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To provide the 2013 audit.

RESPONSE

As requested below are the excerpts related to the Run it Right Audit Recommendations from the 2013 Audit Summary Report (EB-2014-0277 DSM Clearance – Pages 284-287).

10. Recommendation:

Establish a free rider rate for the Run It Right program. Currently, there is no OEB approved free rider rate for this program. As part of this audit process, Enbridge proposed a free rider rate. Optimal conducted an informal review of free rider rates for gas retro-commissioning programs in other jurisdictions and recommended adoption of Enbridge's requested rate for purposes of this audit. Enbridge should formally establish a free rider rate that is subsequently filed and approved by the OEB.

Enbridge Response:
This Audit Recommendation will be directed to the TEC, as Union has indicated that they have a similar program. As such, there may be value in developing a free ridership rate for both utilities through the TEC. If it is determined that this is not the case, Enbridge will proceed with establishing its own free ridership rate for the RIR offer.

AC Response:
The AC endorses this response.

11. Recommendation:

Survey Run It Right participants. Ideally, Enbridge or its evaluator should survey participants prior to any billing regression analysis. This would ensure better data and avoid noted problems with ex-post adjustments to the sample that resulted from exogenous factors affecting gas usage. The importance of conducting a survey prior to

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the analysis is that all data is treated equally, and any obvious outliers or other problem data can be removed or adjusted without bias. In addition, this process will allow for removal of any obviously bad or incomplete data. Surveys should accomplish the following:

- Determine whether the participant implemented the measures recommended in the timeframe indicated.
- Determine whether the participant made any significant changes to the facility, its operations, or equipment outside of the Run It Right Program. If changes were made, determine whether changes can be attributed to Run It Right spillover savings, are completely independent of the Program, or were already counted in another Enbridge program.
- Collect basic participant characteristics, including building type, occupancy load, usage, and size. Based on this information, the analyst can remove or adjust all data in a consistent fashion. For example, if a major piece of equipment was replaced with a more efficient one, it may be appropriate to adjust the ex-post data to subtract the expected additional savings. Further, if building usage or operations have changed significantly, the data can be adjusted if the impacts of these changes can be estimated with relative certainty. In some cases, it may be more appropriate to simply remove a participant from the sample.

Enbridge Response:
Enbridge agrees that completing a survey with a random sample of participants would be more appropriate in order to gain further insight into results. The random sample would be conducted in a manner similar to the CPSV process. A survey of all participants would be cost prohibitive (this is in line with recommendation #13).

AC Response:
The AC endorses this response.

12. Recommendation:

Include a "comparison group" of similar customers that did not participate in the Run It Right program. A comparison group of customers that are matched to the participant group (in terms of building type, major end-uses, size, and consumption) should be included in the analysis. Typically this would be done with a "dummy variable" that indicates whether the customer was a participant or not. The biggest benefit of including a comparison group is that it can more explicitly control for weather and other variations over time. Because all sites will have been exposed to the same weather, the analysis inherently controls for weather without the need to identify balance temperature points for each facility. It also avoids introducing uncertainty from determining a building

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specific relationship between weather and gas usage. This will significantly simplify the analysis and result in a more accurate isolation of weather effects.

A comparison group also can adjust for unknown variables that may be important but are difficult to identify and control for. For example, there may be natural growth in existing buildings' gas usage that would mask some of the true program savings. Comparing participants with similarly situated nonparticipants would automatically control for any such effects.

Enbridge Response:
Enbridge's proposal for recommendation #11 appropriately addresses the need for increased accuracy and information, without unduly increasing the cost and complexity of the offer.

AC Response:
The AC agrees that the revisions associated with Auditor recommendation #11 are a good next step in the evolution of the evaluation of this program, and that the addition of a control group is not necessary at this point in time. However, that decision should be revisited in the future as more experience with the program (and its evaluation) is gained, particularly if the program grows substantially in size.

13.   Recommendation:

Consider sampling approaches that balance required resources with level of importance. When performing the analysis and incorporating the two previous recommendations, we recognize that this approach may add additional program costs related to surveying participants and using comparison groups. We also understand that Enbridge intends for this program to expand and hopefully have more participants in the future. As a result, it may be appropriate to analyze a sample of participants rather than a full census of participants. This is appropriate, particularly if the number of participants grows significantly. We recommend that the sample of participants first be stratified by size. The largest usage customers will tend to have a disproportionately high impact on overall savings. As a result, we recommend developing size strata and oversampling the largest stratum (depending on range of usage and number of participants, it may make sense to oversample more than one large stratum). Often, the very largest stratum might only have a few participants, who would all be included in the sample. This approach of devoting more resources to the largest projects will enhance the overall precision of the sample without the need to actually increase the numbers of participants sampled. Once the strata cut points are selected, the samples should be drawn in a randomized way (except for any strata where a full census is used).

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Similarly, the comparison group should align with the same strata and also be randomly selected.

Enbridge Response:
Please refer to the response to recommendation #11.

AC Response:
The AC endorses this response.

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R. Sigurdson