EB-2015-0049

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. pursuant to Section 36(1) of the *Ontario Energy Board Act, 1998,* S.O. 1998, for an order or orders approving its Demand Side Management Plan for 2015-2020

ENBRIDGE GAS DISTRIBUTION INC.

ARGUMENT IN CHIEF

COMPENDIUM AND APPLICATION SUMMARY

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Ministry of Energy

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Ontario

FEB - 4 2015

Ms Rosemarie T. Leclair
Chair & Chief Executive Officer
Ontario Energy Board
PO Box 2319
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms Leclair:

Re: Natural Gas Demand Side Management (DSM) Framework

I am pleased that the Ontario Energy Board (OEB) has released its final DSM Framework (2015-2020) in support of the government's Conservation First policy. Conservation is the cleanest and most cost-effective energy resource and it offers consumers a way to reduce their energy bills while contributing to a sustainable future.

I am particularly pleased that natural gas distributors will be expected to ensure that DSM is considered in infrastructure planning at the regional and local levels, consistent with the government's March 26, 2014 Directive to the OEB, and that a 15 per cent non-energy benefit adder will be applied to the benefit side of the Total Resource Cost Test in recognition of the environmental, economic and social benefits of DSM.

I note that as part of the expectation that natural gas distributors consider DSM in infrastructure planning, each distributor will be studying the potential role of DSM in reducing or deferring infrastructure investments in future system planning efforts. I expect that the natural gas distributors will work with stakeholders, including environmental organizations, to help inform the approach for these studies. I understand that they plan to initiate this work in the near future and complete the studies as soon as possible and no later than in time to inform the mid-term review of the DSM Framework.

The March 26, 2014 directive also requires an achievable potential study for natural gas efficiency in Ontario be conducted every three years with the first study completed by June 1, 2016. Building on the principle of the non-energy benefit adder, I request that the Board consider, in that study, how such potential DSM benefits as carbon reduction and natural gas price suppression may be used to screen prospective DSM programs and inform future budgets.

.../cont'd

I look forward to the OEB's continued support in implementing the government's Conservation First policy.

Sincerely,

Bob Chiarelli
Minister

Revised Non-Participant Benefit Table

Benefit	1st Year Benefits per Annual m3 Saved[1]	Avg. 1st Year Benefits from Utilities' Proposed 2016-2020 DSM Plans (millions $)[6]	Avg. 1st Year Benefits for Residential Customers from Utilities' Proposed 2016-2020 DSM Plan (millions $)[7]	Typical Enbridge Residential Monthly Bill Impact in 2018 (2015 Dollars)[8]		
				As Filed	Including Possible Impacts	Difference (i.e. Illustrative Monthly Bill Savings)
Avoided carbon regulation costs[2]	$0.03	$2.16	$1.27			
Price suppression effects[3]	$0.00	$0.00	$0.00			
Reduce purchase of most expensive gas[4]	$0.01	$0.62	$0.37	**$2.13**	**$2.04**	**$0.09**
Avoided distribution system costs[5]	$0.01	$0.95	$0.56			
Total	**$0.05**	**$3.72**	**$2.20**			

1 Enbridge has taken the 1st year benefits per annual m3 saved of its DSM Plan, as calculated by Mr. Neme in Exhibit M.GEC.EGDI.4, and modified said values based on the rationale and calculations outlined for each benefit in the footnotes below.

2 Enbridge has reduced carbon costs by a factor of 0.54 to adjust costs from $20USD/ton to $15.22CAD/tonne as per 2018 Mean Price of 2018 Vintage Allowances in CA and QC. (as per GEC Compendium, Exhibit K1.2, p.20).

3 Enbridge does not believe the DRIPE's impact is significant enough to justify the complexity of determining its exact quantity. Mr. Chernick has noted that the Ontario gas market would be much more complicated to analyze than other markets such as New England or TETCO (Technical Conference Vol. 3, p.11-12).

4 Lacking a better figure, Enbridge has left unaltered GEC's estimate of the benefits to non-participants of avoided gas at marginal prices. This should not be interpreted as an endorsement of the figures provided by GEC.

5 As per page 18 of Exhibit L.GEC.1, Mr. Neme multiplied Enbridge's estimated avoided distribution costs by 4 to account for alterations to Enbridge's figures proposed by Mr. Chernick. Enbridge disagrees with this approach and has undone the multiplication of avoided distribution costs by 4. To account for admitted omissions in relevant portions of Enbridge's distribution costs as they were provided to Navigant for the purposes of their avoided distribution cost study, Enbridge has increased the benefits of avoided distribution system costs by 27%, proportionate to the increase in overall costs provided to Navigant as identified by Ms. Thompson on page 31 of Vol. 7 of the transcript (i.e. August 27, 2015).

6 Similar to Mr. Neme's analysis in Exhibit M.GEC.EGDI.4, Enbridge has multiplied the 1st year benefits per annual m3 saved by the average annual savings of its DSM Plan from 2016-2020, or 74.4 million m3. This shows the illustrative savings in rates accruing to all non-participants that take place in a single year.

7 74.4 million m3 are the average annual savings for Enbridge's entire DSM portfolio. This column shows only the benefits which would flow to Rate 1 residential customers. Allocation of these benefits to Rate 1 has been done in proportion to forecast Rate 1 allocation in 2018 of the Multi-Year DSM Plan, resulting in approximately 59% of benefits flowing to residential customers.

8 Using the illustrative benefits to Rate 1 residential non-participants Enbridge has compared the monthly bill impacts of its DSM Plan in 2018 to typical residential customers as filed, against a bill which includes or accounts for benefits to non-participants as estimated above. The difference between the two is 9 cents per month.

Full Plan Budgets & Targets

Budgets and targets driving to a 2020 Savings goal of $6.36 million cumulative cubic metres

Year	Budget ($ millions)	Cumulative Cubic Metres (CCM)
2015	$37,722,230	774,359,281
2016	$63,535,727	1,001,743,852
2017	$73,826,882	1,083,061,000
2018	$79,680,131	1,147,902,770
2019	$81,273,733	1,165,771,091
2020	$82,899,208	1,182,290,348
2020 Natural Gas Savings Goal		6,355,128,342

- Overall budget to increase roughly two-fold between 2015 to 2020
- Total Resource Cost Plus (TRC+) ratio for 2016-2020 is 2.4
- Program Administrators Cost Test (PAC) ratio for 2016-2020 is 4.0

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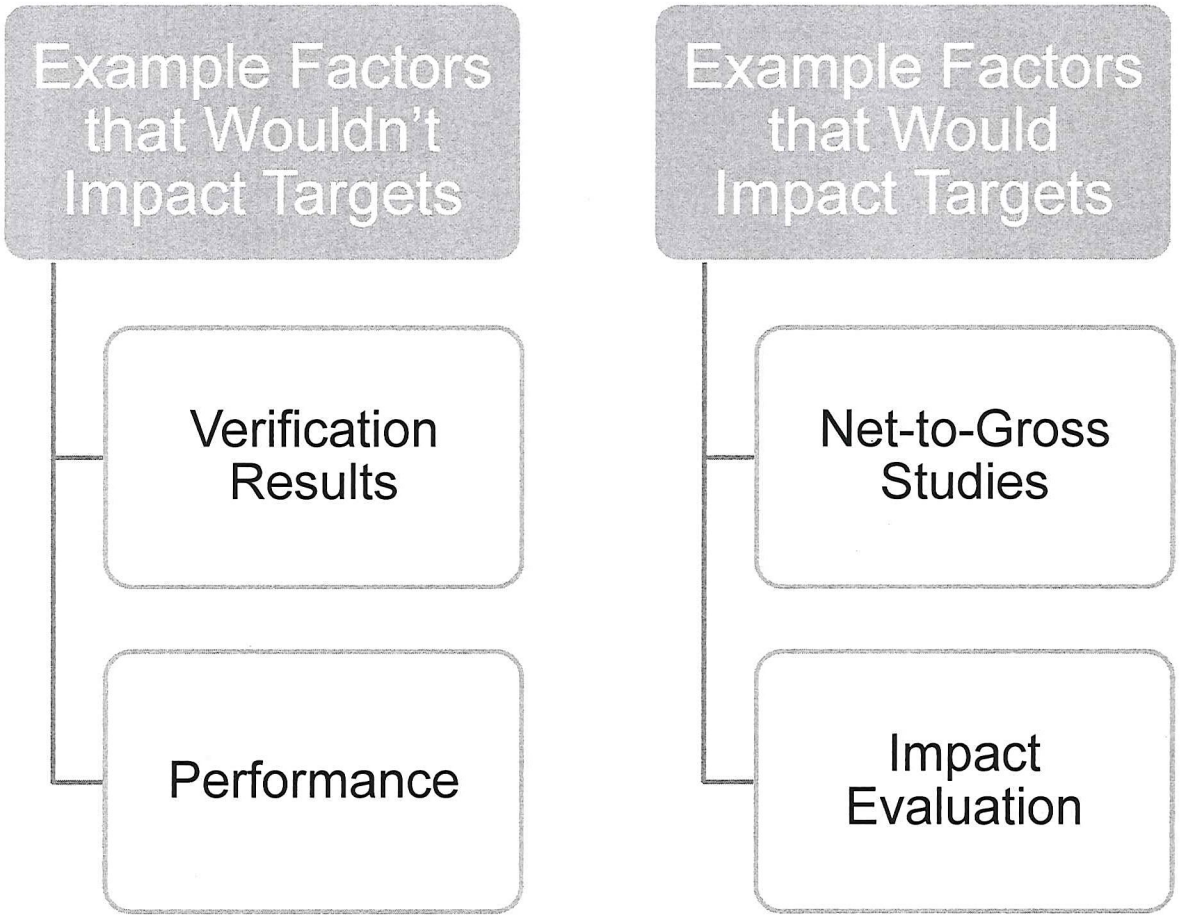
Target Adjustment Factor – What is Impacted?

Not all variations from plan will be factored into the TAF



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K5.1

DSM Program Portfolio

A balance of innovative programming to meet Framework and Stakeholder needs & consistency for customers

	Resource Acquisition Program	
1	Custom Industrial	Evolved
2	Custom Commercial	Evolved
3	Commercial & Industrial Direct Install	New
4	Commercial & Industrial Prescriptive (Fixed) Incentive	Evolved
5	Energy Leaders	New
6	Home Energy Conservation	Evolved
7	Residential Adaptive Thermostats	New
8	Small Commercial New Construction	New
	Low Income Program	
9	Low Income Multi-Residential – Affordable Housing	Evolved
10	Home Winterproofing	Evolved
11	Low Income New Construction	New

	Market Transformation & Energy Management Program	
12	Savings by Design – Residential	Evolved
13	Savings by Design – Commercial	Evolved
14	New Construction Commissioning	New
15	My Home Health Record (Opower)	New
16	Home Rating	Evolved
17	Energy Compass	Evolved
18	School Energy Competition	New
19	Run it Right	Evolved
20	Small Commercial & Industrial Behavioural	New
21	Comprehensive Energy Management	New
22	Energy Literacy	New

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Considerations for the Board

- The 15% adder is a reasonable proxy to the carbon avoidance cost estimate as carbon pricing is not yet known or in place and the TRC+ is used for screening purposes only. Review at the mid-term may be appropriate.

Total NPV Benefits (2018)	15% Adder	Calculated Cost of Carbon
$228,930,159	$29,860,456	$36,538,849
% Difference in Total NPV Benefits		3%

15% adder calculated based on portion of total NPV benefits in TRC analysis associated with 15% non-energy benefit adder

"Calculated Cost of Carbon" calculated as Mr. Neme's NPV cost of carbon per annual m3 over a 16 year measure life reduced to account for price of $15.22CAD/tonne (as per GEC Cross Compendium Union Panel 1, p.20, 2018 Vintage, Mean Price) rather than $20USD/ton (equivalent of $28.73CAD/tonne)
Note: MTEM was not included in TRC Plus calculation and associated NPV benefits. For comparability MTEM annual m3 have been excluded from the "Calculated Cost of Carbon"

- Enbridge is amenable to some of the recommendations made by Synapse in their report

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K5.1

Board Guidance

- Enbridge is seeking the following from the Board in this proceeding:

1. Approval of the 2015 "Transition Year" Budgets and Targets, including the Incremental Budget
2. Approval of the Budgets, Targets, and the Plan Elements that they comprise for 2016 to 2020, recognizing Enbridge has responded fully and appropriately to the Framework and Board's priorities
3. Approval of other plan elements such as, but not limited to, new Deferral & Variance Accounts, Target Adjustment Factor, and the Integrated Resource Planning Study scope
4. Approval of the TRC plus screening and related avoided cost methodology, including the addition of a 15% non-energy benefit adder

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Filed: 2015-06-23
EB-2015-0049
Exhibit I.T2.EGDI.STAFF.8
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BOARD STAFF INTERROGATORY #8

INTERROGATORY

Topic 2 – 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 Filling 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.

Witnesses: M. Lister
F. Oliver-Glasford
B. Ott

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?

RESPONSE

a) Enbridge's proposed use of a TAF will not impact the Company's ability to calculate LRAM and the shareholder incentive using the best available information. Rather, the Company is seeking recognition of the reality that its DSM targets have been proposed using the best available information at present, without an opportunity to adjust those targets as more appropriate information is made available. In Enbridge's view, the DSM Framework and Guidelines do not preclude the proposal of a mechanism such as the TAF which would allow the gas utilities to incorporate more up to date information into the determination of the DSM targets against which they are measured in a given program year.

b) Enbridge has developed and proposed DSM targets that it believes are highly challenging, but also achievable provided that the utility is effective, and efficient. The Company interprets the question above as implying that the TAF will result only in the adjustment of targets to become less aggressive over time. Enbridge does not share this view and can envision a situation in which the TAF actually results in DSM targets which are more aggressive. In fact, the purpose of the TAF is to maintain this important balance and avoid a situation where unanticipated changes to input assumptions or adjustment factors result in targets which are either too easy or unachievable; in either case limiting the effectiveness of a shareholder incentive in maximizing utility efforts.

It should be recognized that for the purposes of setting targets and measuring DSM results, there are hundreds of inputs which are subject to numerous adjustments, all of which will vary over time based upon the best available information.

Witnesses: M. Lister
F. Oliver-Glasford
B. Ott

The best available information is determined by various studies which are undertaken across the continent, which are ongoing and which will be produced at different points in a particular year. This challenge becomes even more pronounced when discussing adjustment factors, such as Net to Gross ratios, that are typically determined through third-party studies with significant qualitative components. These studies are the work of specialized consultants and their outcomes cannot be predicted with a high level of certainty or relative accuracy by the utility when proposing 6 year DSM targets. These studies may be relevant to the gas utilities in Ontario, but at other times they may be less relevant for reasons of climate and utility structure. The important point is that over time, these changes are likely to have a material impact on the targets which have been set in this proceeding based upon the best available information today, which are the current approved input assumptions. The TAF is intended to be an automatic mechanism which will simply adjust for the changes which are ultimately approved for use in Ontario. The TAF will do so in a transparent and neutral fashion in that targets will only adjust to a degree and in a direction that is equivalent to changes in the input assumptions which impact DSM results. This means that there should be no material difference in terms of the results achieved relative to the targets. The results will therefore be more accurate and representative of actual results being based upon the best available information applied to both targets and results.

In addition, it should be recalled that the Framework contemplates the Board taking a more active role in the evaluation of program results and the review and approval of updated input assumptions. Accordingly, the TAF would only adjust targets to the extent that the Board has approved changes to input assumptions. It should also be recalled that where changes have been approved to input assumptions, the Company will use these for the purposes of completing its cost-effectiveness screening and for the purposes of future program results evaluations.

The Company submits that it is simply logical to have in place a mechanism which will ensure that program results which are based upon approved updated input assumptions are compared to targets which are similarly developed using the same updated input assumptions. Where, for example, the input assumptions which have been used for the purposes of setting targets in this Multi-Year DSM Plan are updated and changed over the coming years, there will be an increasing disconnect between the evaluation of program results and the targets set years earlier given the fact that the targets are not based on a similar set of input assumptions. Either a form of a TAF mechanism is required or the Utilities should be entitled to annually update the targets to reflect

Witnesses: M. Lister
F. Oliver-Glasford
B. Ott

updated input assumptions. If this does not occur, it could result in either a windfall (where the changes to input assumptions artificially increase results relative to targets) or a disincentive to the Utilities to undertake programs (where the disconnect artificially exaggerates the gap between results and targets).

The TAF is in the Company's view consistent with and complimentary to the Framework in that it will not affect how the LRAM and program results are calculated and evaluated using the best available information at the time of such calculations. The TAF simply applies the best available information to targets as part of the annual evaluation of program results. This then results in an apples to apples comparison and avoids the necessity of updating future years targets annually as this will be done automatically using the TAF.

In responding to the Board's Draft DSM Framework on October 15, 2014 (EB-2014-0134) the Company advocated against the application of input assumption and adjustment factor changes retroactively. For the Board's convenience Enbridge's position in that proceeding has been included below[1]:

> Enbridge has advocated against this practice in the past and continues to do so for the following reasons among others:
>
> - The practice creates an unrealistic expectation of the utility's ability to anticipate and respond to changes in the wide variety of inputs that influence program performance.[2]
> - DSM targets and budgets, and therefore resources, are agreed to based upon values such as deemed input assumptions and net to gross ratios.[3] Changes in these values constitute changes to the foundation on which utilities agreed a given target was achievable under a given budget scenario. If changes are to affect DSM results they

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[1] EB-2014-0134, "*Response to the Reports from the Ontario Energy Board: Draft Report of the Board; Demand Side Management Framework for Natural Gas Distributors, and, Draft Filing Guidelines to the Demand Side Management Framework for Natural Gas Distributors*," submission from Enbridge Gas Distribution Inc., Oct. 15th, 2014, p.31-32

[2] California Public Utilities Commission (2010) "*Decision Regarding the Risk/Reward Incentive Mechanism Earnings True-Up for 2006-2008*," Decision 10-12-049, Dec. 16th, p.34

[3] Kushler, Martin; Nowak, Seth; White, Patti (2012) "*A National Survey of State Policies and Practices for the Evaluation of Ratepayer-Funded Energy Efficiency Programs*", *ACEEE*, Report U122, Feb. p.34, 39

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should logically affect the DSM targets against which those results are judged.

- The retroactive changing of assumptions, in this case net to gross values, was at the heart of one the most severe regulatory disputes in the history of North American conservation and energy efficiency. California's investor-owned utilities believed their collective incentive payments for 2006-2008 were approximately $400 million, but a retroactive change in assumptions resulted in the evaluator proposing $45 million in collective penalties to shareholders[4]. Years of legal and regulatory disputes ensued until a December 2010 decision awarded approximately $212 million in incentives to California's investor-owned utilities.[5]
- The risk created by the retroactive application of assumptions discourages utilities from pursuing innovative programs and technologies. For this reason Massachusetts, identified in the Concentric study as a leading jurisdiction in energy efficiency and conservation, no longer applies changes to assumptions retroactively when measuring results.[6]
- The retroactive application of assumptions does not appear to be best practice in North America as 31 out of 38 U.S. states analyzed in 2012 applied assumptions on a forward looking basis.[7]
- The Board's retained consultant, Concentric Energy Advisors, advocated against the retroactive application of input assumptions during the development of the 2012 DSM Guidelines.[8]

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[4] Zuckerman, Julia; Dearson, Jeff; Chandrashekeran, Sangeetha. (2013) "*Rewarding Efficiency: Lessons from California's Shareholder Incentive*," *Climate Policy Initiative, University of Melbourne,* 2013 International Energy Program Evaluation Conference, Chicago, p.4

[5] California Public Utilities Commission (2010) "*Decision Regarding the Risk/Reward Incentive Mechanism Earnings True-Up for 2006-2008*," Decision 10-12-049, Dec. 16th

[6] Massachusetts Department of Public Utilities.(2012) *Docket 11-120 Order*, Aug. 10th, p.15

[7] Kushler, Martin; Nowak, Seth; White, Patti (2012) "*A National Survey of State Policies and Practices for the Evaluation of Ratepayer-Funded Energy Efficiency Programs*", *ACEEE*, Report U122, Feb. p.62-63

[8] EB-2008-0346, Concentric responses to stakeholder questions, Question 52 (EGDI Question 9),

Witnesses: M. Lister
F. Oliver-Glasford
B. Ott

c) For convenience, Enbridge's proposed TAF calculation, as outlined in Exhibit B, Tab 1, Schedule 4, page 41, has been provided below.

$$\text{TAF} = \left(\frac{\text{CCM Based on Input Assumptions and Adjustment Factors at Time of Audit} - \text{CCM Based on Input Assumptions and Adjustment Factors at Time of Filing}}{\text{CCM Based on Input Assumptions and Adjustment Factors at Time of Filing}} \right)$$

The TAF would adjust the Company's current year target according to the new input assumption information to align with the current year's actual performance so that both are measured the same way. The example below captures the mechanics of how the TAF would work in practice.

Assume that the Company achieves a 100% score on a metric, based on information available to it today. Then assume that a new study changes an input assumption to yield a 5% reduction to the Company's performance relative to the new information. Had the Company been aware of the new information, it could have used resources or budget in a different way to try to achieve a greater score either in that metric or in another. In other words, the Company would be retroactively penalized for information it did not have at the beginning of the year without a TAF. The table below illustrates how the TAF would be applied:

Performance	Score	Comment
Original Current Year Target	1,000	The target known to the Company at the beginning of the year (set in this case) is 1,000.
Current Year Performance	1,000	The Company has directed its budget and resources to achieve a 100% score.
Current Year Scorecard Performance	1,000 / 1,000 = 100%	As a result of the Company's efforts, it has achieved a 100% score.
New Input Assumption Information	-50 CCM	As a result of new information related to input assumptions, assume there would be a decrease in CCM of 5%, or 50 CCM.
New Current Year Performance with New Input Assumption Information	950 CCM	As a result of the new input assumption information, the Company's current year performance drops to 950 CCM.
TAF Adjustment	(950-1,000)/1,000 = -5% or 50 CCM	The TAF adjusts the Company's current Year Target to be aligned with the new information.
TAF Adjusted Target	1,000 – 50 = 950 CCM	Applying the TAF adjustment (with the new input assumption information) the current year's target would be re-cast with the new information.
Current Year Scorecard Performance	950 / 950 = 100%	As a result of the Company's efforts, and inclusive of the new input assumption information, the Company has still achieved a 100% score.

In this way, the TAF holds the Company whole for the new information that arose through the year that was not otherwise known at the time of setting targets. Said differently, the Company is not retroactively penalized for not knowing the new information at the time of setting the targets.

d) As shown in the example above, the TAF will be applied in the same program year as any adjustments to DSM results based on changes to input assumptions or adjustment factors.

Witnesses: M. Lister
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Enbridge to advise if there is anything that isn't within scope of the midterm review that should be approved now for the six-year period.

RESPONSE

In Enbridge's view, it would be appropriate for the following areas to be approved to 2020, and not subject to the mid-term review:

- The spectrum of customers that DSM should serve: The mid-term review should not be required to re-address which customers or rate classes should or should not receive DSM programming and its associated costs.

- The details of approved offers: Offers approved in this proceeding will be subject to process evaluations and ongoing improvement as part of regular DSM business processes and should not be re-scrutinized in detail as part of the mid-term review.

- Key framework elements such as payback screening criteria or the use of target adjustment factors: Barring unforeseen developments prior to the mid-term review these matters appear to have generated ample debate in this proceeding.

- The scorecard design and metrics: the mid-term review should not re-open a debate on whether or how to establish a balanced scorecard. The Board has already asked for a balanced scorecard as part of its Framework direction.

Witnesses: F. Oliver-Glasford
B. Ott

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. pursuant to Section 36(1) of the *Ontario Energy Board Act, 1998,* S.O. 1998, for an order or orders approving its Demand Side Management Plan for 2015-2020

SUMMARY OF THE ENBRIDGE 2015-2020 MULTI-YEAR DSM PLAN

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SUMMARY OF THE ENBRIDGE 2015-2020 MULTI-YEAR DSM PLAN

1. Enbridge Gas Distribution Inc. ("Enbridge" or the "Company") believes that it could be helpful to the Ontario Energy Board ("Board") and the Parties to provide a summary of the various approvals that the Company is seeking from the Board and to identify key evidentiary references. In this summary, the Company first summarizes the approvals sought and the location in the filing of the evidence in support of such approvals. This is followed by a listing of the financial approvals sought (budgets, shareholder incentive) and the evidentiary references for these proposals and the Programs and Scorecards proposed by the Company.

2015 Transition Year Rollover (Ex. B/T1/S3)

2. The Company has proposed a rollover increase from its 2014 budget of 2%. This is consistent with section 15.1 of the Transitional provisions of the Framework being the same rate of increase used to arrive at the Company's 2013 and 2014 DSM budgets. Enbridge has similarly increased the maximum shareholder incentive and its targets to reflect this increase. In addition, the Company is proposing an incremental 15% increase to its budget to meet the goals and objectives set out in the Framework as contemplated under section 15.1.

2016 – 2020 Budgets and Scorecards (Ex. B/T1/S4)

3. The Company is proposing new and expanded program offerings and scorecards based upon both its prior experience and the best available information. This schedule includes the budgets, shareholder incentives, metrics and targets by Program type. The Company has proposed that the budgets and scorecards for 2019 and 2020 be considered preliminary at this time and be subject to a review and update as part of the midterm review. Enbridge is proposing a target adjustment factor which will formulaically adjust for changes to input assumptions that are likely to occur over the term of the Multi-Year DSM Plan.

Sensitivity Analysis (Ex. B/T1/S5)

4. As required under the Framework, Enbridge undertook a sensitivity analysis which supports the conclusion that the proposed budgets in each year have been designed so as to generate cost-effective natural gas savings.

Deferral and Variance Accounts (Ex. B/T1/S6)

5. In addition to the establishment of the accounts contemplated under the Framework (DSMVA, LRAM, DSMIDA, and Carbon Dioxide Offset Credit VA), the Company is proposing three further accounts:

   (i) Cost Efficiency Incentive Deferral Account ("CEIDA") to support the cost-efficiency incentive approved by the Board at page 24 of the Framework;

   (ii) DSM Participant Incentive Deferral Account ("DSMPIDA") which will provide a mechanism for the Company to pay program participants the incentives they earn over the course of their involvement in multi-year program offerings like the Residential and Commercial Savings by Design offerings; and

   (iii) DSM IT Capital Spending Variance Account ("DSMITCSVA") which will be used to determine the difference between the revenue requirement impact of Enbridge's replacement of its DSM IT system and the $1 million DSM IT system charge back which has been embedded into the DSM budgets for each of 2016 – 2020. Enbridge proposes that any difference be cleared to rates as part of the annual DSM account clearance application.

2016 – 2010 Offer Descriptions (Ex. B/T2/S1)

6. At this Exhibit, the Company includes detailed descriptions of the complete suite of 22 program offerings and initiatives which the Company is proposing over the term of its Multi-Year DSM Plan.

Evaluation Plan (Ex. B/T2/S2)

7. This evidence outlines the main components of the Company's Evaluation Plan, including its future intentions in respect of evaluation projects and research, the technical reference manual and in respect of the annual evaluation and audit of its DSM program activities. The Company has included at Table 1 a Mapping of Evaluation Elements in the Framework to Enbridge's Multi-Year Plan and a breakdown table of the estimated costs for such activities. This Exhibit also includes a detailed description of the evaluation plan for each of the program offerings for the 2016 -2020 period. For the 2015 Rollover, as contemplated by section 15.1 of the Framework, the Company is proposing to use the offer evaluation plans approved by the Board in EB-2011-0295 being the Enbridge 2012- 2014 Multi-Year DSM Plan.

Cost-Effectiveness (Ex. B/T2/S3)

8. This Exhibit identifies the process followed by the Company to determine the cost-effectiveness of its programs and the TRC-plus and PAC analysis and ratios for each of the years 2016 through 2020.

Rate Allocations and Bill Impacts (Ex. B/T2/S4)

9. The Company identifies the rate impacts and rate allocation implications of the programs and budgets it has proposed for each of the years 2015 through 2020, assuming the Company is successful in achieving its 100% target in respect of each program.

Avoided Costs (Ex. B/T2/S5 and Navigant Avoided Costs Study (Ex. C/T1/S4)

10. At this Exhibit, the Company describes the process which it followed for the updating of avoided costs and its retention of Navigant Consulting, Inc. ("Navigant") for the purposes of completing the distribution avoided costs study.

Stakeholdering (Ex. B/T3/S1 and 2)

11. The Company identifies the key criteria and objectives which it believes should be reflected in any new or changed future stakeholdering process. This is found at Exhibit B, Tab 3, Schedule 1. Enbridge also includes at Exhibit B, Tab 3, Schedule 2 a description of the significant stakeholder consultations that occurred which helped inform the development of its 2015-2020 Multi-Year DSM Plan.

Integrated Resource Planning Study (Ex. B/T3/S3 and Ex. C/T1/S3 Planning Study Scope of Work)

12. The Framework requires the gas utilities to conduct a study prior to the mid-term review considering the role of DSM in reducing and/or deferring future infrastructure investment and to file a document in this Multi-Year DSM filing which contains the Company's preliminary scope of this IRP study. In this exhibit, the Company provides background in respect of its IRP activities to date and the steps leading up to the development of the preliminary scope of work document which is filed at Ex C, Tab 1, Schedule 3.

DSM Potential Study (Ex. B/T3/S4 and Ex. C/T1/S1 Navigant Potential Study and Ex.CT1/S2 Navigant Energy Efficiency Resource Assessment)

13. Enbridge identifies the steps which were undertaken leading up to the Potential Study completed by Navigant which supports the program offerings, metrics and targets proposed in the Multi-Year filing.

Carbon Pricing (Ex. B/T3/S5)

14. The Company offers its current views in respect of the advent of carbon pricing in Ontario and its potential regulatory treatment.

CDM Collaboration and the Collaboration and Innovation Fund (Ex. B/T4/S1 and 2)

15. Enbridge identifies its significant collaboration efforts to date and its proposal to include in its DSM budget funds which will support greater cooperation and coordination between DSM and CDM program operators. This will include

various pilot programs which may be undertaken with electric distributors and other program partners.

Summary of Enbridge's Financial Proposals and Evidentiary References

Description	Amount ($M)	Page
2015 Transition Year Rollover (Ex. B/T1/S3)		
Budget	$32.8	4 – 5
Shareholder Incentive	$11.09	4 – 5
Incremental Budget (15% under s. 15.1 of Framework)	$4.92	5, 13 – 18
Resource Acquisition Program Budget		6
Resource Acquisition Scorecard		6
Rates 110, 115 and 170 Limits		6 – 7
Low Income Budget		8 – 9
Low Income Scorecard		8 – 9
Market Transformation Budget		10
Residential SBD Scorecard		10 – 11
Commercial SBD Scorecard		12
Home Labelling Scorecard		12
2016 and Beyond Budgets and Scorecards (Ex. B/T1/S4)		
2016 Budget by Program	$63.53	3
Maximum Shareholder Incentive	$10.45	3
2017 Budget by Program	$73.82	4
Maximum Shareholder Incentive	$10.45	4
2018 Budget by Program	$79.68	4
Maximum Shareholder Incentive	$10.45	4
2019[1] Budget by Program	$81.27	5
Maximum Shareholder Incentive	$10.45	5
2020[2] Budget by Program	$82.9	5
Maximum Shareholder Incentive	$10.45	5

[1] The 2019 Budgets and Scorecards are preliminary and will be updated as part of the midterm review.
[2] The 2020 Budget and Scorecard are preliminary and will be updated as part of the midterm review.

Description	Amount ($M)	Page
Resource Acquisition Program Offers Summary		8
Resource Acquisition Program Budgets (2016 – 2020)		9
Resource Acquisition 2016 Scorecard		10
Resource Acquisition 2017 Scorecard		11
Resource Acquisition 2018 Scorecard		12
Resource Acquisition 2019 Scorecard		13
Resource Acquisition 2020 Scorecard		14
Low Income Program Offers Summary		18
Low Income Program Budgets (2016 – 2020)		19
Low Income 2016 Scorecard		19
Low Income 2017 Scorecard		20
Low Income 2018 Scorecard		20
Low Income 2019 Scorecard		21
Low Income 2020 Scorecard		21
Market Transformation Program Offers Summary		26
Market Transformation Program Budgets (2016 – 2020)		27
Market Transformation 2016 Scorecard		29
Market Transformation 2017 Scorecard		30
Market Transformation 2018 Scorecard		31
Market Transformation 2019 Scorecard		32
Market Transformation 2020 Scorecard		33
December 31, 2020 Savings Goal		37 – 39
Target Adjustment Factor		40