, 2024. Enbridge Gas updated its Annual Update on March 27, 2024. In the initiation letter dated April 15, 2024, the OEB set up a process to review the 2024 Annual Update, including a transcribed stakeholder conference, written comments by stakeholders and written reply by Enbridge Gas. The OEB also invited Enbridge Gas and stakeholders to provide observations on the Framework and the consultative process that has been in place since 2019. The participants included Enbridge Gas, OEB staff and 11 stakeholders representing consumer groups, gas utilities and a gas transportation company.

At the stakeholder conference, Enbridge Gas provided written and oral responses to the written questions from stakeholders and provided additional information about the 2024 Annual Update.

Enbridge Gas did not propose any changes to its GSP in response to questions raised at the stakeholder conference.

Following the stakeholder conference, Enbridge Gas provided comments on the Framework and the consultative process, parties submitted written comments and Enbridge Gas filed its reply.

This report includes OEB staff's conclusions resulting from this review. Unless the OEB decides to hold a proceeding to consider any component of the annual updates, the review process concludes with OEB staff's report.

The following parties participated in the consultation:

- Building Owners and Managers Association, Greater Toronto (BOMA)
- Consumers Council of Canada (CCC)
- Energy Probe
- Environmental Defence (ED)
- Federation of Rental-housing Providers of Ontario (FRPO)
- Pollution Probe
- School Energy Coalition (SEC)
- Six Nations Natural Gas Co. (SNNG)
- TransCanada PipeLines Limited (TCPL)

- Three Fires Group Inc. and Minogi Corp. (Three Fires & Minogi)
- Vulnerable Energy Consumers Coalition (VECC)

The following parties were granted cost eligibility: BOMA, CCC, Energy Probe, ED, FRPO, Pollution Probe, SEC, Three Fires & Minogi, and VECC.

Eight stakeholders and OEB staff filed questions to Enbridge Gas regarding the 2024 Annual Update.

A stakeholder conference was convened on July 2, 2024.

Eight stakeholders submitted written comments by July 17, 2024. Enbridge Gas submitted its written reply on July 31, 2024.

All material related to this consultation is available on the OEB's website.

# 2 SUMMARY OF NATURAL GAS SUPPLY PLAN

Enbridge Gas's five-year GSP included an in-depth description of methodologies and related gas supply processes for the period from 2019 to 2024.[5] This is the final annual update to the five-year GSP. Enbridge Gas's plan covers the legacy Enbridge Gas Distribution (EGD) and Union Gas rate zones (Union North West, Union North East and Union South).[6] The objective of Enbridge Gas's GSP is to identify an efficient combination of upstream transportation, supply purchases and storage assets to serve sales service and bundled (direct purchase) customers' annual, seasonal and design day natural gas delivery requirements.

As per the Gas Supply Framework, distributors are required to provide an annual GSP update. The update is expected to primarily focus on updates to the Market Changes section of the GSP, a description of significant changes from previous updates and a historical comparison of actuals to the planned. An in-depth evaluation of the GSP is only expected in the event that the update significantly deviates from the five-year plan.[7]

The 2024 Annual Update highlights the following notable changes:

1. Market changes and general impacts
2. Public policy updates
3. Demand forecast
4. Energy transition initiatives
5. Contracting changes

The subsequent section provides a summary prepared by OEB staff of Enbridge Gas's 2024 Annual Update, and generally follows the structure of the information filed by Enbridge Gas.

[5] EB-2019-0137 – For the former Enbridge Gas Distribution rate zone, the first five-year GSP under the Gas Supply Framework is for the period of January 1, 2020 to December 31, 2024, and for the former Union rate zones, it is for the period of November 1, 2019 to October 31, 2024.
[6] Effective January 1, 2019, the former Enbridge Gas Distribution and Union Gas Limited amalgamated to form Enbridge Gas Inc. (Enbridge Gas).
[7] Gas Supply Framework, October 25, 2018, p.14.

## 2.1 Market Overview

### 2.1.1 Market Outlook

In February 2023, low demand resulting from an extremely mild winter and higher production of natural gas in response to high prices from the previous year resulted in a surplus of North American natural gas inventory relative to historic norms. The natural gas inventory surplus position continued through the start of the 2023/24 winter and resulted in relatively low and stable prices across North America. Forward natural gas prices were relatively flat through the end of summer 2024.

### 2.1.2 North American Supply

In its 2023 Energy Future (EF2023) report, the Canada Energy Regulator (CER) provided outlooks for Canada's natural gas supply and demand under three energy transition scenarios:

- Current Measures Scenario: The least aggressive scenario with only limited future actions assumed to reduce GHG emissions and no assumed requirement for Canada to achieve net-zero emissions.

- Canada Net-Zero Scenario: Assumes Canada will achieve net-zero by 2050. The EF2023 report does recognize many uncertainties around Canada's pathway to net-zero. This scenario assumes that global GHG reductions are less aggressive than Canada's, impacting Canada's supply/demand balance through the magnitude of forecast supply exports from Canada.

- Global Net-Zero Scenario: Is the most aggressive scenario where Canada reaches net-zero by 2050 and global action is also at a much more rapid pace to reduce GHG emissions.

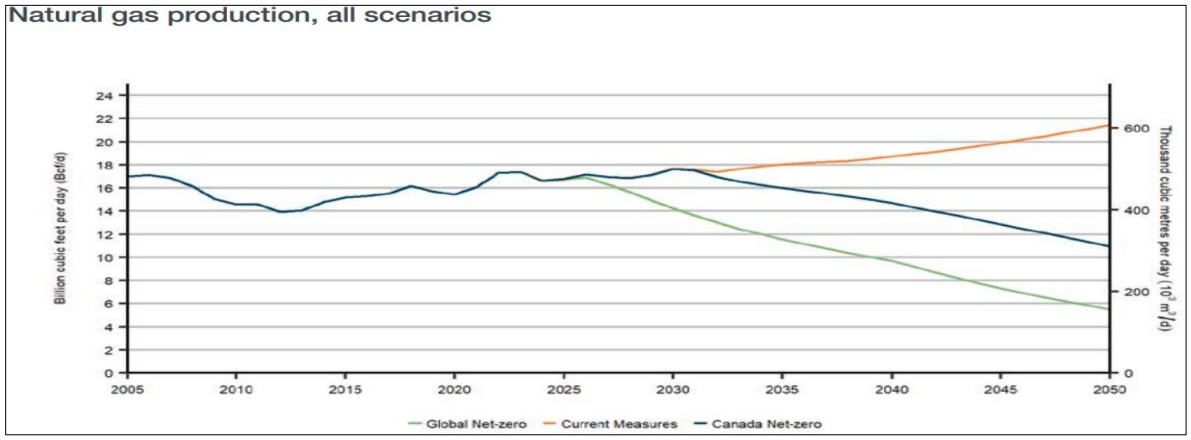


*Figure 1: Canadian Natural Gas Production*[8]

### 2.1.3 Natural Gas Demand

In EF2023, the CER forecasts the energy consumption mix, inclusive of natural gas, under the same three scenarios described above. As shown below, electricity, hydrogen and bio-fuels make up a greater share of Canada's energy use across all scenarios, while the use of fossil fuels decreases. This forecast shift in make-up of energy sources has a wide range across the three scenarios.

[8] Canada's Energy Future 2023, June 20, 2023, p.14, https://www.cer-rec.gc.ca/en/data-analysis/canada-energy-future/2023/canada-energy-futures-2023.pdf .

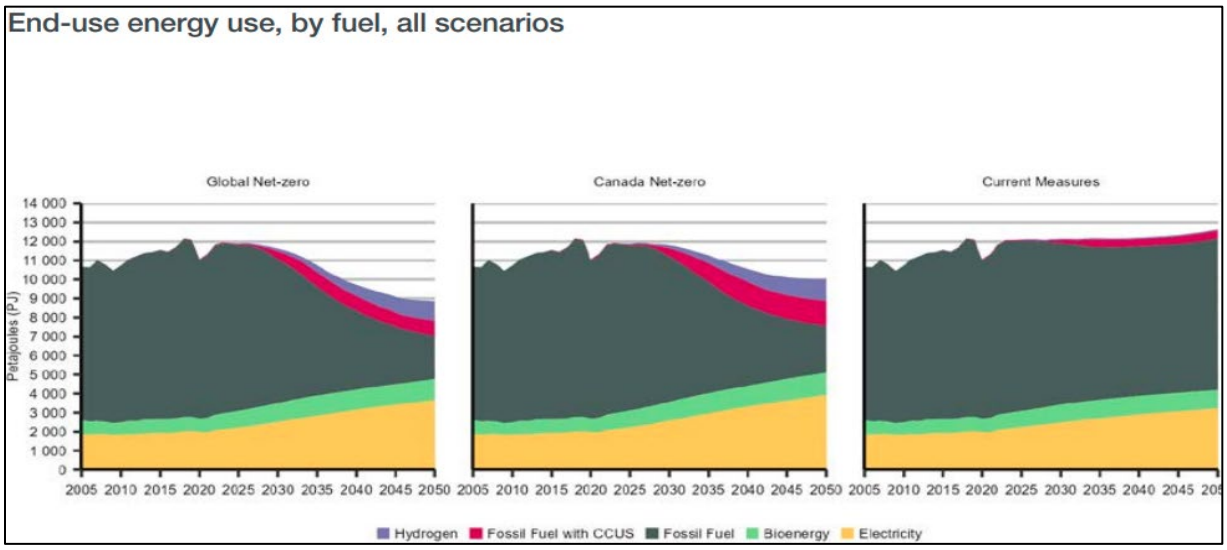


*Figure 2: Canada's Energy Use*[9]

### 2.1.4 Natural Gas Price Signals

The CER has produced long-term natural gas price forecasts under its three Energy Future scenarios, as shown below.

- Under the Current Measures Scenario average natural gas prices at Henry Hub are projected in a range similar to current forward market prices.
- Under the Canada-Net-Zero Scenario projected prices start a steady decline after 2030 caused by lower projected demand.
- In the most aggressive GHG emissions-reducing scenario, prices start to decline more significantly and earlier than the Canada-Net-Zero scenario, driven by projections of more significant decreases in demand. In all scenarios, prices at Henry Hub are expected to be below $5 US/MMBtu through 2050.

[9] Canada's Energy Future 2023, June 20, 2023, p.8, https://www.cer-rec.gc.ca/en/data-analysis/canada-energy-future/2023/canada-energy-futures-2023.pdf

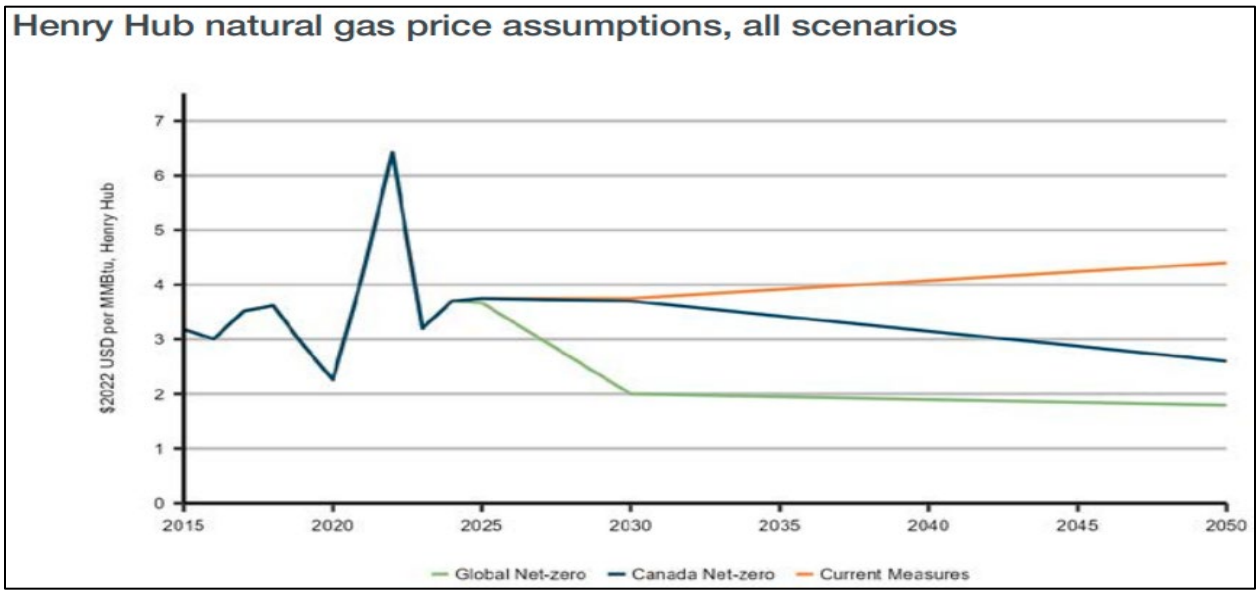


*Figure 3: NYMEX Natural Gas Price Projections*[10]

## 2.2 Public Policy Updates

Enbridge Gas provided the following updates to remain responsive to public policy-related developments.

### 2.2.1 Natural Gas Expansion Program (NGEP)

On June 9, 2021, the Government of Ontario announced 28 projects that will receive funding in the second phase of the Natural Gas Expansion Program with 27 of the projects proposed by Enbridge Gas.[11] The number of new customers anticipated to be added to Enbridge Gas's system as part of these community expansion projects is negligible in comparison to its existing customer base and forecasted growth. Consequently, the increased gas demand from these projects will be easily accommodated within the existing GSP.

### 2.2.2 Federal Carbon Charge

As of April 1, 2024, the Federal Carbon Charge that Enbridge Gas must remit to the Government of Canada under the *Greenhouse Gas Pollution Pricing Act* for eligible

[10] Canada's Energy Future 2023, June 20, 2023, p.36, https://www.cer-rec.gc.ca/en/data-analysis/canada-energy-future/2023/canada-energy-futures-2023.pdf .
[11] https://www.ontario.ca/page/natural-gas-expansion-program#section-3

volumes of natural gas increased from $65 per tonne of carbon dioxide equivalent ($tCO_2e$) to $80 per $tCO_2e$.

The demand forecast underpinning the 2024 Annual Update includes this federal carbon charge in the price-related demand driver variables used in its regression equations. Enbridge Gas assumes $65 per $tCO_2e$ in 2023, escalating at a rate of $15/$tCO_2e$ per year until reaching $170/$tCO_2e$ in 2030.

### 2.2.3 Federal Clean Fuel Regulation

In June 2022, the federal government finalized the Clean Fuel Regulation (CFR), which requires liquid fossil fuel producers and importers to reduce the carbon intensity of the fuels used in Canada. The CFR does not impose a compliance obligation on gaseous or solid fuels; however, natural gas distributors can participate in the CFR where credits are generated for the production or import of low carbon fuels such as Renewable Natural Gas (RNG) and hydrogen. As a result, Enbridge Gas anticipates that any RNG or hydrogen procured as part of its supply portfolio may generate CFR credits, effectively lowering the cost of these fuels. The potential availability and value of CFR credits for existing RNG and hydrogen procurement is uncertain hence impacts of the CFR have not been considered in the 2024 Annual Update.

### 2.2.4 Integrated Resource Planning

Enbridge Gas noted that since the 2023 Annual Update, there have been no impacts on the demand forecast or gas supply portfolio from Integrated Resource Plans (IRPs) beyond what is already reflected in Demand Side Management (DSM) impacts.

## 2.3 Demand Forecast

Enbridge Gas's in-franchise customers are divided into two customer segments: the general service market and the contract market. A majority of Enbridge Gas's customers in the general service market are residential and small commercial customers who primarily use natural gas for space heating. Accordingly, their consumption follows a seasonal profile. The remaining rate classes constitute the contract market which is largely made up of large industrial firms with a steadier baseload pattern over the year.

Enbridge Gas provides distribution services to all in-franchise customers. Customers have the option to purchase gas from Enbridge Gas as a sales service customer or arrange their own supply through a direct purchase arrangement. Within the general service rate classes, 81% of the customers are sales service while the remaining 19% are direct purchase customers. Conversely, in the contract market, the majority of

customers (91%) are on direct purchase. These proportions have remained relatively unchanged from 2023.

### 2.3.1 Annual Demand

The annual demand forecasts are prepared separately for the EGD and Union rate zones, using OEB-approved methodologies. Changes as a result of the 2024 Phase 1 Rebasing decision[12] will be captured in future gas supply plans and their respective filings.

*Table 1: 2024 Annual Demand Forecast vs 2023 Annual Demand Forecast*

| | | 2023/24 | | | 2024/25 | | | 2025/26 | | | 2026/27 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Line No. | Particulars (TJ) | 2024 Plan | 2023 Plan | Variance | 2024 Plan | 2023 Plan | Variance | 2024 Plan | 2023 Plan | Variance | 2024 Plan | 2023 Plan | Variance |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) |
| | EGD | | | | | | | | | | | | |
| 1 | General Service | 382,674 | 388,036 | (5,362) | 383,499 | 390,728 | (7,229) | 384,574 | 392,632 | (8,058) | 385,774 | 394,611 | (8,837) |
| 2 | Contract | 73,285 | 72,666 | 619 | 73,185 | 72,247 | 937 | 72,592 | 71,644 | 948 | 72,000 | 71,032 | 968 |
| 3 | Total EGD | 455,959 | 460,702 | (4,743) | 456,684 | 462,975 | (6,292) | 457,166 | 464,276 | (7,110) | 457,774 | 465,643 | (7,869) |
| | Union North West | | | | | | | | | | | | |
| 4 | General Service | 14,762 | 14,279 | 483 | 14,823 | 14,234 | 589 | 14,859 | 14,226 | 633 | 14,856 | 14,201 | 655 |
| 5 | Contract | 1,775 | 1,619 | 156 | 1,772 | 1,562 | 209 | 1,769 | 1,550 | 219 | 1,767 | 1,538 | 229 |
| 6 | Total Union North West | 16,537 | 15,898 | 638 | 16,595 | 15,796 | 799 | 16,628 | 15,776 | 852 | 16,623 | 15,740 | 884 |
| | Union North East | | | | | | | | | | | | |
| 7 | General Service | 37,664 | 39,086 | (1,422) | 37,812 | 38,919 | (1,107) | 37,957 | 38,878 | (920) | 38,017 | 38,860 | (843) |
| 8 | Contract | 3,682 | 3,890 | (208) | 3,674 | 3,911 | (237) | 3,667 | 3,875 | (208) | 3,660 | 3,839 | (178) |
| 9 | Total Union North East | 41,346 | 42,976 | (1,631) | 41,486 | 42,830 | (1,344) | 41,624 | 42,753 | (1,129) | 41,677 | 42,699 | (1,021) |
| | Union South | | | | | | | | | | | | |
| 10 | General Service | 172,047 | 169,651 | 2,396 | 170,795 | 168,785 | 2,010 | 170,222 | 168,577 | 1,645 | 169,817 | 168,314 | 1,503 |
| 11 | Contract | 60,024 | 60,013 | 10 | 59,923 | 61,659 | (1,736) | 59,802 | 63,292 | (3,490) | 59,678 | 64,909 | (5,231) |
| 12 | Total Union South | 232,071 | 229,664 | 2,407 | 230,719 | 230,444 | 275 | 230,025 | 231,869 | (1,845) | 229,495 | 233,223 | (3,728) |
| 13 | Total Demand Forecast | 745,912 | 749,241 | (3,329) | 745,483 | 752,045 | (6,562) | 745,443 | 754,674 | (9,231) | 745,570 | 757,304 | (11,734) |

As observed from Table 1, the current annual demand forecast is approximately 1% lower than the 2023 Annual Update as a result of lower general service and contract market demand. Compared to the previous forecast, general service demands are about 1.0% lower on average, driven by lower average use and DSM savings. The contract market demand is 1.2% lower than the previous plan as a result of updated customer forecasts and shifted consumption from bundled DP to semi-unbundled. Enbridge Gas's total annual demand is expected to be flat over the next five years, increasing by an average of 0.03% year over year within the forecast period.

[12] EB-2022-0200

### 2.3.2 Design Day Demand

The EGD rate zone design day demand[13] weather conditions are based on a 1 in 5 recurrence interval[14] using a lognormal distribution. The Union rate zones design day demand weather conditions are based on the coldest observed degree day. Table 2 below illustrates the design day demand forecast for each rate zone. Enbridge Gas's design day demand is expected to increase slightly relative to annual demand primarily because of general growth in the EGD and Union North rate zones, however Union South shows a decline in demand due to shifts in customer specific attachment timing in the contract rate market and revised assumptions such as lower expected general service market growth.

*Table 2: 2024 Design Day Demand Forecast vs 2023 Design Day Demand Forecast*

| Line No. | Rate Zone (TJ/d) | 2023/24 | | | 2024/25 | | | 2025/26 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2024 Plan | 2023 Plan | Variance | 2024 Plan | 2023 Plan | Variance | 2024 Plan | 2023 Plan | Variance |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) |
| 1 | EGD | 4,101 | 4,087 | 14 | 4,118 | 4,104 | 14 | 4,135 | 4,120 | 15 |
| 2 | Union North West | 138 | 136 | 3 | 140 | 135 | 5 | 141 | 135 | 6 |
| 3 | Union North East | 460 | 433 | 27 | 453 | 432 | 22 | 456 | 432 | 24 |
| 4 | Union South | 3,396 | 3,372 | 24 | 3,460 | 3,470 | (10) | 3,515 | 3,626 | (111) |

## 2.4 Current Portfolios

### 2.4.1 Commodity Portfolio

Enbridge Gas procures supply on behalf of its system sales service customers from diverse sources including the Western Canadian Sedimentary Basin, Dawn, Appalachian Basin, Niagara, Chicago, U.S. Midcontinent, and Ontario production. These supply sources, along with Enbridge Gas's transportation contracts, move the supply to both the distribution system and storage assets.

[13] Natural gas utilities are expected to provide a firm level of service to customers on an extremely cold weather day called the Design Day.
[14] A recurrence interval is defined as the average frequency, in years, in which an actual weather event or HDD level is expected to exceed that of the design level one time. An alternate statement would be that there is a 20% probability that the specified peak day HDD value would be exceeded in any given year.

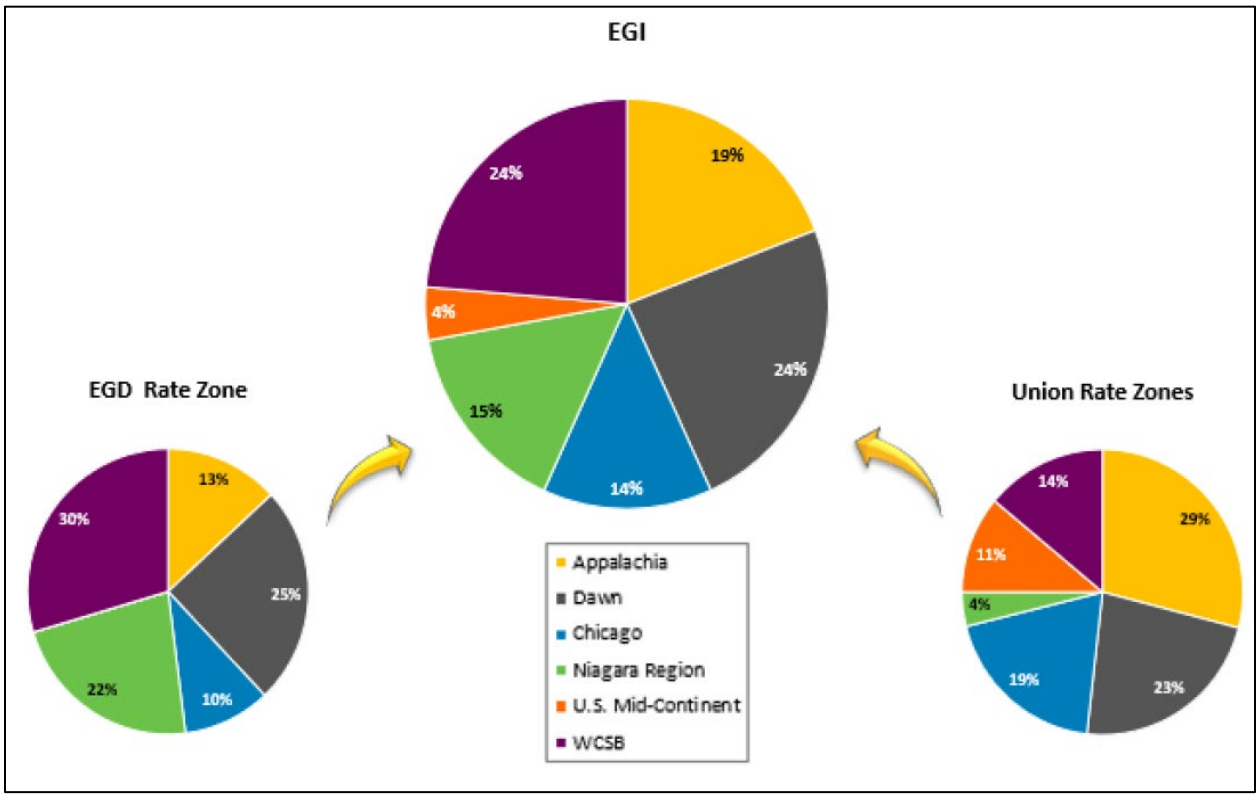


*Figure 4: 2023/2024 Enbridge Gas Sources of Supply*

### 2.4.2 Energy Transition Initiatives

As part of its 2024 Annual Update, Enbridge Gas is not proposing changes to its current approach in procuring Renewable Natural Gas (RNG) or Responsibly Sourced Natural Gas (RSG).

Voluntary Renewable Natural Gas Program (VRNG)

Enbridge Gas launched a VRNG program[15] on April 1, 2021. As of October 31, 2023, 3,559 customers had enrolled in the program. As of October 31, 2023, Enbridge Gas had made two purchases of RNG as part of the VRNG program, procuring 3,360 GJ in total, with 2,260 GJ procured in the 2022/2023 gas year.

This program has had lower than forecast enrollment from customers. However, to secure Ontario's access to RNG, Enbridge Gas has proposed to evolve the VRNG

[15] As approved in EB-2020-0066 on September 24, 2020.

program into a low carbon energy program starting in 2025 to be addressed in Phase 2 of Enbridge Gas's Rebasing Application.[16]

Responsibly Sourced Natural Gas

The market for conventional natural gas is evolving to include management of the methane emissions released through the production of natural gas. This is evident through the continued development of RSG certifications.

RSG certifications measure a conventional natural gas producer's conformance to several standards, including methane emissions, while driving continuous improvement in the supply chain. The Equitable Origin EO100, MiQ, and Project Canary's Trustwell certifications are types of certifications used by several producers to label their gas to conform to specific environmental, social and governance (ESG) standards.

Procuring RSG offers Enbridge Gas customers greater transparency into the ESG attributes of their natural gas supply. Enbridge Gas states that it continues to signal to the market that it is interested in procuring RSG with the goal of encouraging more suppliers to implement practices to lower emissions and achieve ESG attribute goals.

Low Carbon Energy Project

The OEB approved a revised Leave to Construct application for the Low Carbon Energy Project with the OEB in the fall of 2020. Construction and commissioning on the hydrogen blending facilities were completed in September 2021, and the plant began blending up to 2% hydrogen by volume on October 1, 2021, for approximately 3,600 customers in Markham, Ontario. From November 2022 through the end of October 2023, the energy equivalent of hydrogen that has been blended into the system and purchased as part of the Gas Supply Plan is 1,661 GJ.

### 2.4.3 Transportation Contracting Changes

To manage risk, Enbridge Gas holds a diverse portfolio of transportation contracts to meet the design day needs of each delivery area.

### 2.4.4 Transportation Portfolio Changes

During 2023, Enbridge Gas made the following portfolio changes:

1. Centra Transmission Holdings Inc. (CTHI)

[16] EB-2024-0111

   a. Effective November 1, 2023, contracted 5.4 $10^3m^3$ (~206 GJ/d) of incremental capacity from Spruce to Sprague and from Rainy River to Fort Francis for a 1-year term.

2. Centra Pipelines Minnesota Inc. (CPMI)

   a. Effective November 1, 2023, contracted 192 mcf/d (~206 GJ/d) of incremental capacity from Sprague to Baudette for a 1-year term.

3. NEXUS Pipeline (NEUXS)

   a. Effective November 1, 2023, contracted 25,000 GJ/d of incremental capacity from Clarington to Kensington for a 2-year term.

   b. Effective November 1, 2024, extended 40,000 GJ/d of existing capacity on NEXUS from Clarington to Kensington for a 2-year term.

4. Great Lakes Gas Transmission (GLGT)

   a. Effective November 1, 2024, renewed 20,000 Dth/d (21,101 GJ/d) of existing capacity from Emerson to St. Clair on GLGT for a 5-year term.

   b. Effective November 1, 2024, renewed 21,101 GJ/d of existing capacity from St. Clair to Dawn on Great Lakes Pipeline Canada Ltd. for a 5-year term.

5. Nova Gas Transmission Limited Pipeline (NGTL)

   a. Effective November 1, 2024, renewed 50,000 GJ/d of existing capacity from Nova Inventory Transfer (NIT) to Empress on NGTL for a 3-year term.

6. TransCanada Pipelines Limited (TCPL)

   a. Effective November 1, 2024, contracted 18,876 GJ/d of incremental capacity from Union Parkway Belt to Enbridge central delivery area (CDA) on TCPL for a 3-year term.

   a. Effective November 1, 2024, reserved 18,876 GJ/d of incremental capacity from Dawn to Parkway on the Dawn Parkway System on behalf of in-franchise customers.

7. Vector Pipeline

   a. Effective November 1, 2024, renewed 65,000 Dth/d (68,578 GJ/d) of existing capacity from Chicago to the US/Canadian border for a 3-year term.

b. Effective November 1, 2024, renewed 68,578 GJ/d of existing capacity from the US/Canadian border to Dawn for a 3-year term.

c. Effective November 1, 2024, contracted 84,404 GJ/d of incremental capacity from Dawn-Vector to St. Clair for a 3-year term.

8. St. Clair Pipelines

a. Bluewater River Crossing - Effective November 1, 2024, renewed 127,000 GJ/d of existing capacity with St. Clair Pipelines connecting the Bluewater Gas system in Michigan to the Enbridge Gas system near Sarnia for a 1-year term.

b. St. Clair River Crossing - Effective November 1, 2024, renewed 214,000 GJ/d capacity with St. Clair Pipelines connecting the MichCon/DTE system in Michigan to the Enbridge Gas system near Courtright for a 1-year term.

Centra Transmission Holdings Inc. and Centra Pipelines Minnesota Inc.

The Union MDA can only be served via the CTHI/CPMI system which flows from a point on the TCPL system in Manitoba into Minnesota and then back into Ontario. CTHI and CPMI pipelines have available capacity that can be contracted for 1-year increments by requesting capacity during the annual renewal process.

Enbridge Gas secured peaking services to the Centra MDA and contracted for incremental firm transportation on the CTHI/CPMI system to meet peak demands in the Union MDA. The total annual cost of this incremental transportation is approximately $63,000.

Enbridge Gas stated the benefits of this capacity include:

i. Contract supports Enbridge Gas's objective of structuring a portfolio with a diversity of contract terms and supply basins;
ii. Firm transportation purchase is consistent with the gas supply principle of ensuring secure and reliable gas supply at a reasonable cost; and
iii. Contract provides a fixed-rate toll which provides toll certainty on a portion of Enbridge Gas's upstream transportation portfolio.

Nexus Pipeline

In the summer of 2023, Enbridge Gas extended the 40,000 Dth/d of NEXUS capacity from Clarington to Kensington for an additional two years to October 31, 2026 and also

added 25,000 Dth/d of incremental Clarington to Kensington capacity for a 2-year term starting November 1, 2023.

Enbridge Gas stated the benefits of this capacity include:

i. Supports the acquisition of supply from upstream markets, increasing diversity of contract terms and supply points;
ii. Provides flexibility to access other supply points along the path;
iii. Provides Enbridge Gas with receipt flexibility within the path; and
iv. Landed cost is competitively priced relative to Kensington supply.

Great Lakes Gas Transmission

Enbridge Gas's existing GLGT capacity had an initial term of five years and was set to expire on October 31, 2024. The GLGT tariff contains a provision for contract extension terms prior to the invocation of a Right of First Refusal (ROFR) process. Accordingly, GLGT offered Enbridge Gas a 5-year contract extension at the maximum tariff rate. GLGT capacity into Dawn is currently sold out and if Enbridge Gas were to reduce its contract levels on GLGT, Enbridge Gas stated it would be unlikely to be able to recontract in the foreseeable future. Enbridge Gas accepted the offer and renewed its capacity for a 5-year term beginning November 1, 2024.

Enbridge Gas stated the benefits of this capacity include:

i. Supports the acquisition of supply from upstream markets, maintaining diversity of contract terms and supply basins;
ii. Provides flexibility to access other supply points along the path, including Emerson, Farwell and Crystal Falls;
iii. GLGT renewal provides Enbridge Gas with delivery point flexibility within the path including Michigan storage and Sarnia;
iv. The right to renew this capacity through ROFR is a component of the agreement which ensures secure access to this transportation in the future;
v. Provides Enbridge Gas with both receipt and delivery flexibility within the path, including potential deliveries to the Union SSMDA;
vi. Provides flexibility as the capacity can be segmented and used bidirectionally;
vii. Landed cost of gas flowing to Enbridge Gas along this route is competitively priced; and
viii. Provides potential access to Michigan storage.

Nova Gas Transmission Limited Pipeline

Enbridge Gas has contracts to flow up to 260,000 GJ/d on the TCPL Mainline from Empress for the EGD rate zone until December 31, 2030. Enbridge Gas stated that NGTL capacity is currently sold out and if Enbridge Gas were to reduce its contract levels on NGTL it would be unlikely to be able to recontract in the foreseeable future. Enbridge Gas renewed 50,000 GJ/d for a three-year term. Contracting for a term of three years qualifies for a 5% reduction to the regulated toll.

Enbridge Gas stated the benefits of this capacity include:

i. Contract supports Enbridge Gas's objective of structuring a portfolio with a diversity of contract terms and supply basins;
ii. Firm transportation capacity provides diversity to meet the firm requirements at Empress;
iii. Firm transportation purchase is consistent with the gas supply principle of ensuring secure and reliable gas supply at a reasonable cost;
iv. Term of three years results in a 5% discount to the regulated toll;
v. Facilitates longer-term liquids extraction benefits; and
vi. Landed cost of gas flowing to Empress along this route is competitively priced and has an end date that aligns with the gas year.

TransCanada Pipelines Limited

TCPL held an Existing Capacity Open Season and New Capacity Open Season from May 17 to June 14, 2023, for firm transport and non-renewable firm transportation with various quantities having service dates beginning October and November 1, 2023, and also April and November 1, 2024. Enbridge Gas monitors the availability of firm transportation and available capacity on TCPL has been very limited. Enbridge Gas secured incremental capacity to meet forecasted design day growth in the Enbridge CDA.

Enbridge Gas was awarded 18,876 GJ/d capacity commencing on November 1, 2024 for a three-year term. The 18,876 GJ/d of incremental capacity with renewal rights is necessary to meet growth in the Enbridge CDA.

Enbridge Gas was also awarded 18,876 GJ/d of Dawn to Parkway capacity starting November 1, 2024 to serve in-franchise customers in the EGD Rate Zone. The volume and start date matched the transportation awarded to Enbridge Gas by TCPL from Parkway to the Enbridge CDA.

Enbridge describes the benefits of this capacity as follows:

i. Contract supports Enbridge Gas's objective of structuring a portfolio with a diversity of contract terms and supply basins;
ii. Contract term aligns with the gas year and provides flexibility to adjust committed volumes in future years;
iii. Firm transportation purchase is consistent with the gas supply principle of ensuring secure and reliable gas supply at a reasonable cost; and
iv. Supports the acquisition of supply from upstream markets, maintaining diversity of contract terms and supply basins; and
v. Direct access to Dawn providing flexibility and ability to transact with multiple counterparties from a liquid trading point.

Vector Pipeline

Enbridge Gas's contractual entitlement with Vector for 65,000 Dth/d from Chicago to Dawn was set to expire on October 31, 2024. This contract included renewal rights whereby Enbridge Gas had the option to renew the capacity for an additional three years at the existing negotiated toll of $0.18 US/Dth by providing notice to Vector no later than 12 months prior to the contract expiration.

Enbridge Gas elected to renew capacity on Vector for a term of 3 years beginning November 1, 2024, with further renewal rights beyond the initial extension. As part of this renewal, Enbridge Gas negotiated a toll reduction of $0.02 US/Dth/d. The resulting toll of $0.16 US/Dth/d is the same or lower than the toll paid by Enbridge Gas for all of its other contracts on Vector.

To reduce Enbridge Gas's reliance on third-party deliveries to support Sarnia Industrial Line (SIL) design day demand, Enbridge Gas contracted for 84,404 GJ/d of firm Vector Canada backhaul from Dawn-Vector to St. Clair. The capacity is considered to be backhaul because it flows counter to the direction gas has typically flowed on the Vector system. The toll associated with this capacity is $0.023 CAD/GJ/d and represents the lowest cost alternative for meeting SIL design day requirements.

Enbridge Gas stated the benefits of the Vector capacity renewal include:

i. Contract supports Enbridge Gas's objective of structuring a portfolio with a diversity of contract terms and supply basins;
ii. Firm transportation purchase is consistent with the gas supply principle of ensuring secure and reliable gas supply at a reasonable cost;
iii. Landed cost of gas flowing from Chicago and Dawn along this route is competitively priced and has an end date that aligns with the gas year;

iv. Provides a fixed-rate toll which provides toll certainty on a portion of Enbridge Gas's upstream transportation portfolio;
v. Vector renewal supports the acquisition of supply from upstream markets, maintaining diversity of contract terms and supply basins;
vi. Vector renewal provides flexibility to access multiple supply sources at Joliet and other points along the path;
vii. Vector renewal provides Enbridge Gas with delivery point flexibility within the path including Michigan storage and Sarnia; and,
viii. Vector renewal provides flexibility as the capacity can be segmented and used bi-directionally.

Enbridge Gas stated the benefits of the Vector backhaul capacity include:

i. Firm transportation purchase is consistent with the gas supply principle of ensuring secure and reliable gas supply to support SIL design day at a reasonable cost;
ii. Term of 3 years results in a discount to the maximum regulated toll; and
iii. The right to renew this capacity is a component of the agreement which ensures secure access to this transportation in the future;

St. Clair Pipelines - Bluewater River Crossing

Enbridge Gas renewed 127,000 GJ/d of existing capacity with St. Clair Pipelines connecting the Bluewater Gas system in Michigan to the Enbridge Gas system near Sarnia for a 1-year term. The Bluewater River Crossing capacity provides access to Michigan storage provider, Bluewater Gas Storage, competition for storage services in the Great Lakes region, and security of supply for Enbridge Gas customers. The Bluewater River Crossing contract enables an important back-up supply option for the Sarnia market but is not relied upon in the design of the Sarnia Industrial Line.

Enbridge Gas stated the benefits of this capacity include:

i. Firm transportation purchase is consistent with the gas supply principle of ensuring secure and reliable access to gas supply and storage services at a reasonable cost;
ii. Provides fixed-rate tolls which provide toll certainty on a portion of Enbridge Gas's transportation portfolio;
iii. Transportation capacity from St. Clair Pipelines are flexible options because they are purchased for at term of 1-year and has renewal rights; and
iv. Transportation capacity on this path provides access to Michigan pipeline and storage systems, increasing competition and optionality.

St. Clair Pipelines - St. Clair River Crossing

The St. Clair River Crossing provides access to the MichCon/DTE system, providing access to MichCon supply and storage and increasing competition for storage services in the Great Lakes region. Volumes transported into Canada via the St. Clair River Crossing can be directed to the SIL at Courtright and benefit the Sarnia market.

Enbridge Gas stated the benefits of this capacity include:

i. Firm transportation purchase is consistent with the gas supply principle of ensuring secure and reliable gas supply at a reasonable cost;
ii. Provides fixed-rate tolls which provide toll certainty on a portion of Enbridge Gas's transportation portfolio;
iii. Transportation capacity from St. Clair Pipelines is a flexible option because capacity can be contracted a term of 1-year with annual renewal rights; and
iv. Transportation capacity on this path provides access to Michigan pipeline and storage systems, increasing competition and optionality.

### 2.4.5 Storage Portfolio

Storage provides a cost-effective, reliable and secure alternative to purchasing commodity when required. Storage provides operational flexibility allowing Enbridge Gas to fill storage during the low consumption months (and when gas supply prices are usually lower) and withdraw during the winter to meet the design day storage withdrawal requirements.

In accordance with the Natural Gas Electricity Interface Review Decision, the amount of cost-based storage reserved for legacy EGD rate zone customers is 99.4 PJ and 100 PJ for legacy Union Gas customers.[17]

In addition to the cost-based storage available to customers in the EGD rate zone, Enbridge Gas holds 13 service agreements for 26.0 PJ of storage capacity at market-based rates. Every year Enbridge Gas conducts analysis to determine its storage requirements. Based on the results of the analysis, a blind Request for Proposal (RFP) process is undertaken to replace expiring storage service agreements or add incremental storage capacity.

OEB staff notes that in the Decision on Settlement Proposal in Phase 2, the OEB accepted the settlement proposal, where among other items, Enbridge Gas is to

[17] EB-2005-0551, Decision with Reasons, November 7, 2006.

manage the reduction from the current 26 PJ of market-based storage to 18 PJ by not renewing contracts as they expire.[18]

### 2.4.6 Unutilized Capacity

Enbridge Gas does not plan for any unutilized capacity for the EGD rate zone on its TCPL long-haul transportation.

In the Union North rate zones, the upstream transportation portfolio is sized to meet design day demand. Accordingly, there is planned unutilized capacity in the Union North rate zones. If weather is colder than normal and/or annual consumption is greater than forecast, Enbridge Gas will use this capacity to meet incremental supply requirements.

For the Union South rate zone, Enbridge Gas plans for upstream pipeline capacity to flow at 100% utilization each day of the year. When demand is less than upstream supply, the excess supply is injected into storage, and when demand is greater than upstream supply, natural gas is withdrawn from storage and transported to Union South in-franchise customers. Consequently, there is also no planned unutilized capacity in Union South.

Table 3 illustrates the total planned unutilized capacity by rate zone.

*Table 3: Planned Unutilized Capacity*

| Line No. | Particulars (PJ) | 2023/24 (a) | 2024/25 (b) | 2025/26 (c) | 2026/27 (d) | 2027/28 (e) |
|---|---|---|---|---|---|---|
| 1 | EGD | - | - | - | - | - |
| 2 | North West | 10.4 | 11.0 | 13.2 | 9.9 | 12.4 |
| 3 | North East | 8.3 | 7.0 | 4.6 | 8.1 | 5.6 |
| 4 | South | - | - | - | - | - |
| 5 | Total Planned Unutilized Capacity | 18.7 | 18.0 | 17.8 | 18.0 | 18.0 |

[18] EB-2024-0111, Decision on Settlement Proposal and Interim Rate Order, November 29, 2024, p. 6 & Schedule A, p. 23

## 2.5 Supply Options Analysis

When evaluating alternatives for portfolio decisions, Enbridge Gas balances its supply planning principles of reliability, flexibility, diversity, and cost-effectiveness. Balancing these factors in evaluating gas supply options allows Enbridge Gas to meet the OEB's guiding principles for assessment of the gas supply plan.

Some of the features of a supply option's reliability that Enbridge Gas may consider include: supply liquidity, nomination performance, delivery performance, transportation distance, service quality, system connectivity; and the level of third-party services (e.g. peaking and delivered services) held within the portfolio. Some elements of flexibility that Enbridge Gas may consider in its evaluation may include contracting lead time, transportation contract term, supply contract term, availability of third-party services, number of nomination windows, and renewal rights. When evaluating a supply option's impact on diversity, Enbridge Gas assesses the ability to provide transportation capacity through multiple paths.

Factors that impact reliability include supply liquidity, nomination performance, delivery performance, distance of haul, gate station connectivity and the level of third-party services. Enbridge Gas also considered flexibility and diversity of supply to ensure the required level of supply security to customers. Some elements of flexibility that Enbridge Gas considers include contracting lead time, transportation contract term, supply contract term, availability of third-party services, number of nomination windows and renewal rights.

Enbridge Gas's evaluation of the costs of a potential supply option is mainly a quantitative exercise. If the option is intended to meet average day needs, the landed costs ($ per GJ/day) are evaluated. If the option is intended to meet design day needs, annual costs ($/GJ/year) are calculated.

In the event there are no viable alternatives to serve a delivery area, or if disclosing sensitive information will impact the market, Enbridge Gas will not publicly file the analysis.

## 2.6 Gas Supply Plan Execution

Enbridge Gas states that it executes the GSP, balancing reliability, diversity and flexibility, while achieving a cost-effective solution for ratepayers. The execution of the plan is monitored at a granular level to ensure flexibility is maintained to account for shifts in demand or changing market conditions. Long-term, annual, and seasonal supply arrangements are contracted prior to entering a season. These are contracted to a level that still allows for flexibility through prompt month and shorter-term purchases to

manage changes in demand due to weather, demand patterns, market conditions or other factors.

To manage risk, Enbridge Gas procures supply regularly throughout the year from creditworthy counterparties at multiple trading points using a layered approach with consideration to diversity of delivery term and supplier.

## 2.7 Three-Year Historical Review

### 2.7.1 Heating Degree Days

The following table provides variance analysis for the previous three years forecasted heating degree days (HDD) versus actual.

*Table 4: Actual vs Plan Heating Degree Day*

| Line No. | Particulars (HDD) | 2020/21 | | | 2021/22 | | | 2022/23 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Actual (a) | Plan (b) | Variance (c) | Actual (d) | Plan (e) | Variance (f) | Actual (g) | Plan (h) | Variance (i) |
| 1 | EGD Central | 3,277 | 3,645 | (10%) | 3,607 | 3,634 | (1%) | 3,265 | 3,566 | (8%) |
| 2 | EGD Eastern | 3,917 | 4,373 | (10%) | 4,428 | 4,343 | 2% | 3,895 | 4,299 | (9%) |
| 3 | EGD Niagara | 3,087 | 3,429 | (10%) | 3,408 | 3,419 | 0% | 3,121 | 3,398 | (8%) |
| 4 | Union North West | 4,650 | 4,964 | (6%) | 5,383 | 4,950 | 9% | 4,900 | 4,877 | 0% |
| 5 | Union North East | 4,349 | 4,964 | (12%) | 4,821 | 4,950 | (3%) | 4,395 | 4,877 | (10%) |
| 6 | Union South | 3,399 | 3,772 | (10%) | 3,744 | 3,757 | 0% | 3,409 | 3,704 | (8%) |

In 2022/23, HDDs were lower than budget due to warmer than expected temperatures in all weather zones except for Union North West, which was close to budget.

### 2.7.2 Annual Demand

The purpose of Table 5 is to provide a brief review of the prior three years, comparing the demand forecast underlying each gas supply plan to the actual throughput volume for each respective time period. Actual volumes have not been normalized for weather variances.

*Table 5: Actual vs Plan Annual Demand*

| Line No. | Particulars (TJ) | 2020/21 Actual | 2020/21 5-Year Plan | 2020/21 Annual Update | 2020/21 Variance to 5-Yr | 2020/21 Variance to Update | 2021/22 Actual | 2021/22 5-Year Plan | 2021/22 Annual Update | 2021/22 Variance to 5-Yr | 2021/22 Variance to Update | 2022/23 Actual | 2022/23 5-Year Plan | 2022/23 Annual Update | 2022/23 Variance to 5-Yr | 2022/23 Variance to Update |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) | (k) | (l) | (m) | (n) | (o) |
| | EGD | | | | | | | | | | | | | | | |
| 1 | General Service | 358,982 | 384,233 | 388,193 | (25,251) | (29,211) | 385,135 | 384,182 | 381,835 | 953 | 3,300 | 359,231 | 384,703 | 386,703 | (25,472) | (27,472) |
| 2 | Contract | 71,594 | 73,227 | 70,625 | (1,633) | 969 | 77,313 | 72,789 | 70,000 | 4,524 | 7,313 | 78,922 | 72,353 | 73,456 | 6,569 | 5,466 |
| 3 | Total EGD | 430,576 | 457,460 | 458,819 | (26,884) | (28,243) | 462,448 | 456,971 | 451,835 | 5,477 | 10,613 | 438,153 | 457,056 | 460,159 | (18,903) | (22,006) |
| | Union North West | | | | | | | | | | | | | | | |
| 4 | General Service | 12,943 | 13,886 | 14,335 | (943) | (1,392) | 14,344 | 13,814 | 14,579 | 530 | (235) | 13,097 | 13,742 | 14,133 | (645) | (1,036) |
| 5 | Contract | 3,250 | 1,330 | 1,636 | 1,920 | 1,614 | 3,376 | 1,372 | 1,441 | 2,004 | 1,935 | 2,500 | 1,363 | 1,579 | 1,137 | 921 |
| 6 | Total Union North West | 16,193 | 15,216 | 15,971 | 977 | 222 | 17,720 | 15,185 | 16,020 | 2,535 | 1,700 | 15,597 | 15,105 | 15,713 | 492 | (116) |
| | Union North East | | | | | | | | | | | | | | | |
| 7 | General Service | 35,057 | 35,967 | 38,290 | (910) | (3,233) | 36,903 | 35,765 | 39,107 | 1,138 | (2,204) | 35,007 | 35,558 | 38,816 | (551) | (3,809) |
| 8 | Contract | 4,355 | 3,683 | 3,763 | 672 | 592 | 4,399 | 3,955 | 3,554 | 444 | 845 | 4,343 | 5,198 | 3,911 | (855) | 432 |
| 9 | Total Union North East | 39,412 | 39,650 | 42,053 | (238) | (2,641) | 41,302 | 39,720 | 42,660 | 1,582 | (1,358) | 39,350 | 40,756 | 42,727 | (1,406) | (3,377) |
| | Union South | | | | | | | | | | | | | | | |
| 10 | General Service | 159,712 | 163,321 | 175,431 | (3,609) | (15,719) | 172,079 | 162,482 | 173,820 | 9,597 | (1,741) | 159,526 | 161,632 | 168,743 | (2,106) | (9,217) |
| 11 | Contract | 56,972 | 51,720 | 54,127 | 5,252 | 2,845 | 59,121 | 52,144 | 55,729 | 6,977 | 3,392 | 58,480 | 52,436 | 58,439 | 6,044 | 41 |
| 12 | Total Union South | 216,684 | 215,041 | 229,558 | 1,643 | (12,874) | 231,200 | 214,626 | 229,549 | 16,574 | 1,651 | 218,006 | 214,068 | 227,182 | 3,938 | (9,176) |
| 13 | Total Demand Forecast | 702,865 | 727,367 | 746,401 | (24,502) | (43,536) | 752,670 | 726,502 | 740,065 | 26,168 | 12,605 | 711,106 | 726,985 | 745,780 | (15,879) | (34,674) |

In 2022/23, there was a decline in actual annual demand compared to both the 5-Year Gas Supply Plan and the Annual Update was driven by warmer weather experienced in the general service market.

### 2.7.3 Commodity Portfolio

The purpose of Table 6 is to provide a brief review of the prior three years, comparing the supply forecast underlying each gas supply plan to the actual supply procured for each respective time period.

*Table 6: Actual vs. Planned Sources of Supply*

| Line No. | Particulars (TJ) | 2020/21 Actual (a) | 2020/21 Plan (b) | 2020/21 Variance (c) | 2021/22 Actual (d) | 2021/22 Plan (e) | 2021/22 Variance (f) | 2022/23 Actual (g) | 2022/23 Plan (h) | 2022/23 Variance (i) |
|---|---|---|---|---|---|---|---|---|---|---|
| | EGD | | | | | | | | | |
| 1 | Appalachia | 40,393 | 43,117 | (2,725) | 41,452 | 43,151 | (1,699) | 40,018 | 43,140 | (3,122) |
| 2 | Chicago | 25,892 | 25,194 | 698 | 25,742 | 32,980 | (7,238) | 21,943 | 32,963 | (11,020) |
| 3 | Niagara Region | 72,989 | 73,355 | (366) | 73,070 | 73,341 | (271) | 73,095 | 73,194 | (99) |
| 4 | Dawn | 86,802 | 101,670 | (14,868) | 110,825 | 86,748 | 24,077 | 85,489 | 91,943 | (6,454) |
| 5 | Peaking/Seasonal | - | 82 | (82) | - | 23 | (23) | - | 41 | (41) |
| 6 | WCSB | 89,780 | 90,562 | (781) | 94,680 | 92,580 | 2,100 | 94,447 | 95,653 | (1,206) |
| 7 | Total EGD | 315,856 | 333,980 | (18,124) | 345,769 | 328,823 | 16,946 | 314,992 | 336,934 | (21,942) |
| | Union North West | | | | | | | | | |
| 8 | WCSB | 19,294 | 15,485 | 2,980 | 19,811 | 11,851 | 7,960 | 21,533 | 11,467 | 10,066 |
| 9 | Ontario/Dawn | 137 | | 137 | | | - | - | | - |
| 10 | Total North West | 19,431 | 15,485 | 3,117 | 19,811 | 11,851 | 7,960 | 21,533 | 11,467 | 10,066 |
| | Union North East | | | | | | | | | |
| 11 | Appalachia | 18,040 | 19,255 | (1,214) | 18,612 | 19,254 | (642) | 19,015 | 19,255 | (240) |
| 12 | Dawn | 12,010 | 7,915 | 143 | 13,374 | 11,432 | 1,942 | 11,577 | 12,068 | (491) |
| 13 | WCSB | 1,483 | 1,364 | 118 | 1,590 | 1,493 | 97 | 2,940 | 2,700 | 240 |
| 14 | Total North East | 31,533 | 28,534 | (953) | 33,577 | 32,180 | 1,397 | 33,532 | 34,024 | (492) |
| | Union South | | | | | | | | | |
| 15 | Appalachia | 36,630 | 38,510 | (1,879) | 33,008 | 38,510 | (5,501) | 33,644 | 38,510 | (4,866) |
| 16 | Chicago | 26,194 | 30,807 | (4,613) | 32,747 | 38,509 | (5,763) | 30,926 | 38,509 | (7,583) |
| 17 | Niagara Region | 7,316 | 7,702 | (386) | 8,873 | 7,702 | 1,171 | 7,702 | 7,702 | 0 |
| 18 | Dawn | 31,396 | 43,992 | (12,596) | 36,195 | 34,799 | 1,396 | 28,306 | 30,991 | (2,685) |
| 19 | U.S. Mid-Continent | 21,938 | 21,950 | (12) | 21,246 | 21,950 | (704) | 17,255 | 21,950 | (4,695) |
| 20 | WCSB | 8,791 | 8,797 | (5) | 8,765 | 8,797 | (32) | 8,806 | 8,797 | 9 |
| 21 | Total South | 132,266 | 151,758 | (19,492) | 140,834 | 150,267 | (9,433) | 126,640 | 146,459 | (19,820) |
| 22 | Total Supply | 499,086 | 529,757 | (35,452) | 539,990 | 523,121 | 16,870 | 496,697 | 528,884 | (32,188) |

Note:
(1) Ontario Production is included as part of the Dawn number in the Union South total.

In 2022/23, warmer than normal weather decreased demand and gas supply deliveries relative to budget.

### 2.7.4 Unutilized Capacity

The following table provides a summary of the prior three gas supply plan variances between actual versus planned unutilized capacity.

*Table 7: Actual vs. Planned Unutilized Capacity*

| Line No. | Particulars (PJ) | 2020/21 Actual | 2020/21 Plan | 2020/21 Variance | 2021/22 Actual | 2021/22 Plan | 2021/22 Variance | 2022/23 Actual[1] | 2022/23 Plan | 2022/23 Variance |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | EGD | - | - | - | | - | - | - | - | - |
| 2 | North West | 6.0 | 9.7 | (3.8) | 6.0 | 13.6 | (7.7) | 4.0 | 13.9 | (6.4) |
| 3 | North East | 3.0 | 5.9 | (3.0) | 1.9 | 1.8 | 0.1 | 4.7 | 2.4 | (3.6) |
| 4 | South | 19.6 | - | 19.6 | 9.5 | - | 9.5 | 18.6 | - | 18.6 |
| 5 | Total unutilized capacity | 28.5 | 15.6 | 13.0 | 17.4 | 15.5 | 1.9 | 27.3 | 16.3 | 8.5 |

Note:
(1) Actual 2022/2023 unutilized capacity volume allocations are preliminary. Final allocations will be filed in the 2023 Non-Commodities Deferral proceeding.

In 2022/23, the actual unutilized capacity incurred was higher than planned primarily due to warmer than normal weather.

## 2.8 Performance Measurements

Enbridge Gas's performance metrics for 2022/23 can be found in Appendix A with a brief explanation of each measure's intent.

Some of the performance metrics for 2022/23 show a change in trend from prior years. These include a change to the percentage of long-term contracts and an increase in instances of failed delivery of supply on upstream transportation pipelines.

The percentage of contracts with remaining terms of greater than 10 years has decreased because few new contracts with terms of greater than 10 years have been added to the portfolio. Enbridge Gas notes a trend in the market where existing pipeline capacity is being contracted for longer terms.

Enbridge Gas was also impacted by 161 days of failed supply deliveries and 15 days where a force majeure event was called by upstream transportation providers. None of these instances impacted deliveries to customers. These instances were outside of Enbridge Gas's control, and Enbridge Gas promptly responded to each instance by evaluating market conditions and replacing supplies where necessary.

# 3 STAKEHOLDER COMMENTS AND OEB STAFF ANALYSIS

At the stakeholder conference, Enbridge Gas provided written or oral responses to the questions and provided further information about the 2024 Annual Update.

During the stakeholder conference, Enbridge Gas committed to providing comments on the GSP Framework and process. On July 10, 2024, Enbridge Gas provided comments on the GSP Framework and process, submitting that the GSP Framework and process are working as intended as it provides a forum for stakeholders to review the GSP and the process promotes regulatory efficiency.

The consultation also provided stakeholders an opportunity to submit written comments. Eight stakeholders[19] submitted written comments. Enbridge Gas was given the opportunity to review stakeholders' written comments and decide whether to: (i) provide written comments in response, and/or (ii) revise its plan and provide a revision statement that outlines any changes, together with the rationale for those changes. Enbridge Gas provided its response to the comments on July 9, 2024, with no changes proposed to its GSP.

## 3.1 Summary of OEB Staff Recommendations on the Gas Supply Plan

OEB staff is of the view that Enbridge Gas provided the required information necessary to evaluate whether the annual update to the GSP meets the OEB's guiding principles. OEB staff believes that the matters addressed in this annual update do not warrant further review of the plan (prior to the filing of the next five-year GSP) or require a hearing before the OEB.

None of the stakeholders raised significant concerns regarding Enbridge Gas's annual update. VECC observed that Enbridge Gas continues to provide an open and transparent natural gas planning system and the results are a reasonable gas supply plan. Energy Probe commented that Enbridge Gas has done an outstanding job supplying natural gas to its customers.

Below is a summary of the key issues raised by stakeholders on Enbridge Gas's 2024 Annual Update and Enbridge Gas's response to these comments. OEB staff's analysis

[19] Consumers Council of Canada (CCC); Environmental Defence (ED); Energy Probe; Federation of Rental-housing Providers of Ontario (FRPO); Pollution Probe; School Energy Coalition (SEC); Three Fires Group and Minogo Corp. (Three Fires & Minogi) and Vulnerable Energy Consumers Coalition (VECC).

does not appear in a separate section but immediately follows stakeholder comments so as to provide better context to the discussion.

### 3.1.1 Transportation Contract Changes

Stakeholders had comments on Enbridge Gas's transportation contract changes.

CCC and SEC had no significant concerns with the contracting changes.

Vector Capacity Renewals

CCC noted that the 2024 Vector Capacity Renewal is forecast to cost approximately $7.5 million more than Dawn supply over the three-year term of the contract. CCC noted that in the OEB's most recent decision on the Vector contract, the OEB found that Enbridge Gas's decision was prudent based on the information at the time the decision was made.[20] CCC is of the view that the 2024 Vector Capacity Renewal is reasonable as it reflects a modest forecast premium to pay for supply diversity.

CCC recommended that Enbridge Gas provide an updated Chicago Natural Gas Price Analysis that highlights changes and provides information regarding the actual prices paid for Chicago supply that is shipped on Vector in the next GSP. CCC submitted that similar comparisons between actual and forecasted premiums for its transportation contracts be provided again for the actual premiums paid for Chicago supply shipped on Vector relative to the forecast premiums for its 2021 Vector contracting decision and the 2024 Vector Capacity Renewal.

Enbridge Gas stated that serving the Sarnia market is a secondary benefit of Vector contracting, despite the current surplus position for the Sarnia market design day and an additional 127 TJ/d of backup supply available. Given this surplus position, CCC argues that Enbridge Gas should describe why Vector contracting should continue if Chicago supply premiums increase relative to Dawn supply in the next GSP review.

VECC recommended continued reporting of pricing differentials to justify any contract renewals on Vector, while acknowledging that Enbridge Gas has provided helpful information about price differences between Chicago and Dawn delivered gas.

In its reply, Enbridge Gas committed to developing additional metrics, for next year's GSP filing, to demonstrate actual costs of contracting decisions as compared to forecast costs. Enbridge Gas reiterated that it does not track detailed information about the

[20] EB-2023-0326, Decision and Order, pp. 9-10

actual premium paid for specific supply versus forecast premiums on a contract level and the 2024 Vector Capacity renewal is effective November 1, 2024, so there will not be sufficient actual data to compare to forecasted premiums. Enbridge Gas, where relevant, will provide information about infrastructure requirements that are potentially avoided or reduced by gas supply decisions, as in the case with third-party gas supply contracts to serve the Sarnia market.

FRPO commented that forward market premiums are impacting the cost of gas even in the shorter-term time frames (i.e., the time frames EGI is currently using to minimize the price exposure in January and February). FRPO submitted that market information (i.e., forward prices) should be included when assessing gas supply decisions.

In Enbridge Gas's reply comment, Enbridge Gas continues to believe that forward pricing is not a proper basis for landed cost analysis to support long-term contracting decisions, which was agreed to by the OEB.[21] Enbridge Gas commented it will investigate and consider such information in connection with future Vector contracting decisions, similar to the 2024 Annual Update by way of a study that evaluated price forecasts for Chicago, including forward market pricing.

Energy Probe believes that Enbridge Gas's contracting decisions are appropriate in the current environment.

OEB Staff Recommendations

OEB staff notes that the OEB found in its decision on the Vector Contract that Enbridge Gas should provide evidence in support of gas supply contracting decisions which includes[22]:

- Relevant, dated and comprehensive documentation of the analysis supporting the contracting decision that is completed prior to entering into any new contracts or extending any existing contracts.
- A quantitative comparison of the net premium forecast in each year over the term of the new or renewed contract, comparing the landed cost of gas from the pipeline receipt point to delivery point, relative to sourcing gas at the same delivery point. This will provide additional information with respect to the forecast premium paid for supply diversity.
- The actual cost of any premium paid for the contract compared to the expected premium over the term of the contract. This hindsight information will provide the

[21] EB-2023-0326, Decision and Order, March 5, 2024, page 13.
[22] EB-2023-0326, Decision and Order, March 5, 2024, page 11.

materiality of the contracting decision, but is not expected to be used in the determination of prudence.

OEB staff agrees with the additional reporting requirements recommended by CCC, to provide actual gas cost for Chicago supply premiums as compared to forecasts, and by FRPO, to provide market forward pricing information at Chicago and Dawn and further evidence quantifying avoided facilities costs in the Sarnia area. This will further provide stakeholders with transparency in how Enbridge Gas makes contracting decisions. Enbridge Gas committed to providing information about the actual cost of contracting decisions to forecast cost, providing information about infrastructure that were potentially avoided or reduced by gas supply decisions and investigating forward market pricing with future Vector contract decisions.

### 3.1.2 IRP Options

ED recommended Enbridge Gas include a 10-year outlook of gas transmission expansion projects in their supply plans, with a focus on how current supply options and decisions affect future transmission needs and proactive steps to keep supply side-alternative options open. They express concern that by not securing alternative gas supply routes now (like from Niagara or Empress), opportunities to avoid Dawn-Parkway expansion might be lost, noting that Enbridge Gas's financial incentives favours capital investment over cost-effective alternatives that would benefit customers.

FRPO submitted that Enbridge Gas should include the addition of facilities benefits when performing analysis on supply options as opportunities could be missed if these options were not considered.

In reply, Enbridge Gas did not agree with providing a 10-year outlook of gas transmission expansion projects in the GSP as Enbridge Gas does not believe it is a gas supply function. Enbridge Gas mentioned that this would be evaluated as an IRP activity.

Enbridge agreed to provide discussions and descriptions of potential facility benefits that could result from gas supply contracting.

OEB Staff Recommendations

OEB staff agrees with Enbridge Gas that a 10-year outlook of gas transmission expansion projects is not required as part of a GSP filing.

Enbridge Gas already files an asset management plan (or asset management plan addendum) on a yearly basis that contains this information, including an assessment of

IRP alternatives, if required, for all identified system needs. The IRP Framework requires Enbridge Gas to conduct IRP assessment to support its infrastructure investment decisions, not gas supply planning decisions, and Enbridge Gas's IRP assessment can be reviewed at the time these infrastructure investment decisions are brought forward for OEB approval (e.g., Leave to Construct applications).

OEB staff further notes that the suggested rationale for requiring this information in the Gas Supply Plan proceeding was that "*we could be losing opportunities to avoid or defer a Dawn-Parkway capacity expansion project if we are not signing contracts today to secure alternative routes.*"[23] However, in the Panhandle Decision, the OEB found that "*changing the approach and timing whereby Enbridge Gas is to complete an IRP assessment and potentially implement an IRP Plan at an earlier date could result in Enbridge Gas incurring costs that may end up being not necessary, or helpful, to address the future needs. The OEB expects Enbridge Gas to strike a prudent balance between proactive analysis, planning, and maintaining the requisite level of flexibility.*"[24]

For these reasons, requiring a 10-year outlook of transmission expansion projects as part of the Gas Supply Plan filing, in OEB staff's view, would provide limited value.

This does not preclude Enbridge Gas from providing a discussion and description of potential facilities benefits that could result from gas supply contracting where that is a relevant consideration related to a new contracting decision (including renewals), and Enbridge Gas has agreed to provide this information. OEB staff agrees with FRPO and Enbridge Gas that this would be of value. This approach provides transparency to the OEB and stakeholders.

### 3.1.3 Demand Forecast

VECC requested that Enbridge Gas revise its demand forecast to more closely match transportation delivery points and geographical areas rather than be based on that used by the legacy utilities. VECC noted Enbridge Gas's demand forecast continues to be reported on the basis of rate zones which, in the case of Union Gas, are somewhat aligned with different gas delivery points. However, the EGD rate zone is still reported on a single combined basis (e.g., Toronto and Ottawa is one demand area). The result is that one is not able to distinguish the demand forecast similarities or differences.

Three Fires & Minogi suggested the GSP should assess and address the ongoing and future impacts of the energy transition, in terms of global policy developments, impacts

[23] Environmental Defence Submission, p.1
[24] EB-2022-0157, Decision and Order, May 14, 2024, 39-40

on gas supply in Ontario, impacts on local communities and impacts versus assumptions in the current five-year plan.

Pollution Probe suggested that the OEB should recognize the importance of the GSP being able to adapt annually to align with energy transition demands.

In its reply, Enbridge Gas said it did not believe the GSP or annual update was the proper forum to review the demand forecasts, as this is determined in rate proceedings (i.e., rebasing cases).

Enbridge Gas disagreed that impacts of energy transition on local communities is a topic appropriate for the gas supply plan review process.

Enbridge Gas agreed that its 5-Year Plan and Annual Updates should include and address information about how the GSP is able to adapt to changes in demand arising from energy transition, which can include a review of actuals compared to forecast.

Enbridge Gas also agreed that its filings should include information about how, if at all, the energy transition is impacting gas supply options.

OEB Staff Recommendations

OEB staff does not agree with VECC that Enbridge Gas should revise its demand forecast to better align with the transportation delivery points. The demand gas forecast has already been approved in the Phase 1 rebasing proceeding, and any changes to the demand gas forecast would have a knock-on effect on rates (i.e., allocations changes). Accordingly, any review of demand forecasts should be conducted in a rate proceeding that reviews the demand gas forecast from a holistic perspective.

OEB staff agrees with stakeholders and Enbridge Gas that the GSP should be able to adapt on an annual basis to changing demands due to energy transition factors and supports Enbridge Gas in filing additional information on how energy transition is impacting gas supply.

OEB staff agrees with Three Fires & Minogi that Enbridge Gas should provide additional analysis in the GSP on global policy development and energy transition impacts to Ontario. This would allow for a broader perspective on how global policies impact forecasted demand and how energy transition impacts Ontario and its gas supply.

In regard to how energy transition impacts local communities, including First Nations, remote communities, and vulnerable energy consumers, OEB staff believes the GSP may not be an optimal forum to address the concerns discussed in Three Fires &

Minogi's comments relating to stranded assets, transitioning to non- and low-emitting energy, and the ability of communities to adopt more energy efficient means of space heating. OEB staff notes that the Indigenous Working Group (IWG) provides a dedicated forum and resources for First Nation groups to address concerns with stranded asset risk and demand-side management (DSM) programs, topics that are specifically identified as areas of focus for the IWG as outlined in the Phase 1 Rebasing Decision on Settlement Proposal.[25] The IWG may be better positioned to examine these issues than the GSP process.

### 3.1.4 Gas Planning and Transportation Delivery

In the stakeholder conference, Enbridge Gas spoke briefly about the potential of combining delivery areas instead of preserving legacy utility areas and considerations that would drive such a decision, including evaluating TCPL's toll-setting.[26] Enbridge Gas also stated that although combining two delivery area in the same vicinity will result in the total demand to be the same, TCPL will still need to change its rate and tolling structure.

VECC believes that the OEB needs to understand the implications of amalgamation on the future of upstream tolling on the TCPL mainline. VECC believes Enbridge should consider reporting on its progress with respect to toll-setting on the TCPL system and how it might impact Ontario ratepayers.

OEB Staff Recommendations

OEB staff recognizes that if Enbridge Gas were to begin combining delivery zones there is potential for impacts on Ontario ratepayers as a result of upstream tolling implications of such a change. At present, delivery areas remain defined by the legacy utilities, so OEB staff does not believe it is necessary for Enbridge Gas to evaluate and report on TCPL's toll-setting at this time. However, if Enbridge Gas does propose to modify its delivery areas in future rates proceeding, OEB staff would expect Enbridge Gas to conduct a full evaluation of ratepayer impacts, including an evaluation of TCPL's toll-setting.

[25] EB-2022-0200, Decision on Settlement Proposal, August 17, 2023, Schedule A, pp. 19-22
[26] Transcript, p. 35

### 3.1.5 Energy Transition (RSG and RNG)

In its 2024 Annual Update, Enbridge Gas provided updates about the voluntary RNG program, RSG and Low Carbon Energy Project. At the stakeholder conference, Enbridge Gas provided further information and clarification on these topics.

In this proceeding, Enbridge Gas stated it is seeking approval in the Phase 2 rebasing proceeding to evolve the residential-focused Voluntary Renewable Natural Gas program (VRNG Program) to the Low Carbon Voluntary Program, which focuses on large volume customers.[27] VECC believes that the redirection of the program from residential customers to larger customers is a logical alternative. VECC submitted that the OEB should take steps to require Enbridge Gas to explore RNG potential in Ontario. VECC suggested, as a start, that Enbridge Gas should be required to update studies of RNG potential (source and sales), which may include examining how premiums associated with the purchase of RNG might be recovered from ratepayers.

VECC and Pollution Probe expressed concern about Enbridge Gas's labelling gas as “sustainable natural gas” or “responsibly sourced gas” (RSG). VECC and Pollution Probe believe these programs are self-regulated, do not have a universal standard, and any standards established are unique to that particular association. While VECC does not oppose these programs as long as ratepayers are not bearing the costs, VECC raised concerns that these programs might confuse customers about genuine GHG-reducing alternatives.

In reply, Enbridge Gas stated that the future plans for expansion of RNG are issues in Phase 2 of the rebasing proceeding.[28] Enbridge suggested that there will be more information included in GSP filings should there be increases of RNG in its GSP.

Enbridge Gas stated that it procures some volumes of gas that are RSG certified but does not pay any premium for such gas. Enbridge Gas responded that it will continue to report on certified gas procurement in future GSP filings, including any further investigations into the requirements, assurances and benefits of certifications. Enbridge Gas is also aware of the new requirements of Bill C-59 and changes to the *Competition Act* and will consider this for future customer communications and promotional activities.

[27] EB-2024-0111
[28] ibid

OEB Staff Recommendations

OEB staff, similar to VECC, does not oppose Enbridge Gas purchasing RSG, provided ratepayers are not bearing an incremental cost.

OEB staff notes that in the Phase 2 rebasing settlement proposal, the Parties agreed that amending the VRNG Program and to procure low-carbon energy is an issue that should be determined by the OEB through a hearing process within the Phase 2 rebasing proceeding.[29]

OEB staff does not believe an update to the studies of RNG potential is required at this time as the RNG issue is currently an issue in the Phase 2 rebasing proceeding.[30] OEB staff expects any Phase 2 rebasing decisions relating to RNG to be appropriately reflected in the next five-year GSP.

### 3.1.6 Supply Option Analysis

FRPO commented that the customer impact analysis provides very little opportunity for differentiation. As seen on the evaluation matrix “Average Cost/customer impact” provided for each option has exactly the same “Average Cost/ Customer Impact” even though the annual costs range from $4M to $32M. FRPO suggested a more holistic cost impact as a result of the choice, including resulting facilities avoided or additional load balancing required, should be considered. This would take into account other factors that are not captured in the current analysis of landed cost impact.

In reply, Enbridge Gas stated that the landed cost analysis includes the detailed information required to compare options. Enbridge Gas added that the customer impacts of any decision will be hard to distinguish on a percentage or bill impact basis, because the relative impacts of different options are very small when the overall gas supply costs are considered.

OEB Staff Recommendations

OEB staff acknowledges that the landed cost analysis provides a quantitative, “apples-to-apples” comparison between the options. OEB staff agrees however with FRPO that Enbridge Gas should also consider providing a more holistic cost impact, including facilities that are avoided and incremental load balancing considerations, as this will provide better transparency of the impacts between options. OEB staff recommends

[29] EB-2024-0111, Settlement Proposal, November 4, 2024, Exhibit N, Tab 1, Sch 1, p 29
[30] EB-2024-0111

that Enbridge Gas consider providing additional detail, such as bill impacts for a typical customer, on a best-efforts basis.

### 3.1.7 Indigenous Consultation

Three Fires & Minogi suggested that Enbridge Gas should have consulted with its First Nations customers to canvass their views and ideas in relation to the Annual Update, and more generally in relation to impacts from energy transition. These parties requested that future Gas Supply Plans and/or Annual Updates include commentary on how First Nation customers are engaged, developments relevant to First Nations, consequences of issues identified by First Nations, and actions been taken to address identified issues or risks. Three Fires & Minogi noted that First Nation communities have concerns about stranded assets, transition to non- and low-emitting energy, and technical or financial capacity to adopt more energy-efficient space heating.

Enbridge Gas replied that, although the duty to consult was not triggered by the Annual Update, interested Indigenous communities can participate in the regulatory process, which is a form of consultation. Enbridge Gas also highlighted that it has established the IWG, which includes representatives from seven Indigenous communities or corporations, including Three Fires & Minogi. Enbridge Gas continues to provide capacity funding to participants of the IWG as set out in the Rebasing Decision on Settlement Proposal.[31] Enbridge Gas states it is committed to discussing and engaging on topics of interest with the IWG, and this includes matters related to energy transition, one of the focus areas set out in the Decision on Settlement Proposal. Enbridge Gas has filed a report with the OEB on the activities of the IWG in its first year and will continue to do so each year.[32]

OEB Staff Recommendations

The GSP review process provides – and should continue to provide – an opportunity for interested First Nations customers to participate. As noted above, in addition to the GSP process, the IWG is designed to address in greater detail the concerns raised by Three Fires & Minogi such as Demand Side Management (DSM) programs for First Nation communities and energy transition topics, such as stranded assets.[33] Having an adjudicative process to review Enbridge Gas's next five-year GSP – as recommended

[31] EB-2022-0200.
[32] EB-2024-0125
[33] EB-2022-0200, Decision on Settlement Proposal, August 17, 2023, Schedule A, pp. 19-22

below – would allow the OEB to consider whether any specific First Nations concerns need to be addressed in subsequent Annual Updates.

### 3.1.8 Performance Metrics

The Gas Supply Framework requires a distributor to develop performance metrics that reflect the criteria the OEB has established to demonstrate how the principles have been achieved and the value proposition for customers.[34] As part of the 2024 Annual Update, Enbridge Gas provided the performance metrics for the first three years of the five-year GSP. Most stakeholders did not raise concerns or make specific suggestions regarding the performance metrics results. Pollution Probe made some general observations and suggestions regarding the metrics.

Pollution Probe noted that most of Enbridge Gas's performance metrics are retrospective. Although retrospective information can provide a record of what was achieved, Pollution Probe argued that without an understanding of what performance means, it is difficult to gauge whether outcomes represent poor or excellent performance. According to Pollution Probe, without a target outcome, it is difficult to determine whether the OEB principles have been achieved or if the results present value for customers. Pollution Probe suggested that there are significant opportunities to enhance the scorecard, add metrics, provide greater context on the desired range of results for each metric, and quantify the tangible benefits related to the outcomes achieved.

Pollution Probe recommended that Enbridge Gas be required to have specific metrics, targets and actuals reporting related to metrics, including IRP, for Cost Effectiveness, Reliability and security of supply and Public Policy in alignment with OEB requirements. Pollution Probe suggested holding a separate stakeholder consultation to create a new Gas Supply Scorecard that meets the requirements outlined above.

One area where Pollution Probe made a specific recommendation was public policy. Pollution Probe claims the public policy area of the Scorecard is under-represented and less developed than the other two guiding principles (i.e., cost-effectiveness and reliability and security of supply). Pollution Probe recommended that the Scorecard needs additional meaningful metrics and targets if public policies are met. Pollution Probe suggested three new metrics.

- Specific municipal access to RNG;

[34] *ibid*, p.11

- GHG emissions reductions due to RNG procurement; and,
- Number of infrastructure projects deferred or avoided due to supply-side IRP alternatives.

In its reply, Enbridge Gas submitted that there is no need for the suggested stakeholder consultation on performance metrics. Enbridge Gas believes the current scorecard meets the OEB's expectations for performance metrics, as set out in GSP Framework. There is no requirement in the Framework for the performance metrics to include targets. Enbridge Gas noted that no party, other than Pollution Probe, raised any concerns about the current Scorecard.

OEB Staff Recommendations

Pollution Probe was the only stakeholder that provided comments on Performance Metrics. OEB staff notes that Pollution Probe requested similar new metrics in the 2022 GSP proceeding.

OEB staff notes that in its report on the 2022 GSP OEB staff agreed that "for the 2023 Annual Update, it would be appropriate to consider adding target results for some of the performance metrics, and whether additional performance metrics are appropriate."[35] However, Enbridge Gas has not yet provided any targets on its Performance Scorecard. OEB staff continues to support the need for Enbridge Gas to establish targets for some of the performance metrics, such as percentage of RNG in the portfolio and emissions abated through the procurement of RNG and hydrogen ($tCO_2e$).

OEB staff does not agree with Pollution Probe that a separate stakeholder consultation is required. OEB staff does recommend that the 2025 five-year GSP is the appropriate forum for Enbridge Gas and stakeholders to establish performance metrics.

## 3.2 Summary of OEB Staff Recommendations on the Framework and Process

### 3.2.1 Comments on Process

FRPO and SEC suggested that Enbridge Gas's next five-year GSP should go through a formal hearing process with interrogatories and be adjudicated by a panel of Commissioners. Once that initial five-year approval is granted, SEC suggested that subsequent annual updates could then continue through the consultative process.

[35] EB-2022-0072, OEB Staff Report, September 7, 2022, p. 42

SEC stated that it is concerned with the appropriateness of the principal assessment of gas supply costs taking place through a consultative process and not a formal hearing. The issue with the OEB's consultative review process is that the evidence and the reasonableness of decision-making and costs are not tested properly. While the OEB does allow written questions, which are answered by Enbridge Gas through a stakeholder meeting, it is not the same as a full interrogatory process.

In Enbridge Gas's reply, Enbridge Gas reiterated that the Framework process is working well and as intended and disagrees with a mandatory adjudicative process. Enbridge Gas noted that over the six years of providing the GSP and annual updates, there has only been one instance where the OEB found it necessary to adjudicate a single issue. Enbridge Gas believes the Framework sets an appropriate balance, where the GSP is first reviewed through a consultative process and, if necessary, an adjudicative process is provided. The current consultative process is a more efficient process compared to a formal adjudication process.

ED stated that the current stakeholder meeting format is inefficient (requiring full days to get answers that could be reviewed in hours through normal interrogatories) and ineffective (producing less clear records and limiting the ability to fully explore contentious issues). Pollution Probe also recommended undertaking response deadlines.

Enbridge Gas did not agree with the recommendation for written responses in advance of the stakeholder conference and an undertaking response process. These additional steps, in Enbridge Gas's view, removed the efficiency of the current process by adding a second stage of discovery.

VECC concurred with Enbridge Gas that the process is constructive and works reasonably well. VECC's observation is that at the finalization of the amalgamation process (i.e. completion of cost of service[36] and rate harmonization[37]), the GSP process may need to be revisited.

Pollution Probe recommended an adjudicative review of the annual GSP consultation for better structure and transparency, reduce "gaming" of the process, by refusing to provide important information, and responsive to questions and requests for pertinent information.

[36] Phase 1 Rebasing, EB-2022-0200, which is completed.
[37] To be part of Phase 3 Rebasing not yet in progress.

Enbridge Gas took issue with Pollution Probe's criticism of "gaming" the process. Enbridge Gas noted that several stakeholders in their comments said that Enbridge Gas was helpful and provided comprehensive responses to written questions.

Enbridge Gas submitted that if substantial changes to the Framework are considered, the OEB should have a formal process to amend the Framework. This would allow all interested parties to have an opportunity to respond to the proposed amendments.

OEB Staff Recommendations

OEB staff notes that Enbridge Gas's contracting terms start around November 1 annually and the five-year GSP and annual updates are filed the preceding March 1 annually. The annual updates are rolling five-year plans, however, the GSP framework requires a five-year GSP to be filed every five years to allow for a robust review of the plan.

With the conclusion of the 2024 annual update to the GSP, the initial five-year GSP has ended. OEB staff expects Enbridge Gas to file its next five-year GSP on March 1, 2025, for the 2025-2029 period.

OEB staff recommends that the five-year GSP that commences a new cycle be adjudicated, commencing with the 2025-2029 period, and annual updates be held as consultations for years two through five. This option balances thorough evidence testing with process efficiency. By adjudicating the first year of the GSP through a panel, the approach provides a comprehensive initial review that informs OEB staff-led consultation for the annual updates. It also ensures that a rigorous prudence review is conducted at the outset of the five-year plan which better facilitates the flow through of the cost consequences in Enbridge Gas's Quarterly Rate Adjustment Mechanism (QRAM) or other rates proceedings. While more resource-intensive for Enbridge Gas and stakeholders in the first year, it would occur only once every five years. This approach could result in the subsequent annual updates focusing on specific changes while maintaining the flexibility to address discrete items through hearings when necessary.

This method optimizes resources by concentrating the full review in the first year, while creating a framework for more streamlined oversight in later years which are staff-led consultations.

OEB staff recommends that once the five-year GSP has been adjudicated, any learnings be incorporated into an update to the GSP framework.

# APPENDIX A: PERFORMANCE SCORECARD

## 2022/23 PERFORMANCE METRICS Enbridge Gas Inc.

| OEB Guiding Principle | Performance Category | Intent of Measure | Measure | 2020/21 Results | 2021/22 Results | 2022/23 Results | 3-Year Average[1] |
|---|---|---|---|---|---|---|---|
| **COST EFFECTIVENESS** | | | | | | | |
| The gas supply plans will be cost-effective. Cost-effectiveness is achieved by appropriately balancing the principles and in executing the supply plan in an economically efficient manner. | Policies and Procedures | Demonstrates EGI's consideration of timely pricing information and the utility's ability to transact according to internal policies for managing counterparty risk | Procurement plan reviewed and approved as outlined in the policy | C | C | C | n/a |
| | | | Transacting counterparties have met appropriate credit requirements | C | C | C | n/a |
| | Weather Variance[2] | Illustrates weather risk in EGI's Plan correlated with price variances (e.g. positive HDD variances tend to lead to higher prices) | HDD Variance - EGD CDA | (10%) | (1%) | (8%) | (6%) |
| | | | HDD Variance - EGD EDA | (10%) | 2% | (9%) | (6%) |
| | | | HDD Variance - EGD Niagara | (10%) | 0% | (8%) | (6%) |
| | | | HDD Variance - Union North West | (6%) | 9% | 0% | 1% |
| | | | HDD Variance - Union North East | (12%) | (3%) | (10%) | (8%) |
| | | | HDD Variance - Union South | (10%) | 0% | (8%) | (6%) |
| | Price Effectiveness<br><br>2022-2023 | Demonstrates the diversity of supply terms within EGI's procurement plan through a layered approach to contracting | Distribution of procurement supply terms: | | | | |
| | | | Less than one month | 2% | 5% | 1% | 3% |
| | | | Monthly | 24% | 18% | 25% | 22% |
| | | | Seasonal | 37% | 59% | 41% | 46% |
| | | | Annual or longer | 37% | 18% | 33% | 29% |
| | | Illustrates price stability and consistency in EGI's Plan | Reference Price[3] | Please see EB-2022-0072, Appendix I, page 5. | Please see EB-2023-0072, Appendix H, page 3. | Please see page 3. | N/A |
| **RELIABILITY AND SECURITY OF SUPPLY** | | | | | | | |
| The gas supply plans will ensure the reliable and secure supply of gas. Reliability and security of supply is achieved by ensuring gas supply to various receipt points to meet planned peak day and seasonal gas delivery requirements. | Design Day | Demonstrates the extent to which EGI is able to procure assets required to meet design day demand, indicating the reliability of the plan | Acquired assets to meet design day requirements, as identified by the plan | 100% | 100% | 100% | 100% |
| | Storage | Demonstrates EGI's execution of its storage inventory strategy | Percentage of actual storage target at November 1 compared to the plan | 96% | 100% | 96% | 97% |
| | | | Percentage of actual storage target at February 28 compared to the plan | 83% | 100% | 100% | 94% |
| | | | Percentage of actual storage target at March 31 compared to the plan | 100% | 100% | 100% | 100% |
| | Communication | Ensure ongoing communication and understanding between planning and operations teams | Meet once a month at a minimum to discuss inventory position relative to targets and what action is required | C | C | C | C |
| | | | Instances when QRAM expected bill impacts exceed +/- 25% | 3 | 3 | 1 | 2 |
| | | | Communicated to ratepayers when bill impacts exceed +25% | C | C | C | C |
| | Diversity | | Supply basin diversity | | | | |
| | | | Ontario/Dawn | 29% | 26% | 25% | 27% |
| | | | WCSB | 25% | 21% | 26% | 24% |
| | | | Appalachia | 17% | 20% | 19% | 19% |
| | | | Niagara Region | 16% | 18% | 16% | 17% |
| | | | Chicago | 9% | 10% | 11% | 10% |
| | | | U.S. Mid-Continent | 4% | 3% | 4% | 4% |
| | | | Percentage of contracts with remaining terms of: | | | | |
| | | | 1-5 years | 43% | 56% | 43% | 47% |
| | | | 6-10 years | 32% | 33% | 52% | 39% |
| | | | > 10 years | 25% | 12% | 5% | 14% |
| | | | Total number of unique counterparties | 56 | 55 | 55 | 55 |
| | | | Total number of firm receipt points | 22 | 25 | 25 | 24 |

| OEB Guiding Principle | Performance Category | Intent of Measure | Measure | 2020/21 Results | 2021/22 Results | 2022/23 Results | 3-Year Average[1] |
|---|---|---|---|---|---|---|---|
| | Reliability | Reports EGI's experience with pipeline and supply disruptions demonstrating the reliability of the portfolio | Number of days of force majeure on upstream pipelines that reduced capacity | 0 | 14 | 15 | 10 |
| | | | Number of days of force majeure on upstream pipelines impacting customers' security of supply | 0 | 0 | 0 | 0 |
| | | | Number of days of failed delivery of supply (including force majeure) | 82 | 113 | 161 | 119 |
| | | | Number of days of failed delivery of supply impacting customers security of supply | 0 | 0 | 0 | 0 |
| | | | Number of days of force majeure on storage assets | 0 | 0 | 0 | 0 |
| **PUBLIC POLICY** | | | | | | | |
| The gas supply plan will be developed to ensure that it supports and is aligned with public policy where appropriate. | Supporting Policy | Reports public policy considered in EGI's Plan | Community expansion addressed in the plan | C | C | C | n/a |
| | | | DSM savings addressed in the plan | C | C | C | n/a |
| | | | Federal Carbon Pricing Program addressed in the Plan | C | C | C | n/a |
| | | | Percentage of RNG in the portfolio | 0% | 0% | 0% | 0% |
| | | | Emissions abated through procurement of RNG and hydrogen ($tCO_2e$)[4] | 0 | 117 | 196 | 104 |
| | | | Percentage of RSG in the portfolio | 0 | 0.4% | 5.8% | 2.1% |
| | | | OEB-approved supply-side IRP alternatives implemented in the Plan | 0 | 0 | 0 | 0 |

Notes:

C - Compliant, NI - Needs Improvement

1 - 3-year rolling average for benchmarking purposes

2 - Positive variance indicates colder than planned weather. Negative variance indicates warmer than planned weather.

3 - As filed in QRAM proceeding

4 - Environment and Climate Change Change Canada. (2022, April 14). 2022 National Inventory Report 1990-2020: Greenhouse Gas Sources and Sinks in Canada. Part 2. Table A6.1-1 and Table A6.1-3. https://unfccc.int/documents/461919

# APPENDIX B: SUMMARY OF OEB STAFF RECOMMENDATIONS

### Transportation Contract Changes

As part of its next five-year GSP, Enbridge Gas should provide:

- Actual gas cost for Chicago supply premiums as compared to forecasts;
- Market forward pricing information at Chicago and Dawn; and
- Further evidence quantifying avoided facilities costs in the Sarnia area.

### IRP Options

- Enbridge Gas should not be required to provide a 10-year outlook of gas transmission expansion projects as part of a GSP filing. However, Enbridge Gas should provide, where applicable, discussion and descriptions of potential facilities benefits that could result from gas supply contracting.

### Demand Forecast

- Changes to the demand forecasts be evaluated in a rate proceeding, and Enbridge Gas should revise its demand forecast to better align with the transportation delivery points and geographical areas rather than legacy utility areas.
- The GSP should be able to adapt on an annual basis to changing demand due to energy transition factors and Enbridge Gas should file any additional information on how energy transition is impacting gas supply.
- Enbridge Gas should provide additional analysis in the GSP on global policy development and energy transition impacts to Ontario.

### Gas Planning and Transportation Delivery

- If Enbridge Gas proposes to modify its delivery areas in the future, a full evaluation of ratepayer impacts, including TCPL's toll-setting, should be conducted.

### Energy Transition (RSG and RNG)

- Enbridge Gas should not be required to update the studies of RNG potential. However, any Phase 2 rebasing decisions relating to RNG should be appropriately reflected in the next five-year GSP.

### Supply Option Analysis

- In its next five-year GSP, Enbridge Gas should provide a more holistic cost impact, including facilities that are avoided and incremental load balancing considerations.
- Enbridge Gas should consider providing additional detail, such as bill impacts for a typical customer, on a best-efforts basis.

### Indigenous Consultation

- The GSP review process should continue to provide an opportunity for interested First Nations to participate. Adjudicating the next five-year GSP would allow the OEB to consider whether any specific First Nations concerns need to be addressed in subsequent Annual Updates.

### Performance Metrics

- Enbridge Gas should establish targets for some performance metrics, such as the percentage of RNG in the portfolio and emissions abated through the procurement of RNG and hydrogen (tCO2e).
- The 2025 five-year GSP should establish performance metrics. A separate consultation is not required for a new scorecard.

### GSP Framework and Process

- OEB staff recommends that the five-year GSP that commences a new cycle be adjudicated by a panel of Commissioners, commencing with the 2025-2029 period, and annual updates be held as consultations for years two through five.