

IRP Subgroup Work on Economic Evaluation of IRP Alternatives

IRP Working Group Meeting #7

July 5, 2022

Background

- Enbridge Gas accepted a recommendation from expert (Guidehouse) that parties should work to complete a Benefit Cost Analysis Handbook or supplemental guide that would be used as a key input for economic evaluations.
- OEB decision indicates that:
 - “The DCF+ test could be improved to better identify and define the costs and benefits of Facility Alternatives and IRPAs, and clarify how these costs and benefits should be considered within the DCF+ test.”
- Enbridge Gas is directed to study improvements and file an enhanced DCF+ test for approval as part of the first non-pilot IRP Plan.
 - “Enbridge Gas is encouraged to consult with the IRP Technical Working Group and to use the IRP pilot projects as a testing ground for an enhanced DCF+ test.”

Proposed approach for consideration

Step 1

(Complete)

Report by Guidehouse
Preliminary analysis and
recommendations by
Chris Neme

Step 2

Subgroup drafts written
report on considerations for
Enhanced DCF+ Test and
Guide

- Should address points raised in Guidehouse report, Chris Neme presentation, IRP decision, and any new issues identified by members

Report endorsed by broader
Working Group and provided
to Enbridge

Step 3

Enbridge drafts DCF+ Guide,
having regard to Working
Group comments,
Guidehouse
recommendations, learnings
from pilots, etc., and returns
to Working Group as needed
for input. Working Group
provided with an opportunity
for review of draft Guide
before filing.

Considerations regarding subgroup work

- Subgroup would do bulk of work on this topic and bring draft report to full WG for comments and approval
 - Roles of OEB staff and WG members in drafting TBD, may involve significant analysis/writing in between meetings
- Enbridge WG members would participate in subgroup discussions and add perspective, but not sign off on report
- Timing – what is a reasonable goal for the time to develop this report, and how does it align with Enbridge’s plans to use within the context of OEB applications?

Key Topics For Report

1. (Foundational) Should the test compare different options (facility, IRPA(s)) to “do nothing” or should it compare IRPA(s) to baseline facility?
2. (Foundational) How many stages are there, what are the definitions of the purpose of each stage, and should the stages be added together?
3. What categories of costs/benefits should be included, and at what stage(s)?
4. How to qualify/quantify specific benefits that are to be included?
 - Key areas for items 3 and 4 include carbon, NEBs, hedge value, gas supply costs, discount rate, etc.
5. What additional information would be helpful in the Guide for the Enhanced DCF+ test?