Fogler, Rubinoff LLP
Lawyers

77 King Street West
Suite 3000, PO Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
t: 416.864.9700 | f: 416.941.8852
foglers.com

Reply To: Thomas Brett
Direct Dial: 416.941.8861
E-mail: tbrett@foglers.com
Our File No. 146038

October 15, 2014

VIA RESS, EMAIL AND COURIER

Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Attention: Kirsten Walli,
Board Secretary

Dear Ms. Walli:

Re: Board File No. EB-2014-0134

Please find attached BOMA's written comments on the draft DSM Framework and draft DSM Guidelines.

Yours truly,

FOGLER, RUBINOFF LLP

Tom Brett per VB

Thomas Brett
TB/dd
Encls.
cc: All Parties *(via email)*

BOMA Comments

Draft Report of the Board on the Demand Side Management Framework for Natural Gas Distributors

Draft Filing Guidelines to the Demand Side Management Framework for Natural Gas Distributors

Introduction

Building Owners and Managers Association of Greater Toronto Area ("BOMA") is pleased to offer its comments on the two documents which will determine the landscape for demand side management programs for natural gas distributors.

The structure of this report is as follows: BOMA's choice of options and responses to specific questions will be addressed first and then specific comments on the particulars of both papers follow.

Background

BOMA represents over 600 of Toronto's most influential Property and Facility Managers, Developers, Leasing Agents, Service Providers, Industry Influencers and Commercial Real Estate Professionals. Its members represent over 80 per cent of all commercial and industrial real estate companies in the Greater Toronto Area and beyond.

Over the years, BOMA has been active in protecting and advancing the interests of its members on such important policy issues as energy pricing and supply, property taxes, labour requirements, building materials and equipment regulations. BOMA continues to work at all levels of government providing a voice for Commercial Property owners in Ontario.

BOMA stepped up to Ontario's energy challenge by proposing a unique Conservation and Demand Management Program that would not only serve its membership but also serve the real estate industry at large. The OPA-funded BOMA electricity conservation program ran from March 2007 until the end of 2010.

The program was directed at large commercial properties, over 25,000 square feet, in the City of Toronto. The BOMA CDM Program successfully delivered over 50 MW of conservation through a multitude of projects spanning a variety of commercial properties. For this program BOMA was the recipient of a national award from the Canadian Society of Association Executives (CSAE) and an international award *Energy Project of the Year (Canada Region)* from the Association of Energy Engineers (AEE). These awards acknowledge achievements being made in energy by identifying those who exemplify the very best in their field.

As BOMA was directly involved in delivery of a CDM program, we believe that the comments below reflect a unique perspective on the draft Framework and Guidelines.

Targets

BOMA prefers Option 1 of the two options the Board is considering on how to appropriately develop the long-term natural gas savings targets to be met by 2020:

> ***Option 1*** *– the gas utilities develop and propose provisional long-term natural gas savings targets based on most recent potential studies.*
>
> ***Option 2*** *– the Board develops provisional long-term natural gas savings targets based on an assessment and analysis of achievable potential by the Board, making use of studies that are available.*

Response to Questions about Targets posed by the Board

1. *DSM programs, a reasonable amount for the gas utilities to be expected to achieve in 2020 (consisting of savings in 2020 and savings from 2015 to 2019 persisting in 2020)?*
2. *Which option is the most appropriate for developing fair and objective, yet challenging, long-term natural gas savings targets?*
3. *What information, other than what is listed above, should the utilities/Board consider when developing the long-term targets?*

For some 25 years in North America, targets and budgets have been based on estimates of potential: technical, economic and achievable. This approach, originating as it did in California in the early 1980s is predicated on the substitution of an inefficient product or technology with more efficient products or technologies backed up by paper research studies of the market place. This approach is out of date.

BOMA believes that targets should be set based on an in-depth knowledge of the utilities service territories, the customer base, the experience to date of each of the natural gas utilities and the proposed budgets to achieve those results. To this end, both utilities should propose their own targets and budgets; consult with intervenors and stakeholders and if any adjudication is required submit their targets and budgets to the Board for a regulatory review. It seems to BOMA that the electricity targets for conservation were the result of the absence of good data. There is no need to do this in the natural gas sector.

BOMA has learned from its members that achieving energy savings goes far beyond just retrofits. In particular, our program BOMA Building Environmental Standards (BESt®) is all about best practices and continuously finding ways to improve from any starting point. The energy performance of buildings has more to do with how well they are operated on a daily basis than how they are constructed or what energy efficiency features (products and technologies) they have.

Best practice is based on measuring and improving the energy use intensity in buildings not just once, but continually. Consistently, BOMA's recertification of existing buildings (every 3 years) shows that improvements take place year over year. Improved performance is not the necessarily due to energy saving technologies, however, since the data in BOMA's *BOMA BESt® National Green Building Report (formerly BOMA BESt® Energy and Environment Repor*t - BBEER) shows a subtle but intriguing co-relation between **higher not lower** energy use intensity and the increased prevalence of energy efficiency features and energy management systems.

What BOMA has also learned is that the proper commissioning and maintenance of these features are necessary to ensure their initial and continuous value. Energy efficiency is an asset that must be managed and preserved like any other asset. We highly recommend recommissioning (RCx), an optimization process for existing buildings that improves a building's overall performance by optimizing energy efficient design features and directly addressing equipment performance and system integration issues. BOMA is pleased that Enbridge Gas Distribution's *Compass* and *Run it Right* programs address these matters, but suggests that they need to be linked and the cost of delivering the programs be reduced through the use of mobile communication of data. They need to be expanded to all buildings and all portfolios of buildings; something that will require additional resources including staff.

4. *Is the proposal for developing provisional long-term targets to guide the gas utilities in building their DSM Plans, with the final long-term targets determined through the hearing process, an effective manner to develop and approve realistic targets?*

No

5. *Is there a different method in which long-term targets could be developed that the Board should consider?*

Now with so much more data currently available than even 5 years ago for the commercial office sector with the advent of REALpac, ENERGY STAR, and BOMA BESt® and data for other sectors emerging, particularly for the broader public sector, it would be instructive for the utilities to review gas consumption benchmarking data for different asset classes (as opposed to customer classes) to identify targets by sector (single family residential, commercial office, multi-residential, etc.). The consumption data should also be made readily available for the customers as well as to those service providers representing the customers.

In recent years, the performance of certain commercial buildings has progressed significantly beyond what would have been considered feasible only 5 years ago. On that basis the existing process may be somewhat limiting. Visibility with respect to the range of gas energy consumption intensity within normalized data sets would inform target setting immensely. BOMA believes that it would quickly become clear that significant opportunities are being left on the table.

Budgets

BOMA prefers Option 1 of the two options the Board is considering how to appropriately set annual funding levels for to deliver the long-term natural gas savings targets to be met by 2020:

- ***Option 1****: Annual DSM Funding Level Proposed by the Gas Utilities*
- ***Option 2****: Board-established DSM Budget Levels*

Response to Questions about Budgets

1. *Should the Board provide a budget guideline that sets out the expected maximum DSM budgets?*

No.

2. *If the Board decides to establish a budget guideline, is 6% of 2013 distribution revenue appropriate (plus applicable shareholder incentives)?*

No.

3. *What information, other than what is listed above, should the utilities/Board consider when developing the long-term budgets?*

The utilities should develop the budgets based on their long experience in developing and delivering DSM programs.

4. *Is there a different method to establish budgets that the Board should consider?*

The proposed budget should be related to the anticipated savings. In other words: the budget should be part of a plan that articulates what will be done and how savings will be achieved. The budget should not be described in terms of what budget is 'necessary' to achieve targeted savings, as savings estimates, particularly when related to operational changes, are *aspirational* and *not formulaic*. It is not feasible to know the potential operational savings at a given building, for example, until detailed investigation has been undertaken. Even after implementation, there are inevitably incremental performance improvements to be gained.

Shareholder Incentives

The Board has included two options for how annual shareholder incentives can be determined.

> ***Option 1*** *– the shareholder incentive is determined as a percentage of the gas utility's annual DSM budget.*
>
> ***Option 2*** *– the utilities propose a pay-for-performance funding and incentive recovery model, with applicable programs, which provides both funding recovery.*

BOMA suggests that the Board use option 1 on an interim basis and then entertain proposals under option 2 before the Mid Term Review.

Response to Questions about Shareholder Incentives

1. *Is the proposed shareholder incentive (total of 15% of budget – 10% for achieving 100% of target with an additional 5% for achieving 150%) sufficient to fully engage the gas utilities to deliver significant DSM results from 2015 to 2020?*

This question is better answered by the two natural gas companies. Clearly shareholder incentives have made a large difference in achieving results. Prior to the establishment of shareholder incentives, the targets were never achieved.

2. *Is it appropriate to tie the maximum incentive amount to the DSM budget?*

The Board should make achieving 100% of the targets equal to the rate of return on invested capital for the utility as a whole and then provide a bonus to exceed 100% of targeted results. The only way to achieve a level playing field between new facilities for gas distribution and DSM is to ensure that DSM is the more profitable course of action.

3. *If you do not agree the incentive amount should be tied to the DSM budget, please provide details for how the maximum incentive amount should be calculated.*

See response to Question 2.

4. *If you do not agree that the Board should administer a cost-efficiency incentive, provide the rationale for this position and what issues the Board should consider.*

BOMA agrees that a cost efficiency incentive is advisable, but it should be used to achieve proportionately higher targets for the next year for which a larger shareholder incentive would be awarded.

5. *What other aspects should the Board consider when developing the shareholder incentive? Why?*

See response to Question 2.

6. *Is a pay-for-performance funding/incentive model appropriate?*

BOMA prefers to respond to this question after considering proposals provided by the companies. However, the Board and the natural gas companies should consider revamping the program structures to also pay customers for performance though incentives based on real savings not engineering estimates or deemed savings on a per measure basis.

Response to Questions about Program Types

1. *Should the Board consider other program options in addition to those listed in the draft DSM Framework and draft DSM Guidelines? If yes, please outline which programs are appropriate and why.*

Yes, a broader definition of what is included in DSM Guidelines is required. California's focus has always been on energy efficiency. It is clear that Ontario's Conservation First policy is much broader.

BOMA recommends that the Board consider the value of options on an energy sector wide basis given that natural gas is an increasingly larger share of Ontario's electricity generation at a relatively lower efficiency and relatively higher greenhouse gas emissions than site-specific use of natural gas. The Minister has also given guidance in the government's *Conservation First* policy; savings can be achieved in a range of ways:

- *Energy efficiency: Using more energy efficient technology that consumes less.*
- *Behavioural changes: Increasing awareness and encouraging different behaviour to reduce energy use, for example through social benchmarking.*
- *Demand management: Reducing or shifting consumption away from peak times, using time-of-use pricing with smart meters*
- *Load displacement: Reducing load on the grid by enabling consumers to improve the efficiency of their energy systems by recovering waste heat or generating electricity required to meet their own needs.*

BOMA suggests that with this broader definition, the following could be included:

- Fuel Switching
- District Energy based on high efficiency cogeneration using natural gas and bio mass
- District Energy based on ground source heat pumps for heating and cooling

- Solar Thermal Water Heating
- Renewable Natural Gas
- Time of Use Pricing
- Smart Meters.

2. *What level of funding is appropriate for low-income programs relative to the overall DSM budget?*

The level of funding should be sufficient to reach a significantly greater number of low income customers than the budget currently allows which a broader geographic coverage.

3. *Are DSM programs for large volume customers appropriate and should both gas utilities be permitted to offer these programs?*

Yes, but the programs should be mandatory, not optional.

Comments on Draft Report of the Board

Environment Benefits

> *Reference: Minister's Directive: AND WHEREAS it is desirable to achieve reductions in electricity consumption and natural gas consumption to assist consumers in managing their energy bills, mitigating upward pressure on energy rates and reducing air pollutants, including greenhouse gas emissions, and to establish an updated electricity conservation policy framework ("Conservation First Framework") and a natural gas conservation policy framework.*

BOMA is concerned that nowhere in the draft report or the draft guidelines has the Board addressed the elements of the Minister's Directive related to "reducing air pollutants, including greenhouse gas emissions" except to confirm that they are being ignored.

These externalities must be addressed by using the Total Societal Cost Test which includes an estimate of the price of carbon, not for monetizing, but for analysis of costs and benefits of various options. BOMA's members are diligently pursuing energy and waste strategies that reduce both air pollution and greenhouse gas emissions.

The other result of using the TSCT would be a signal to the market place that technology improvements which are currently too expensive to be included in programs could be accelerated and with greater market adoption, prices have been shown to come down as a result.

Cost Effectiveness

> *Reference: Minister's Directive - that the DSM Framework shall enable the achievement of all cost-effective DSM and more closely align DSM efforts with CDM efforts, as far as is appropriate and reasonable having regard to the respective characteristics of the natural gas and electricity sectors;*

BOMA disagrees with the Board's interpretation of this element of the directive. It appears that the Board has misapplied the qualifier, "*as far as is appropriate and reasonable*" to the matter of the achievement of all cost-effective DSM. It is clear to BOMA that the qualifier applies to the

alignment of DSM and CDEM, something that BOMA supports insofar as the future standard for burdensome administration, contracts and rules lies closer to that of the natural gas utilities who are doing a good job on this front rather than the electricity programs developed by the Ontario Power Authority which are unwieldy, conflicting and confusing.

Role of the Board

> *Reference Page 4: These proposals would represent a change from the current framework, as they would put the Board in the position of taking on a larger role at both the front-end (target development through achievable potential studies) and the back-end (evaluation of program results) of the new DSM Framework.*

BOMA questions if this is necessary. The current regime with consultation with stakeholders including intervenors is satisfactory to us for the front end and the back end. The Board should not change a strategy that is working because one intervenor prefers to ignore that consultation compact that was developed with the companies and the stakeholders including intervenors.

Board Objective on Conservation

> *Reference: Page 4 - One of the objectives is: "To promote energy conservation and energy efficiency in accordance with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances[7]." The Board's role in fulfilling its mandate is to balance the various objectives in the public interest. And Page 17 - The Board's objectives with respect to natural gas includes the requirement to protect the interests of consumers with respect to prices, reliability and quality of gas service. The Board also has an objective to promote energy conservation and energy efficiency, but doing so* ***having regard to the consumer's economic circumstances****. In approving any budget amount, it is necessary for the Board to consider the rate impacts to customers as all DSM costs are recovered through distribution rates.*

It appears that the Board has interpreted the wording of this objective to as a limit on the impact of DSM spending on natural gas rates rather than what was intended when the objective was changed by the *Green Energy and Green Economy Act*. BOMA's understanding was that the reference to the consumer's economic circumstance was to ensure that low income programs were designed to deal with specific market barriers not about rates. In fact with the inclusion of DSM in the planning processes for new distribution facilities, any DSM that is cheaper than new supply reduces rates.

Alternative to New Supply

> *Reference page 4/5: incorporate the government's policy of conservation first into distributor planning processes for both electricity and natural gas utilities.*

BOMA is pleased to see this important change in utility planning.

Term

> *Reference Page 5: Consistent with the government objectives set out in the Conservation Directive, the term of the DSM Framework will span a period of six-years, commencing on January 1, 2015 and ending December 31, 2020, with a mid-term review completed by June 1, 2018.*

BOMA is pleased with the harmonization of the term element with the electricity sector. However, it must be made clear that DSM will continue beyond 2020. BOMA understands the well the role momentum plays in the market place and the disastrous impact of the starting and stopping of programs without regard for how this affects customers. The midterm review should be earlier and include a transition plan for what will follow beyond 2020.

Low Income

> *Reference: Page 9 - Ensure low-income programs are accessible across the province. Low-income programs should be screened at lower thresholds than other programs, as determined by the Board, and be available across the province.*

BOMA believes that if the Total Societal Test were used as the determination of cost effectiveness, that a 0.7 threshold would not be required.

Perceived Differences between Gas and Electricity

> *Reference: Page 22 - A large portion of the electricity needed for the province is generated within Ontario. This differs from the natural gas needed by the province, which is mainly sourced from outside of Ontario, other than that which is available in storage. Therefore, the ultimate goals of electricity CDM and natural gas DSM have differences.*

BOMA suggests the increased use of natural gas for generating electricity obviates this distinction. However, it does require broadening the nature of natural gas conservation as identified earlier in this paper.

BOMA recommends that the Board consider the value of options on an energy sector wide basis given that natural gas is an increasingly larger share of Ontario's electricity generation at a relatively lower efficiency and relatively higher greenhouse gas emissions than site-specific use of natural gas. Specifically:

- Fuel Switching
- District Energy based on high efficiency cogeneration using natural gas and bio mass
- District Energy based on ground source heat pumps for heating and cooling
- Solar Thermal Water Heating
- Renewable Natural Gas

Undertakings

> *Reference: Page 24 - Enbridge and Union are subject to undertakings that restrict their business activities to the transmission, distribution, and storage of natural gas. However, directives to the Board in 2006 dispensed with the undertakings in relation to certain matters, including the provision of services related to the promotion of natural gas conservation.*

BOMA is aware that additional changes to these undertakings in 2009 co-incident with the passage of the *Green Energy and Green Economy Act* enabled the broadened options discussed above. It is time for the Board to put these into play.

Jurisdictional Reviews

> *Reference: Page 31 - With natural gas DSM programs fully operational in many other jurisdictions, the Board expects that as part of their DSM Plan filings, the gas utilities will include a jurisdictional review in support of any new programs they are proposing to ensure these programs have resulted in the intended benefits and achieved the expected results.*

BOMA does not think that this needs to be prescribed in the Framework.

Leading Jurisdictions

> *Reference: Page 31 - The gas utilities should strive to build on experience of other leading jurisdictions to ensure that program offerings throughout the province are those which will provide customers with the greatest value for rate payer dollars and meet the long-term DSM targets in the most efficient manner.*

BOMA does not think that this needs to be prescribed in the Framework; rather the Framework should specifically allow the utilities to employ the innovation and creativity that have made them leading practitioners of DSM in North America.

Evaluation

> *Reference: Page 32 - Traditionally, the evaluation process related to DSM programs has been a function that the gas utilities have managed, with input from key stakeholders included throughout the process. Recently, final program results have been challenged by stakeholders leading to longer adjudicative processes to determine the results applicable to the disposition of incentive and lost revenue amounts for both gas utilities. In order to increase transparency, objectivity and efficiency in final program evaluation results, the Board is of the view that it is in the best position to coordinate the evaluation process throughout the DSM Framework period (i.e., 2015 to 2020).*

The responsibility for evaluation does not require change. However, BOMA is deeply concerned that one intervenor's preference for superseding the consultation processes established jointly between the companies and the stakeholders including intervenors be used to as a reason to drastically change the DSM Framework and associated responsibilities.

The Board should also ensure that all intervenors have an opportunity to participate on the Technical Evaluation Committee and the Audit Committees rather than the same representatives are on the committee's time after time. The Board should also ensure that only one representative from each intervenor be involved on these committees.

Input Assumptions

> *Reference: Page 33 - In order to effectively estimate the amount of energy savings achieved through the delivery and implementation of DSM programs, the gas utilities rely on a set of approved engineering assumptions that represent the best available information regarding various characteristics of an energy efficient technology (e.g., life cycle, energy usage level, gas savings etc.). Energy efficiency assumptions are included in the calculations conducted by gas utilities to determine which programs produce more benefits than costs (or are deemed to be cost-effective). The Board is of the view that it*

should impart its objectivity and coordinate the process of annually updating the Technical Review Manual which contains the specific assumptions related to a number of different energy efficient technologies and measures. The Board was involved in developing input assumptions in 2009 when it engaged an expert consultant to assist in updating the input assumptions list at that time28.

BOMA recognizes that input assumptions have been a fixture in DSM analytics since the California Standard Practice was developed in the early 1980s. However, technology and building operations have changed drastically. In addition, as discussed earlier, the data in the *BOMA BESt Energy and Environment* Report (BBEER) shows a subtle but intriguing co-relation between **higher not lower** energy use intensity and the increased prevalence of energy efficiency features and energy management systems.

With the advent of "big data", the Framework should facilitate and increase the rate of adoption of using real measured results in lieu of estimated and deemed savings. To this end, BOMA recommends that Board's Guidelines and Codes make customers' access to their billing data as well as real or near real time data be drastically improved with mobile communications for gas and electricity and improved metering for gas.

Non-Energy Benefits

Reference: Page 34 - The implementation of DSM programs could result in environmental and other non-energy benefits to the utility or the program participant. These benefits could include reduction in air pollution including greenhouse gas emissions, utility benefits such as reduction in collection costs and bad debt expenses or program participant benefits such as employment, improved comfort, increased building durability, quieter equipment operation, improved aesthetics, reduced waste and improved business productivity. As noted above, under the current DSM framework, the TRC test includes energy related benefits. The Board plans to continue to use the TRC test in this manner in the new framework.

As stated earlier, BOMA believes that the Minister's Directive requires consideration of the benefits of reduction in air pollution including greenhouse gas emissions.

BOMA also suggests that utility benefits such as reduction in collection costs and bad debt expenses are energy related benefits and should be included even in the TRC.

With respect to program participant benefits such as improved comfort, increased building durability, quieter equipment operation, improved aesthetics, reduced waste and improved business productivity and economic benefits such as employment, GDP growth and export opportunities, these should be assessed at a province wide basis and include benefits of electricity and water conservation.

Coordination with Electricity Programs

Reference: page 35 - Coordination and integration of DSM programs with electricity distributor or OPA CDM programs should be pursued to achieve efficiencies and convenient, integrated programs for electricity and natural gas customers, where appropriate.

BOMA supports coordination but the nature, timing and degree of integration should not be specified in the Framework. Because the commercial, institutional and industrial (existing markets) programs of the natural gas utilities are much more sophisticated and trending in the right direction, the natural gas utilities might consider delivering electricity and water conservation elements within their programs. With respect to electricity savings, the natural gas utilities could be compensated on a pay for performance basis, while the electricity results are counted within the electricity sector.

Comments on Draft DSM Filing Guidelines to the DSM Framework

Where BOMA's comments on the Draft Framework apply to the guidelines, they have not been repeated in this section.

Long Lived Measures

> *Reference: Page 1 - Further, the Board is of the view that the gas utilities should strive to include a larger portion of technologies and energy efficient measures that produce natural gas savings over a longer period of time as opposed to those which result in short term benefits. By focusing on long-life measures, the gas utilities will be providing a greater opportunity for customers to realize more significant benefits and receive more value for their investment.*

BOMA suggests that this guideline explicitly include performance based conservation and the resulting accountability framework which transforms operational improvements into long lived energy savings.

Value Added Services from Utilities

> *Reference: Page 3 - The gas utilities should have programs to provide customers, especially large volume customers that are more sophisticated, with technical advice that enhances the customer's internal energy management processes and provides the customer with a value-added resource.*

BOMA suggests that this guideline should explicitly recognize the value added of utility personnel using performance based conservation to provide building and process diagnostics to help customers determine how best to save energy.

Administrative Burden

> *Reference: Page 3 - As discussed in the DSM Framework at Section 10.0, the Board expects the gas utilities will achieve greater efficiencies in a number of program areas if they coordinate and integrate DSM programs with electricity CDM programs.*

BOMA suggests that this guideline make it clear that the natural gas utilities are not to import the administrative burdens of the electricity conservation programs.

Large Volume Programs

> *Reference: Page 4 - The Board continues to be of the view that programs designed for large volume customers are not mandatory. If a gas utility deems it appropriate to offer a program for its large volume customers, the primary focus of the program(s) should be*

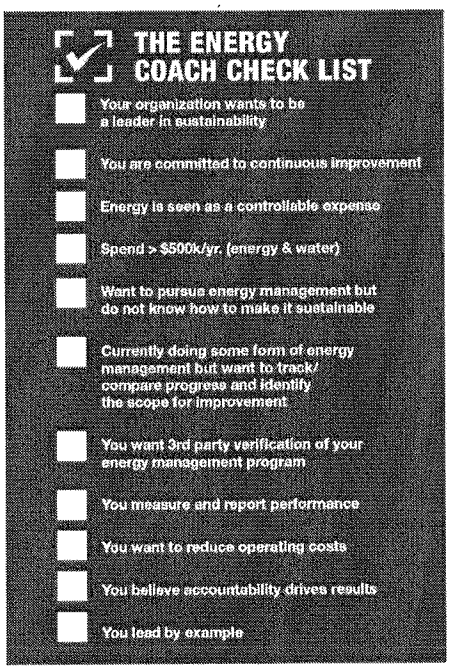
providing value-added, technical expertise to customers, including engineering studies on how the customer can more efficiently use their current energy systems and identify areas of efficiency improvements.

BOMA suggests that given that the Board Guidelines already require that the utilities' primary focus of the program(s) should be providing value-added, technical expertise to customers, this redundancy essentially means that large volume programs of this nature should be mandatory. BOMA's members, even representatives of Class A buildings appreciate the focus that the natural gas representatives bring to energy savings projects. And the newest initiative of the Canadian Manufacturers and Exports demonstrates the value but resource constrained realities in the industrial sector.

360 Energy and CME Partnering to Make Companies More Competitive

360 Energy is pleased to announce the CME 360 Energy Coach Program. The program, run through Canadian Manufacturers & Exporters (CME), is designed to help, guide and educate manufacturers across the country in energy management best practices, making Ontario companies more energy-efficient and competitive in a global marketplace. This process allows participants to become aware and able to improve upon their impact on energy within the organization, creating sustainable cost savings while also benefiting the environment.

The program, which has **limited space for only 20 sites in Ontario**, is an offshoot of 360 Energy's Energy Coach Program tailored towards the industrial sector. Through training in global energy-management best practices, 360 Energy has helped customers reduce their energy costs by 5 to 25 percent annually. To ensure that energy management will remain sustainable beyond the duration of the program, potential customers are asked to screen themselves based on the following items:



Low Income Programs

> *Reference: Page 5 - Be accessible to low-income natural gas consumers; be accessible province-wide; be provided to private low-income, multi-residential buildings throughout the 2015 to 2020 term; require no upfront cost to the low-income energy consumer and result in an improvement in energy efficiency within the consumer's residence; and address non-financial barriers (e.g. communication, cultural and linguistic).*

BOMA strongly supports the addition of this guideline, particularly with respect to private multi-residential buildings but without changes to the 2012 guidelines on the criterion for screening, income eligibility and bill paying responsibility, the extension to private sector multi-residential is meaningless. The Low Income Advisory Committee that works with both utilities and includes LIEN, VECC, FRPO and BOMA has worked over the past two years to find a better, more streamlined and more meaningful way to reach this market.

As written there is a disconnection between the principles and the eligibility criteria. It appears that the principles have been updated, but the criteria are a straight lift from the 2012 guidelines. Further, while the list of government programs appear to be an exhaustive list of income tested government programs, the utilities have updated the list of qualifying programs including Ontario Smiles which is income tested. The utilities and their delivery agents are on the lookout for additional similar programs because they help widen the net for potential participants.

The ideal solution is to have the guidelines include wording allowing the utilities, in consultation with the low income stakeholders to jointly develop income eligibility criteria for private low income multi-residential buildings guided by the principles laid out through the guidelines. This would allow the programs to be more responsive and flexible to the needs of the market.

Screening Tests

> *Reference: Page 11 - The Board has determined that the natural gas utilities should continue screening prospective DSM programs using the Total Resource Cost ("TRC") test. The TRC test measures the benefits and costs of DSM programs for as long as those benefits and costs persist.... The natural gas utilities should also use the Program Administrator Cost ("PAC") test as a secondary reference to help prioritize programs that deliver the most cost-effective results.*

BOMA is deeply concerned that if the Total Societal Test is not used as was discussed in the commentary on the Framework above. In addition, BOMA suggests that all of the standard tests be employed including[1]:

- The **Participant Test** the measures the quantifiable benefits and costs to the customer due to participation in a program. Since many customers do not base their decision to participate in a program entirely on quantifiable variables, this test cannot be a complete measure of the benefits and costs of a program to a customer.
- The **Ratepayer Impact Measure (RIM) test** measures what happens to customer bills or rates due to changes in utility revenues and operating costs caused by the program. Rates

[1] http://www.calmac.org/events/spm_9_20_02.pdf

will go down if the change in revenues from the program is greater than the change in utility costs. Conversely, rates or bills will go up if revenues collected after program implementation is less than the total costs incurred by the utility in implementing the program. This test indicates the direction and magnitude of the expected change in customer bills or rate levels.

- The **Total Resource Cost Test** measures the net costs of a demand-side management program as a resource option based on the total costs of the program, including both the participants' and the utility's costs. The test is applicable to conservation, load management, and fuel substitution programs. For fuel substitution programs, the test measures the net effect of the impacts from the fuel not chosen versus the impacts from the fuel that is chosen as a result of the program. TRC test results for fuel substitution programs should be viewed as a measure of the economic efficiency implications of the total energy supply system (gas and electric).
- A variant on the TRC test is the **Societal Test**. The Societal Test differs from the TRC test in that it includes the effects of externalities (e.g., environmental, national security), excludes tax credit benefits, and uses a different (societal) discount rate.
- The **Program Administrator Cost Test** measures the net costs of a demand-side management program as a resource option based on the costs incurred by the program administrator (including incentive costs) and excluding any net costs incurred by the participant. The benefits are similar to the TRC benefits. Costs are defined more narrowly.

BOMA agrees with the Minister's directive about the importance of a customer focus and supports the Board's efforts in helping the utilities deliver on this important commitment using all of the above tests.