David I. Poch Barrister tel. (613) 264-0055 fax (613) 264-2878

08 June 2010

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON, M4P 1E4

Dear Ms. Walli:

Re: EB-2010-0175 – Enbridge 2011 DSM Application

I write on behalf of the GEC to offer our suggestion for an appropriate process and to clarify the reference in Enbridge's cover letter of May 28th where the Company notes: "Regarding the 2011 Plan, we understand that GEC has concerns about some of the Board approved assumptions and may raise those concerns at the appropriate time".

GEC is pleased to have played a key role in developing the proposed settlement for the bulk of issues pertaining to Enbridge's 2011 filing. As noted by Enbridge, we have reservations about certain assumptions. To assist the Board in determining the appropriate process and to inform Enbridge and other parties, we attach a summary of those concerns.

GEC recognizes that this application is for the interim period and a more extensive application will follow for the longer term. The need for Enbridge to incorporate study and evaluation findings, EAC proposals, and auditor recommendations in its 2011 plan prompts us to seek the Board's attention to a limited list of specific concerns at this time. In our view, if Enbridge is allowed to proceed with its 2011 plan while ignoring such major changes in information and even auditor recommendations, the company will misdirect significant resources and it will reap significant unearned LRAM and SSM payments that are based on false savings.

Accordingly, assuming the Board is satisfied with the proposals for the matters that the parties have agreed upon, we suggest that a written process, limited to the matters we elaborate upon in our attached summary, would meet the competing needs of regulatory expediency and the restoration of a workable process.

Sincerely,

David Poch
Cc: all parties

1649 Old Brooke Road, Maberly, Ontario K0H 2B0 e-mail: dpoch@eelaw.ca

GEC Concerns with the Enbridge 2011 DSM Plan Filing

The Green Energy Coalition (GEC) is writing to provide comment on Enbridge Gas Distribution's (EGD's) recent filing of its 2011 DSM Plan. GEC accepts most aspects of the filed plan. Indeed, GEC played an integral role in negotiating the agreement between Enbridge and the various stakeholders on the budget, revisions to the SSM structure and market transformation goals. Through our representative on the Enbridge Evaluation and Audit Committee, we also helped craft agreement on the savings and other assumptions that Enbridge has put forward for new measures in 2010 and incorporated into its plan for 2011 as well. However, we have a narrow set of concerns that were not addressed in the aforementioned processes. Specifically, we believe that three different assumptions put forward by Enbridge in its filing are problematic and should not be approved. These are assumptions that have been approved by the Board and been used by Enbridge in the past, but for which new information raises serious questions regarding their continued use. Each is discussed briefly below. The discussions include our recommendations on alternative assumptions that should be used.

Low Flow Showerhead Savings

Enbridge is proposing to continue to use in 2011 savings estimates developed a couple of years ago for low flow showerheads. However, the Company recently completed an updated study of the impacts of low flow showerheads which, for the first time, provides estimates of savings that are based on study of differences in actual consumption pre- and post-installation, adjusted for changes seen in a control group that did not install new showerheads. Put another way, this study measures actual savings and eliminates the need to rely on old engineering calculations which, despite their complexity, did not address some key issues potentially affecting savings.

The new study suggests that the average savings per home for replacement of showerheads with pre-program flow rates between 2.0 and 2.5 gallons per minute (gpm) are 45 to 46 m3; average savings per home for replacement showerheads with pre-program flow rates of 2.6 gpm or greater are 88 m3.[1] These values are on the order of 30% lower than the current savings assumptions used by Enbridge and proposed by the Company for 2011.

It is important to emphasize that these savings estimates are *per home* – assuming all showerheads in the home are replaced – not per showerhead. The same study found that the average home treated by the program had 2.1 showerheads. Thus, the average savings per showerhead is 22 m3 for replacement of 2.0 to 2.5 gpm showerheads or 42 m3 for 2.6+ gpm showerheads.

We suspect that Enbridge will argue that its 2011 plan is not the right venue to make such adjustments or that the Board should not base new assumptions on a study that has not yet been vetted by the Company's Auditor. GEC would not object to waiting until the Company's

[1] SAS Institute, "Phase II Analysis for Enbridge Gas Distribution Inc.: Estimating the Impact of Low Flow Showerhead Installation", April 5, 2010.

audit has vetted the new report to propose these changes. However, it is not clear to us that there will be an appropriate venue for proposing changes after the Audit for the 2011 program year. Indeed, as discussed further below, the Company's 2008 auditor recommended a change in assumption regarding measure life for steam traps but that recommendation was never addressed.

GEC Recommendation: GEC suggests that the Board require Enbridge to use updated savings assumptions for showerheads in 2011. Since Enbridge's programs do not routinely replace all showerheads, we suggest that either (1) the average per showerhead values (e.g. 22 m3 and 42 m3) be used in 2011, or (2) Enbridge survey participating customers each year to determine the average fraction of participating household showers that take place with the replaced showerheads and apply that fraction to the average savings per household of 46 m3 and 88 m3. As we understand it, this second option is consistent with current Enbridge practice.

Steam Trap Measure Lives

Enbridge is proposing to continue to use in 2011 a measure life assumption for steam traps (i.e. 13 years) that it developed a couple of years ago. That assumption came from a study of steam trap measure lives that the Company conducted internally. It dramatically increased the Company's previous measure life of 3 years.

GEC contended in past proceedings before the Board that Enbridge's steam trap measure life study was fundamentally flawed and, therefore, its 13 year measure life should be rejected. Perhaps because of the absence of other expert opinion on the matter, the Board chose to allow Enbridge to use this new assumption. However, new information has become available that we believe warrants reconsideration of the Board's past decision. Specifically, during the course of its 2008 audit, the Company's Auditor reviewed its steam trap measure life study and also found it fundamentally flawed. Moreover, it also found the result – an estimate life of 13 years – out of the range typically assumed in the industry. The Auditor recommended that Enbridge lower its assumption to 6 years.[2] In its response to the Auditor's recommendation, Enbridge state that it "has accepted prospective application of this recommendation".[3] However, a year later, the Company has not acted on its own acceptance of the Auditor's recommendation. We find it disconcerting that Enbridge did not make this change to either their 2010 or 2011 assumptions.

GEC Recommendation: GEC suggests that the Board change the assumption to 6 years.

"Mid-Efficiency" Commercial Boiler Savings

GEC is concerned that Enbridge's commercial and multi-residential programs promote mid-efficiency boilers that may produce little or no savings over what would be installed in the absence of the program.

[2] The Cadmus Group, "Independent Audit of 2008 DSM Program Results", prepared for Enbridge Gas Distribution, July 9, 2009 (EB-2009-0341, Exh. B, Tab 2, Sch. 1 p. 21 of 49).
[3] Enbridge Gas Distribution's 2008 DSM EAC Audit Summary Report (EB-2009-0341, Exh. B, Tab 4, Sch. 1 p. 13 of 39).

In 2009 Union Gas commissioned an Ontario-wide review of the market share of large boilers currently being sold. The purpose of the study was to update the baseline boiler type or efficiency for future large boiler programs. This study came to two important conclusions:

1. the ability to use combustion efficiency or thermal efficiency values to produce reliable savings estimates is limited, since there is no accepted method for converting these efficiencies into seasonal or true efficiency values; and

2. the average rated efficiency of boilers sold in Ontario was 85%, with an error band of +/- 8%.

Importantly, many of the boilers for which Enbridge is claiming substantial savings have ratings of 83-84%; most others are in the 85% to 88% range– all very close to the average rated efficiency the Union Study found to be sold in Ontario. The fundamental question this raises is whether Enbridge is claiming savings for what is essentially baseline equipment.

GEC acknowledges that much of the savings from mid-efficiency boilers come from features other than the nameplate efficiency ratings (e.g. outdoor temperature reset, modulation, etc.). However, to our knowledge, Enbridge has never actually documented which features are the most important determinants of operating efficiency or whether those features are not themselves already typical or baseline practice in the market.

The information now available calls into question whether there is a documentable basis for any savings claimed by Enbridge for mid-efficiency boilers. It is worth noting that Union's response to the study was to discontinue promoting mid-efficiency boilers and concentrate only on condensing boilers.

GEC Recommendation: Enbridge's EAC has had useful discussions recently about the need to conduct a thorough study of baseline for commercial boilers. We strongly support that study. However, we recommend that Enbridge not be permitted to claim savings from non-condensing boilers until such a study is complete and unless the study documents that the baseline for commercial boilers is such that the Company could promote non-condensing boilers and still generate savings.