



EB-2013-0352

IN THE MATTER OF the Ontario Energy Board Act 1998,
S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF an application by Enbridge Gas
Distribution Inc. for an order or orders approving the final
balances and for clearance of certain Demand Side
Management Variance Accounts into rates, within the next
available QRAM following the Board's approval.

Before: Marika Hare
Presiding Member

Emad Elsayed
Member

**DECISION AND ORDER
REVISED CALCULATIONS**

June 5, 2014

Enbridge Gas Distribution Inc. ("Enbridge") filed an application with the Ontario Energy Board (the "Board") dated October 24, 2013 under section 36 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, (Schedule B) (the "Act"), for an order or orders approving the final balances in certain 2012 Demand Side Management ("DSM") Deferral and Variance Accounts. Enbridge is also seeking the disposition of the balances in these accounts and inclusion into rates, within the next available Quarterly Rate Adjustment Mechanism following the Board's approval. The net balance of the DSM Accounts per the original filing was \$8,473,387 to be collected from ratepayers.

On January 21, 2014, Enbridge filed a revised application with revised balances due to what it said were inadvertent miscalculations in the original application. The revised net balance of the DSM Accounts is \$11,283,387 to be collected from ratepayers.

A complete record of the proceeding is on the Board's website and at the Board's office.

Background

In the Board's Decision and Order dated May 1, 2014 ("Decision"), the Board made the following finding:

Accordingly, the Board agrees with SEC that a reduction of Enbridge's claim for large industrial custom projects is appropriate. However, the Board finds that SEC's proposal to deny the entire incentive amount related to volumes on the assumption that Enbridge does not meet the volume threshold is not justified. The Board does not consider it possible to make an adjustment for these projects with any kind of precision, given that this would involve an attempt to re-assess each project retroactively. However, the Board's findings in this regard have been well informed by Enbridge's forthright explanations of its approach to the overall management of this program.

Based on the above, the Board considers it appropriate to disallow 20% of the DSMIDA amount attributable to the large industrial custom projects.

The Board ordered Enbridge to file revised calculations reflecting the Board's findings. The Board provided Board staff and intervenors with an opportunity to provide comments on the revised calculations. Enbridge was also given the opportunity to respond to the comments of Board staff and intervenors.

Enbridge's Revised Calculations

On May 15, 2014, Enbridge filed its revised calculations of the DSMIDA (Demand Side Management Incentive Deferral Account) amount. Within Enbridge's submission, it noted that it understood the Board's Decision to require a reduction to its DSMIDA dollar value attributable to the large industrial custom projects and not the associated volumes.

Enbridge's calculations applied a 20% reduction to the DSMIDA amount attributable to the large industrial projects of \$1,041,411. This calculation resulted in a reduction of \$208,288 for a revised DSMIDA amount attributable to the industrial projects of \$833,153.

Comments

Comments were received from Board staff, Building Owners and Managers Association ("BOMA") and School Energy Coalition ("SEC"). Enbridge filed a reply submission.

Board staff submitted that the most appropriate manner to calculate Enbridge's revised DSMIDA amount is to follow the method that Enbridge originally used to calculate the DSMIDA amount, as opposed to strictly reducing the absolute DSMIDA dollar amount attributable to the large volume programs.

SEC in its submission did not agree with Enbridge's calculations and its proposed revised DSMIDA amount. SEC noted that the DSMIDA is a non-linear calculation and that incremental savings volumes earn incentives at a different rate than base volumes. Further, SEC submitted that the correct calculation of the revised DSMIDA amount should be based on the underlying rationale for the Board's decision, that Enbridge did not provide sufficient support for the volumes attributable to its large volume programs.

SEC submitted that the reduction in DSMIDA dollars should be based on a certain amount of gas savings volumes, and that the reduction should reflect the impact of reducing the large industrials gas savings volumes by 20%. SEC's revised calculations resulted in a reduction of \$655,049 to the overall DSMIDA amount.

Enbridge submitted that its original proposal to reduce the DSMIDA in terms of dollars generated by the large industrial custom projects is consistent with the Order and is fair and reasonable under the circumstances.

As an alternative, Enbridge did recalculate the DSMIDA amount based upon reduced industrial savings volumes, which resulted in a reduction to Enbridge's DSMIDA claim of \$657,223 and a new total DSMIDA claim of \$8,160,306.

Board Findings

The Board has reviewed all comments and has summarized the record to the extent necessary to provide context to its findings.

The Board notes that the comments filed by BOMA were not relevant in that they did not relate to the revised DSMIDA calculation provided by Enbridge. Instead, BOMA re-argued its position on matters already determined by the Board.

The Board agrees with the submissions of Board staff and SEC. In making the finding of the 20% reduction of the DSMIDA amount attributable to the large industrial custom projects, the Board intended that the revised DSMIDA amount would be calculated on a volumetric basis, which is consistent with the method used to calculate the original DSMIDA amount of \$8,817,529.

The 2012 DSMIDA shall therefore be reduced by \$657,223 for a total claim of \$8,160,306. These amounts were provided by Enbridge in its May 29, 2014 submission as recalculations in the event that the Board required a reduction on DSMIDA based on volume impacts.

THE BOARD ORDERS THAT:

1. Enbridge shall receive a 2012 DSMIDA claim in the amount of \$8,160,306.

Cost Awards

2. Intervenors shall file with the Board and forward to Enbridge their respective cost claims, if any, within **7 days** from the date of this Decision and Order.
3. Enbridge shall file with the Board and forward to intervenors any objections to the claimed costs within **17 days** from the date of this Decision and Order.
4. Intervenors shall file with the Board and forward to Enbridge any responses to any objections for cost claims within **24 days** of the date of this Decision and Order.

All filings to the Board must quote file number EB-2013-0352 and be made electronically through the Board's web portal at <https://www.pes.ontarioenergyboard.ca/eservice/> in searchable/unrestricted PDF format. Two paper copies must also be filed. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <http://www.ontarioenergyboard.ca/OEB/Industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All filings should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

ADDRESS OF THE BOARD

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ISSUED at Toronto, June 5, 2014

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary