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February 28, 2025

OEB Staff Report to the Ontario Energy Board

Review of EPCOR Natural Gas Limited Partnership's new 2024-2028 Aylmer Natural Gas Supply Plan and 2024 Annual Update for Southern Bruce (2023-2025)

EB-2024-0139

TABLE OF CONTENTS

1	INTRODUCTION AND SUMMARY	1
1.1	BACKGROUND	2
1.2	THE PROCESS	4
2	SUMMARY OF NATURAL GAS SUPPLY PLANS	5
2.1	OVERVIEW	5
2.2	EPCOR AYLMER GAS SUPPLY PLAN	5
2.2.1	DEMAND FORECAST	6
2.2.2	SUPPLY OPTIONS	7
2.2.3	GAS SUPPLY PLAN RECOMMENDATIONS	8
2.2.4	GAS SUPPLY PLAN EXECUTION AND RISK MITIGATION	8
2.2.5	PUBLIC POLICY OBJECTIVES.....	9
2.2.6	PERFORMANCE METRICS.....	11
2.3	EPCOR SOUTHERN BRUCE GAS SUPPLY PLAN	11
2.3.1	CONNECTION AND DEMAND FORECAST	12
2.3.2	CURRENT PORTFOLIO	17
2.3.3	UPDATED GAS SUPPLY PLAN OUTLOOK.....	19
2.3.4	GAS SUPPLY PLAN EXECUTION	20
2.3.5	HISTORICAL REVIEW.....	20
2.3.6	PUBLIC POLICY	21
2.3.7	PERFORMANCE METRICS.....	23
3	STAKEHOLDER COMMENTS AND OEB STAFF ANALYSIS	24
3.1	TIMING AND SCOPE.....	25
3.2	RENEWABLE NATURAL GAS (RNG)	26
3.3	DEMAND SIDE MANAGEMENT	27
3.4	INTEGRATED RESOURCE PLANNING	28
3.5	PUBLIC POLICY	29
3.6	COMPRESSED NATURAL GAS (CNG) - SOUTHERN BRUCE	29
3.7	GAS SUPPLY FRAMEWORK AND PROCESS	31
	APPENDIX A: EPCOR AYLMER PERFORMANCE SCORECARD	33
	APPENDIX B: EPCOR SOUTHERN BRUCE PERFORMANCE SCORECARD	35
	APPENDIX C: SUMMARY OF OEB STAFF RECOMMENDATIONS	38

1 INTRODUCTION AND SUMMARY

On June 13, 2024, the Ontario Energy Board (OEB) initiated a consultation to review EPCOR Natural Gas Limited Partnership's (EPCOR) Aylmer five-year natural gas supply plan (GSP) and annual update to its three-year GSP for Southern Bruce 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

EPCOR filed its new five-year (2024-2028) GSP for its Aylmer service territory (Aylmer GSP) and annual update to its Southern Bruce service territory GSP on May 31, 2024 (2024 Update) (together, 2024 GSPs).

EPCOR Aylmer's previous five-year GSP was filed as part of its 2019 cost of service application covering the years 2019-2024.²

EPCOR Southern Bruce's three-year 2023-2025 GSP was reviewed as part of its 2023 GSP review.³ This will be its first annual update to its Southern Bruce GSP.

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

- EPCOR's 2024 GSPs provide 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.
- EPCOR's 2024 GSPs include a description of how the framework criteria have been met.
- EPCOR's 2024 GSPs successfully balance the three OEB guiding principles in a way that is prudent and delivers value to customers.

Pollution Probe was the only stakeholder that participated in this consultation. In its comments, Pollution Probe did not identify major issues with the 2024 GSPs. Pollution

¹ EB-2017-0129, October 25, 2018.

² EB-2018-0336

³ EB-2023-0111

Probe's comments focused on: (a) the timing and scope of the 2024 GSPs; (b) Renewable Natural Gas (RNG); (c) Demand Side Management (DSM); (d) Integrated Resource Planning (IRP); and (e) the OEB's Gas Supply Framework.

OEB staff is generally satisfied with the 2024 GSPs and the information provided therein. OEB staff considered the comments of Pollution Probe and the reply of EPCOR in formulating its recommendations to the OEB. While OEB staff proposes additional considerations be included in future GSPs, OEB staff does not propose any further review of the 2024 GSPs and recommends that the process end with the filing of this report.

In terms of process, Pollution Probe commented that the GSPs should be adjudicated annually. OEB staff notes that Enbridge Gas Inc.'s (Enbridge Gas) next five-year GSP will be adjudicated and updates to the GSP framework may follow. OEB staff recommends that EPCOR participate in Enbridge Gas's next five-year GSP to provide input into the GSP framework.

1.1 Background

The Gas Supply Framework sets out the OEB's approach for the assessment of the rate-regulated natural gas distributors' (distributors) gas supply plans. It identified 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 in 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 will 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.
- **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.

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

1.2 The Process

On May 31, 2024, EPCOR filed its 2024 GSPs pursuant to the Gas Supply Framework. In the initiation letter dated June 13, 2024, the OEB set up a process to review the 2024 GSPs, including an invitation to participate, written questions by stakeholders and OEB staff, written responses by EPCOR, written comments by stakeholders and a written reply by EPCOR. Following EPCOR's reply, OEB staff were to file its conclusions to the OEB in the form of a report (i.e. the present document). Unless the OEB decides to hold a proceeding to consider any component of the annual updates, the review process concludes with this OEB staff report.

On July 11, 2024, the OEB issued its Decision on Cost Awards Eligibility and Procedural Order, allowing Pollution Probe to participate in the consultation and granting cost eligibility.

Pollution Probe and OEB staff filed questions on July 30, 2024. EPCOR filed its responses on August 15, 2024.

Pollution Probe submitted written comments on August 23, 2024. EPCOR submitted its written reply on September 19, 2024. EPCOR did not propose any changes to its 2024 GSPs arising from the questions and written comments.

All material related to this consultation is available on the [OEB's website](#).

2 SUMMARY OF NATURAL GAS SUPPLY PLANS

2.1 Overview

EPCOR is an Ontario limited partnership and is a subsidiary of EPCOR Utilities Inc., which is a utility company based in Edmonton, Alberta. EPCOR Utilities Inc. manages water, wastewater, natural gas and electricity distribution systems in Canada and the United States. EPCOR was formed pursuant to a limited partnership agreement which provides that EPCOR Ontario Utilities Inc., as general partner, will manage the day-to-day operations of EPCOR. EPCOR operates separate business units, one for the Aylmer area and the other for the Southern Bruce area. The two business units are referred to as EPCOR Aylmer and EPCOR Southern Bruce in this report.

EPCOR Aylmer distributes natural gas in southwestern Ontario. It serves over 10,000 customers in Aylmer and surrounding areas. In November 2017, EPCOR purchased all the distribution assets from the predecessor distributor, Natural Resource Gas Limited (NRG).

EPCOR Southern Bruce provides natural gas service to the area of Southern Bruce. The OEB awarded EPCOR Southern Bruce Certificates of Public Convenience and Necessity for the Southern Bruce Municipalities in a Common Infrastructure Plan (CIP) competitive process.⁵ EPCOR Southern Bruce commenced connecting customers in October 2020. It serves over 4,000 customers in its Southern Bruce service area.

2.2 EPCOR Aylmer Gas Supply Plan

EPCOR filed its second five-year GSP for the Aylmer service area for the 2024-2028 period.

EPCOR Aylmer is a system gas customer of Enbridge Gas and procures gas under Rate M9. EPCOR Aylmer receives a bundled service under Rate M9 which includes natural gas commodity, storage, load balancing and transportation services. EPCOR Aylmer augments the supply from Enbridge Gas with locally produced gas to address system integrity issues in the southeast portion of its service area.

In EPCOR Aylmer's 2019-2024 cost of service proceeding, EPCOR engaged Cornerstone Energy Service (third-party consultant) to produce a system integrity study

⁵ EB-2016-0137/38/39

for the Aylmer service territory. The study determined that procuring local production was the most cost-effective option to address system integrity and low-pressure issues.⁶

EPCOR Aylmer discussed the specific criteria established by the OEB and described how its GSP has met the framework criteria. These criteria are discussed below.

2.2.1 Demand Forecast

To develop a natural gas supply portfolio, EPCOR Aylmer first created a demand forecast. EPCOR Aylmer services three main classes of customers: General Service, Seasonal and Contract customers. These customers fit under six rate classes (R1 through to R6).

The forecasted annual customer service demand for R1 Residential, R1 Commercial, R1 Industrial and R3 rate classes were determined through multivariate regressions. Consumption of the remaining four rate classes (R2 Seasonal, R4, R5 and R6) were not weather-sensitive and did not exhibit sensitivity to the explanatory variables. As total and monthly volumes fluctuate from year-to-year, a five-year rolling average was used to forecast monthly consumption for each of these classes, with the exception of R4 in which a trend analysis is also applied. The table below shows the forecasted annual customer service demand for each customer class.

Table 1: Forecasted Annual Service Demand, by Rate Class

	2023 Actual	2023 Normalized	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
R1 Residential	19,043,524	19,394,143	19,778,416	20,165,775	20,556,215	20,949,733	19,043,524
R1 Industrial	2,654,845	2,579,897	2,686,373	2,795,837	2,908,361	3,024,023	2,654,845
R1 Commercial	5,659,391	6,119,454	6,193,869	6,268,637	6,343,760	6,419,235	5,659,391
R2 Seasonal	869,131	832,281	832,281	832,281	832,281	832,281	869,131
R3	1,389,910	3,943,038	4,518,036	4,495,600	4,475,300	4,456,801	1,389,910
R4	2,227,329	2,023,938	2,334,616	2,408,833	2,485,410	2,564,421	2,227,329
R5	980,160	647,586	647,586	647,586	647,586	647,586	980,160
R6	65,345,852	65,345,852	65,345,852	65,345,852	65,345,852	65,345,852	65,345,852
Total	98,170,143	100,886,188	102,337,027	102,960,400	103,594,765	104,239,931	98,170,143

The total customer count was forecasted by applying the geometric mean annual growth rate from 2012 to 2023 to the 2023 average customer count.

⁶ EB-2018-0336, Exhibit 2, Tab 3, Schedule 2.

Table 2: Forecast of Customer Connections

	2023 Actual	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
R1 Residential	9,318	9,448	9,578	9,708	9,838	9,968
R1 Industrial	79	80	81	83	84	86
R1 Commercial	580	585	590	595	600	605
R2 Seasonal	51	50	50	50	50	50
R3	4	5	5	5	5	5
R4	43	45	46	48	49	51
R5	4	4	4	4	4	4
R6	1	1	1	1	1	1
Total	10,080	10,218	10,355	10,494	10,631	10,770

2.2.2 Supply Options

EPCOR Aylmer receives the majority of its commodity under Enbridge Gas's bundled M9 rate. The balance of EPCOR's Aylmer commodity requirements are sourced from local producers.

Table 3: Supply Sources- Forecast and Historical

Supply Source Breakdown-Forecast (% of annual supply volume)					
	Enbridge	Production A & B	Production C	Production D	Total
2028	57.0%	1.5%	32.1%	9.4%	100%
2027	56.0%	1.8%	32.6%	9.5%	100%
2026	55.0%	2.1%	33.2%	9.7%	100%
2025	60.1%	2.7%	27.7%	9.5%	100%
2024	67.2%	2.8%	25.7%	3.8%	100%

Supply Source Breakdown-Historical (% of annual supply volume)					
	Enbridge	Production A & B	Production C	Production D	Total
2023	67.2%	2.8%	25.7%	4%	100%
2022	70.3%	2.6%	27.1%	0%	100%
2021	67.5%	2.7%	29.8%	0%	100%
2020	67.3%	3.3%	29.4%	0%	100%
2019	95.4%	4.2%	0.5%	0%	100%

Transportation

EPCOR Aylmer evaluates its contract demand requirements with Enbridge Gas on an annual basis and will balance the need to maximize its usage and minimize overrun charges under this contract.

No changes were proposed to Enbridge Gas's contract demand for SA1550 (for system gas customers) and SA25050 (for direct purchase customers). EPCOR plans to increase the contract demand with the Lagasco Lakeview contract (Production C) in 2024 and 2025 to meet expected system gas peak day requirements. EPCOR also plans to increase the contract demand with the Enbridge Gas contract in 2025 onwards to meet additional system gas peak day requirements.

Long Term Contracts

EPCOR expects to increase the contract demand with Lagasco Lakeview and Enbridge Gas over the next five years to meet expected increase in peak day consumption.

2.2.3 Gas Supply Plan Recommendations

Given its limited size and resources, EPCOR Aylmer recommended the continuation of its strategy of contracting with Enbridge Gas under the M9 rate and procuring supplies from local producers.

2.2.4 Gas Supply Plan Execution and Risk Mitigation

Each year, EPCOR Aylmer evaluates its current demand, its forecasted growth and direct purchase demand, and takes into consideration the amount of local production it is purchasing on both a firm and interruptible basis when establishing its contract demand with Enbridge Gas.

EPCOR Aylmer has established a monthly review process with its System Gas and Direct Purchase Customers under Rates 3 and 5 to ensure provisions are in place for these customers to not exceed the established firm contract demand. This will ensure the customers consume within the established firm contract demand in the same manner that EPCOR Aylmer operates within the limits set by Enbridge Gas.

EPCOR identified a risk in its 2024 Aylmer GSP Update that the M9 Rate will not be offered by Enbridge Gas in the future. Enbridge Gas, in its 2024 Rebasing application,⁷ proposed to switch M9 customers to the proposed Rate E62. At the time of response,

⁷ EB-2022-0200

Enbridge Gas had not implemented the E62 rate.⁸ EPCOR has reviewed the differences between the two rates, M9 and the proposed E62, and found the annual financial impact to a typical residential customer is expected to be immaterial.⁹

2.2.5 Public Policy Objectives

Renewable Natural Gas

EPCOR stated that it supported the development of an RNG market that would facilitate the inclusion of RNG in its gas supply portfolio. EPCOR Aylmer referred to the importance of Greenhouse Gas (GHG) abatement across the province, as well as the role that EPCOR Aylmer plays in supporting the achievement of GHG emission reduction targets. In the summer of 2023, EPCOR Aylmer started receiving RNG into its distribution system. EPCOR Aylmer purchases RNG as another source of local natural gas supply but does not take ownership of the environmental attributes generated from the production of the RNG.

EPCOR noted that this arrangement allows for the development of RNG production in Ontario, as well as provides EPCOR Aylmer with a learning opportunity on how to transact and procure RNG without cost impacts to ratepayers, relative to the purchase of Enbridge Gas supply.

EPCOR noted that one of the key learnings to date is that RNG projects tend to have relatively steady production volumes throughout the year, which presents a challenge to EPCOR Aylmer's system operations during the summer period when consumption is low.

Demand Side Management (DSM)

EPCOR stated that it is not currently ready to submit a DSM proposal for its Aylmer area (nor for its Southern Bruce area). This is largely attributable to the transitional state of the DSM framework for natural gas customers in Ontario, specifically, the Enbridge Gas DSM supplemental application to be filed in 2024.¹⁰

EPCOR's application noted its position that a collaborative, consistent program offering would be of best interest to its customers and the most effective way to deliver this

⁸ EPCOR response to questions, August 15, 2024, Aylmer, Staff 3

⁹ Ibid

¹⁰ Enbridge Gas's DSM Plan application was subsequently filed on November 29, 2024 (EB-2024-0198). The DSM Plan covers the time period from 2026 to 2030.

would be through a shared arrangement with a larger provider, such as Enbridge Gas or the IESO.

In EPCOR's response to questions in this proceeding, EPCOR stated that in 2021 it reached out to six vendors to develop a DSM program.¹¹ Upon receiving responses (four of six vendors responded back) and further evaluation of internal resources, EPCOR concluded that it would not proceed with a pilot DSM program due to bill impacts and immaterial greenhouse gas reduction. EPCOR further determined that a pilot would only target a small subset of customers, yet all customers may need to subsidize this subset. EPCOR subsequently engaged with Enbridge Gas and the IESO in 2023 and 2024, respectively. EPCOR stated that neither Enbridge Gas nor the IESO were in a position to assist.

EPCOR further referenced Enbridge Gas's intent to bring forward a new DSM plan (to be filed in 2024, with program delivery beginning in 2026) and stated that Enbridge Gas has indicated that it would make sense to layer an EPCOR DSM program at that time. EPCOR believes that being partnered with an Enbridge Gas led DSM program would align with policy objectives and benefit EPCOR's customers.

Community Expansion

EPCOR stated that it has been actively working to bring natural gas to unserved communities. A number of customers have requested service and EPCOR Aylmer has pro-actively responded to those requests and included them as part of its 2024 demand forecast.

Federal Carbon Pricing Program

EPCOR continues to file annual applications for Federal Carbon Pricing Program (FCPP) rates and recoverable costs, effective April 1 of each year, most recently in EPCOR's 2025 FCPP proceeding.¹²

Minister of Energy Letter of Direction

On November 27, 2023, the Minister of Energy provided a letter of direction to the Chair of the OEB, which among other things, addressed the benefits and expectations of collaboration between natural gas and electricity distributors and operators in order to provide customers a consistent view and experience, both for residential and nonresidential offerings through a one-window approach. In response, EPCOR has

¹¹ EPCOR response to questions, August 15, 2024, Aylmer, Staff 5.

¹² EB-2024-0237

engaged with both Enbridge Gas and the IESO to explore opportunities for collaboration and opportunities to leverage this one-window framework into DSM offerings for customers in the future. However, EPCOR stated that there are no direct impacts from the Minister's letter on its GSP filing.

Integrated Resource Planning

EPCOR noted the 2024 GSP Update does not include potential impacts of future IRP projects. This is consistent with the OEB Staff Report for the review of the 2023 Annual Update.¹³

Canada Greener Homes Grant

In 2023, grant funding through the Canada Greener Homes Grant is being offered across the country to all eligible Canadians through the Home Efficiency Rebate Plus in Ontario. As of March 2024, the Canada Greener Homes Grant is no longer accepting new applications. EPCOR stated that it continues to monitor and assess the potential impact of the Canada Greener Homes Grant on future customer consumption and conversion decisions.

2.2.6 Performance Metrics

EPCOR developed a performance scorecard for the Aylmer service area in order to measure the effectiveness of the GSP.

In EPCOR's 2023 GSP consultation, OEB staff recommended that EPCOR provide a more comprehensive list of major policy changes that would impact EPCOR's GSP both in the long and short term. EPCOR stated it had added a comprehensive list of major policy changes with Aylmer's 2024 GSP.

Details of the scorecard are included in Appendix A.

2.3 EPCOR Southern Bruce Gas Supply Plan

EPCOR filed its second three-year GSP for the Southern Bruce service area for the 2023-2025 period in its 2023 GSP consultation.¹⁴ This is the first annual update to its three-year GSP.

EPCOR Southern Bruce is a relatively new operation with little historical data; therefore, supply planning is done with limited historical data and consumption profiles based on

¹³ EB-2023-0111, OEB Staff Report to the OEB, November 11, 2023.

¹⁴ EB-2023-0111

customers' gas usage in their first few years of service. As a result, there continues to be a considerable focus on how the plan can be flexible in cost effectively providing reliable supply to Southern Bruce customers in cases when actual demand deviates from the forecasted demand profile used for planning purposes.

EPCOR Southern Bruce's 2024 annual update includes the addition of compressed natural gas (CNG) supply to support system integrity in the southern end of the system.

2.3.1 Connection and Demand Forecast

EPCOR Southern Bruce is served from a single meter interconnect by Enbridge Gas at the Dornoch station. EPCOR Southern Bruce serves two main classes of customers: general service and contract customers. Contract customers procure their own natural gas supply and storage assets to manage fluctuations in demand. Therefore, the consumption of contract customers is not included in the demand forecast.

Direct purchase arrangements have not been taken into consideration in the 2023-2025 GSP for general service customers as direct purchase options are not currently offered. On September 1, 2020, EPCOR received a three-year exemption pursuant to subsection 44(6) of the *Ontario Energy Board Act, 1998* (OEB Act) and Rule 1.5.1 of the Gas Distribution Access Rule (GDAR) exempting EPCOR from compliance with Rules 3 and 4 of GDAR¹⁵ in relation to the offering of direct purchase programs. In February 2023, EPCOR filed a request to defer the offering of a direct purchase program to July 31, 2025, which was granted on May 25, 2023.¹⁶

Residential customers account for 75% of EPCOR Southern Bruce's general service demand profile and commercial customers account for 16%. Seasonal agricultural customers account for the remaining 9% of general service demand. Seasonal agricultural customers use natural gas for production purposes, and as such, their natural gas usage is expected to vary year-on-year depending on crop yield, making it more challenging to forecast demand due to a lack of historical data.

In February 2022, EPCOR received conditional approval for Municipal Franchise Agreements with each of the Municipality of Brockton, the Municipality of West Grey, and the Township of Chatsworth, and Amendments to the Certificates of Public Convenience and Necessity for each of the Municipality of Brockton, the Municipality of West Grey, and the Township of Chatsworth.¹⁷ On June 29, 2023, EPCOR filed a Leave

¹⁵ EB-2020-0068

¹⁶ EB-2020-0068, Decision and Order, May 25, 2023

¹⁷ EB-2021-0269

to Construct application for the Brockton Community Expansion Project.¹⁸ The 2023-2025 GSP does not consider the demand associated with the Brockton Community Expansion Project as EPCOR has not received leave to construct approval. On December 22, 2023, EPCOR withdrew its application for Leave to Construct the Brockton Community Expansion Project, citing procurement issues due to procedural delays and redesign due to increased demand.¹⁹

Customer Connection Forecast

EPCOR observed that the pace of customer additions on the Southern Bruce system has been relatively consistent in the past three years (2021 to 2023). Based on the current number of customer connection applications, EPCOR is expected to see a slower pace of customer connection growth in 2024 compared to previous years, with customer connection numbers expected to stay relatively steady from 2025 onwards.

The table below illustrates the changes in the customer connection forecast as presented in each GSP.

Table 4: Year-End Customer Forecast Comparison²⁰

Year	2021 GSP Update				2022 GSP Update				2023 GSP Update				2024 GSP Update			
	Rate 1	Rate 6	Rate 11	Total	Rate 1	Rate 6	Rate 11	Total	Rate 1	Rate 6	Rate 11	Total	Rate 1	Rate 6	Rate 11	Total
2020	179	-	1	180	179	-	1	180	179	-	1	180	179	-	1	180
2021	2,614	40	3	2,657	1847	7	1	1,858	1847	7	1	1,858	1847	7	1	1,858
2022	3,703	56	6	3,765	3,112	21	6	3,139	3,388	21	5	3,414	3,388	21	5	3,414
2023	4,792	71	6	4,869	4,878	34	7	4,919	4,911	27	7	4,945	4,833	32	6	4,871
2024	5,039	91	6	5,136	5,829	34	7	5,870	5,604	32	7	5,643	5,472	53	9	5,534
2025					5,829	34	7	5,870	5,800	36	7	5,843	5,560	55	9	5,624
2026													5,610	55	9	5,674
Actual Customer Connections																

Demand Forecast

As seen in Figure 1, with the exception of November 2023, demand forecast in this update does not deviate significantly from the forecast that was provided in the 2023 3-year Update. The deviation in system gas consumption compared to the forecast in November 2023 was due to higher than anticipated consumption in Rate 11- Large Volume Seasonal Service (i.e. grain dryer).

¹⁸ EB-2022-0246

¹⁹ EB-2022-0246, EPCOR Withdrawal letter, December 22, 2023.

²⁰ OEB staff has modified EPCOR's table to emphasize the actual customer connections for each year.

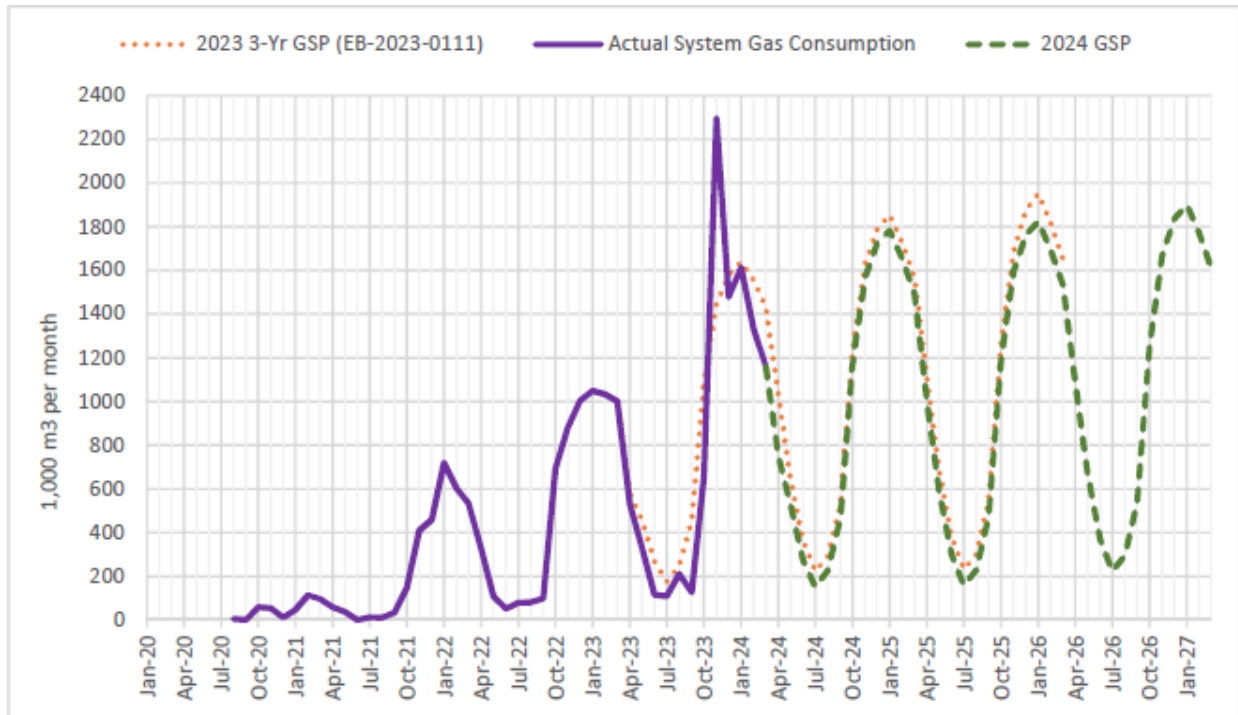


Figure 1: Demand Forecast Comparison

For residential and commercial customers, the annual forecast was further adapted to monthly volumes by applying the monthly percentage of annual CIP-based demand. For large agricultural customers and grain dryers, monthly breakdown was determined through a consultative process, where the annual CIP-based usage was broken down to monthly profiles based on information received by customers on their existing energy needs. The actual and forecasted average day volume per month broken down by each customer type is shown in the figure below.

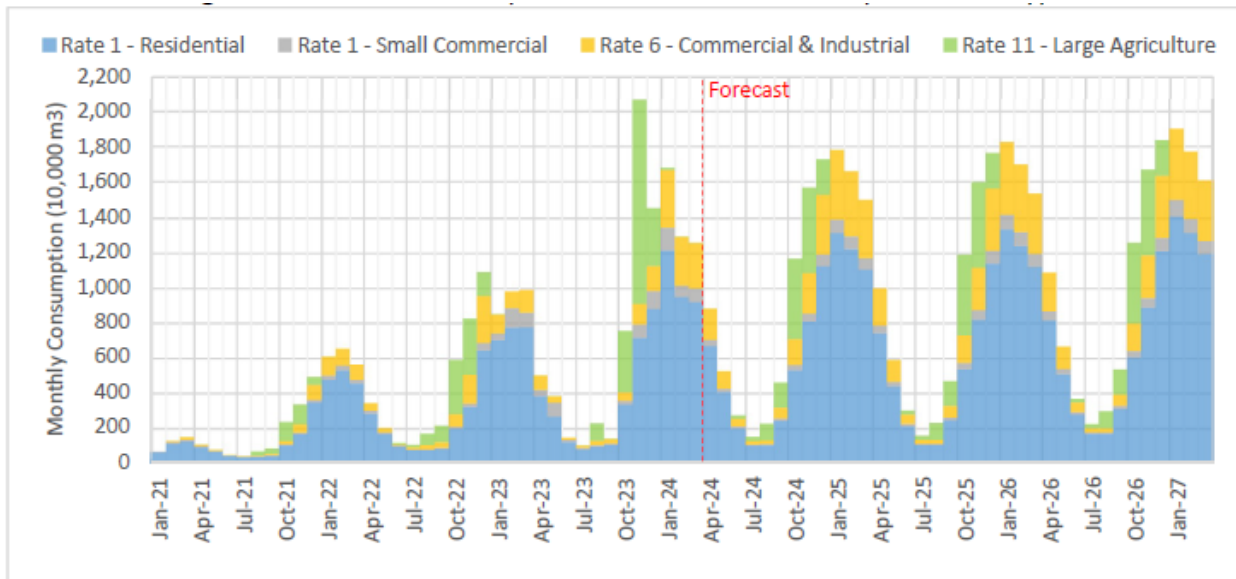


Figure 2: Forecast Monthly General Service Demand, by Customer Type

EPCOR noted that the demand forecast in the 2024 Update does not include potential impacts of future DSM programs.

Design Day Demand

EPCOR stated that it has procured sufficient transportation to meet customer demand within the planning horizon. EPCOR Southern Bruce’s contract demand under the M17 contact is based on the expected capacity required to meet peak day conditions in EPCOR Southern Bruce’s 2028 gas flow. The figure that follows shows the expected average day demand compared against the M17 contract demand, and the portion of that contract demand apportioned to general service customers.

The analysis for Design Day continues to follow the methodology used in the 2023 GSP consultation.

While the design day peak for general service customers is not expected to exceed the M17 capacity reserved for General Service customers in January, there is a risk that if each dryer were to run on the same cold day before December 15th, the general service daily consumption for that day could exceed the capacity allocated to this group of customers.

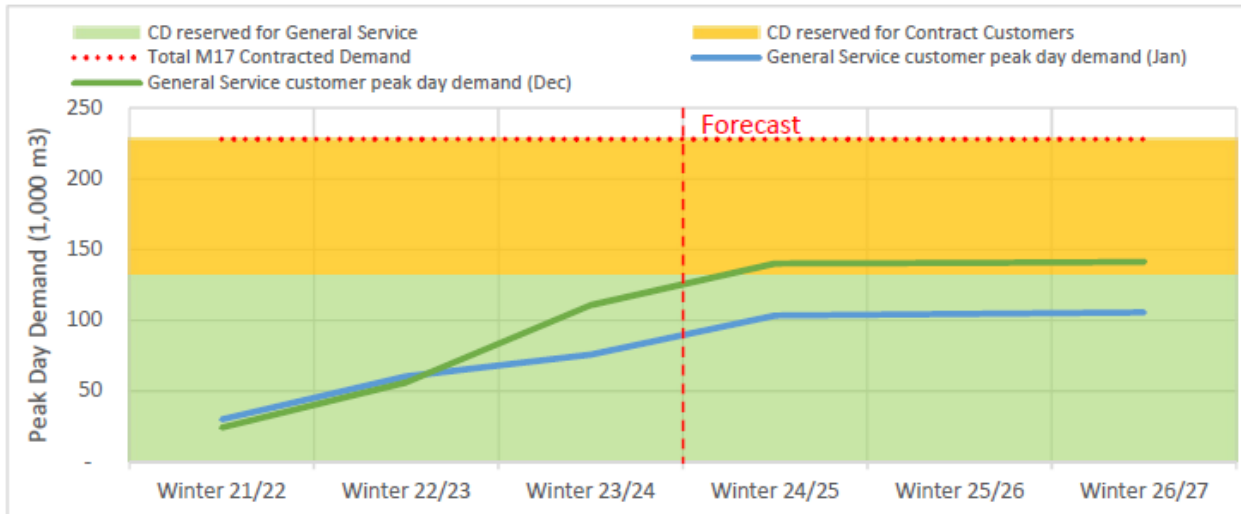


Figure 3: Forecast Average Day Consumption vs M17 Contract Demand

Based on the demand forecast shown above, EPCOR is not expecting to make full use of the contract demand in the three-year planning horizon covered by the 2024 Update (i.e. 2024-2026). By winter 2026/27, January peak day demand for General Service customers is expected to be approximately 79.8% of the contract demand reserved for General Service customers.

EPCOR noted that there is a risk from a contract demand perspective for a General Service Customer peak day in December. For the risk to occur, heating degree days prior to December 16th (i.e. before EPCOR can interrupt grain dryer customer consumption under Rate 11) would need to be near-peak day demand, and all grain dryers on the system would have to be running at full capacity on the same gas day. However, EPCOR stated that this is low risk and it is not cost effective for EPCOR to contract for capacity for a relatively unlikely event.

Low pressure was observed in the 2023-2024 winter season; accordingly, EPCOR updated its modelling with current customer consumption patterns. While the contract demand contracted with Enbridge Gas is expected to be sufficient to meet peak day demand during the drying season, the modelling results indicated that low pressure issues could persist in the southern part of the system. In order to ensure reliability, EPCOR stated that it plans to introduce CNG on a pilot basis for the 2024-2025 winter season. At the time of filing the 2024 GSPs, EPCOR did not have enough information to assess how the introduction of CNG would impact the Supply Plan Update.

In EPCOR's response to OEB staff questions, EPCOR identified that the instances of low pressure in 2023 were caused by: i) higher dryer consumption than anticipated and modelled in CIP and ii) actual customer additions were much higher than anticipated under the CIP for all customer groups (Rate 1, Rate 6, and Rate 11) in the observed

low-pressure area.²¹ Further discussion on CNG is found below in the Transportation Portfolio section.

2.3.2 Current Portfolio

Commodity Portfolio

EPCOR plans to procure all supplies (other than CNG) at the Dawn Hub for Southern Bruce as per its consultant's (ECNG Energy Group) recommendation. EPCOR noted that its demand currently represents less than 0.1% of overall Eastern Canadian market demand. Dawn is expected to be a viable source of supply for EPCOR's base supply and balancing supply requirements for the following reasons:

- Dawn has excellent connectivity to the large and small basins of supply in North America
- The outlook for supply in Appalachia and Western Canadian Sedimentary Basin is stable
- There is excess capacity to Dawn to access these supplies
- EPCOR's demand for supply will have no material impact on the Dawn market overall

Transportation Portfolio

EPCOR's M17 contract with Enbridge Gas is the only transportation asset relevant to Southern Bruce. EPCOR has contracted 227,912 m³ per day of capacity to deliver gas from Dawn to the Dornoch Interconnect, which will meet peak day demand in 2028.

Compressed Natural Gas

In 2023/24 heating season, EPCOR experienced delivery pressure issues in the southern part of its Southern Bruce distribution system during periods of non-coincident peak demands. To alleviate the low pressure going forward, EPCOR expects to procure CNG on a pilot basis. With the consideration of CNG introduced to the Supply Plan, there will likely be additional transportation cost introduced as part of delivering the CNG into the distribution system.

As part of EPCOR's responses to OEB Staff questions, it has considered several other solutions, in addition to CNG, to deal with the low pressures such as: i) adding a

²¹ EPCOR response to questions, August 15, 2024, Southern Bruce, Staff 2.

compressor station, ii) adding a regulating station, iii) creating a system loop and iv) a new connection in the south to back feed the low-pressure system.²² EPCOR stated that solution iv) a new connection in the south to back feed, is the preferred solution.

EPCOR also stated that system gas customers would bear the commodity costs of CNG through the Quarterly Rate Adjustment Mechanism (QRAM) process and all customers would bear the non-commodity cost (i.e. transportation) through the IRM where the Storage & Transportation Variance Account (S&TVA) is disposed of.

Storage Portfolio

EPCOR has a 10-year seasonal storage service contract with Enbridge Gas that provides a maximum storage balance of 100,000 GJ, which includes no firm injections in September and October and no firm withdrawals in April and May. EPCOR has assessed that the 100,000 GJs of seasonal storage in combination with baseload and month-to-month firm supplies is sufficient to meet deliverability required within the planning horizon. The current contracted storage will cover approximately one-third of expected winter demand for the three winters in the GSP planning horizon.

Daily Balancing

The M17 transportation contract includes a provision for daily balancing which is facilitated by a separate M17 Load Balancing Agreements (LBA) contracted service. The M17 LBA enables EPCOR to manage daily mismatches between supply and demand at the Dornoch Interconnection Point and eliminate the accumulated imbalance on the next gas day.

EPCOR also considered the pay-per-use HUB service offered by Enbridge Gas, which can be useful during low interruption risk periods of the year. For HUB injections, the low-risk periods are December through August. For HUB withdrawals the low-risk periods are May through January. EPCOR expects the HUB will likely be used on a short-term basis.

Unutilized Capacity

EPCOR does not expect M17 transportation capacity to be fully utilized and does not have the ability to assign its excess transportation capacity to another party. EPCOR stated that the cost for unutilized transportation capacity will not be fully recovered from ratepayers in the planning period. In EPCOR Southern Bruce's 2019-2028 Custom Incentive Ratemaking application, it was granted approval for a S&TVA. This account

²² EPCOR responses to questions, August, 2024, Southern Bruce, Staff 2

provides EPCOR Southern Bruce the ability to defer the recovery of the cost of the additional capacity EPCOR Southern Bruce was required to contract with Enbridge Gas in order to provide service to its customer base in future years. Accordingly, any under recovery will accrue in the S&TVA.

2.3.3 Updated Gas Supply Plan Outlook

EPCOR Southern Bruce noted that four supply options were considered and modeled in its 2023 three-year GSP to meet the guiding principles of cost-effectiveness and security of supply. EPCOR elected to use Option 4, which uses long-term fixed-price contracts. In the OEB Staff Report for EPCOR’s 2023 GSPs, OEB staff agreed that Option 4 is an appropriate procurement option.²³

One adjustment was made to manage system supply and demand, which deviated from the 2023 three-Year Supply Plan – no annual strip was purchased for April 2023 to March 2024, as EPCOR did not receive feedback from the OEB on EPCOR’s preferred supply option until November 2023 when the Staff Report was issued. An annual strip was procured for the April 2024 to March 2025 period as per the 2023 three-Supply Plan. The figure below shows the updated procurement plan that matches the demand forecast update.

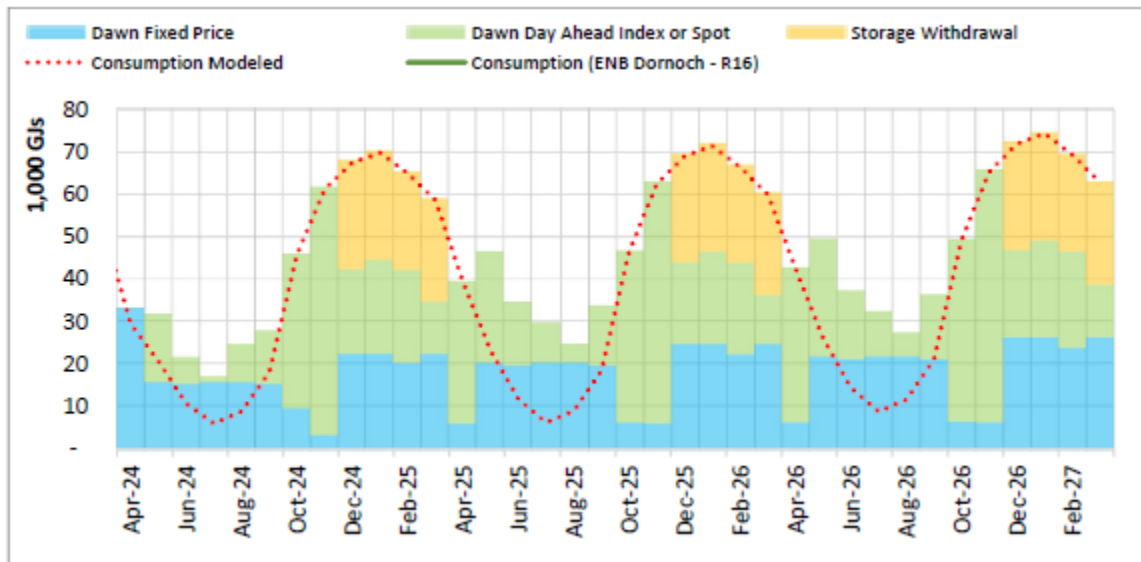


Figure 4: Option 4 (Annual fixed price strip + up to 50% Seasonal Baseload Procurement at Dawn)

²³ EB-2023-0111, OEB Staff Report to the OEB, November 11, 2023.

2.3.4 Gas Supply Plan Execution

EPCOR works with a third party to implement their Supply Plan following principles of cost-effectiveness and reliability while maintaining flexibility.

In November 2023, natural gas consumption significantly exceeded forecasts due to high Rate 11 (i.e. grain dryer) usage, which was addressed through spot gas purchases. Due to the unpredictable nature of grain dryer consumption, no changes were made to the Rate 11 forecast.

EPCOR is planning to use CNG in the 2024/2025 heating season to address potential pressure issues in the southern system.

OEB staff notes in EPCOR Southern Bruce’s January 2025 QRAM application, EPCOR purchased 58,587m³ during the October to December 2024 period.²⁴

In Q1 of each calendar year, EPCOR’s Energy Supply and Procurement Manager works with its consultant to develop a monthly procurement plan for the upcoming planning year (April to March). Prior to the start of each planning year and each season, EPCOR authorizes the procurement of supply to meet forecasted demand and storage requirements, at prices that reasonably track market conditions at the time of procurement.

2.3.5 Historical Review

The following tables compare the planned and actual heating degree days, annual demand, commodity purchases and unutilized transportation capacity during 2023/2024.

Table 8: Actual vs Plan Annual Heating Degree Days

	2023/2024		
	Planned	Actual	Variance
HDD	3,821	3,384	437

Heating degree days were much lower than planned due to warmer than expected temperatures, especially in December 2023, January and February 2024.

²⁴ EB-2024-0338, EPCOR Southern Bruce QRAM for January 1, 2025 Application, p. 13

Table 9: Actual vs Plan Annual Demand

	2023/2024		
	Planned	Actual	Variance
Annual Demand (TJ)	428	390	38

New customer connection is slightly lower than what was modeled in the 2023 three-year Supply Plan. 2023/24 winter weather was warmer than forecasted which also contributed to lower consumption than planned.

Table 10: Actual vs Plan Commodity Purchases

		2023/2024		
		Planned	Actual	Variance
Commodity Purchases (TJ)	Dawn	416	411	5

In the planning year ending March 31, 2024, actual purchases closely matched planned purchases.

Table 11: Actual vs Plan Unutilized Transportation Capacity

Table 5 - Actual vs Plan UDC			
	2023/2024		
	Planned	Actual	Variance
Unutilized M17 Capacity (GJ)	1,581	2,078	497

The actual Unutilized M17 Capacity was 497 GJ higher than planned, as actual peak day demand in 2023 did not reach to the forecasted level.

2.3.6 Public Policy

Community Expansion

EPCOR stated that it is monitoring community expansion plans and energy management plans of communities within the Southern Bruce service territory. EPCOR reviewed the following plans as part of this GSP update:

- Municipality of Kincardine Energy Conservation and Demand Management Plan: 2019-2024²⁵

²⁵ <https://www.kincardine.ca/en/municipal-office/resources/Documents/Kincardine-ECDMP-2019-2024-Final-Draft.pdf>

- Township of Huron-Kinloss – Climate Change and Energy Plan (2020)²⁶
- The Corporation of the Municipality of Arran-Elderslie Conservation and Demand Management Plan: 2019-2024²⁷
- Plan the Bruce: Bruce County Official Plan²⁸

EPCOR stated that there were no notable updates that will impact the Southern Bruce gas demand forecast.

EPCOR noted that it received conditional Certificate of Public Convenience and Necessity approval for the area of Brockton and filed an application for Leave to Construct the Brockton Community Expansion Project.²⁹ After withdrawing its application, EPCOR noted that there is currently no timeline for EPCOR to refile its Brockton Leave to Construct application.³⁰

Minister of Energy Letter of Direction

EPCOR noted that it continues to monitor policy guidance from the Ministry, however, there are no direct impacts from the Minister's letter on this filing.

Federal Carbon Pricing

EPCOR Southern Bruce continues to file annual applications for FCPP rates and recoverable costs, effective April 1 of each year, most recently in EPCOR's 2025 FCPP proceeding.³¹

Demand Side Management

As noted in the Aylmer five-year GSP, EPCOR is not yet ready to file a DSM plan due to the transitional state of the DSM framework in Ontario.

Renewable Natural Gas

At this time, EPCOR does not hold any RNG in its GSP for Southern Bruce. EPCOR Southern Bruce will update the GSP as strategies for RNG are developed.

²⁶ https://www.huronkinloss.com/en/townhall/resources/Documents/Huron-Kinloss-Climate-Change-and-Energy-Plan_REVISED-December-2020.pdf

²⁷ <https://www.arran-elderslie.ca/en/municipal-services/resources/Documents/Conservation-and-Demand-Management-Plan-2019-2024.pdf>

²⁸ <https://www.planthebruce.ca/official-plan>

²⁹ EB-2022-0246

³⁰ EPCOR response to questions, August 15, 2024, Southern Bruce, Staff 3.

³¹ EB-2024-0237

Integrated Resource Planning

EPCOR's GSP does not include potential impacts of future IRP projects for its Southern Bruce service area.

Canada Greener Homes Grant

As noted in the Aylmer five-year GSP, EPCOR will continue to monitor and assess the potential impact of the Canada Greener Homes Grant on future customer consumption and conversion decisions.

2.3.7 Performance Metrics

EPCOR Southern Bruce developed a performance scorecard in order to measure the effectiveness of the GSP. Details of the scorecard are included in Appendix B.

In the 2023 GSP Staff Report, OEB staff recommended that EPCOR provide a more comprehensive list of major policy changes that would impact EPCOR's GSP both in the long and short term. EPCOR stated it added a comprehensive list of major policy changes in the Scorecard starting with this GSP update.

3 STAKEHOLDER COMMENTS AND OEB STAFF ANALYSIS

The consultation process first provided stakeholders an opportunity to submit written questions to EPCOR which was followed by EPCOR's written response to these questions.

Following the questions and responses, the process then provided stakeholders an opportunity to submit written comments on EPCOR's GSP. Pollution Probe submitted written comments. EPCOR was given the opportunity to review the 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. In EPCOR's reply to comments, it did not propose any changes and provided written responses to Pollution Probe's comments.

Below is a summary of OEB staff's analysis followed by a description of the key issues raised by Pollution Probe, EPCOR's response to these comments, and OEB staff's recommendations on those issues. OEB staff has also made recommendations with respect to certain issues that were not raised by Pollution Probe.

Summary of OEB Staff Analysis

OEB staff is of the view that EPCOR provided the required information (i.e. the framework criteria) necessary to evaluate whether Aylmer's 2024-2028 GSP and Southern Bruce's 2024 Annual Update meet the OEB's guiding principles. OEB staff is generally satisfied that EPCOR has considered and balanced the guiding principles of the Gas Supply Framework. Therefore, OEB staff is of the view that no component of the 2024 GSPs require a hearing before the OEB.

Overall, Pollution Probe, which was the only participant in this review process, did not raise significant concerns regarding EPCOR's 2024 GSPs.

With respect to the specific issues raised in this review, OEB staff's chief recommendations are as follows:

- EPCOR consider a rolling three or five-year GSP for Southern Bruce and Aylmer, respectively.
- EPCOR consider a more suitable GSP filing date that incorporates time for feedback and execution.
- EPCOR delineate RNG in its supply options compared to other supply sources or that the supply options be made clear to clarify each production.

- EPCOR work towards filing a DSM application in 2026, including monitoring the progress of Enbridge Gas's DSM application, and work with Enbridge Gas to pursue opportunities for a collaborative approach, for example, adopting the program design and delivery approach for those Enbridge Gas DSM programs that are appropriate for EPCOR's customers.
- EPCOR note emerging policy areas and discuss how it could impact EPCOR's service areas.
- Supports EPCOR's CNG pilot program as a temporary solution for Southern Bruce, but recommends EPCOR better analyze options before implementing any option on a more permanent basis.
- EPCOR participate in Enbridge Gas's upcoming five-year GSP adjudicative process and provide input on the GSP process.

3.1 Timing and Scope

EPCOR Aylmer filed its five-year GSP for the period 2024-2028 in this consultation.³² The 2024 GSP Update is EPCOR's first annual update to its Southern Bruce GSP (2023-2025).

Pollution Probe noted that Enbridge Gas files an annual update, which is a five-year rolling plan updated to cover a five-year period each year it is filed. Pollution Probe recommended that both the Aylmer and Southern Bruce GSPs be five-year rolling plans updated annually going forward. Pollution Probe suggested that EPCOR and OEB staff consider when the right timing is to move to a common approach to provide sufficient time to make the transition.

In the first quarter of each year, EPCOR works with its consultant to develop a monthly procurement plan for the upcoming planning year (April to the following March) to procure the forecasted demand and storage requirements.

OEB Staff Recommendations

OEB staff continues to recommend that EPCOR Southern Bruce carry on with three-year GSPs until customer consumption patterns are better established. As seen in *Figure 1: Demand Forecast Comparison*, OEB staff believes EPCOR still requires more data points to understand the operational nuance in its Southern Bruce service area.

³² EB-2018-0336

OEB staff recommends that EPCOR consider a rolling five-year plan for Aylmer and a rolling three-year plan for Southern Bruce beginning with the 2025 annual update. This would allow for better insight into EPCOR's respective service areas' demand forecast and how EPCOR will be addressing supply. OEB staff also expects that the nature of rolling plans, which continue to add an additional forecast year to their respective annual updates, would better allow for harmonization into a single Gas Supply Plan when EPCOR is ready to do so.

OEB staff notes that EPCOR plans annual procurements at the beginning of each calendar year from April until the following March. EPCOR's GSPs are typically filed in April/May for the year's update, meaning EPCOR files its GSP/ GSP updates with the OEB while executing its GSP plan. Consequently, EPCOR stated that it did not receive feedback from the OEB on EPCOR's preferred supply option for its Southern Bruce three-year GSP until November 2023 when the Staff Report was issued. OEB staff recommends that EPCOR suggest a more suitable filing date that incorporates time for feedback and execution at the next annual GSP update if the current timing is not sufficient.

3.2 Renewable Natural Gas (RNG)

EPCOR stated that it is supporting RNG in Ontario by enabling access to its system for RNG projects and that natural gas from RNG producers currently accounts for 4.45% of its gas portfolio for its Aylmer service area.

Pollution Probe recommended that EPCOR include a standard section in its Gas Supply Plan for tracking RNG progress in Ontario, including production opportunities and enablement activities.

Pollution Probe believes that emissions reduction is central to public policy requirements, energy transition planning, and DSM goals in Ontario. Pollution Probe requested OEB staff clarify if emissions reduction is required to be reported.

OEB Staff Recommendations

EPCOR stated that one of its key learnings from incorporating RNG into its supply portfolio to date is that RNG production is relatively stable year-round. In the summer, when there is less consumption, this presents challenges in a smaller system. This leads OEB staff to believe that EPCOR may not have the capacity to take any more RNG as it presents challenges to its system. OEB staff does not believe a section specific to RNG is required at this time, subject to EPCOR's input in its next GSP.

However, OEB staff recommends that EPCOR delineate RNG in its supply options compared to other supply sources. In describing each supply option, EPCOR should clarify where each production is from (e.g. Production A & B is Lagasco, Production C is Lagasco Lakeview and Production D is RNG producer). This would allow OEB staff and stakeholders to better understand how much RNG is in Aylmer's gas supply.

OEB staff does not believe that emissions reductions (from RNG or other initiatives) should be a mandatory reporting requirement in the GSP. The Gas Supply Framework requires utilities to ensure their GSPs support and are aligned with public policy where appropriate, but is not prescriptive in defining how this guiding principle is met. In this GSP, while EPCOR plays a supporting role by receiving RNG into its distribution system, it is not proposing to undertake any emissions reduction activities for the purpose of supporting public policy objectives, or to directly achieve any emissions reductions, because EPCOR is not paying the additional cost to purchase the environmental attributes associated with its RNG supply.

3.3 Demand Side Management

Although previously it indicated that it would be filing a DSM proposal for 2025 with its Aylmer rebasing application (or as a standalone application), EPCOR stated it is currently not in a position to do so due to the transitional state of the DSM program in Ontario. EPCOR now expects to file a DSM application in 2026, but states that this is not a firm commitment.

Pollution Probe commented that some DSM is preferable to none and EPCOR customers currently have no access to DSM programs. Pollution Probe also expressed a view that given the drivers of the energy transition, there has never been a better time than now to initiate a baseline level of DSM. Pollution Probe recommended that partnering with municipalities in alignment with energy emission plans is an easy partnership opportunity. Additionally, delivery partners like IESO have capacity that could be leveraged by EPCOR and IESO has expressed general interest in partnering on their evolving suite of programs.

OEB Staff Recommendations

OEB staff notes that EPCOR engaged with the IESO in April 2024 to discuss a one-window approach for energy efficiency program collaboration in response to the Minister of Energy's November 2023 letter of direction. EPCOR stated that the IESO was not in a position to assist at the time.

OEB staff acknowledges that EPCOR provided a status update according to a recommendation of OEB staff on the 2023 GSP.³³ OEB staff also acknowledges that EPCOR has reached out to multiple vendors, Enbridge Gas and the IESO to form partnerships and leverage their expertise, however, EPCOR did not select any of the vendors due to the bill impacts to customers and immaterial reduction in GHG, and EPCOR were turned down, at the time, by Enbridge Gas and IESO.³⁴

OEB staff notes that Enbridge Gas's DSM application has now been filed.³⁵ OEB staff recommends that EPCOR work towards its stated goal of filing a DSM application in 2026. This should include monitoring the progress of Enbridge Gas's DSM application and working with Enbridge Gas to pursue opportunities for a collaborative approach, for example, adopting the program design and delivery approach for those Enbridge Gas DSM programs that are appropriate for EPCOR's customers. OEB staff believes collaboration with Enbridge Gas is likely the most efficient route for EPCOR to provide DSM programming to its customers in terms of expertise and economies of scale, as they have similar customer types and have many more years of experience promoting and executing DSM programs. These discussions with Enbridge Gas should also give consideration as to whether the one-window platform for energy efficiency programs offered by Enbridge Gas and the IESO can be extended to EPCOR.

3.4 Integrated Resource Planning

EPCOR's 2024 GSPs do not include potential impacts of future IRP projects, and there are currently no active plans to implement IRP projects.

Pollution Probe noted that EPCOR is an observing member of Enbridge Gas's IRP working group. Pollution Probe recommended that EPCOR accelerate its assessment of the IRP Framework and options for implementation and information about the opportunities be included in the GSP updates.

OEB Staff Recommendations

As set out in the 2022 OEB staff report,³⁶ IRP alternatives should be addressed in leave to construct applications and rate applications, not GSPs. However, EPCOR is to report how implemented IRP projects affect demand and gas supply portfolios in future GSPs.

³³ EB-2023-0111, OEB Staff Report to the OEB, November 11, 2023

³⁴ EPCOR Response to Questions, Aylmer, Staff 5

³⁵ EB-2024-0198

³⁶ EB-2022-0141

OEB staff still holds the same recommendation that IRP alternatives should not be addressed in the GSP, but supply consequences should be reflected in the GSP.

3.5 Public Policy

Pollution Probe acknowledged that EPCOR added a list of major policy changes based on the 2023 GSP OEB staff report. Pollution Probe recommended that EPCOR should assess and identify current and future actions EPCOR believes are necessary to each current and emerging policy area.

OEB Staff Recommendations

OEB staff notes that the major policies are consistent between 2023 and 2024. There have not been major policy changes other than the Minister of Energy's Letter of Direction which does not directly affect EPCOR. However, OEB staff believes it would be helpful for EPCOR to note emerging policy areas and discuss how it could impact EPCOR's service areas.

3.6 Compressed Natural Gas (CNG) - Southern Bruce

In the 2023/24 heating season, EPCOR Southern Bruce's southern parts experienced delivery pressure issues during periods of non-coincident peak demands. As a result, EPCOR is expecting to procure CNG to mitigate the risk of system deliverability issues. EPCOR stated that the southern part of the system grew beyond what was contemplated in the CIP and there are no customers that can be curtailed prior to December 15 each year, due to the contracts of Rate 11- Large Volume Seasonal.³⁷

EPCOR stated that the non-commodity cost of procuring the CNG (i.e. transporting and injecting the CNG into its system) will be recovered in the Storage & Transportation Variance Account (S&TVA).

EPCOR in its response to questions provided other possible solutions from: i) the addition of a compressor station, ii) the addition of regulating stations, iii) creating a loop and iv) getting a secondary source of gas supply in the south end of the system.³⁸ EPCOR stated they preferred option iv) which requires installation of an additional 7km of 6-inch natural gas pipe. The other options were either not viable or only provided marginal benefits. EPCOR did not suggest that they were planning to execute any of the options other than for the use of CNG.

³⁷ EPCOR Response to Questions, Southern Bruce, Staff 1

³⁸ EPCOR Response to Questions, Southern Bruce, Staff 2

Pollution Probe commented that Enbridge Gas installed an initial CNG project in Kingston as an IRP alternative and recommended that EPCOR review Enbridge Gas's application for this option.³⁹

OEB staff noted previously that EPCOR purchased 58,587m³ of CNG during the October to December 2024 period.

OEB Staff Recommendations

OEB staff is of the view that EPCOR's proposed pilot program to use CNG for Southern Bruce is appropriate as a temporary measure for the 2024 heating season and that EPCOR should complete an analysis of options to alleviate the pressure issues. OEB staff believes that EPCOR be allowed to recuperate costs, both commodity and transportation, associated with the CNG pilot program for the 2024 heating season, pending a prudence review on the transportation cost in its annual IRM application. OEB staff recommends that the OEB request EPCOR file its analysis and recommendations in its 2026 IRM application (expected to be filed in July 2025). EPCOR, in its January 2025 QRAM (approved on an interim basis), stated that CNG was used from October to December 2024, so presumably EPCOR will seek to dispose of the S&TVA where the CNG transportation costs are held in its upcoming IRM application for 2026 rates. This would allow for thorough testing of the evidence without needing to wait until after the 2025 GSP consultation is completed (which may include a recommendation that the issue go to a hearing).

EPCOR noted that the low pressure affected two Rate 11- Large Volume Seasonal Service (i.e. grain dryer) customers.⁴⁰ OEB staff notes that in the CIP, EPCOR forecasted by 2024 there would be five Rate 11 customers and that this number would not change through to 2028.⁴¹ There are currently nine Rate 11 customers connected to EPCOR's system, an 80% increase from the number initially contemplated in the CIP.

OEB staff also notes that there are other options identified by EPCOR to alleviate the pressure issues. OEB staff further notes that no cost estimates were provided by EPCOR for any of the options including CNG cost in this consultation.

In its October 2024 QRAM application, EPCOR provided a breakdown of the forecast cost of using CNG from October 2024 through December 2024.⁴² OEB staff has reviewed the cost for EPCOR's proposed CNG procurement in that proceeding and

³⁹ EB-2024-0125

⁴⁰ EPCOR Response to Questions, Southern Bruce, Staff 1

⁴¹ EB-2018-0264, EPCOR Updated Application, April 12, 2019, Exh 1, Tab 2, Sch 1, Table 1-5

⁴² EB-2024-0267, Responses to OEB staff Questions, September 13, 2024

observes that it is broadly comparable with Enbridge Gas's CNG proposal for its East Kingston Creekford Rd Project.⁴³ However, there has been no thorough analysis of the relative costs of the CNG option versus other options. OEB staff notes that because the OEB has not opined on the CNG option, EPCOR's January 1, 2025, QRAM was approved on an interim basis.

OEB staff recommends that EPCOR prepare a thorough analysis and cost comparison on CNG and other viable options with a proposal to implement the most appropriate option as part of Southern Bruce's 2026 IRM (expected to be filed in July 2025).

3.7 Gas Supply Framework and Process

The Gas Supply Framework and the consultative process has been in place since 2019. The 2024 GSP is Aylmer's five-year GSP for 2024-2028 and Southern Bruce's first annual update to its 2023-2025 GSP.

Pollution Probe recommended that the GSP evolve to align with energy transition demands, Capital Planning rationalization (including more prudent IRP and stranded assets option mitigation) and that OEB include adjudicative hearings with Commissioners in the annual process.

EPCOR in its reply stated that the topics of Capital Planning, stranded assets, etc. are already challenged and adjudicated in Cost of Service filings and believes it would be inefficient and more costly to expand the scope of the Gas Supply plan to include these topics in an adjudicative setting on an annual basis.

OEB Staff Recommendations

OEB staff notes that in the OEB Staff Report to the OEB on Enbridge Gas's 2024 GSP, OEB staff recommended that Enbridge Gas's 2025-2029 five-year GSP be adjudicated by Commissioners and the remaining annual updates continue to be held as consultations.⁴⁴ OEB staff also recommended once Enbridge Gas's five-year GSP has been adjudicated, any learnings be incorporated into an update to the Gas Supply Framework. In the accompanying OEB letter, this was accepted by the OEB.⁴⁵

OEB staff notes that if the Gas Supply Framework is updated for content and/or process, the manner in which EPCOR may be impacted can be determined in an EPCOR Gas Supply Plan consultation that will follow the conclusion of Enbridge Gas's

⁴³ EB-2024-0125, Application, May 31, 2024, Exh. C, Tab 1, p. 19

⁴⁴ EB-2024-0067, OEB Staff Report to the OEB, January 15, 2025

⁴⁵ EB-2024-0067, OEB Cover Letter, January 15, 2025

2025 GSP adjudicative proceeding. OEB staff recommends that EPCOR participate in Enbridge Gas's upcoming five-year adjudicated GSP and provide any comments or submissions on the process of the GSP that OEB staff anticipates will be a discrete issue in that proceeding.

OEB staff notes that if EPCOR's GSPs were adjudicated it would be more efficient to harmonize the GSPs' start and duration in addition to OEB staff's recommendation on making them rolling plans. However, as noted above, OEB staff recommends that in the meantime, EPCOR's 2025 GSPs update for both Aylmer and Southern Bruce be reviewed by way of a staff-led consultation.

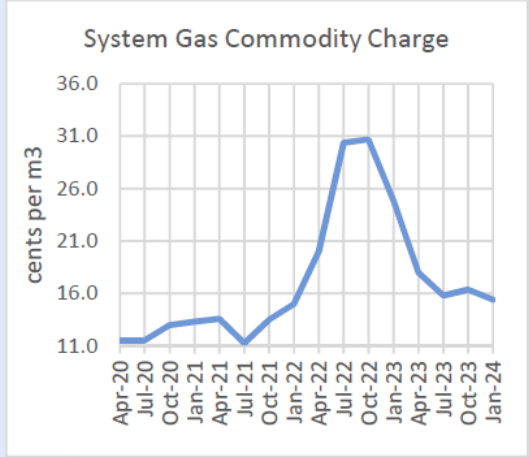
APPENDIX A: EPCOR AYLMER PERFORMANCE SCORECARD

OEB Staff Report to the Ontario Energy Board
Review of 2024 EPCOR Natural Gas Limited Partnership's Natural Gas Supply Plans
EB-2024-0139

OEB Guiding Principle	Performance Categories	Intent of Measures	Measures	Sample	2021	2022	2023	3-yr Average
1. Cost Effectiveness	Policies & Procedures	Demonstrates consideration of alternate Enbridge rates	Annual rate review	C	C	C	C	n/a
	Price Effectiveness	Demonstrates local production a competitive option	Premium to system gas alternative	+/-%	Well gas: -5% Lake gas: -5%	Well gas: -5% Lake gas: -5%	Well gas: -5% Lake gas: -5%	Well gas: -5% Lake gas: -5%
OEB Guiding Principle	Performance Categories	Intent of Measures	Measures	Sample	2021	2022	2023	3-yr Average
2. Reliability & Security of Supply	Design Day	Demonstrates ENGPL ability to procure transportation assets required to meet design day demand	1. Acquired assets to meet design day	%	100%	100%	100%	100%
			2. Enbridge Overrun Charges	\$	\$0	\$0	\$0	\$0
	Coordination	Demonstrates ENGPL ability to invest in capital distribution required to meet design day demand	Monthly meetings between gas supply & engineering operations	12/yr	12	12	12	12
	Communication	Ensure ongoing communications	Communication to ratepayers re material bill impacts	C	C	C	C	N/A
	Diversity	Demonstrate the diversity of the portfolio	1. % Firm local gas flow	%	97%	98.82%	94.87%	97.01%
			2. Local production as % of system gas	%	37.01%	40.95%	37.51%	38.49%
			3. RNG as % of system gas	%	N/A	N/A	4.45%	4.45%
	Reliability	Demonstrate the reliability of the portfolio	1. Days failed to deliver to customers	#	0	0	0	0
2. Days customer interrupted			#	0	0	0	0	
OEB Guiding Principle	Performance Categories	Intent of Measures	Measures	Sample	2021	2022	2023	3-yr Average
3. Public Policy	Supporting Policy	Reports public policy in ENGLP supply plan	1. Community expansion	C	C	C	C	N/A
			2. FCC	C	C	C	C	N/A
			3. RNG	N/A	N/A	N/A	N/A	N/A
			4. DSM	N/A	N/A	N/A	N/A	N/A
Definitions:								
1. Years refers to calendar years (January 1st to December 31st)								
2. Cost Effectiveness: The gas supply plans will be cost-effect. Cost effectiveness is achieved by appropriately balancing the principles and in executing the supply plan in an economically efficient manner								
3. 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 season gas delivery requirements								
4. Public Policy: The gas supply plan will be developed to ensure that it supports and is aligned with public policy where appropriate								

APPENDIX B: EPCOR SOUTHERN BRUCE PERFORMANCE SCORECARD

Performance Categories	Intent of Measures	Measures	Sample	2021/22	2022/23	2023/24	3-yr Average	
Policies & Procedures	Demonstrates consideration of timely pricing information and 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	C	n/a	
		Transacting counterparties have met appropriate credit requirements	%	100%	100%	100%	100%	
		Distribution of procurement terms:						
		1. < 1 Month	%	5.0%	11.0%	19.7%	11.9%	
		2. Monthly	%	58.5%	48.9%	32.1%	46.5%	
		3. Seasonal	%	36%	40.1%	48.1%	41.6%	
4. Annual	%	0%	0.0%	0.0%	0.0%			
1. Cost Effectiveness	Price Effectiveness	Demonstrates diversity of supply terms within procurement plan through a layers approach to contracting Illustrates Price Stability						
		5. Reference Price History					n/a	



OEB Staff Report to the Ontario Energy Board
Review of 2024 EPCOR Natural Gas Limited Partnership's Natural Gas Supply Plans
EB-2024-0139

Performance Categories	Intent of Measures	Measures	Sample	2021/22	2022/23	2023/24	3-yr Average	
2. Reliability & Security of Supply	Design Day	Demonstrates ability to procure transportation assets required to meet design day demand	Acquired assets to meet design day	100%	100%	100%	100%	
	Storage	Demonstrates execution of storage inventory strategy	1. % of storage level Sept 30th	%	99%	100%	100%	100%
			2. % of storage level March 31st	%	16%	13%	34%	21%
	Coordination	Demonstrates ENGPL ability to invest in capital distribution required to meet design day demand	Monthly meetings between gas supply, engineering, operations	12/yr	12	12	12	12
	Communication	Ensure ongoing communications	Communication to ratepayers re material bill impacts	C	C	C	C	C
	Diversity	Demonstrate the diversity of the portfolio	1. % of contract vol. per delivery pt	%	Dawn: 100% AECO: 0%	Dawn: 100% AECO: 0%	Dawn: 100%	Dawn: 100% AECO: 0%
			2. # of unique counterparties	#	3	3	4	3.3
Reliability	Demonstrate the reliability of the portfolio	1. Days failed to deliver to customers	#	0	0	0	0	
		2. Days customer interrupted (1)	#	0	0	0	0	
Performance Categories	Intent of Measures	Measures	Sample	2021/22	2022/23	2023/24	3-yr Average	
3. Public Policy	Supporting Policy	Reports public policy in ENGLP supply plan	1. Community expansion % customer converted (unlocked vs. CIP)	%	49.58%	86.37%	99.73%	78.56%
			2. FCC	C	C	C	C	N/A
			3. RNG	N/A	N/A	N/A	N/A	N/A
			4. DSM	N/A	N/A	N/A	N/A	N/A
Definitions								
1. Years refers to planning years (April 1st to March 31st)								
2. Cost Effectiveness: The gas supply plans will be cost-effect. Cost effectiveness is achieved by appropriately balancing the principles and in executing the supply plan in an economically efficient manner								
3. 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 season gas delivery requirements								
4. Public Policy: The gas supply plan will be developed to ensure that it supports and is aligned with public policy where appropriate								

APPENDIX C: SUMMARY OF OEB STAFF RECOMMENDATIONS

Summary of OEB Staff Recommendations

Timing and Scope

- EPCOR Southern Bruce continues with three-year GSPs until customer consumption patterns are better established.
- EPCOR considers a rolling five-year plan for Aylmer and a rolling three-year plan for Southern Bruce beginning with the 2025 annual update.

Renewable Natural Gas (RNG)

- A specific section for RNG is not required at this time- subject to EPCOR's input in its next GSP.
- EPCOR considers delineating RNG in its supply options compared to other supply sources.

Demand Side Management (DSM)

- EPCOR should work towards filing a DSM application in 2026, including monitoring the progress of Enbridge Gas's DSM application, and working with Enbridge Gas to pursue opportunities for a collaborative approach.
- The IESO's expertise and partnership should be considered to enable access to DSM programs for EPCOR customers.

Integrated Resource Planning

- IRP alternatives should not be addressed in the GSP, however, supply consequences should be reflected in the GSP.

Public Policy

- Emerging policy areas should be identified and discussion provided on how it could impact EPCOR's service areas.

Compressed Natural Gas (CNG) - Southern Bruce

- EPCOR's proposed pilot program to use CNG for Southern Bruce is reasonable as a temporary measure and its use for the 2024/25 planning period should be made final.
- EPCOR should complete an analysis of options to alleviate the pressure issue for future planning periods as part of EPCOR's 2026 IRM filing. This includes cost estimates, timelines, recommendations, and any available historical or forecast information on the low-pressure system.

GSP Framework and Process

- EPCOR consider participating in Enbridge Gas's next five-year GSP and provide any comments or submissions on the process of the GSP.
- OEB staff, in the next annual GSP update, explore whether EPCOR's GSP should be adjudicated.