K2.3

SETTLEMENT AGREEMENT

ENBRIDGE GAS DISTRIBUTION INC.

DEMAND SIDE MANAGEMENT

MULTI-YEAR PLAN 2012-2014

(viii) Drain water heat recovery

(e) The Commercial/Industrial Deep Savings Target will be based on the percentage of Commercial/Industrial Custom Project participants that achieve 25% or greater annual gas savings .This will be calculated by comparing, for each participant, the forecast weather normalized annual gas savings from the custom project against the actual weather normalized consumption of the participant for the immediately preceding year. If a prescriptive boiler rebate is provided in addition to other custom measures, its savings will still be included for the purpose of calculating the total project savings.

(f) Enbridge will commission an Industrial Free-Ridership study, designed to allow estimation of free ridership separately for small (less than 0.3 million annual m^3 consumption), medium (between 0.3 million and 1.5 million annual m^3 consumption) and large customers (greater than 1.5 million annual m^3 consumption), to update input assumptions for this sector. The Parties acknowledge that the lifetime cubic meter savings targets (Lower, Middle and Upper) for the Resource Acquisition program portfolio are predicated on the placeholder assumption that the free ridership rate for all industrial customers of all sizes is 50%. It is agreed that the free-ridership for small and/or medium sized industrial customers shall remain at 50% for 2012.

(g) Upon an Intervenor who is party to this Agreement executing an appropriate Declaration and Undertaking, Enbridge will, for the purpose of allowing that Intervenor to review the assumptions underlying this Agreement, provide to that Intervenor at least one week prior to filing its 2012 DSM Plan an electronic copy of the 2008 through 2012 TRC spreadsheets at their current level, subject to appropriate redaction protecting the identities of individual customers/businesses.

(h) Enbridge may access the DSMVA to achieve Resource Acquisition program performance in excess of 100%.

(i) Enbridge will have the right, in the manner described in the Guidelines, to re-allocate budget between customer classes and groups to optimize the effectiveness of its DSM Plan. However, the Parties agree, for 2012 only, that the total budget spent on programs and activities (not including overheads, Market Transformation, and Low Income Allocations) for all customers in rate classes 110, 115 and 170 shall not exceed $2.709 million, of which the total budget spent on programs and activities (not including overheads and Low Income Allocations) for industrial customers in those rate classes shall not exceed $1.797 million. These amounts are inclusive of any amounts drawn from the DSMVA. The purpose of this dual limit is to ensure that the total unit cost to be borne by customers in these rate classes is capped, but that non-industrial customers in these rate classes still have access to sufficient availability of funds in excess of budgeted amounts to participate in incremental (relative to budget) delivery of cost-effective programs. The Parties agree that this limitation is intended to be a transitional provision for one year only, and the Parties confirm their mutual intent to discuss more long-lasting provisions that could address the concerns of all customers in these three rate classes.

(C) Low Income

(i) Budget

Budget ($Million) Including overheads
2012
$7,025.00

(ii) 2012 Low Income Scorecard

Cumulative Savings (million m^3)	50%	100%	150%	Weight
Single Family (Part 9)	12	17	21	50%
Multiresidential (Part 3)	33	45	56	50%
TOTAL CUMULATIVE SAVINGS	**45**	**62**	**77**	**100%**

(iii) Maximum Incentive

The Low Income budget as a percentage of total budget ($7.025 million as a percentage of $30.91 million, equals 22.73 percent). 22.73 percent of a maximum incentive of $10.45 million equals $2.375 million.