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Our File No. 177214

VIA RESS, EMAIL AND COURIER

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
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Attention: Kirsten Walli,
Board Secretary

Dear Ms. Walli:

**Re: EB-2017-0323: Union Gas Limited, 2015 Disposition of DSM Deferral and Variance
Accounts**

Pursuant to Procedural Order No. 2, please find enclosed herewith BOMA's Written Submission.

Yours truly,

FOGLER, RUBINOFF LLP

Thomas Brett

TB/dd

Encls.

cc: All Parties (*via email*)

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Union Gas Limited, for an order or orders clearing certain non-commodity related deferral accounts.

WRITTEN SUBMISSION OF
BUILDING OWNERS AND MANAGERS ASSOCIATION, GREATER TORONTO
("BOMA")

April 27, 2018

Tom Brett
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Counsel for BOMA

BOMA supports Union Gas Limited request for approval of the final audit adjusted balances for all its 2015 DSM deferral accounts, in the amounts of \$0.617 million for the Lost Revenue Adjustment Mechanism, (\$0.195) million for the Demand Side Management Variance Account, and \$7.472 million for the Demand Side Management Incentive Deferral Account, for a net balance of \$7.895 million for collection from ratepayers.

BOMA agrees that the Application of the NTG Study to 2015 Results is inappropriate as it is inconsistent with prior OEB decisions and it errs in calculating 2015 DSM program results using different NTG factors than those used to calculate the OEB-approved 2015 targets;

In its Revised Decision and Order on Union's and EGD's 2015-2020 DSM Plans dated February 24, 2016 the OEB confirmed that "input assumptions and net-to-gross adjustment factors are finalized for a given year based on the previous year's final DSM audit." This means that input assumptions and NTG adjustment factors for the 2015 year should have been based on the 2014 final DSM audit, as Union has submitted, and not on the 2015 DSM audit results.

This approach is consistent with the 2015-2020 DSM Framework, which recognized that 2015 would be a transition year. The Board stated that the gas utilities should roll-forward their 2014 DSM plans, including all programs and parameters (i.e., budget, targets, incentive structure) into 2015," because this would "allow the utilities to fully consider the new DSM framework and appropriately develop their DSM portfolio and suite of programs that will make up their new multi-year plans. This approach is also consistent with best practices in most U.S. jurisdictions where input adjustments are updated prospectively not retroactively. The application of the NTG Study to 2015 DSM program results causes misalignment between program results and targets.

In the 2015-2020 DSM Decision, the Board stated, "to calculate next year's targets, the OEB directs the utilities to use the new, updated input assumptions and net-to-gross factors that are the result of the annual evaluation process." Consistent with this direction, Union used input assumptions that were the result of 2014 program EM&V when establishing its 2015 targets,

including the 46% NTG adjustment factor for Union's Commercial Industrial and Large Volume custom programs.

The real problem however is not which assumptions are used but why real data is not used now that it is increasingly available and for all public-sector buildings is published by the Ministry of Energy.

The Ontario Energy Board's Mid Term Review for DSM must usher in the use of real data for program design as well as evaluation.

In addition to the Ontario Regulation governing the public-sector (O. REG. 397/11 Overview of Reporting Requirements), the Large Building Energy and Water Reporting and Benchmarking regulation is now enacted by the Ontario Ministry of Energy which BOMA members have been fully engaged in developing. The Energy and Water Reporting and Benchmarking initiative was introduced to help building owners improve their building's energy and water efficiency. It would make much more sense for the gas and electric utilities in Ontario to use data measurement that supports this initiative.

BOMA remains concerned that the gas utilities are being required to use assumptions rather than real metered data that is readily available. What the Board needs to recognize is that input assumptions are just that assumptions that result in deemed or estimated savings. Many of these assumptions included in the Technical Resource Manual (TRM) or those used to estimate savings from custom projects are based on US based research and more often than not related to electricity savings.

While BOMA understands the work and effort that has gone into establishing the TRM, we remained concerned that this approach, based as it is on the California Standard Practice first established almost 40 years ago, uses a methodology that is based on deemed or estimated savings from a more efficient piece of equipment replacing a less efficient and older model piece of

equipment, rather than real, measured and metered savings for the buildings itself, is an outdated and second best approach, for the residential, commercial, institutional, multi-family residential, and industrial sectors. BOMA promotes environmental, energy efficient building standards. BOMA BEST Canada's largest environmental assessment and certification program for existing buildings with over 5,000 buildings having; obtained a certification or recertification. It is based on real data, including real energy savings data. BOMA prefers to see the Ontario Energy Board support Ontario government policy and regulations and Canadian industry led standards.

BOMA is also concerned that cost associated with using, reviewing, updating the many, many, many assumptions (estimates) is greater than using readily available metered data which customers have already paid for in their bills.