

September 1, 2015

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

**RE: EB-2015-0029 – Union Gas Limited (“Union”) – 2015-2020 DSM Plan - Undertaking Responses**

Dear Ms. Walli,

Please find attached Union’s response to the following undertaking received in the above case: J2.1.

If you have any questions with respect to this submission please contact me at 519-436-5334.

Yours truly,

*[original signed by]*

Vanessa Innis  
Manager, Regulatory Initiatives

Encl.

cc: Lawrie Gluck, Board Staff  
Alex Smith, Torys  
All Intervenors (EB-2015-0029)

UNION GAS LIMITED

Undertaking of Ms. Lynch

To Mr. DeRose

To review schedule A1 of the Synapse recommendations and identify which recommendations, if any, Union agrees with; to include a sentence or two as to why Union disagrees with any recommendations.

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Please see Attachment 1.

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## Chapter 3: Overview and Assessment of the Plans

### Synapse Recommendation

The utilities should coordinate with each other to track and report data comprehensively and consistently. It was difficult to obtain data for this analysis at the offering-level, including costs by costs categories (marketing, incentive, evaluation, administration, and performance incentive), savings and benefits by fuel type (gas, electricity, water, non-energy benefits), cost-effectiveness (total costs, benefits, net benefits, and benefit-cost ratios), and performance incentives (maximum incentive and target incentive). Such information should be readily available in plans and reports in a transparent format that is consistent across the utilities.

### Union Response

**Agree** – Union agrees that reporting should be done consistently, to the extent possible given the different internal systems of the two utilities and as appropriate based on the actual commonalities of the programs offered.

### Synapse Recommendation

Participation should be planned for and reported in detail, including the number of participants expected to be served, definitions of what a participant represents in each program (number of units, houses, etc.), and the number of customers that are eligible to participate in each program. This data should be provided for each year of the plan and during annual reporting.

### Union Response

**Disagree** – Union followed the Board’s filing requirements for the 2015-2020 DSM Plan; however, Union is agreeable to working with the Evaluation Advisory Committee to determine the appropriateness of including such detail in its annual report.

## Chapter 4: Assessment of Evaluation Plans

### 4.9.1 Impact Evaluation Plan

#### Synapse Recommendation

Both utilities should make sure that they provide in their evaluation plans key pieces of information recommended by SEE Action (2012)

#### Union Response

**Disagree** – Union followed the Board’s filing requirements for the 2015-2020 DSM Plan. On a go forward basis, this may be a topic addressed by the Evaluation Advisory Committee.

#### Synapse Recommendation

Both utilities should provide information on their expectations on overall certainty of savings (i.e., confidence level and interval).

#### Union Response

**Disagree** – Union followed the Board’s filing requirements for the 2015-2020 DSM Plan. On a go forward basis, this may be a topic addressed by the Evaluation Advisory Committee.

#### Synapse Recommendation

Both utilities should provide information on the name of current evaluators already selected by the OEB, if any, or how the OEB should plan to select evaluators.

#### Union Response

**Agree** – Union is agreeable to providing the name of all evaluators doing work for the company’s DSM programs, to the extent they are known at the time of filing. On a go forward basis, evaluation plan requirements will be discussed by the Evaluation Advisory Committee.

#### Synapse Recommendation

Union's evaluation plan should provide metrics that will be reported in its evaluation studies (e.g., annual or lifetime m3 of natural gas).

#### Union Response

**Agree** – Union is agreeable to providing metrics within its evaluation plan. Union does note that these metrics are available in Union's 2015-2020 DSM Plan application in the Target sections. On a go forward basis, evaluation plan requirements should be discussed by the Evaluation Advisory Committee.

### 4.9.2 Savings Verification Activities

#### Synapse Recommendation

We recommend both companies provide detailed information on measure verification activities in their evaluation plans including, but not limited to, typical verification activities such as project site inspections, participant phone and mail surveys, and/or implementer and consumer documentation review.

#### Union Response

**Disagree** – Union followed the Board's filing requirements for the 2015-2020 DSM Plan. This included high-level information on verification activities, as it is applicable to the offering. On a go forward basis, evaluation plan requirements should be discussed by the Evaluation Advisory Committee.

### 4.9.4 Evaluation Study Schedules

#### Synapse Recommendation

The utilities' evaluation plans should provide at minimum rough estimates of the start and end of the scheduled evaluation activities, and consider developing more detailed, potential evaluation schedules for key evaluation activities.

Union Response

**Disagree** – Union followed the Board’s filing requirements for the 2015-2020 DSM Plan. On a go forward basis, evaluation plan requirements should be discussed by the Evaluation Advisory Committee.

#### 4.9.5 Process Evaluation Approach

Synapse Recommendation

Both utilities should consider initiating process evaluation activities in the first year for all new offerings and also for existing offerings that have significant program design changes such as altered incentive designs and levels, because early evaluation activities could identify problems earlier.

Union Response

**Agree** – Union is agreeable to the general recommendation of considering initiating process evaluation activities in the first year for new offerings and for existing offerings that have significant program design changes. Union will consider this recommendation taking into account other evaluation priorities and available resources.

Synapse Recommendation

Both utilities should consider hiring and working with evaluation contractors during the early program development and implementation period.

Union Response

**Agree** – Union is agreeable to the general recommendation of hiring and working with evaluation contractors during the early program development and implementation period.

#### 4.9.6 Timing of Impact and Process Evaluation Study

##### Synapse Recommendation

A plan to launch impact evaluation activities in the first year for each offering (or even before the start of program implementation depending on the offerings in order to collect any baseline data and set up the overall evaluation infrastructure) should be proposed), and should involve data collection activities such as measure installation, field data collection, on-site surveys, metering and monitoring, and billing data collection and preparation.

##### Union Response

**Disagree** – Union disagrees that a generic approach should be taken to impact evaluation on all new offerings. Union expects evaluation requirements will be prioritized through the Evaluation Advisory Committee.

##### Synapse Recommendation

Both utilities should consider initiating the process evaluation earlier than they propose as early evaluation activities could identify problems sooner, which then could be used to improve program designs earlier.

##### Union Response

**Agree** – Union agrees with the general recommendation of starting process evaluation earlier than proposed. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget.

##### Synapse Recommendation

Both utilities should consider hiring and working with process evaluation contractors during the early program development and implementation period.

##### Union Response

**Agree** – Union agrees with the general recommendation of hiring and working with process evaluation contractors during the early program development and implementation period. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget.

#### 4.9.7 Evaluation Budget

##### Synapse Recommendation

Both utilities should reevaluate their evaluation budget based upon our recommendations on various issues on their evaluation plans, in particular because our review of their evaluation plans identified a number of offerings for which no evaluation activities are proposed over the course of the next five years.

##### Union Response

**Disagree** – Union proposed an evaluation budget of 4%, consistent with industry best practice.

#### 4.9.8 Cross-Offering Evaluation Studies

##### Synapse Recommendation

Both utilities, or the OEB, should develop their plans to conduct various other cross-offering evaluation studies such as a measure baseline study, a market characterization study, a free-ridership and spillover study, a measure life study, a non-energy benefit study, a market potential study, and a benchmarking study

##### Union Response

**Agree** – Union currently engages in cross-offering evaluation studies, where appropriate. Union is agreeable to the general recommendation of conducting these types of evaluation studies, where appropriate.

##### Synapse Recommendation

Cross-offering evaluation studies should be joint studies initiated by the gas utilities or province-wide studies initiated by the OEB.

Union Response

**Agree** – Union currently engages in joint, province-wide cross-offering studies, where appropriate. On a go forward basis, specific evaluation studies will be discussed with the Evaluation Advisory Committee.

## Chapter 5: Assessment of Programs and Offerings

### 5.2 Cross Program Issues Recommendations

#### Synapse Recommendation

Both companies should consider developing an offering specifically targeting the multifamily building market segment similar to their low income multi-family offerings, or consider offering a single point-of-contact or one stop shopping dedicated to the multifamily market segment so that customers interested in implementing energy efficiency measures for their multi-family buildings could explore various types of offerings and incentives through a single point-of-contact.

#### Union Response

**Disagree** - Union notes that the multi-family building segment is eligible for the CI Prescriptive, CI Custom and Run Smart offerings. Customers are targeted through a segmented marketing and account management approach.

#### Synapse Recommendation

Both utilities should provide customers with zero or low interest financing to address lack of funding, one of the major barriers identified by Enbridge.

#### Union Response

**Disagree** – Union’s research shows that customers would prefer incentives to financing.

#### Synapse Recommendation

Both utilities should develop a residential products offering to promote the installation of high efficiency space heating and water heating equipment. This type of program is essential especially when the homeowners’ HVAC equipment has failed or broken and they need to replace the equipment immediately.

Union Response

**Disagree** – Union has previously offered these measures; however, given current minimum efficiency standards, these measures are not cost effective.

Synapse Recommendation

Union should develop a commercial new construction offering similar to Enbridge’s new construction offering.

Union Response

**Disagree** - Union does not propose to develop a new a commercial new construction offering. Union notes that the commercial new construction segment is eligible for the CI Prescriptive and CI Custom offerings. Union is open to revisiting this offering at the mid-term review.

### 5.3.2 Single-Family Retrofit: Recommendations

Synapse Recommendation

Union should consider providing incentives such that they are structured on a per square-foot basis, or on a percentage-of-total-project-cost basis. Such a structure provides flexibility to the customer, thereby allowing households of different sizes, shapes, and energy consumption to participate.

Union Response

**Disagree** – Union believes that simple, prescriptive rebates are the most appropriate incentive structure for the residential market. The predictable nature of the rebates enables participants to make fully informed decisions, and assists service organizations and channel partners in communicating with customers.

Synapse Recommendation

Union should provide the required home energy audits at no cost to the customer.

Union Response

**Not Applicable** – Union has already structured the \$500 assessment rebate to cover the typical cost of the assessments, as outlined in Exhibit B.T5.Union.LPMA.29. In Exhibit M.Staff.UNION.7, Synapse confirmed their understanding of this structure.

Synapse Recommendation

Union should provide additional measures as part of this offering, such as faucet aerators, showerheads, programmable or adaptive thermostats, lighting measures, or smart strips. Such an offering ensures a holistic approach to program savings.

Union Response

**Disagree** – Union provides faucet aerators, showerheads, and programmable thermostat coupons through the ESK offering. The ESK offering will be promoted to Home Reno Rebate participants through the use of an ESK coupon, however Union does not believe it is practical to directly integrate the two offerings. Union does not contract the service organizations that provide the Home Reno Rebate measures; they are contracted by the customer.

Synapse Recommendation

Union should include in its impact evaluation plan a proposal to conduct a billing analysis for this offering.

Union Response

**Disagree** – Union proposes to continue using HOT2000 to determine savings for the Home Reno Rebate offering. Billing analysis introduces complexities that need to be fully understood before deciding whether it could be used, and how exactly it could be implemented.

Synapse Recommendation

Union should conduct any desk review of program records, data tracking systems, and materials such as marketing materials, training documents, and program manuals.

Union Response

**Agree** – Union completes process evaluation as part of its regular review of programs. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget.

### 5.3.3 Residential Products: Recommendations

Synapse Recommendation

Both Enbridge and Union could conduct a pilot study to explore the reliability and cost-effectiveness of emerging measures suitable for the Energy Savings Kit offering that could replace any potentially obsolete efficiency technologies.

Union Response

**Disagree** – Union does not agree at this time to conduct a pilot study on this topic. Emerging technologies are continuously evaluated by Union’s internal research group and Union will prioritize this recommendation among other research priorities, balancing the available research budget.

Synapse Recommendation

Both Enbridge and Union should investigate the reliability and cost-effectiveness of emerging showerheads, and consider incorporating such showerheads into their new pilot study or existing offerings.

Union Response

**Disagree** – Union does not agree at this time to conduct a showerhead study. Emerging technologies are continuously evaluated by Union’s internal research group, including potential showerhead technologies, and Union will prioritize this recommendation among other research priorities, balancing the available research budget.

Synapse Recommendation

Both Enbridge and Union should consider partnering with electric utilities that offer incentives for similar thermostat measures, and ensure that the incentive amounts provided to customers are consistent between fuel types.

Union Response

**Agree** – Union is currently engaged with Hydro One in a collaborative Bring Your Own Thermostat (“BYOT”) pilot project that is designed to assess the gas and electric savings associated with various adaptive thermostat technologies over a 12 month period. As per Exhibit B.T5.Union.Staff.21, over the term of the Plan Union will consider the introduction of a separate offer for adaptive thermostats, and views this as a potential CDM collaboration opportunity.

Synapse Recommendation

Union should provide an incentive for adaptive thermostats so that new technologies with higher savings potentials are available for customers looking to adopt them.

Union Response

**Agree** – As per Exhibit B.T5.Union.Staff.21, adaptive and web-enabled models are eligible for the existing thermostat rebate. As noted above, Union views the introduction of a separate offer for adaptive thermostats as a potential CDM collaboration opportunity and is currently engaged with Hydro One in a collaborative Bring Your Own Thermostat (“BYOT”) pilot project.

Synapse Recommendation

Union should consider providing incentives for measures other than thermostats and instant hot water saving measures to ensure that all customers are served by a range of DSM technologies and to increase participation.

Union Response

**Disagree** – These types of measures are not cost-effective according to Union’s information. In Exhibit M.Staff.UNION.5, Union asked Synapse to provide any cost-

effectiveness information they might have that would support these measures, but the information was not available.

#### Synapse Recommendation

Union should conduct a literature review of standard thermostats and consider whether to discontinue this offering, or include a plan for the OEB to conduct a full impact evaluation study on this measure if it still believes there might be some savings impacts.

#### Union Response

**Disagree** – The thermostat measures were reviewed by the Technical Evaluation Committee in June 2015. A literature review was conducted by the TRM consultant and was taken into consideration during the validation of the measure savings. On a go forward basis, impact evaluation priorities will be determined by the Evaluation Advisory Committee.

#### Synapse Recommendation

It might be beneficial to conduct a limited scale process evaluation study by piggybacking on Union's savings verification efforts and ask additional process related questions such as a question regarding the penetration rates of Energy Savings Kit measures

#### Union Response

**Disagree** – Union does not believe it is appropriate to expand ESK verification at this time, given the nature of the declining program. However, Union will consider the recommendation when balancing other process evaluation priorities and the available evaluation budget.

### 5.4.2 C&I Prescriptive Recommendations

#### Synapse Recommendation

Union should provide the proposed incentive levels and also provide more detailed information on its payback analysis for its offering.

Union Response

**Not Applicable** –Union provided detailed incentive levels in Exhibit B.T5.Union.GEC.45 and in Exhibit JT2.16. Union provided payback information in Exhibit A, Tab 3, Appendix A, Page 42, Table 11, and more detailed payback information in Exhibit B.T5.Union.Staff.17.

Synapse Recommendation

Union’s evaluation plan should include an impact evaluation plan similar to Enbridge’s plan.

Union Response

**Agree** – Union will review this recommendation with Enbridge. On a go forward basis, impact evaluation should be determined by the parties of the Board’s DSM Evaluation Governance structure.

Synapse Recommendation

Union should conduct a review of program materials and records as part of their process evaluation.

Union Response

**Agree** – Union completes process evaluation as part of its regular review of programs. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget.

### 5.4.3 C&I Custom: Recommendations

Synapse Recommendation

Both utilities should provide in their evaluation plans more detailed information regarding how project installation data are verified (e.g., site inspection, phone surveys, application review) and how gross savings are measured (e.g., IPMVP, billing analysis).

Union Response

**Disagree** – Union provided high-level information regarding verification activities where appropriate, with the understanding that specific study details are outlined in separate Terms of Reference documents. On a go forward basis, evaluation plan requirements should be discussed by the Evaluation Advisory Committee.

Synapse Recommendation

Union should use a payback criteria to screen out free riders for their C&I custom offerings. Given that the payback thresholds from the example programs are mainly for custom C&I projects, a threshold of one to three years used by those programs may be appropriate.

Union Response

**Disagree** – Union does not agree that payback should be criteria for rejecting custom projects, as payback is only one of many considerations made by customers that complete energy efficiency projects.

Synapse Recommendation

Union should conduct a process evaluation study and investigate in particular the following issues:

- a. The effectiveness of the proposed new incentive designs
- b. Potential coordination opportunities with LDCs as part of the process evaluation study
- c. Project payback
- d. A reasonable payback threshold level for the purpose of reducing free riders

Union Response

**Agree** – Union completes process evaluation as part of its regular review of programs. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget. As noted above, Union does not agree that payback should be criteria for rejecting custom projects, as payback is only one of many considerations made by customers that complete energy efficiency projects.

#### 5.4.4 Small Business Direct Install: Recommendations

##### Synapse Recommendation

We recommend Union either offer a lower incentive level as a percent of total installed costs for deep savings measures such as HVAC systems than for low savings measures, or adopt prescriptive incentive structures for such deep savings measures as proposed under the C/I Prescriptive offering.

##### Union Response

**Agree** – Union agrees that lower incentive levels (as a percentage of total cost) should be provided for deep saving measures (or as essential measures), relative to the incentive levels for non-essential measures. This aligns with Union’s proposed approach to the Direct Install pilot.

##### Synapse Recommendation

Union did not propose any evaluation plan for this offering. Although it is a pilot offering, we recommend it consider including an impact evaluation study in its evaluation plan.

##### Union Response

**Disagree** – Union will determine the evaluation requirements of a full program during the pilot process. The intention of the pilot is to gather information about a potential offering, which would include process evaluation-type elements.

##### Synapse Recommendation

We recommend Union conduct process evaluation studies and investigate the effectiveness of incentives and offering delivery methods, including program materials and reporting (e.g., marketing materials and tracking database), marketing practices, standardization of offers, audit procedures, invoicing and tracking procedures, and QA/QC procedures.

##### Union Response

**Disagree** – As noted above, Union will determine the evaluation requirements of a full program during the pilot process. The intention of the pilot is to gather information about a potential offering, which would include process evaluation-type elements.

## 5.5.2 Low Income New Construction: Recommendations

### Synapse Recommendation

A comprehensive suite of low income offerings should include Low Income New Construction, Low Income Single-Family and Low Income Multi-Family offerings, which are referred to as core offerings in this section. Union should provide a Low Income New Construction offering. This offering should be consistent with Enbridge's program, including the recommendations above.

### Union Response

**Disagree** – Union does not agree that a Low Income New Construction offering should be prioritized ahead of Union's proposed programs. Union notes that low income new construction projects can participate through the existing low income program.

## 5.5.3 Low Income Single Family: Recommendations

### Synapse Recommendation

If they do not do so already, Enbridge and Union should consider performing a blower door test, using infrared thermography, and conducting combustion analysis, draft testing, and combustion appliance zone tests in audits.

### Union Response

**Not Applicable** – Union currently does complete a blower door test on both the initial audit and the final audit. Infrared thermography, draft testing and combustion analysis are also performed as needed.

### Synapse Recommendation

Enbridge and Union should consider adding early replacement measures, heating equipment repairs, boilers, water heaters (including tankless and solar hot water), windows, duct sealing, duct insulation, and boiler reset control measures to their offerings.

Union Response

**Disagree** – Union believes that early replacement is not the most appropriate use of DSM resources for the low income single family market, as customers generally do not have the funds to replace equipment before its end of life.

Synapse Recommendation

Instead of waiting for the Aboriginal offering to start before beginning its process evaluation, Union should start its evaluation as early as possible in the first year of the low income weatherization offering.

Union Response

**Disagree** – While Union agrees that process evaluations should take place as early as possible for a new offering, the Aboriginal offering process evaluation was timed to coincide with other Low Income Home Weatherization process evaluation to avoid duplicative efforts and effective use evaluation funds.

Synapse Recommendation

Instead of the proposed energy modeling analysis, Union should propose a plan for the OEB to conduct a billing analysis as historical consumption data exist and expected energy savings are likely to be substantial.

Union Response

**Disagree** – Union proposes to continue using HOT2000 to determine savings for the low income single family offerings. Billing analysis introduces some complexities that need to be fully understood before deciding whether it should be used, and how exactly it could be implemented.

Synapse Recommendation

Union should conduct a review of program materials and tracking records in its proposed process evaluation study.

Union Response

**Agree** – Union completes process evaluation as part of its regular review of programs. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget.

#### 5.5.4 Low Income Multi-Family: Recommendations

Synapse Recommendation

Enbridge and Union should consider adding early replacement measures, heating equipment repairs, furnaces, water heaters (including tankless and solar hot water), windows, programmable thermostats, duct sealing, duct insulation, boiler reset control measures and pipe wrap to their offerings.

Union Response

**Disagree** – Union believes that early replacement is not the most appropriate use of DSM resources for the low income multi-family market, as customers generally do not have the funds to replace equipment before its end of life.

Synapse Recommendation

Leverage the existing Low Income Multi-family Working Group to discuss providing a single point of contact for building owners, financing options to augment and/or reduce incentives over time, and a more flexible audit structure to improve program cost effectiveness. Improved cost effectiveness may free up some funds, enabling the working group to consider providing additional program oversight and support to building owners. This would in turn mitigate costs by improving project completion rates.

Union Response

**Disagree** – Union believes the Low Income Multi-Family Offering targets this segment appropriately, which includes flexible audit structures and direct contact with customers through Union's account management team.

Synapse Recommendation

Enbridge and Union should provide reasonably consistent custom incentive offerings, unless differences are merited and explained in plans.

Union Response

**Disagree** – Union has developed its incentives based on its experience in the market and its customer interactions. While there can be benefits to having consistent incentives, Union believes it is important for the utilities to develop the incentive structures based on their specific market needs.

Synapse Recommendation

Union should roll out as a full program, rather than as a pilot, its Low Income Multi-Family offering.

Union Response

**Not Applicable** – Union’s Low Income Multi-Family offering is in fact a full program that is currently in market. In Exhibit M.Staff.UNION.8, Synapse confirmed this understanding.

Synapse Recommendation

Union should offer an incentive for operational improvements, similar to Enbridge.

Union Response

**Agree** –Union is open to discussing this option further with customers and revisiting this opportunity at the mid-term review.

Synapse Recommendation

In its process evaluation, Union should also interview participating contractors and offering delivery agents to gain a holistic view on the effectiveness of this offering, including how tenants are benefiting from the offering.

Union Response

**Agree** – Union completes process evaluation as part of its regular review of programs. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget.

Synapse Recommendation

Union should conduct a review of program materials and tracking records in its proposed process evaluation study.

Union Response

**Agree** – Union completes process evaluation as part of its regular review of programs. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget.

### 5.5.6 Furnace End-of-Life Upgrade Offering (Union Only): Recommendations

Synapse Recommendation

Consider moving this program within the core low income offerings, similar to Enbridge.

Union Response

**Not Applicable** – The furnace offering is available in Union’s core single-family low income offering as well (Home Weatherization offering). The Furnace End-of-Life Upgrade offering has been developed as a standalone offering to support customers who are not implementing weatherization components.

### 5.6.2 Residential New Construction: Recommendations

Synapse Recommendation

Union should not turn away builders that are not already enrolled in the program, as doing so would create lost opportunities.

Union Response

**Disagree** – Union has not proposed to continue the program given the uncertainty surrounding the next Ontario Building Code update. Union will consider a new construction program when the new building code is confirmed.

Synapse Recommendation

Union should commit to continuing support of a new construction offering, whatever the new design may be with the new building code.

Union Response

**Disagree** – Union has not proposed to continue the program given the uncertainty surrounding the next Ontario Building Code update. Union will consider a new construction program when the new building code is confirmed.

Synapse Recommendation

Union should make sure that its process evaluation plan includes a review of program materials and reporting.

Union Response

**Agree** – Union completes process evaluation as part of its regular review of programs. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget.

### 5.6.3 Residential Behaviour: Recommendations

Synapse Recommendation

Union should provide the Board with an update on the specific offering details once a vendor has been selected, which should include identification of any changes to the program description included in the current plan.

Union Response

**Agree** – Union can provide an update with the specific offering details once a vendor has been selected.

Synapse Recommendation

Union should assess the offering budget to determine whether it can be reduced, or should at least justify the seemingly high amount budgeted for this offering.

Union Response

**Disagree** – Union developed the Behavioural budget with the help of a leading Behavioural program vendor (Opower) and believes it is appropriate. The required budget will be confirmed once the RFP process for this offering is completed. In Exhibit M.Staff.UNION.12, Union asked Synapse for more information on the Behavioural programs in other jurisdictions, but no further information was available.

Synapse Recommendation

Union should conduct a process evaluation study particularly because its behavior offering is new.

Union Response

**Agree** – Union completes process evaluation as part of its regular review of programs. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget.

## 5.8 Large Volume Customers Program (Union only): Recommendations

Synapse Recommendation

To ensure that recommended measures are implemented, Union should (a) if a customer does not implement the recommendations from the technical assistance, then Union should collect the costs for the technical assistance from the customer; (b) require execution of an agreement including customer energy savings commitments, and/or (c) require implementation of all

recommended measures that meet certain conditions (e.g., a payback period of 1.5 years or less).

Union Response

**Disagree** – This recommendation would not be reasonably achievable.

Synapse Recommendation

It would be appropriate to at least conduct a process evaluation to examine the effectiveness of this offering and identify any modifications for offer training, specialized technical support, and audits by qualified Union Professional Engineers.

Union Response

**Agree** – Union completes process evaluation as part of its regular review of programs. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget.

## 5.9.2 Retro-commissioning Recommendations

Synapse Recommendation

Union should clarify whether or not savings as a result of capital investments would count towards eligible savings.

Union Response

**Not Applicable** – Confirmed.

Synapse Recommendation

Union should consider a more aggressive participation goal.

Union Response

**Disagree** – Union believes the proposed participation goal is appropriate.

Synapse Recommendation

Union should consider taking into account occupancy and any other important factors to adjust billing meter data.

Union Response

**Not Applicable** – Union considered this when developing the offering. Factors that materially affect consumption will be accounted for.

Synapse Recommendation

We recommend Union propose a plan for an evaluation contractor to conduct on-site audits and inspect operating conditions and installed equipment on a sample of projects

Union Response

**Disagree** – On-site audits are unnecessary and expensive. Observing site conditions will not provide any further information than that which can be gathered via a desk review and/or phone survey. On a go forward basis, evaluation plan requirements should be discussed by the Evaluation Advisory Committee.

Synapse Recommendation

Union should conduct a process evaluation study as a way to identify opportunities for program design and delivery improvement in line with the best practices that are recommended for Enbridge above.

Union Response

**Agree** – Union completes process evaluation as part of its regular review of programs. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget.

### 5.9.3 Strategic Energy Management: Recommendations

#### Synapse Recommendation

To the extent that SEM activities will save electricity consumption, both Enbridge and Union should consider exploring opportunities to coordinate with electric distribution programs.

#### Union Response

**Agree** – Union is agreeable to continuing to explore opportunities to coordinate with electric conservation programs.

#### Synapse Recommendation

Union should consider using a sliding scale for determining performance incentives.

#### Union Response

**Disagree** – Union’s proposed incentive design is already scalable for determining program incentives

#### Synapse Recommendation

Union should describe customer eligibility and requirements.

#### Union Response

**Disagree** – Customer eligibility requirements have been described in evidence at Exhibit A, Tab 3, Appendix A, pp.56-57.

#### Synapse Recommendation

Union should indicate in its plan that an appropriate M&V method by project will be determined based on the project boundary

Union Response

**Agree** – Union will consider this recommendation for the Strategic Energy Management program.

Synapse Recommendation

Union should conduct a process evaluation study as a way to identify opportunities for program design and delivery improvements, according to the best practices that are recommended for Enbridge above.

Union Response

**Agree** – Union completes process evaluation as part of its regular review of programs. This recommendation will be considered along with the other process evaluation priorities, taking into account available resources and budget.

## Chapter 6. Shareholder Incentives

### 6.2 Proposed Shareholder Incentive Scorecard and Metrics: Recommendations

#### Synapse Recommendation

The Board should continue to allow shareholder incentive metrics that motivate the utilities to save energy and increase customer participation in the DSM programs.

#### Union Response

**Agree** – Metrics and scorecards should motivate the utilities to meet and exceed energy savings targets and increase customer participation in the DSM programs.

#### Synapse Recommendation

The Board should consider requiring the utilities to develop metrics or other mechanisms that focus on program cost-effectiveness. Such a metric would ensure that the utilities keep costs low while achieving significant savings.

#### Union Response

**Disagree** – Union does not agree a separate metric on program cost-effectiveness is required.

#### Synapse Recommendation

The utilities' scorecard metrics should be similar to each other where practical and appropriate.

#### Union Response

**Disagree** – While some metrics will be similar, this should not be a factor that drives scorecard design. Metrics should be set based on what is appropriate for each utility.

#### Synapse Recommendation

Similar to Enbridge, Union should develop separate metrics for lower and higher volume customers within the Resource Acquisition scorecard.

Union Response

**Disagree** – Union does not believe separate metrics are required on the Resource Acquisition scorecard.

Synapse Recommendation

Union should include a metric within the Low Income scorecard related to increasing participation in the Low Income program.

Union Response

**Disagree** – Union believes the appropriate metrics have been established, which focus on natural gas savings. While Union strives to increase customer participation, a metric could conflict with the objective of pursuing all cost-effective natural gas savings within a customer's home or building.

Synapse Recommendation

Union should consider including a scorecard for the Large Volume program to ensure that the costs for that program are appropriately spent.

Union Response

**Disagree** – Union is not proposing to track savings or earn a shareholder incentive with this program and therefore Union feels a scorecard is not required.

### 6.3 Performance Incentive Target Adjustments: Recommendations

Synapse Recommendation

The Board should reject both Enbridge's and Union's proposed shareholder incentive target adjustment mechanisms because the overall five-year savings goal targets that the utilities are required to achieve should not be adjusted during the course of the plan.

Union Response

**Disagree** – Synapse does not provide any justification as to why the utilities’ targets “should not be adjusted during the course of the plan”. Furthermore, Synapse confuses Union’s formulaic scorecard target approach by drawing parallels to Enbridge’s Target Adjustment Factor. Synapse states “the utilities propose different mechanisms to adjust their annual shareholder incentives to avoid the risk associated with updates to input assumptions”. Union’s formulaic scorecard proposal was not developed for the reasons stated by Synapse. The formulaic approach ensures that targets are updated to reflect the market’s response to DSM programs, ensuring the targets are accurate each year and are not based on outdated information and assumptions.

Synapse Recommendation

The Board should thoroughly investigate whether the initial goals (and therefore shareholder incentive targets) established during this planning process are challenging to achieve to ensure the utilities remain motivated to reach greater savings throughout the plan term.

Union Response

**Agree** - This is expected as part of the approval process for Union’s application. Union has outlined the challenges to achieving its targets in Exhibit A, Tab 3, Appendix A.

## Chapter 7. Coordination between Gas and Electric Programs: Summary Recommendations

### Synapse Recommendation

Both companies should take a more pro-active role to lead the way for more electricity and gas DSM coordination, in particular in (a) coordinating among themselves; (b) identifying those programs that are most suited to electricity and gas coordination; and (c) offering standard program design templates that electric utilities could select from.

### Union Response

**Agree** – Union has taken an active role in identifying opportunities for collaboration with CDM and specifically outlined potential areas in Exhibit A, Tab 1, Appendix C. Union has also been considering a standard offer approach.

### Synapse Recommendation

With regard to coordinating among themselves, both companies should identify program design issues that both companies could use to coordinate with electric companies, work out some of the details of how the programs will be marketed and delivered to customers, and propose methods for allocating costs and energy savings between electricity and gas utilities

### Union Response

**Agree** – Union has been and will continue to work with Enbridge and electric LDCs over the course of the plan.

### Synapse Recommendation

Both companies should start by offering coordination for their whole building offerings (e.g., new construction programs, retrofit/audit programs, and retro-commissioning offerings) because such offerings are very good candidates for cross-utility coordination.

### Union Response

**Agree** – Union has worked with and will continue to work with Enbridge over the course of the plan.

Synapse Recommendation

Both companies should develop standard program design “templates” for coordinating the electric and gas programs so that both gas and electric companies could reduce time and resources required for program coordination activities and develop programs that are more consistent and transparent arrangements between electric and gas utilities

Union Response

**Agree** – Union has been considering a standard offer approach, which will need to be discussed further with electric LDCs to determine interest in this approach.

## Chapter 8. Customer Financing: Recommendations

### Synapse Recommendation

Identify a third party to establish and lead a finance working group. The purpose of this group is to:

- a. research how well existing financing offerings meet the needs of customers in each program;
- b. identify opportunities to design new offerings, targeted to specific programs and customers within these programs;
- c. identify additional sources of financing, including third-party and ratepayer funds; and
- d. discuss the value of financing for specific types of customers, such as low income and Aboriginal groups.

### Union Response

**Disagree** – Union believes that a competitive market for financing exists and that on-bill financing is not required.

## Chapter 9. Use of Input Assumptions in Evaluation

### 9.2 Applying New or Updated Input Assumptions: Recommendations

#### Synapse Recommendation

The best, most up-to-date information available, including recent evaluation updates, should be used for (a) reliability needs, (b) regulatory plans and program design; and (c) regulatory reporting, including achieved performance incentives and LRAM.

#### Union Response

**Disagree** – This recommendation is counter to Synapse’s own findings and comments on best practices found at L.OEBStaff.1 Section 9.2.3.

### 9.3 Net Savings Assumptions: Recommendations

#### Synapse Recommendation

Evaluations for free-ridership and spillover should be conducted on a more frequent, regular basis. The last study was conducted in 2008, and the programs and markets have evolved in the last seven years.

#### Union Response

**Agree** – Union generally agrees with the recommendation that free-ridership and spillover should be conducted on a more frequent basis, as this would better inform program design. On a go forward basis, evaluation requirements should be discussed by the Evaluation Advisory Committee.

#### Synapse Recommendation

The Board should consider conducting a study to determine which methodologies are most appropriate for determining free-ridership and spillover values in C&I programs.

Union Response

**Agree** – Union generally agrees with the recommendation that the Board should consider a study to determine appropriate methodologies for determining free-ridership and spillover values for C&I programs, as this would better inform program design. A Net to Gross study on C&I custom programs is currently underway with the Technical Evaluation Committee and will be completed in Q1 2016. On a go forward basis, evaluation requirements should be discussed by the Evaluation Advisory Committee.

Synapse Recommendation

The Board should evaluate impacts from both participant and non-participant spillover, and should include the results in future planning efforts.

Union Response

**Agree** – Union generally agrees with the recommendation that spillover should be evaluated, as this would better inform program design. On a go forward basis, evaluation requirements should be discussed by the Evaluation Advisory Committee.

#### 9.4 Savings Persistence Assumptions: Recommendations

Synapse Recommendation

The Board should continue to account for savings persistence as part of the EUL of a measure, consistent with best practice.

Union Response

**Agree** – Union also understands this to be consistent with best practice.

Synapse Recommendation

The Board could consider accounting for savings persistence using one or a combination of the methods identified above. This could be considered as part of the upcoming persistence study ordered by the Board in June of 2015.

Union Response

**Agree** – Union generally agrees with the recommendations given on assessing persistence when it is determined to be appropriate. On a go forward basis, evaluation requirements should be discussed by the Evaluation Advisory Committee.

## Chapter 10. Gas Infrastructure Planning: Recommendations

### Synapse Recommendation

Union should investigate the potential for demand response programs to address gas infrastructure needs.

### Union Response

**Agree** – This will be included in the scope of Union’s DSM and Infrastructure Planning Study.

### Synapse Recommendation

Union should investigate the role that new construction programs, both residential and commercial and industrial, can play in addressing infrastructure needs. It should also investigate ways to increase the priority of these programs in its DSM plans.

### Union Response

**Agree** – This will be included in the scope of Union’s DSM and Infrastructure Planning Study.

### Synapse Recommendation

Union should modify the avoided cost inputs to its cost-benefit screening practice, but does not need to develop a new screening test.

### Union Response

**Agree** – However, Union would like this to be confirmed through the DSM and Infrastructure Planning Study.

### Synapse Recommendation

Union should develop its first integrated resource plan in a timely fashion, and should allow time for stakeholder feedback and input.

Union Response

**Agree** – Union has committed to completing the study in time to inform the mid-term review and utilize the DSM Consultative to receive stakeholder input and feedback.

Synapse Recommendation

Union should incorporate best practices from electricity IRP in its gas IRP study, as appropriate.

Union Response

**Agree** – A review of best practices from electricity IRP will be included, as appropriate, in the scope of Union’s DSM and Infrastructure Planning Study.

Synapse Recommendation

Union should work with Enbridge to develop consistent IRP Scope Studies, and consistent IRP Studies.

Union Response

**Agree** – Union and Enbridge have had an initial discussion on approach and expect to continue to work together to ensure the study approaches are consistent.

Synapse Recommendation

Union should include more detail in its IRP Scope Study, including information on the study scope; the study approach; the study method; the timeline; and a preliminary transition plan.

Union Response

**Disagree** – Union will be finalizing the scope of the DSM and Infrastructure Planning Study this fall in preparation for the RFP process. The study itself will inform the approach to a transition plan.