

ENBRIDGE GAS DISTRIBUTION INC.

2015 – 2020 DEMAND SIDE MANAGEMENT (DSM) PLAN

EB-2015-0049

OEB STAFF INTERROGATORIES

June 2, 2015

Interrogatory #1

Topic: Guiding Principles and OEB Priorities

Ref: Exhibit B / Tab 4 / Schedule 3 / pp. 1-4

EB-2014-0134 / Report of the Board / Section 6.2

Preamble:

At section 6.2 of the DSM Framework, the OEB stated that utilities should strive towards the “development of new and innovative programs, including flexibility to allow for on-bill financing options.”

Enbridge indicated that, in late 2014, it committed to fund a study aimed at establishing the viability of using a Local Improvement Charge (LIC) to improve energy efficiency in commercial, industrial, and institutional buildings. Additionally, Enbridge indicated that it is a joint proponent to an NRCan project proposal to examine using a LIC for new residential single family dwellings.

Questions:

- a) Please indicate whether Enbridge completed a jurisdictional review for on-bill financing programs. If yes, please provide the review.
- b) If available, please file the results of the LIC viability study. If the study is not available, please provide a progress report.
- c) Please discuss any progress made on the NRCan LIC project.
- d) Please indicate how many municipalities in Enbridge’s franchise area have the capability to charge for energy efficiency improvements on the property tax bill.
- e) Please indicate whether zero interest financing was considered as an option for on-bill financing programs. Please provide Enbridge’s views on a zero interest on-bill DSM financing program.
- f) Please describe the on-bill financing research and design activities planned for 2015 and 2016.
- g) Please provide rationale as to why Enbridge did not propose an on-bill financing program given the capabilities of its existing billing system.

- h) Please discuss Enbridge's position on implementing a limited pilot program to test the effectiveness of an on-bill financing offer that uses Enbridge's bill as a vehicle for the payment of financing charges.
- i) Please discuss Enbridge's position on collaborating with Union on the pilot program.

Interrogatory #2

Topic: DSM Targets

Ref: Exhibit B / Tab 1 / Schedule 4 / p. 10 / Tables 8-12
Exhibit B / Tab 1 / Schedule 4 / p. 19 / Tables 14-19
Exhibit B / Tab 1 / Schedule 4 / p. 29 / Tables 22-26
Exhibit B / Tab 1 / Schedule 3 / p. 6

Preamble:

In Enbridge's 2015 Resource Acquisition scorecard, the weight allocated to cumulative natural gas savings is 92%. However, in Enbridge's 2016-2020 Resource Acquisition scorecards, the weight allocated to cumulative natural gas savings is 80% for large and small volume customers.

Questions:

- a) Please provide further rationale for the reduced weighting on cumulative natural gas savings for the 2016-2020 Resource Acquisition scorecards.
- b) Please provide the amount and the percentage of the cumulative natural gas savings in the Resource Acquisition scorecards that will be evaluated using metered/billing data (as opposed to modeled or prescriptive savings).
- c) Please provide the amount and the percentage of the cumulative natural gas savings in the Low-Income scorecards that will be evaluated using metered/billing data (as opposed to modeled savings or prescriptive savings).
- d) Please provide the amount and the percentage of the cumulative natural gas savings in the Market Transformation and Energy Management scorecards that will be evaluated using metered/billing data (as opposed to modeled or prescriptive savings).

Interrogatory #3

Topic: DSM Targets

Ref: Exhibit B / Tab 1 / Schedule 4

Questions:

- a) Please provide the scorecards that were in place in 2012, 2013 and 2014.
- b) Please provide the percentage of the target level achieved for each metric on each scorecard in 2012, 2013, and 2014.

- c) Please provide the shareholder incentive received related to each scorecard for each year over the 2012-2014 period.
- d) Please provide the total shareholder incentive received for each year over the 2012-2014 period.
- e) Please provide the percentage of maximum shareholder incentive received for each year over the 2012-2014 period.

Interrogatory #4

Topic: DSM Targets

Ref: Exhibit B / Tab 1 / Schedule 3 / pp. 5-6
Exhibit B / Tab 1 / Schedule 4 / pp. 3-16

Preamble:

Enbridge's proposed 2015 cumulative cubic metre (CCM) target for the Resource Acquisition scorecard is 1,011.9 million m³. In 2016, the CCM target decreases to 894.4 million m³. By 2020, the CCM target increases to 1,064.9 million m³. Over the same period, Enbridge's Resource Acquisition budget increases from \$19.2 million (2015) to \$34.6 million (2016) to \$46.9 million (2020).

Questions:

- a) Please describe the methodology used for setting the CCM targets in the Resource Acquisition scorecard for the 2016-2020 period. Please provide rationale for the target setting methodology used.
- b) Please explain why the targeted level of CCM savings in the Resource Acquisition scorecard decreases from 2015 to 2016 in the context of the significant increase in the budget (\$15.4 million).
- c) Please explain why the targeted level of CCM savings in the Resource Acquisition scorecard is only slightly higher in 2020 than 2015 in the context of the substantial increase in the budget (\$27.7 million).
- d) For the large volume CCM target, please provide rationale for the proposed thresholds for customers to fall into this category (i.e. annual average consumption greater than 75,000 m³ for commercial customers and annual average consumption greater than 340,000 m³ for industrial customers).

Interrogatory #5

Topic: DSM Targets

Ref: Exhibit B / Tab 1 / Schedule 3 / pp. 5-8
Exhibit B / Tab 1 / Schedule 4 / pp. 3-5, 19-21

Preamble:

Enbridge's proposed 2015 CCM target for the Low-Income scorecard is 92.8 million m³. In 2016, the CCM target decreases to 87.9 million m³. By 2020, the CCM target increases to 103 million m³. Over the same period, Enbridge's resource acquisition budget increases from \$7.4 million (2015) to \$11.9 million (2016) to \$13.8 million (2020).

Questions:

- a) Please describe the methodology used for setting the CCM targets in the Low-Income scorecard for the 2016-2020 period. Please provide rationale for the target setting methodology used.
- b) Please explain why the targeted level of CCM savings in the Low-Income scorecard decreases from 2015 to 2016 in the context of the significant increase in the budget (\$4.5 million).
- c) Please explain why the targeted level of CCM savings in the Low-Income scorecard is only slightly higher in 2020 than 2015 in the context of the substantial increase in the budget (\$6.4 million).

Interrogatory #6

Topic: DSM Targets

Ref: Exhibit B / Tab 1 / Schedule 3 / pp. 29-33

Question:

- a) Please provide rationale for the proposed weightings used in Enbridge's 2016 to 2020 Market Transformation and Energy Management (MTEM) scorecards.

Interrogatory #7

Topic: DSM Targets

Ref: EB-2014-0134 / Filing Guidelines / Section 14.1
Exhibit B / Tab 2 / Schedule 1 / pp. 1-100

Preamble:

At section 14.1 of the Natural Gas DSM Filing Guidelines, the OEB stated that annual incremental natural gas savings for each program should be provided in the 2015-2020 DSM Plan.

Question:

- a) Where applicable, please provide annual incremental natural gas savings by offer / initiative during the 2015-2020 period.
- b) Where applicable, please provide annual CCM natural gas savings targets by offer / initiative during the 2015-2020 period.

- c) Where applicable, please provide the 2020 natural gas savings goal for each program during the 2015-2020 period.
- d) Please provide detailed rationale for all program-specific targets.

Interrogatory #8

Topic: DSM Targets

Ref: Exhibit B / Tab 1 / Schedule 4 / pp. 40-41

EB-2014-0134 / DSM Filing Guidelines / Section 8.2 / p. 25

Preamble:

Enbridge proposed a target adjustment factor (TAF) to account for changes in input assumptions that may occur over the six years of the 2015-2020 Plan.

The DSM Filing Guidelines state the following:

“The evaluation of the achieved results for the purpose of determining the lost revenue adjustment mechanism (“LRAM”) amounts and the shareholder incentive amounts should be based on the best available information which, in this case, refers to the updated input assumptions resulting from the evaluation and audit process of the same program year. For example, the LRAM and shareholder incentive amounts for the 2015 program year should be based on the updated input assumptions resulting from the evaluation and audit of the 2015 results. The updates to the input assumptions resulting from the evaluation and audit of the 2015 results would likely be completed in the second half of 2016.”

OEB staff’s interpretation of this passage is that savings evaluations (for the purpose of determining the LRAM and shareholder incentive amounts) should be based on updated input assumptions and that the updated input assumptions are not to be used to adjust the annual targets.

Questions:

- a) Please explain how Enbridge’s proposed use of a TAF is consistent with the DSM Framework and Filing Guidelines, which require the use of the best available information in the calculation of the LRAM and shareholder incentive amounts, not in the setting of annual targets.
- b) Please explain why it is reasonable to use a TAF (that is based on changes to input assumptions resulting from the program evaluation and audit process) to adjust targets each year and how Enbridge’s proposed approach will result in sufficiently aggressive targets that ensure the prudent use of ratepayer funds.

- c) Please explain, using an example, how the TAF will be calculated and applied to adjust the targets based on changes to input assumptions for individual measures (e.g. change in boiler efficiency base case).
- d) Please explain in what year Enbridge will apply the TAF. For example, will the TAF resulting from the program evaluation and audit process be applied to the target of the year being evaluated, or the following year?

Interrogatory #9

Topic: DSM Budgets

Ref: Exhibit B / Tab 1 / Schedule 3 / pp. 13-16

Preamble:

Enbridge proposed an incremental budget of \$4.92 million in 2015 to address the guiding principles and key priorities set out in the DSM Framework.

Questions:

- a) Please confirm that Enbridge is not proposing to use the \$4.92 million of incremental budget to address the guiding principles and set aside an additional \$4.92 million (i.e. the 15% overspend provision) that it can access to pursue the upper band of its targets.
- b) Please advise whether Enbridge has started working on the projects listed in Table 10 (Exhibit B / Tab 1 / Schedule 3 / p. 13). If so, please provide the spending to date.

Interrogatory #10

Topic: DSM Budgets

Ref: Exhibit B / Tab 1 / Schedule 4

Question:

- a) Please file a table that provides Enbridge's budget, by program, for each year over the 2012 to 2020 period.

Interrogatory #11

Topic: DSM Budgets

Ref: Exhibit B / Tab 1 / Schedule 3 / p. 5

Exhibit B / Tab 1 / Schedule 4 / pp. 3-5

Exhibit B / Tab 1 / Schedule 5 / pp. 1-2

Preamble:

Enbridge's proposed 2015 low-income budget is \$7.4 million (which represents 23% of the total budget). In 2016, the low-income budget decreases to 20% of the total budget and for the 2017 to 2020 period it falls to about 18% of the total budget.

Enbridge, in its sensitivity analysis, noted that the entire low-income program is scalable. However, the correlation between budgets and targets may not be linear.

Questions:

- a) Please specify the 2014 low-income budget in aggregate and as a percentage of the total 2014 budget.
- b) Please provide rationale for decreasing the proportional allocation of the overall DSM budget to Low-Income programs (over the 2015-2020 period) given the OEB's key priority to expand the Low-Income program offerings across the province.
- c) Please estimate the changes to the targeted savings on the 2016 Low-Income Scorecard if the proposed Low-Income budget was increased to represent 25%, 30%, or 40% of the total program budget.

Interrogatory #12

Topic: DSM Budgets

Ref: EB-2014-0134 / Report of the Board / Section 6.2
Exhibit B / Tab 2 / Schedule 4 / pp. 1-14

Preamble:

The DSM Framework noted that the gas utilities can propose fee-for-service DSM programs to large volume customers.

Questions:

- a) Please explain why Enbridge decided not to offer a fee-for-service DSM program to its large volume customers (Rate 125).
- b) Please explain why any portion of the DSM budget (exclusive of the low-income related amounts) is allocated to customers in Rate 125 and Rate 200 (during the 2015-2020 period).

Interrogatory #13

Topic: DSM Budgets

Ref: Exhibit B / Tab 1 / Schedule 3 / p. 5
Exhibit B / Tab 2 / Schedule 2 / p. 5

Preamble:

Enbridge set out its estimated process and impact evaluation budget for the 2016 to 2020 period at Exhibit B / Tab 2 / Schedule 2 / p. 5.

Questions:

- a) Please provide the total proposed evaluation budget for the 2015 program year.
- b) Please advise how Enbridge proposes to handle changes to the evaluation budget (for the 2015-2020 period) if the OEB orders a different approach (than is anticipated) for evaluation and audit.

Interrogatory #14

Topic: Program Types

Ref: Exhibit B / Tab 2 / Schedule 1 / p. 1

Preamble:

Enbridge noted that it proposed many new programs in its DSM Plan.

Questions:

- a) Please identify any other programs (including pilot programs) that Enbridge considered but chose not to include within its portfolio of programs.
- b) If applicable, please identify the reason(s) why Enbridge chose not to further pursue these programs.

Interrogatory #15

Topic: Program Types

Ref: Exhibit B / Tab 2 / Schedule 1 / p. 9-11
Exhibit B / Tab 2 / Schedule 1 / p. 11-14

Questions:

- a) For the custom industrial and commercial offers, please indicate the rate classes which have customers eligible for these programs, the number of eligible customers per customer segment and the total annual gas consumption per customer segment.
- b) Please provide the Return on Investment (ROI), or payback period threshold, that these customer segments typically have and how these financial indicators have been taken into consideration in the design and delivery of these custom programs in order to minimize free riders.
- c) Please indicate whether Enbridge considered payback period or ROI in the design of this offer's eligibility criteria.

- d) Please indicate whether Enbridge designed this offer assuming that the free ridership values will be similar to those used for the same offer over the 2012-2014 period.

Interrogatory #16

Topic: Program Types

Ref: Exhibit B / Tab 2 / Schedule 1 / p. 14-17
Exhibit B / Tab 2 / Schedule 1 / p. 17-19

Questions:

- a) For the Commercial and Industrial Direct Install and Prescriptive offers, please provide typical payback periods associated with the efficiency equipment included in these offers.
- b) Please indicate whether Enbridge undertook any research on the current penetration of these technologies in the marketplace. If yes, please provide estimates of penetration rates in Enbridge's franchise area for each relevant technology.
- c) Please explain how payback and market penetration have been taken into consideration in the design of this offer in the context of minimizing free ridership.
- d) Please indicate the free ridership rate that will be used for these offerings.

Interrogatory #17

Topic: Program Types

Ref: Exhibit B / Tab 1 / Schedule 3 / p. 9
Exhibit B / Tab 1 / Schedule 4 / pp. 22-23

Preamble:

Enbridge noted that it developed protocols to offer its Low-Income program to privately-owned multi-residential buildings within the City of Toronto based on available data specific to the City of Toronto. Enbridge stated that it will work with the Low-Income Consultative sub-group to develop protocols for additional municipalities based on the information available in those areas on a case-by-case basis.

Enbridge also set out certain principles for privately-owned low-income multi-family buildings to participate in its Low-Income programs. These principles include: ensuring that qualifying buildings have a high proportion of low income tenants, accessing municipal data and consulting with the Low-Income Working Group, confirming that participation does not result in an increase in rent for tenants, and implementing measures that will result in direct benefits to tenants.

Questions:

- a) Please provide the eligibility criteria developed for privately-owned low-income multi-residential buildings in Toronto.
- b) Please indicate what type of information was provided by the City of Toronto to inform the screening criteria.
- c) Please explain how Enbridge will ensure that program participation does not result in a rent increase to building tenants, and how low-income tenants will benefit financially from natural gas cost savings if they do not pay their own natural gas bills.
- d) Please explain why Enbridge did not include a principle that eligible buildings must have tenants paying for natural gas usage separate from rent.
- e) Please discuss whether Enbridge considered adding a requirement that participating buildings must agree to separate tenants' rent and natural gas costs to allow tenants to benefit financially from natural gas cost savings.

Interrogatory #18

Topic: Program Types

Ref: Exhibit B / Tab 2 / Schedule 1 / pp. 19-22

Preamble:

Enbridge indicated that commercial and industrial customers eligible for the Energy Leaders Initiative will either be identified by Enbridge or self-nominated. If the customer is self-nominated, Enbridge noted that it will conduct audits, assessments, and benchmarking to establish energy efficiency performance and confirm that the customer is an energy leader.

Questions:

- a) Please provide the specific criteria Enbridge will use to evaluate whether a customer qualifies for the Energy Leaders Initiative.
- b) Please provide more information about the additional financial incentives that will be offered to eligible program participants.
- c) Please explain whether the initiative has been designed to minimize free ridership given that energy leaders, by definition, are expected to adopt new and innovative energy efficiency technologies in the future as they have done in the past.

Interrogatory #19

Topic: Program Types

Ref: Exhibit B / Tab 2 / Schedule 1 / pp. 22-27

EB-2015-0029 / Exhibit A / Tab 3 / Appendix A / p. 6

Preamble:

The maximum incentive provided by Enbridge through its Home Energy Conservation offer is \$2100 per customer. The incentive provided by Union through its Home Reno Rebate offer ranges from \$2500 to \$5000.

Questions:

- a) Please provide rationale as to why Enbridge is providing a significantly lower incentive amount than Union in a similar program offering.
- b) Using the data collected from the 2012-2014 Community Energy Retrofit offer, please provide the average cost of the retrofit per house and the payback period (before and after the financial incentive is applied).
- c) Please indicate whether Enbridge considered advanced air-source heat pumps and ground source heat pumps for the Home Energy Conservation offer. Please also indicate whether Enbridge has discussed collaboration with the IESO or the LDCs to promote these technologies.

Interrogatory #20

Topic: Program Types

Ref: Exhibit B / Tab 2 / Schedule 1 / pp. 62-67

Questions:

- a) Please indicate whether Enbridge has conducted any research on the current new construction commissioning practices in Ontario.
- b) Please provide the market penetration of new construction commissioning as a practice in Enbridge's franchise area.

Interrogatory #21

Topic: Program Types

Ref: Exhibit B / Tab 2 / Schedule 1 / pp. 27-29

Questions:

- a) For the Residential Adaptive Thermostats offer, please indicate how many LDCs Enbridge has engaged in discussion regarding collaboration to date.
- b) If available, please indicate the typical incentive provided by LDCs for an adaptive thermostat.
- c) Please provide the market penetration rate and the payback period (before and after the financial incentive is applied) in Enbridge's franchise area for the adaptable thermostats.

Interrogatory #22

Topic: Program Types

Ref: Exhibit B / Tab 2 / Schedule 1 / pp. 67-71

EB-2015-0029 / Exhibit A / Tab 3 / Appendix A / pp. 8-11

Preamble:

For the Home Health Record program, Enbridge will create a web portal available to all offering participants. OEB staff notes that Union will also be providing an online portal as part of its behavioural offering. Union's web portal will be made available to all of its residential customers.

Questions:

- a) Please indicate if Enbridge has considered vendors other than OPower to deliver this offer.
- b) Please comment on whether Enbridge could expand its web portal to all residential customers.
- c) Please discuss whether such an expansion could be implemented for 2016.

Interrogatory #23

Topic: Program Evaluation

Ref: Exhibit B / Tab 2 / Schedule 2 / pp. 1-55

EB-2014-0134 / DSM Filing Guidelines / Section 7.1.3

Preamble:

The DSM Filing Guidelines state that all program result evaluations will be conducted by the Board's third-party evaluator(s). The third-party evaluators will follow the Ontario Power Authority's (OPA) EM&V protocols, where applicable and relevant to the natural gas sector.

Questions:

- a) For each of Enbridge's evaluation plans:
 - i. Please provide evidence that the proposed evaluation approach for each program offer is consistent with the noted EM&V protocols.
 - ii. Please confirm that all the necessary data is being collected during the life of the program to successfully complete third-party impact evaluation based on the noted EM&V protocols.

Interrogatory #24

Topic: Program Evaluation

Ref: Exhibit B / Tab 2 / Schedule 2 / pp. 49-52

Question:

- a) For the Run-it-Right offer, please indicate whether external factors affecting natural gas savings (weather, changes to building occupancy, etc.) will be controlled for in the natural gas savings analysis, which relies on metered data. If so, please list these factors and explain how these factors will be addressed as part of the evaluation.

Interrogatory #25

Topic: Program Evaluation

Ref: Exhibit B / Tab 2 / Schedule 1 / pp. 25

Exhibit B / Tab 2 / Schedule 2 / pp. 19-20

Preamble:

Enbridge stated that the Home Energy Conservation offering is a direct-to-consumer initiative, and that incentives are provided “based on modeled natural gas savings as a result of measures installed.”

Questions:

- a) Please provide information on the natural gas savings modeling that will be performed, namely:
 - i. What program/software will be used;
 - ii. What input variables will be required;
 - iii. Indicate how Enbridge will ensure that the savings calculated using this model are consistent with the actual savings experienced by the participant.

Interrogatory #26

Topic: Input Assumptions

Ref: Exhibit B / Tab 2 / Schedule 2 / pp. 49-42

EB-2014-0354 / New and Updated DSM Measures

Questions:

- a) Where applicable, please provide an estimate of the simple payback period, before and after the financial incentive is applied, for each offer/initiative during the 2015-2020 period.
- b) Please indicate the free ridership rate applied to the Run-it-Right offering, and for all other offerings in which free ridership rates deviate from, or are not provided for in, EB-2014-0354.
- c) For all of Enbridge’s program offerings:
 - i. Please discuss what actions Enbridge is taking to minimize free ridership.

- ii. Please discuss the factors that Enbridge considers in establishing that a customer is not a free rider.
- iii. Please discuss whether, and how, the payback period or other financial metrics and market penetration of technologies were considered in the design of Enbridge's programs.

Interrogatory #27

Topic: Avoided Costs

Ref: Exhibit B / Tab 2 / Schedule 5

Question:

- a) Please provide the discount rate used for Enbridge's 2015-2020 avoided cost calculations.

Interrogatory #28

Topic: Accounting Treatment – Recovery and Disposition of DSM Amounts

Ref: Exhibit B / Tab 1 / Schedule 6 / pp. 3-7

Preamble:

Enbridge proposed the establishment of the DSM Participant Incentive Deferral Account (DSMPIDA).

Questions:

- a) Please explain why Enbridge requires a separate DSMPIDA for each year of the plan.
- b) Please confirm that the future liability recorded in the DSMPIDA at the end of a given year is funded by that same year's budget.

Interrogatory #29

Topic: Accounting Treatment – Recovery and Disposition of DSM Amounts

Ref: Exhibit B / Tab 1 / Schedule 4 / pp. 3-5

Exhibit B / Tab 1 / Schedule 6 / pp. 8-9

Exhibit B / Tab 4 / Schedule 5 / pp. 5-6

Preamble:

Enbridge included a \$1 million annual DSM IT chargeback for each year during the 2016-2020 period. Enbridge also requested the establishment of the DSM Information Technology Capital Spending Variance Account (DSMITCSVA) to record the revenue requirement implications of the capital spending on the replacement of the DSM IT systems.

Questions:

- a) Please provide the Operations and Maintenance (O&M) costs related to the DSM IT replacement project.
- b) Please discuss how Enbridge proposes to recover these O&M costs.
- c) Please provide further rationale for including costs associated with the DSM IT replacement project into rates during the term of Enbridge's Custom IR plan.

Interrogatory #30

Topic: Integration and Coordination of Natural Gas DSM and Electricity CDM Programs

Ref: EB-2014-0134 / Report of the Board / Section 6.2

Exhibit B / Tab 4 / Schedule 1

Exhibit B / Tab 4 / Schedule 2

Preamble:

A key priority included in the DSM Framework is that utilities should "increase collaboration and integration of natural gas DSM programs and electricity CDM programs."

Enbridge outlined the key areas of focus for collaboration during the 2015-2020 period and provided a list of collaborative efforts undertaken by Enbridge in the 18 months prior to filing its application.

Questions:

- a) Please provide the number of electricity distributors that operate in Enbridge's service area.
- b) Please provide the total number of electricity distributors with which Enbridge discussed coordination and integration of CDM and DSM.
- c) Please provide the number of pilot programs that Enbridge has initiated in cooperation with the electricity distributors.
- d) Please discuss any progress made on Enbridge's collaborative efforts to date.