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October 2, 2015

Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, ON M4P 1E4

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Low-Income Energy Network (“LIEN”) Written Argument
Board File No. EB-2015-0029/EB-2015-0049**

We enclose the Written Argument of the Low-Income Energy Network to the above noted proceedings.

Yours truly,

Matt Gardner

Encl.

Document #: 898802

ONTARIO ENERGY BOARD

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

IN THE MATTER OF an Application by Enbridge Gas Distribution and Union Gas Inc. pursuant to Section 36(1) of the *Ontario Energy Board Act, 1998*, for an Order or Orders approving their Demand Side Management Plan for 2015-2020

WRITTEN ARGUMENT OF THE LOW-INCOME ENERGY NETWORK

October 2, 2015

I. INTRODUCTION

- 1 The Low-Income Energy Network (“LIEN”) is a network representing the intersection of interests related to low-income consumers and energy and sustainability. LIEN represents approximately 60 member groups across Ontario. LIEN’s focus is on reducing the energy bills of all low-income consumers and providing low-income consumers with the opportunity to better manage their energy bills. In so doing LIEN addresses customer care matters, commodity prices and rates, and demand side management (“DSM”) and conservation and demand management (“CDM”) matters. LIEN helps to ensure that low-income consumers across Ontario have access to conservation programs, technologies and services as well as conservation education, and

realize the environmental, energy and economic benefits associated with the more efficient use of energy.

2 LIEN has been engaged in consultations with both Enbridge Gas Distribution Inc. (“Enbridge”) and Union Gas Limited (“Union”) (collectively the “Applicants”) on the development of their 2015-2020 DSM Plans.

3 LIEN is overall very supportive of the Applicants’ proposed 2015-2020 DSM Plans, and recognizes and emphasizes the importance of reducing natural gas consumption and lowering energy bills for Ontarians, including low-income natural gas consumers.

4 However, LIEN identifies two key areas in each of the Applicants’ proposed DSM Plans that, in LIEN’s view, require improvement:

(a) LIEN supports Union’s Low-Income Multi-Family (market rate) offering and Enbridge’s Low-Income Multi-Residential (private market) offering as proposed, on the condition that each Applicant implement an eligibility screening criterion that requires each to implement at least one measure (e.g. building envelope measures, in-suite measures) for each multi-residential building that provides direct benefit(s) to low-income tenants under their respective low-income multi-residential offerings. LIEN’s concern is that without any direct benefits to low-income customers (and only benefits to building owners), the Applicants’ multi-residential low-income offerings (private market / market rate) are not truly “low-income” offerings in any way and should be instead implemented under the resource acquisition budget / stream. LIEN submits that, to ensure that

the Applicants' offerings are truly "low-income" offerings, at least one measure for each building that directly benefits low-income tenants must be implemented. LIEN asks that the Board make this a condition of approval of the Applicants' multi-residential low-income offerings (private market / market rate), and

- (b) LIEN submits that the Board should approve the Applicants' single family low-income offerings but require the Applicants to directly install kitchen faucet and bathroom aerators for low-income customers as part of the Applicants' single family low-income offerings, unless accessibility or compatibility (between the faucet and aerator) is an issue.

II. THE APPLICANTS' PROPOSED LOW-INCOME PROGRAMS FULFILL THE OBJECTIVES OF THE DSM FRAMEWORK AND FILING GUIDELINES

5 Both Applicants' proposed suite of low-income program offerings fulfill the key objectives (both general and specific to low-income¹) of the Board's "*Filing Guidelines to the Demand Side Management Framework for Natural Gas Distributors (2015-2020)*" ("Filing Guidelines") and the Board's EB-2014-0134 "*Report of the Board: Demand Side Management Framework for Natural Gas Distributors (2015-2020)*" dated December 22, 2014 ("DSM Framework"), including but not limited to:

- (a) the Applicants' proposed low-income program offerings will increase collaboration and integration of DSM programs and CDM programs²

¹ The key objectives in the Filing Guidelines specific to low-income were developed through the low-income working group in advance of the 2012 DSM Guidelines.

² Filing Guidelines, section 6.0(c); DSM Framework, section 2.0.

- (b) the Applicants' proposed low-income program offerings will be available to low-income consumers across Ontario where natural gas service is available³
- (c) the Applicants each propose to offer and are currently offering low-income DSM offerings to the private low-income, multi-residential buildings within their service territories, including the private market (a.k.a. market rate) throughout 2015-2020⁴
- (d) the Applicants' proposed low-income program offerings will be delivered in a cost-effective manner⁵ (see below for further details)
- (e) the Applicants' proposed low-income portfolios are integrated and non-duplicative⁶ (for example, Union's Furnace End-of-Life offering is incremental to, and not duplicative of, Union's Home Weatherization offering, even though both offer furnace upgrades, as each targets different sectors of the low-income customer-base), and
- (f) provide direct install elements.⁷

III. THE APPLICANTS' PROPOSED LOW-INCOME PROGRAMS ARE COST EFFECTIVE

6 Per the Board's DSM Framework⁸ and Filing Guidelines⁹, both of which incorporate the directives from the Minister of Energy's Order In Council to the

³ Filing Guidelines, sections 6.0(d) and 6.4; DSM Framework, section 2.0.

⁴ Filing Guidelines, section 6.4.

⁵ Filing Guidelines, section 6.4; DSM Framework, section 9.2.

⁶ Filing Guidelines, section 6.4.

⁷ Filing Guidelines, section 6.4.

⁸ DSM Framework, section 9.2.

⁹ Filing Guidelines, section 9.0.

Board dated March 26, 2014, as affirmed in the Minister of Energy's letter to Ms. Leclair dated February 4, 2015, the primary test as to whether the Applicants' proposed DSM programs are cost-effective is the Total Resource Cost Test, plus a 15% non-energy benefit adder "in recognition of the environmental, economic and social benefits of DSM"¹⁰ (the "TRC-Plus Test"). The TRC-Plus Test requires a screening threshold benefit/cost ratio of 1.0 or greater. For low-income programs, the DSM Framework and Filing Guidelines state that a screening threshold benefit/cost ratio of 0.7 applies, in recognition of the important benefits of low-income DSM programs not captured by the TRC-Plus Test.¹¹

7 Both Applicants confirm that both their low-income programs/portfolios are cost effective (meet or exceed the 0.7 ratio) (Enbridge confirms this for the entire DSM term - Ex. B, Tab 2, Sch.3, pp. 3-7; Ex. J8.10 and Union confirms this for 2016 - Ex. A, Tab 3, Appendix A, p. 96, Table 32).

IV. THE APPLICANTS' SINGLE FAMILY LOW-INCOME OFFERINGS SHOULD INCLUDE DIRECT INSTALLATION OF AERATORS

8 LIEN supports Union's Home Weatherization offering and Enbridge's Home Winterproofing offering as proposed, with one important exception.

9 The Applicants both propose to leave behind kitchen faucet and bathroom aerators for low-income customers to install themselves rather than directly installing aerators for low-income customers.

¹⁰ Minister of Energy's letter to Ms. Leclair dated February 4, 2015, page 1.

¹¹ Filing Guidelines, section 9.0.

10 LIEN's concern is that by leaving behind aerators for low-income customers (many of whom are elderly, disabled and/or infirm) to self-install, the percentage of aerators that end up being installed (properly or at all) will be significantly less than if the Applicants' contractors directly install the aerators while already at the customer's home for other measures / purposes (which should result in 100% installation, subject to accessibility issues).

11 Enbridge confirmed LIEN's expectation. Enbridge confirmed that the retention rate of aerators left behind for self-installation in 2014 by low-income customers, (2014 being the only year for which Enbridge provided evidence of retention rates of aerators) was quite low (Ex. J9.2):

In 2014, a retention rate of 22.5% and 33.1% for the bathroom and kitchen aerators respectively were used. These rates were based on a 2011 survey of the residential self-install ESK-TAPS program.

12 LIEN's expectation, supported by Union's evidence, is that once the Applicants' contractor is in the home, that contractor will ensure that aerators are installed if required to do so, unless access is prohibited (Tr. Vol. 1, p. 168 at lines 13-16).

13 Enbridge cited what LIEN sees as an additional reason to have the Applicants' contractors, as opposed to low-income customers themselves, install aerators, namely, that installation of aerators could damage faucets if the aerator and faucet are incompatible (Tr. Vol. 9, p. 6 at lines 4 and 5).

14 Union and Enbridge confirmed that they expect that their low-income programs will remain cost effective if costs are added for the direct installation of aerators as part of their single-family low-income offerings (Ex. J1.8 and Ex. J9.4).

- 15 Union confirmed that its contractor(s) / delivery agent(s), who would be in low-income customers' homes as part of the Home Weatherization offering in any event, will be covered under their existing liability insurance to install aerators as well (Ex. JT2.4, p. 42). Enbridge confirmed that Enbridge does not anticipate any increase in insurance coverage requirements for its contractor(s) / delivery agent(s) to directly install aerators, subject to installation guidelines (Ex. J9.3).
- 16 LIEN submits that the Board should approve the Applicants' single family low-income offerings but require the Applicants to directly install kitchen faucet and bathroom aerators for low-income customers as part of the Applicants' single family low-income offerings, unless accessibility or compatibility (between the faucet and aerator) is an issue.

V. **THE APPLICANTS' MULTI-RESIDENTIAL (PRIVATE MARKET / MARKET RATE) OFFERINGS MUST HAVE DIRECT BENEFITS TO LOW-INCOME TENANTS**

- 17 LIEN supports Union's Low-Income Multi-Family (market rate) offering and Enbridge's Low-Income Multi-Residential (private market) offering as proposed, on the condition that each Applicant implement an eligibility screening criterion that requires each to implement at least one measure (such as Novatherm panels, as described below) for each multi-residential building under their respective low-income multi-residential offerings that provides direct benefit(s) to low-income tenants.
- 18 Enbridge confirms that approximately 90% of multi-residential buildings eligible for Enbridge's Low-Income Multi-Residential (private market) offering are likely to use hot water (hydronic) heating and are therefore likely eligible for Novatherm

heat reflector panels (Ex. JT1.2). LIEN's understanding, based on discussions with Enbridge, is that such heat reflector panels will directly improve the comfort of low-income tenants.

- 19 Enbridge confirms that for those multi-residential buildings eligible for Enbridge's Low-Income Multi-Residential (private market) offering for which Novatherm heat reflectors will not be effective, Enbridge expects to consider making improvements to buildings' windows, air sealing, among potentially other measures (including smart cards to incent low-income customers to use more cold water when washing clothes) that Enbridge expects will improve low-income tenants' comfort (Tr. Vol. 9, pp. 16 and 17).
- 20 Union confirms that only approximately 10% of multi-residential (multi-family) buildings eligible for Union's Low-Income Multi-Family (market rate) offering have a natural gas central boiler and of those buildings, a portion (exact percentage not known to Union) have free-standing radiators for which Novatherm heat reflector panels are best suited (Ex. J1.10).
- 21 Union instead identifies improvements to building windows, air-sealing/weather-stripping/caulking, cladding, and insulation as all having direct benefits to low-income customers (Tr. Vol. 1, pp. 173 at line 24 to 174 at line 10).
- 22 Notwithstanding that each of the Applicants has identified measures that they believe will directly benefit low-income customers by improving their comfort and each suggests that it will continue to work with the low-income working group to discuss ways to improve benefits to low-income tenants, neither has voluntarily agreed to an eligibility screening criterion that requires implementation of at least

one measure for each multi-residential building that provides direct benefit(s) to low-income tenants (Ex. J9.5 and Tr. Vol.1, pp. 174-175).

23 LIEN is grateful for both Applicants' commitment to continue to explore ways to improve benefits to low-income customers through the low-income working group. LIEN is also grateful to both Applicants for creating unique, innovative programs to reach out to low-income customers in multi-residential private market buildings. However, LIEN's concern is that without any direct benefits to low-income customers (and only benefits to building owners), the Applicants' multi-residential low-income offerings (private market / market rate) are not truly "low-income" offerings in any way and should be instead implemented under the resource acquisition budget / stream. LIEN submits that, to ensure that the Applicants' offerings are truly "low-income" offerings, at least one measure (Union and Enbridge have proposed several that would be applicable as described above) for each building that directly benefits low-income tenants must be implemented. LIEN asks that the Board make this a condition of approval of the Applicants' multi-residential low-income offerings (private market / market rate).

VI. THE BOARD SHOULD BE CAUTIOUS WHEN CONSIDERING SYNAPSE'S RECOMMENDATIONS

24 Board Staff's expert, Synapse Energy Economics, Inc. ("Synapse"), recommends in Synapse's report entitled "Ontario Gas Demand Side Management 2016-2020 Plan Review" dated July 27, 2015 ("Synapse's Report") that the Applicants take a

“cautious and balanced approach when considering adopting [Synapse’s] recommendations” (L.OEBStaff.1 at p. 2).

- 25 Synapse confirms that the documents that Synapse reviewed in preparing Synapse’s Report were as set out at pages 132-137 therein. These documents primarily relate to studies and reports from US jurisdictions. The documents that Synapse reviewed from Ontario were limited to the Board’s DSM Framework for Natural Gas Distributors (2015-2020), the Board’s Filing Guidelines to the DSM Framework for Natural Gas Distributors (2015-2020), and four other Board documents as listed in Ex.M.Staff.EGDI.3 (also see Ex. JT4.8).
- 26 Synapse did not review past DSM plans or filings of the Applicants (Ex. JT4.5 and Tr. Vol. 12, p. 21).
- 27 Synapse did not request or review any specific materials about the history of the Applicants’ low-income DSM offerings or ask for such information from the Applicants before preparing Synapse’s Report (Ex. JT4.6 and Ex. JT4.7).
- 28 Synapse did not review or consider the following when preparing Synapse’s Report:
- (a) the history of low-income DSM programming in Ontario
 - (b) the local conditions in each of the Applicants’ service territories
 - (c) whether such local conditions may be unique or different from the local conditions in US jurisdictions with which Synapse is more familiar

- (d) outcomes of discussions within the low-income working group that assisted the Applicants to develop their low-income program offerings, and
- (e) the inputs of low-income stakeholders.

29 LIEN submits that the Board should accordingly be “cautious” as Synapse suggests in Synapse’s Report, when considering Synapse’s recommendations about the Applicants’ low-income offerings.

30 In particular, LIEN submits that Synapse’s recommendations were made without not only an understanding of the history of low-income DSM programming by the Applicants in Ontario, but also a complete understanding of the Applicants’ low-income offerings as proposed in their 2015-2020 DSM Plans. Through the course of the proceeding, Synapse obtained further information about the Applicants’ proposed low-income offerings and came to the following conclusions, which are very different from Synapse’s original conclusions/recommendations made in Synapse’s Report:

- (a) Union’s proposed Low-Income Multi-Family (market rate) offering should be offered as a pilot / demonstration in 2015 with a view to fully launching the offering in 2016, as Union proposes (Ex. JT4.9)¹²

¹² LIEN presumes that Synapse also agrees to Enbridge’s proposal to offer a full scale offering in 2016 for its Low-Income New Construction offering after piloting this offer in 2015, for the same reasons as Synapse states regarding Union’s pilot program for Union’s proposed Low-Income Multi-Family (market rate) offering (Ex. JT4.9). LIEN notes that Union’s response to Synapse’s original recommendation that Union offer a Low-Income New Construction offering indicates that such “low income new construction projects can participate through the existing low income program” (see Ex. J2.1, Attachment 1, p. 19).

(b) Union’s Furnace End-of-Life offering is incremental to, and not duplicative of, Union’s Home Weatherization offering, given that the former offering is intended to capture those low-income customers with furnaces that have failed that will not be covered by and will not qualify for and participate in Union’s Home Weatherization offering (Ex. JT4.11; also see Union’s response at Ex. J2.1, attachment 1, p. 23).

31 LIEN agrees with Synapse’s revised conclusions above and submits that it is these revised conclusions from Synapse that the Board should consider, not Synapse’s original recommendations made in Synapse’s Report regarding the Applicants’ low-income offerings.

VII. RELIEF REQUESTED

32 LIEN submits that the Board should approve the Applicants’ proposed DSM Plans with the following conditions:

(a) The Applicants must each implement an eligibility screening criterion that requires each to implement at least one measure for each multi-residential building that provides direct benefit(s) to low-income tenants under their respective low-income multi-residential offerings. LIEN’s concern is that without any direct benefits to low-income customers (and only benefits to building owners), the Applicants’ multi-residential low-income offerings (private market / market rate) are not truly “low-income” offerings in any way and should be instead implemented under the resource acquisition budget / stream. LIEN submits that, to ensure that the Applicants’ offerings are truly “low-income” offerings, at least one measure for each

building that directly benefits low-income tenants must be implemented.

LIEN asks that the Board make this a condition of approval of the

Applicants' multi-residential low-income offerings (private market / market rate), and

- (b) The Applicants must directly install kitchen faucet and bathroom aerators for low-income customers as part of the Applicants' single family low-income offerings, unless accessibility or compatibility (between the faucet and aerator) is an issue.

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