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November 11, 2010

VIA RESS, EMAIL and COURIER

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

Dear Ms Walli:

**Re: Enbridge Gas Distribution Inc. ("Enbridge") 2011 DSM Plan
Amended Low Income Weatherization Plan
Ontario Energy Board ("Board") File Number EB-2010-0175**

In the September 24, 2010, Decision and Order of the Board (the "Decision"), regarding Enbridge's 2011 DSM Plan, EB-2010-0175, the Board stated its expectation for Enbridge to file an amendment in respect of the government's policy to increase conservation programs for low income customers and additional funding for such low income programs. In accordance with the Board's request, enclosed please find the evidence for Enbridge's 2011 Amended Low Income Weatherization Plan.

The attached plan is the result of extensive discussion and review with a low income working group chosen by the Enbridge DSM Consultative. The working group of three Intervenor members plus Enbridge and Union Gas met seven times in a period of almost five weeks to consider proposals and discuss key plan elements. On October 13, 2010, a general agreement on the plan was reached amongst the members of the working group. The agreement encompasses program design, budget, performance metrics, and SSM. A joint meeting of Enbridge, Union Gas, and the DSM Consultative was subsequently scheduled on October 15, 2010 to present the amended plan proposal of Enbridge. Further effort was made to individually contact and discuss the plan with other Intervenor members who were not able to attend the Consultative meeting.

On October 29, 2010, Enbridge circulated its draft 2011 Amended Low Income Weatherization Plan submission to the Consultative, along with a request for feedback. Feedback received from this process has been addressed in this submission.

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Through this collaborative process, Enbridge has gained general consensus support for this amended plan. However, it should be noted that all the parties consider this a one-year transition to a new DSM framework. In addition, certain parties have expressed their qualified support to this agreement, stating that such support is not to be interpreted as endorsing the current framework or the approach for this plan for the longer term, i.e., 2012 and beyond.

Enbridge has filed its Amended Low Income Weatherization Plan and the updated Exhibit List using the Board's RESS; two hard copies are being forward to the Board. Enbridge's 2011 Amended Low Income Weatherization Plan will be available on the Enbridge website at www.enbridgegas.com/ratecase under Other Regulatory Proceedings, as of November 12, 2010.

Sincerely,

A handwritten signature in black ink, appearing to read "per Robert Ryckman", written over the word "Sincerely,".

Norm Ryckman

cc: Dennis O'Leary, Aird & Berlis (via email)
Interested Parties (EB-2010-0175) (via email)

2011 AMENDED LOW INCOME WEATHERIZATION PLAN

Introduction

1. Enbridge is filing the attached amendment to its low income DSM plan in response to the Decision and Order of the Board in EB-2010-0175 (September 24, 2010). In that decision, the Board stated:

The Board expects Enbridge to file an amendment to the 2011 DSM plan which recognizes the government's policy with respect to increased conservation programs for low income consumers as expeditiously as possible. Furthermore, the Board expects that Enbridge will continue to consult on the plan amendments with all members of the consultative group and the Board also expects stakeholder involvement in initiating low income DSM programs.

In the plan amendment, Enbridge may request additional funds for low income programs, should it choose to do so. Any request for additional funding will be examined as part of that application. No other expansion of the DSM budget, other than for low income programs, will be considered.

2. Enbridge has prepared this plan as an amendment to the low income weatherization program that was approved by the Board (EB-2010-0175, Exhibit B, Tab 2, Schedule 8). This amended plan requests approval for an additional budget amount of \$1,366,375, to be allocated to the low income weatherization program. This amount is incremental to the existing Board-approved 2011 DSM budget of \$26,708,068 (EB-2010-0175, Exhibit B, Tab 1, Schedule 3), and is additional to the multi-year DSM framework prescribed budget escalators (EB-2006-0021 Decision with Reasons, p 23).
3. This amended low income plan is not intended to alter or affect any other non-low income components of the Board-approved 2011 DSM Plan or budget. Furthermore, Enbridge's Enhanced TAPS program remains unchanged within the Resource Acquisition portfolio.

Witnesses: A. Mandyam
P. Squires

4. Enbridge considers this amended low income plan as a one-year transition to a new DSM framework which we expect the Board to implement for 2012. 2011 also represents a pilot year for the coordination of gas and electric low income programs. In this context, Enbridge's amended plan provides for the expansion of the home weatherization program to address the Minister's direction to place emphasis on deep measures and allow for potential coordination with the Ontario Power Authority ("OPA") and Local Distribution Companies ("LDCs").

Background

5. In September, 2010, Enbridge and Union initiated a joint consultative process to develop their amended low income plans in response to Board direction. A working group of Consultative members was selected by the full Consultative group to represent them to work with both gas utilities in developing their amended low income plans. The working group included the following Intervenor: Low Income Energy Network (LIEN), Vulnerable Energy Consumers Coalition (VECC), and Green Energy Coalition (GEC). This group met seven times between September 10, 2010 and October 13, 2010.
6. The working group reached consensus on Enbridge's amended plan on October 13, 2010. Following that agreement, Enbridge endeavored to solicit feedback from other Consultative members in several ways. First, the Company distributed the plan to the Consultative via e-mail on the morning of October 15, 2010. Second, the Company held a previously-scheduled consultative meeting to discuss the plan on the afternoon of October 15, 2010. During that meeting, OSEA indicated it supported the plan and IGUA indicated it would not oppose it. Third, effort was then made to individually contact and discuss the plan with other Consultative members who were not able to attend the Consultative meeting. During subsequent conversations,

Witnesses: A. Mandyam
P. Squires

Energy Probe, Pollution Probe and the Consumers Council of Canada all indicated they would not oppose the plan. Finally, Enbridge's draft plan was distributed to the Consultative on October 29th. GEC provided comments; both HRAI and OSEA have confirmed their support for the plan. No further concerns about the plan have been received from any other Intervenor.

Amended Low Income Weatherization Plan Overview

7. The main objectives of the amended low income plan are to expand the reach of the weatherization program and provide greater energy savings to participants. Enbridge will accomplish these objectives by planned expansion in the program to new communities, and by reducing the TRC screening threshold for eligible measures. Lowering the TRC threshold will increase the likelihood of more comprehensive and deeper measures that may not have passed the TRC screening at 1.0, which in turn will increase the potential for gas savings in eligible homes.
8. There has been broad recognition by many stakeholders (and apparently the Board) that the TRC test is not an appropriate metric for evaluation of low income program results. Historically in Ontario, the TRC test does not include such benefits as improvements in health and safety, improved comfort, and other non-energy benefits. Additionally, research studies conducted in other jurisdictions indicate that "low income assistance and efficiency programs have a proven effect on payment-related costs that would otherwise be paid through rates by all other ratepayers ("Low Income Consumer Utility Issues: A National Perspective", Jerrold Oppenheim, Esq. and Theo MacGregor, October 2000)". For these reasons, the benefits that arise from low income programs are understated.

Witnesses: A. Mandyam
P. Squires

“...Board staff suggests these programs may be effective if one considers the ancillary benefits such as improved affordability for low income energy consumers (through lower consumption), and reduced collections costs for distributors. To facilitate these types of programs Board staff also believes that it is appropriate to lift the requirement that such programs deliver positive TRC benefits...” (EB-2008-0150, Report of the Board, Low Income Energy Assistance Program, page 101).

9. Enbridge proposes to address these shortcomings in the TRC test by adopting a measure screening threshold of 0.7, instead of the 1.0 threshold that is typically used in DSM. This lower threshold acts as a proxy for a full accounting of all the non-energy benefits of low income programs (which has not been carried out to date), and has been supported as a possible alternate screening threshold for low income programs in the past. As recommended by Concentric, it is appropriate to

“Separately evaluate cost effectiveness of DSM programs for low income consumers, using the Societal Cost test with a lower threshold in the range of 0.60 to 0.75.”
(Recommendation from the Concentric Review of Demand Side Management (DSM) Framework for Natural Gas Distributors, March 29, 2010, page 8).

10. Enbridge's amended low income weatherization plan uses a scorecard model for performance measurement and shareholder incentive calculation, in a similar fashion as Enbridge's low income weatherization plan filed in May, 2010. This model was supported by the multi-stakeholder LEAP Conservation Working Group which concluded that a scorecard measurement approach would be more effective for low-income deep measures, such as home weatherization. A scorecard model eliminates the performance disincentive that exists in a TRC-based performance framework (because low income programs typically are low in TRC value). Designed properly with sufficient shareholder incentive, this methodology will motivate utilities to over-achieve DSM targets for this important customer segment.
11. The proposed increase in the low income weatherization budget will enable Enbridge to increase its participant target for this program to 500 participants as well

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as substantially increase the natural gas savings. For example, the combination of increased participation and increased savings per participant means that the total natural gas savings at the 50% incentive level are 80% higher, savings at the 100% level are 60% higher and savings at the 150% level are 75% higher than in the previously Board-approved plan. In addition, Enbridge is proposing to pilot the inclusion of a high efficiency furnace replacement as an added measure to 75 low income customers. Gas savings from these high efficiency furnaces are included in the Company's gas savings targets.

12. The proposed budget for the amended 2011 low income plan is \$2,902,500. This represents a budget increase of \$1,366,375 over the Board-approved 2011 low income weatherization budget of \$1,536,125 filed in May 2010. Budget details are shown in Table 1. As this is a one-year transition plan to bridge the Company's DSM portfolio to the new DSM framework in 2012, Enbridge proposes to record this incremental budget in the 2011 DSMVA for clearance to Rate 1 residential customers.
13. As is the case in respect of other DSM programs, Enbridge may access the DSMVA for additional funding equal to a maximum of 15% of the Low Income Weatherization Program's budget once the program has achieved 100% of its total overall scorecard. For clarity, access to the additional budget is contingent on reaching the 100% overall score for the scorecard, not the score of the metrics individually. For example, if the Company has achieved 80% on its participant metric and 120% on its gas savings metric, it will have achieved 100% of its total overall scorecard and be eligible to access the DSMVA. In contrast, if it has achieved 80% of its participant goal and 110% of its gas savings metric, it will have achieved only 95% of its total

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overall scorecard and not be eligible to access the DSMVA. Pre-audit estimates of both participants and savings will be used to assess access to the DSMVA.

Access to the DSMVA for the low income weatherization program will not be contingent upon meeting the TRC savings target in the resource acquisition component of the overall DSM plan.

14. Lost revenue resulting from the gas savings achieved in this plan will be eligible for recovery through the Lost Revenue Adjustment Mechanism (LRAM).
15. Enbridge will be eligible to receive an incentive of \$200,000 at the 50% overall scorecard achievement level, \$400,000 at the 100% achievement level and \$600,000 at the 150% achievement level. The maximum incentive that is achievable for any one metric is the 150% value. Enbridge will be eligible for an incentive at achievement levels between 0% and 150%.
16. The amended low income weatherization program scorecard for 2011 can be found below. The Board approved low income scorecard filed in May 2010 can also be found below, for comparison purposes.

Amended 2011 Scorecard:

Enbridge Low Income Home Weatherization Scorecard					
Element	Performance Metrics	50%	100%	150%	Weights
Ultimate Outcomes	Weatherization Participants	400	500	575	50%
	Total Natural Gas Savings (m ³)	615,100	773,650	894,950	50%

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Board Approved 2011 Scorecard (EB-2010-0175):

Enbridge Low Income Home Weatherization Scorecard					
Element	Performance Metrics	50%	100%	150%	Weights
Ultimate Outcomes	Weatherization Participants	300	425	450	50%
	Total Natural Gas Savings (m ³)	340,200	481,950	510,300	50%

17. 2011 SSM Incentive Impacts with Amended Low Income Weatherization Plan

Under the approved 2011 DSM Plan, the budget shift from resource acquisition to market transformation scorecard based programs resulted in a SSM cap of \$8.1 million from what would have been \$8.5 million (before applying Ontario CPI increase factor applicable for 2011) for resource acquisition programs under the multi-year framework. This necessitated an adjustment downwards the resource acquisition payout at each of the target levels along the SSM curve. The resulting payouts for resource acquisition programs as per the approved 2011 DSM Plan are as follows. The curve retains the same percentage thresholds as prescribed in the generic framework.

Up to 25% of the annual target, a total payout of \$200,000
Up to 50% of the annual target, a total payout of \$600,000
Up to 75% of the annual target, a total payout of \$2,000,000
Up to 100% of the annual target, a total payout of \$4,000,000
Up to 125% of the annual target, a total payout of \$6,000,000
In excess of 125% of the annual target, a total that is capped at no more than \$8,100,000, and adjusted for annual CPI increase as prescribed in the multiyear framework.

In addition, the SSM incentive payment at the 100% level for the Drain Water Heat Recovery Program under the approved 2011 DSM Plan is \$650,000. The

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performance metrics and incentive payments are found on EB-2010-0175, Exhibit B, Tab 2, Schedule 8, page 1.

Finally, with the proposed 2011 Amended Low Income Weatherization Program, the Company will be eligible to earn \$400,000 at the 100% achievement level. Details on the performance metrics and incentive payments for this amended program are found on Exhibit B, Tab 2, Schedule 11.

Based on measured success, the aggregate maximum market transformation/scorecard program SSM incentives available to the Company is \$1,250,000.

Table 1

SUMMARY OF 2011 LOW INCOME WEATHERIZATION BUDGET

	Amended Low Income Weatherization Budget	Board-Approved Low Income Weatherization Budget	Variance
Measures/Audits (including furnace)	\$2,262,500	\$1,122,850	\$1,139,650
Program Management/ Marketing Costs	\$300,000	\$273,275	\$26,725
Research	\$100,000	0	\$100,000
Impact Evaluation	\$100,000	0	\$100,000
Market Transformation/ Education	\$140,000	\$140,000	
Total	\$2,902,500	\$1,536,125	\$1,366,375

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PROGRAM ACTIVITIES

1. This section provides an overview of program strategies and initiatives proposed as part of the amended 2011 Low Income Weatherization Plan.
2. The final section outlines planned verification and evaluation research activities, specific to this program.

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Market Transformation/Scorecard Program

Program Name: Low Income Weatherization Program

Goal: Reduce energy consumption through an improved building envelope.

Target market: Low income home owners and tenants paying their own natural gas bill and living in low rise homes (up to six units). Eligibility criteria: 135% of Statistics Canada Low Income Cut-Off (LICO) or beneficiary of selected social assistance programs.

End-use addressed: Space heating

Efficiency Technology or Behaviour addressed: Technologies may include attic insulation, wall insulation, basement insulation, blower-door guided air sealing, door and window weather-stripping, caulking, and switch and outlet gaskets and covers. Pilot to replace 75 furnaces (at the 100% target level).

Barriers to the Technology or Behaviour: Low awareness, lack of trust, hesitance to self identify, language barriers, disruption of household, follow up painting/restoration, tenant/landlord split incentives

Program Objective: To decrease energy costs to low income customers living in low rise homes in the Enbridge franchise territory.

Program Elements:

- Measure screening at the household level based on a TRC threshold of 0.7
- Enbridge will be offering an initial energy assessment, with insulation and draft proofing measures to qualified homes and a follow-up energy assessment at no cost to the customer.
- Pilot to replace 75 furnaces (at the 100% target level)
- Delivery service providers experienced in energy efficiency audits and retrofits are contracted by Enbridge to provide the program to customers.

SSM incentive structure:

- Enbridge would be eligible to receive an incentive of \$200,000 at the 50% overall scorecard achievement level, \$400,000 at the 100% achievement level and \$600,000 at the 150% achievement level. The maximum incentive that is achievable for any one metric is the 150% value. Enbridge will be eligible for an incentive at achievement levels between 0% and 150%.

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Low Income Weatherization and Education		2011 Metric Value Levels			
Element	Metrics (weighting)	50%	100%	150%	Weight
ULTIMATE OUTCOMES	Retrofit Participants	400	500	575	50%
	Total Annual Natural Gas Savings (m ³)	615,100	773,650	894,950	50%

Retrofit Participants:

“Retrofit Participants” defined is the number of homes of low income energy consumers served through the program that receives a blower-door guided air sealing, and at least one substantial insulation measure (e.g. increase in insulation in more than half of the walls, basement walls or attic of the home, sealing of attic leaks).

Total Annual Natural Gas Savings:

The natural gas savings (m³) will be calculated based on the results of the pre and post energy audits conducted by certified energy auditors on a custom basis.

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Market Transformation/Scorecard Program

Program Name: Low Income Education Program

Goal: To improve energy efficiency knowledge and basic efficiency practices among low income home owners and tenants through provision of information and simple energy savings tools.

Target market: Low income home owners and tenants who need assistance with their energy costs and low income segment stakeholders such as social service agencies.

End-use addressed: Space heating, water heating

Efficiency Technology or Behaviour addressed: Basic heating and water heating conservation practices and weatherization activities

Barriers to the Technology or Behaviour: Lack of customer knowledge or access to factual information regarding simple and easy to implement energy saving measures and the cost of these measures. Customer lack of trust and hesitance to self-identify for programs. Lack of market awareness of available programs.

Program Objectives: To provide education promoting energy management and simple measures that can be customer implemented such as reducing air leakage around windows, doors, switch plates and outlet gaskets and saving electricity with compact fluorescent lights. Raise awareness amongst front line social service personnel of energy efficiency and programs available.

Program Elements: Information workshops, exhibits, distribution of simple measures and educational materials to those in need and amongst front line social agency personnel to enhance delivery of programs. Target and support various initiatives promoting energy conservation to the low income sector.

SSM incentive structure: None

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Fiscal 2011 DSM Verification and Evaluation Plan

3. Evaluation plans will be developed in more detail through review and design with the EAC.
4. Objectives and Priorities of the 2011 Low Income Evaluation Plan
 - Enbridge and Union Gas will collaborate on low income research, where appropriate, through the period of the plan.
 - Enbridge will undertake an impact evaluation to measure/validate the impact of the weatherization program (examining both billing and behavioural impacts). The design of this impact evaluation will be the subject of consultation with Enbridge's Evaluation and Audit Committee.
 - Results of the impact evaluation will be used for 2012 and beyond program design.

Witnesses: A. Mandyam
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EXHIBIT LIST AND DESCRIPTIONS

A - ADMINISTRATIVE

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Title</u>	<u>Description</u>	<u>Witness(es)</u>
<u>A</u>	1	1	Exhibit List and Description		A. Mandyam
	1	2	Application		N. Ryckman

B - EVIDENCE

<u>B</u>	1	1	2011 Demand Side Management Plan – Introduction	Provides an introduction to the 2011 DSM Plan and orientation for the layout of evidence.	A. Mandyam P. Squires
		2	2011 DSM Plan Regulatory Framework	Provides an overview of the Plan and context for how the Plan relates to the Board Decision in EB-2006-0021 on the DSM Framework for the 2007-2009 Multi-year Plan.	A. Mandyam P. Squires
		3	Summary of 2011 Budget	Provides a budget estimate of DSM costs for 2011 and comparative 2010 Budget. The budget estimate was prepared in compliance with the Board's Framework Decision.	A. Mandyam P. Squires
	2	1	Programs / Activities	Provides program strategies and initiatives proposed as part of the 2011 Plan.	A. Mandyam P. Squires
		2	Residential Market		A. Mandyam P. Squires
		3	Small Commercial		A. Mandyam P. Squires
		4	Commercial Market		A. Mandyam P. Squires

EXHIBIT LIST AND DESCRIPTIONS

B- EVIDENCE

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Title</u>	<u>Description</u>	<u>Witness(es)</u>
<u>B</u>	2	5	Multi-family		A. Mandyam P. Squires
		6	New Construction		A. Mandyam P. Squires
		7	Industrial Market		A. Mandyam P. Squires
		8	Market Transformation		A. Mandyam P. Squires
		9	DSM Evaluation Plan for 2011	This section outlines planned verification and evaluation research activities for 2011.	A. Mandyam P. Squires
		10	2011 DSM Amended Low Income Weatherization Plan		A. Mandyam P. Squires /u
		11	Program Activities		A. Mandyam P. Squires /u
	3	1	Program Assumptions and New Programs	This section includes assumption information and substantiation for programs that are supplemental to the Board Decision regarding the approval of programs for the 2010 DSM Plan – EB-2009-0154.	A. Mandyam P. Squires

EXHIBIT LIST AND DESCRIPTIONS

B- EVIDENCE

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Title</u>	<u>Description</u>	<u>Witness(es)</u>
<u>B</u>	3	2	EGD DSM Input Assumptions for 2011 Program Year	Table of Program Assumptions	A. Mandyam P. Squires
		3	Substantiation Sheets for 2011 Input Assumptions for new Measures and Updated Programs	Substantiation Sheets	A. Mandyam P. Squires
		4	Custom Resource Acquisitions Technologies	Table of Measure Lives	A. Mandyam P. Squires

C – SUPPORTING MATERIAL

<u>C</u>	1	1	Consultative Agreement
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