

OEB STAFF SUBMISSION

Union Gas Limited and Enbridge Gas Distribution Inc.
Joint Application for Approval of
New and Updated DSM Measures

EB-2014-0354

June 23, 2015

Background

On March 27, 2015, Union Gas Limited (Union) and Enbridge Gas Distribution Inc. (Enbridge) filed a joint application with the Ontario Energy Board (OEB) seeking approval for the new and updated Demand Side Management (DSM) measures and input assumptions to be used in the clearance of the 2014 DSM variance accounts.

The OEB's 2012-2014 DSM Guidelines (EB-2008-0346) outline the annual process the utilities need to follow to update the approved input assumptions list. The OEB 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 Joint Terms of Reference on Stakeholder Engagement for DSM Activities (EB-2011-0327), formed a Technical Evaluation Committee (TEC). The TEC consisted of intervenor and utility representatives and two independent technical experts selected by the intervenor and utility representatives.

Current Application

The utilities request approval of the new and updated measures and input assumptions list that includes the addition of two measures¹ and updates to eight measures² and free ridership values for commercial demand control ventilation systems. The TEC has endorsed all of these updates as part of the utilities' current application.

OEB Staff Submission

OEB staff supports the request to approve the updates to the measures and input assumptions filed by Union and Enbridge. In addition, OEB staff provides the following comments regarding the use of input assumptions.

Boiler Efficiency Base Case Study

In the OEB's Decision and Orders for Union's (EB-2014-0273) and Enbridge's (EB-2014-0277) 2013 clearance of DSM variance accounts applications, the OEB stated that a boiler efficiency base case study should be conducted in 2015 by Union and Enbridge with the findings to be incorporated in the evaluation of the 2014 results.

¹ Residential High Efficiency Water Heaters and Commercial Demand Control Ventilation – New Construction and Retrofit

² Residential and Low Income Faucet Aerators (Bathroom & Kitchen), Residential and Low Income Pipe Wrap, Commercial Energy Star Fryers, Commercial Energy Star Convection Ovens, Commercial Energy Star Steam Cookers, Commercial High Efficiency Under-Fired Broilers, Commercial Ozone Laundry Treatment, and Commercial Energy Star Dishwashers.

Given the OEB's decision above, the utilities should be using the results that will be available from the boiler efficiency base case study conducted in 2015 to adjust the savings in the 2014 DSM variance accounts.

Savings Adjustments Based on Program Audits and Evaluation Results

As stated in the DSM Guidelines, the evaluation of the achieved results for the purposes of determining the lost revenue adjustment mechanism (LRAM) and shareholder incentives should be based on the best available information resulting from the evaluation and audit process of the same program year. The LRAM and incentive amounts for 2014 should use measured results, where possible, from the evaluation and audit of the 2014 results to adjust the DSM savings that were originally calculated using input assumptions.

As a result, OEB staff expects the utilities will use any updated measures and assumptions from the 2014 evaluation and audit processes for the 2014 clearance of DSM variance accounts. This does not preclude the use of the new measures and updated input assumptions included for approval in the current application but they should be updated as new information becomes available from the audit and evaluations processes.

Payback Periods and Market Penetration

In OEB staff's [submission](#) for the 2013 joint application for new and updated measures filed by Union and Enbridge (EB-2013-0430), OEB staff suggested that the utilities should include two pieces of information in the input assumptions list on a go-forward basis: simple payback periods for all measures and the market penetration (or market share) of all measures.

In the OEB's Decision and Order, the OEB stated that given the development of a new DSM Framework, and as part of each of the utilities' DSM plans for 2015-2020, the utilities should further consider OEB staff's suggestions and include a summary of their findings with supporting rationale in their DSM plans.

Union and Enbridge filed their respective 2015-2020 DSM plans (EB-2015-0029 and EB-2015-0049) on April 1, 2015, and the DSM plans are currently before the OEB. Therefore, OEB staff will address the above noted matters in the DSM plan applications currently before the OEB.

- All of which is respectfully submitted -