

OGA INTERROGATORY #9

INTERROGATORY

Issue 1.2 - Should the new business activity – Geothermal Energy Service Program – be considered as part of the utility’s regulated business?¹

Reference: Ex. B, Tab 1, Schedule 1, p. 27-30 & Appendix 11

Please discuss the potential benefits to natural gas customers from Enbridge diversifying its regulated business offerings to include geothermal energy. Please discuss how this could help reduce customer rates in a future scenario where natural gas volumes must be reduced significantly to meet carbon reduction targets.

RESPONSE

As described in response to Board Staff Interrogatory #2 (referencing Energy Probe Interrogatory #2), filed at Exhibit I.1.EGDI.STAFF.2, the Board’s Regulatory Framework for the Assessment of Costs of Natural Gas Utilities’ Cap and Trade Activities provides several ways in which the Utilities can meet their Cap and Trade obligations, which includes assisting their customers in the abatement of GHG emissions. Decarbonizing gas utility service is now an inherent component of utility business. This is aligned with the Federal and Provincial policy for a lower carbon economy and the Provincial 2030 and 2050 GHG targets. Moreover the Cap and Trade program is based on a declining supply of carbon allowances, which may pose a risk to natural gas customers in future through exposure to elevated rates.

One of the ways for the Company to mitigate the business risk is to diversify its regulated offerings to include low carbon technology options such as geothermal. As discussed in response to OGA Interrogatory #6 filed at Exhibit I.1.EGDI.OGA.6, the adoption of geothermal technology will reduce or avoid natural gas volumes in the future and thus benefit natural gas customers regardless of potential changes in government carbon pricing policy.

¹ Note that these interrogatories also relate to issue 2.3 - Are the services fees for the Geothermal Energy Service Program reasonable and appropriate?