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BY EMAIL

May 30, 2014

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

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc. and Union Gas Limited
Request for Approval of New and Updated DSM Measures & Assumptions
EB-2013-0430**

Please see attached Board staff's submission for the above proceeding.

Yours truly,

Original signed by

Josh Wasylyk
Advisor, Applications

BOARD STAFF SUBMISSION

Board Staff Submission on Enbridge Gas Distribution Inc.'s and Union Gas Limited's
Joint Application for Approval of
New and Updated DSM Measures and Assumptions

EB-2013-0430

May 30, 2014

Background

On April 30, 2014, Enbridge Gas Distribution Inc. (“Enbridge”) and Union Gas Limited (“Union”) filed a joint application with the Board seeking approval for new and updated demand side management (“DSM”) measures and assumptions.

The DSM Guidelines (EB-2008-0346) outline the annual process the utilities need to follow to update the approved input assumptions list. The Board encouraged the utilities to make a joint application to achieve consistency and allow for a more efficient process.

In June 2012, the natural gas utilities, in accordance with the approved Terms of Reference on Stakeholder Engagement, formed a Technical Evaluation Committee (“TEC”). The TEC consists of intervenor ratepayer and environmental representatives, utility representatives and two independent experts, both of whom are appointed and selected by the intervenor and utility representatives.

The TEC meets periodically to review the current list of approved input assumptions and research, document and propose any updates or additions that should be made to the current list of input assumptions.

Current Application

The utilities, in consultation with the TEC, have requested approval of the updated measures and assumptions list. The measures and assumptions list includes the addition of two measures (exposed floor insulation as a major measure to Community Energy Retrofit (Enbridge) and Home Reno Rebate (Union); and, high efficiency water heaters) and updates to four measures (2.0 GPM low-flow showerheads for low-income single family, low-income multi-residential and multi-residential; measure life of Community Energy Retrofit/Home Reno Rebate – installations including/excluding a high efficiency furnace; measure life of low-income weatherization; and, free ridership value for Community Energy Retrofit/Home Reno Rebate). The TEC endorsed all of these updates.

Board Staff Submission

Board staff supports the approval of the requested updates to the measures and assumptions filed by Enbridge and Union. The utilities have followed the process outlined in the DSM Guidelines to update the measures and assumptions list and have the full support of the TEC.

Board staff suggests that on a go-forward basis, as part of the Technical Reference Manual which is in development, the utilities and the TEC add two additional pieces of information to the measures and assumptions list: 1) an estimation of the simple payback period for all appropriate measures, and 2) the market penetration or market share for all appropriate measures. This information was included in the original Input Assumptions Report and Substantiation Sheets¹ produced by Navigant Consulting and approved by the Board to be used in the current DSM framework.

Board staff describes each suggestion below.

- a) Simple payback period for the measure: For simplicity, only the natural gas savings and an assumed natural gas price relevant to the particular measure should be used. The calculation of the simple payback is a straightforward calculation that would require minimal additional work for the utilities and the TEC since all the information needed is provided in the input assumptions included in the substantiation sheets.

Reviewing the simple payback period for a measure allows the reader, albeit at a high level, to quickly get a sense of the economic attractiveness for the customer to implement the measure in question. Although the simple payback period may not address all factors affecting the installation of a measure, it provides a helpful piece of information to all parties.

- b) Market Penetration of the energy efficient measure: When available, the current market penetration or market share percentage should be provided. If information is not available an estimated “low”, “medium” or “high” scale should be used, where “low” is below 5%, “medium” is between 5 and 50%, and “high” is greater than 50%. In addition, a high level description and rationale used to determine the current penetration level of the energy efficient measure in the target market area or the current market share of the energy efficient measure in the target market area should be provided.

By providing the above information, the parties will be in a better position to assess the economic attractiveness of the measure to the customer and the current acceptance of the measure in the market place.

- All of which is respectfully submitted -

¹ Filed on April 16, 2009 in EB-2008-0346. A copy of the report can be found at the following link:
http://www.ontarioenergyboard.ca/oeb/Documents/EB-2008-0346/Navigant_DSM_Planning_20090429.pdf