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February 3, 2016

VIA RESS, EMAIL and COURIER

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, ON M4P 1E4

Dear Ms. Walli,

Re: Enbridge Gas Distribution Inc. (the "Company" or "Enbridge")
Ontario Energy Board (the "Board") File: EB-2015-0049
Multi-Year Demand Side Management Plan (2015 to 2020)
Written Comments and Draft Accounting Order

The Board issued its Decision and Order in the above noted proceeding on January 20, 2016, wherein the Board invited Enbridge to provide comments relating to the calculation of target metrics and the allocation of shareholder incentive amounts as well as to provide a draft Accounting Order.

Enclosed please find Enbridge's comments and draft Accounting Order.

The submission has been filed through the Board's Regulatory Electronic Submission System ("RESS") and will be available on the Company's website under the "Other Regulatory Proceedings" tab at www.enbridgegas.com/ratecase.

If you require further information, please contact the undersigned.

Yours truly,

(Original Signed)

Bonnie Jean Adams
Regulatory Coordinator

Encl.

cc: Mr. Dennis O'Leary, Aird &Berlis
EB-2015-0049 Intervenors

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

SUBMISSION OF ENBRIDGE GAS DISTRIBUTION INC.

INTRODUCTION

1. The Board issued its Decision and Order in this proceeding on January 20, 2016 (Decision). The Board invited Enbridge Gas Distribution Inc. (Enbridge or the Company) to provide written comments relating to the calculation of target metrics and the allocation of the shareholder incentive amounts included in Schedules A, B and C, by February 3, 2016. The Board further ordered that Enbridge provide a draft Accounting Order, in cooperation with Union Gas Limited (Union), by the same date in respect of the Cost-Efficiency Incentive Deferral Account (DSMCEDA). The attached is Enbridge's submission. Enbridge understands that once the Board has considered the submissions of the Utilities and received comments from Board Staff to the draft Accounting Order for the DSMCEDA, the Board will issue its final Decision and Order.

2. This submission is divided into several parts. Part 1 deals with matters relating to the allocation of shareholder incentive amounts to three program types. Part 2 includes the Company's comments in respect of the new program offering target metrics. This is then followed by Part 3, titled "Accounting Treatment Issues", which includes comments relating to the new DSMCEDA, necessary changes to the DSMVA, and the new deferral accounts that were proposed which were not specifically addressed in the Decision.

3. In several respects, the Company also provides for clarity its interpretation of the Decision in the hope that this will avoid any confusion which may arise when the Company's program results are ultimately verified.

PART 1: ALLOCATION OF SHAREHOLDER INCENTIVES TO PROGRAM TYPES

4. Enbridge understands that one of the objectives of the current Framework and prior guidelines is to allocate the available shareholder incentive to the several program types (i.e., Resource Acquisition, Low Income, and Market Transformation and Energy Management (MTEM)) in a manner that is both reflective of the planned expenditures by program type but also to be of a sufficient magnitude so as to incent the Company to aggressively pursue the program offerings within a particular program type. Given the size of the budgets Enbridge proposed for each of the three program types, Enbridge allocated the shareholder incentive by the percentage split of its proposed budget for each of the three program types. For the MTEM program, this resulted in an allocation of 23% of the shareholder incentive or approximately $2.4 million at the 150% of target achievement level.

5. In its Decision, the Board did not approve several of Enbridge's MTEM program offerings and removed the budgeted amounts for these offers from the annual DSM budget. The Board then reallocated the shareholder incentive to the three program types based upon the adjusted budgets. This resulted in a reduction by nearly 50% of the shareholder incentive allocable to MTEM.

6. As noted in Schedule B to the Decision, the 2016 approved shareholder incentive allocable to MTEM programs is 12% or $1.25 million at the 150% of target level. At the 100% target level, Enbridge notes that the eligible incentive declines to $501,600.

7. While this allocation is reflective of the budget split between the three programs types, Enbridge submits that this allocation produces the unintended consequence of undervaluing the benefits of the remaining MTEM program offerings. It also reduces the realistically achievable MTEM shareholder incentive to a point where it is questionable whether it will act as a real incentive.

8. A majority of the MTEM budget which the Board did not accept related to the My Home Health Record (O-Power) (MHHR) Home Rating and New Construction Commissioning offers. These offers contributed $5.91 million in 2016 to the MTEM budget (or 51% of MTEM budget) and $42.56 million over the course of the multi-year plan (or 59% of MTEM budget over the plan). Of these offers, the MHHR had by far the largest budgets.

9. It is important to note that the MHHR program would have been operated by a third party vendor with limited internal overhead costs being incurred by Enbridge in respect of this offer. Enbridge proposed only a 5% metric weighting for this program. Similarly, Enbridge only proposed a 5% metric weighting for both of the New Construction Commissioning and Home Ratings Programs both of which were also rejected. These three programs in aggregate had a metric weighting of only 15%. Stated differently, these three offers, in aggregate, could only have contributed up to 15% to the MTEM shareholder incentive.

10. Enbridge submits that the unintended consequence of removing the several MTEM offerings which contributed only modestly to the MTEM shareholder incentive, and then adjusting the allocation of the shareholder incentive to MTEM by the decrease in budget rather than the rejected offerings metric weighting, results in the disproportionate decrease in the MTEM shareholder incentive thereby devaluing the continuing MTEM programs. This includes the important and approved Residential and Commercial Savings by Design (SBD), Run It Right, and Comprehensive Energy Management programs.

11. Under the Framework, the Board states at page 23 that it expects the Utilities to propose a balanced scorecard allocation of the shareholder incentive. This balance is to be reflective of not only the budgeted amounts for each program but also reflect those programs that will minimize lost opportunities to capitalize on lifetime natural gas savings and which address the Board's key priorities. Enbridge submits that there is little question that its remaining MTEM offers address the Board's guiding principles and key priorities, particularly the avoidance of lost opportunities, the use of customer-specific data and the use of a holistic approach to homes, buildings, and businesses. Indeed, as noted by the Board at page 35 of the Decision, avoiding lost opportunities is a goal of the SBD Residential and Commercial Programs.

12. The Board has asked for this submission to identify unintended mechanical results. The resulting allocation of the shareholder incentive by budget has an unintended negative result that Enbridge believes is inconsistent with the Framework. While an allocation based on budgets was reasonable as originally proposed, to avoid devaluing the remaining approved MTEM offers and to maintain an appropriate balance between program types so that the shareholder incentive will attract the attention of senior managers, Enbridge submits that the allocation to MTEM should remain at 23%.

13. Alternatively, a reasonable mechanistic approach would be to reduce the allocation of the shareholder incentive to MTEM by the same amount by which the programs which were not approved contributed in aggregate to the metric weighting namely; in this case 15%. Mathematically, 15% of 23% is approximately 3% (3.45% to be precise). If the Board uses this as a basis to adjust the allocation to MTEM, the resulting allocation is just under 20%. Enbridge submits that this figure is reasonable in that it continues to acknowledge the contribution of the remaining MTEM offers. For the sake of simplicity, the Company suggests that the resulting allocations to the Resource

Acquisition and Low Income program types be 60% and 20%, respectively. The end result would be that the shareholder incentive would be allocated 60% to Resource Acquisition, 20% to Low Income and 20% to MTEM. In the Company's view, this maintains a sufficiently robust incentive for MTEM and does not undervalue the important remaining MTEM program offerings.

PART 2: TARGET METRIC ISSUES

A. Participant Incentive Target Increases

14. The Board noted the concern expressed by various parties to the proceeding that the targets proposed by the gas utilities were not sufficiently aggressive in 2016. The Board agreed with this position at page 66 of the Decision and, as a result, increased the 2016 targets for both Utilities by 10% across the board to CCM and other targets such as participants and homes built.

15. Enbridge wishes to identify what is likely a latent unintended consequence of this aspect of the Board's Decision. While the Company will do everything that it can to reasonably meet the increased CCM targets by means of improving program delivery, increasing targets necessarily requires increasing the overall funds available for incentive payments to program participants. For example, Enbridge's Home Energy Conservation (HEC) offer participant target for 2016 has been increased by 751 participants to 8,259. Under the HEC offer, Enbridge's customers can receive up to $2,100 to complete an energy assessment and to off-set energy efficiency upgrades. Incentive payments to 751 additional program participants in this amount will total $1.58 million in 2016 alone. Over the remaining five years of the multi-year plan, the customer incentive payments to this number of additional participants will require an additional unbudgeted $7.9 million in customer incentive payments. While the Company is desirous of achieving the higher participant target, it notes that there has been no increase in the budget for these incentive payments to customers.

16. The Residential Adaptive Thermostat offer is another example of this unintended consequence. Under this program, Enbridge provides a rebate of $75.00 to each participant as a contribution towards the purchase of an adaptive thermostat. With the 10% increase to the target for this program offering in 2016, Enbridge calculates that the incentive payments to the necessary number of customers to meet the 100% target will use up almost the entirety of the program's budget leaving insufficient funding for the marketing, promotion and processing of just under 10,000 claims by participating customers in 2016 alone.

17. A further example is the SBD Residential MTEM Program which has two metrics in its scorecard. One is the number of builders involved and the second is the number of homes built to the higher standards. The Decision increased for 2016 the target for homes built by 250 from the original target of 2,501 to 2,751. Under this program, which has been in operation since 2012, builders are entitled to earn up to $2,000 for each home which is confirmed to have been built to the higher standards. To achieve the increase in the target of 250 homes, incentive payments to participating builders totaling up to $500,000 may be incurred in 2016 alone. Over the remaining five years of the plan, the potential to pay incentives at the levels currently being advertised in respect of an additional 250 homes each year could total $2.5 million, all of which is not included in the approved budget.

18. In the Decision at page 35, the Board approved this program "as proposed" and stated that it would "not direct Enbridge to change the incentive and target levels proposed". Despite this, the unintended consequence of the across the board 10% increase to targets in 2016 (and subsequent years), is that Enbridge will be compelled to reduce the incentive levels that builders will be eligible to earn and the number of houses on which a builder can earn an incentive. This is precisely the change in incentives and targets which the Board indicated it would not require Enbridge to implement. (Decision p.34 and 35). If Enbridge is required

to reduce customer incentives, the program design must be changed and communicated to the marketplace, which may significantly impact deliverability for years to come.

19. Another example is the Company's custom and prescriptive Commercial / Industrial programs. The Company had proposed to increase incentives for each of its custom and prescriptive offers; however, without an increase to the budget in light of higher approved targets, a change to the program design incentive structure is necessitated. That is, to accommodate the higher targets, the budgets need to include recognition of the higher customer incentive levels.

20. The only options available to the Company to respond to the target increases are not satisfactory from the perspective of the objectives of the Framework and the goal of maximizing results. In respect of the HEC program, Enbridge could reduce the maximum incentive available which will require a new public campaign to advertise the change. This will significantly impact the marketability of the program as well as the expected outcomes and will undoubtedly result in less "deep" savings as it will become necessary for the Company to instead focus on smaller savings and a larger number of homes to meet the higher participant levels. Decreasing customer incentives is precisely the opposite of what many parties to the proceeding including Board Staff advocated.

21. The other alternative is for monies to be directed from other programs to pay participant incentive amounts. This, of course, will have a material negative impact on those other programs some of which might have to be reconsidered. The result would be that Enbridge would be forced to potentially close down or abandon some DSM offers because there is no reasonable opportunity to achieve even the minimum target levels, to support others.

22. The same result would occur in the deployment of the Company's custom and prescriptive offers. Here, the Company could resort to reducing the incentives to

try and have sufficient budget to reach the target levels of CCM, but this is not in accordance with approved program designs. Reducing the incentives will attract fewer participants and generate fewer CCM, likely ensuring an inability to generate results at the 100% levels.

23. It is important to note that Enbridge is not requesting any additional overhead or administration costs to achieve the higher targets. It is also not asking for any of the target increases to be adjusted, nor any change to the Board's desire to drive improved cost efficiencies. The central point is that with new higher target levels, consideration must be given to the distinction between financial incentives to be paid out to the increased number of customer participants to achieve the new targets, and the cost of operating programs. Enbridge believes there is a preferable methodological way to approach the Board's desired outcome of improved efficiencies in program operations, while at the same time providing the means to achieve the new participant targets and increased customer incentive levels.

24. The Company responded to an interrogatory from Energy Probe (I.T3.EGDI.EP.18) where it presented its proposed budgets as a function of each of the incentives to be paid out at the 100% target levels (participants and CCM) proposed as well as the costs to deliver the programs to the market (inclusive of all operating costs, marketing costs, and other fixed costs). For each of the proposed and approved programs the proposed incentive budget and operating budget are shown in the Table below. For the sake of clarity, the "Operating Budgets" below include the entirety of each offering's budget, with the exception of the financial incentives that will be paid to program participants. The totals for these budget amounts are the same as those approved by the Board in its Decision.

Approved Programs & Budgets					
Financial Incentives	**2016**	**2017**	**2018**	**2019**	**2020**
C/I Custom	$ 5,404,600	$ 5,509,231	$ 5,687,872	$ 5,801,629	$ 5,917,662
C/I Direct Install	$ 3,647,650	$ 3,725,272	$ 3,502,583	$ 3,572,634	$ 3,644,087
C/I Prescriptive	$ 1,454,532	$ 1,484,047	$ 1,465,665	$ 1,494,979	$ 1,524,878
Residential Home Energy Conservation	$ 9,145,025	$ 12,180,000	$ 15,461,213	$ 16,094,732	$ 16,416,626
Residential Adaptive Thermostats	$ 676,058	$ 1,350,000	$ 2,025,000	$ 2,120,336	$ 2,182,053
Multi-Family Homes - Part 3	$ 2,426,481	$ 2,529,410	$ 2,821,839	$ 2,878,276	$ 2,935,841
Home Winterproofing - Part 9	$ 4,826,460	$ 5,232,240	$ 5,389,207	$ 5,496,991	$ 5,606,931
New Construction	$ 899,554	$ 1,036,177	$ 1,257,940	$ 1,233,051	$ 1,003,332
SBD -Residential	$ 2,750,712	$ 2,750,000	$ 2,750,000	$ 2,809,606	$ 2,870,404
SBD - Commercial	$ 847,412	$ 450,000	$ 575,000	$ 640,675	$ 698,646
School Energy Competition	$ 30,220	$ 60,000	$ 50,000	$ 51,000	$ 52,020
Run It Right	$ 267,444	$ 304,440	$ 336,300	$ 343,589	$ 351,024
Comprehensive Energy Management	$ 474,087	$ 799,845	$ 934,011	$ 968,074	$ 994,428
Total	**$ 32,850,235**	**$ 37,410,662**	**$ 42,256,630**	**$ 43,505,572**	**$ 44,197,932**
Operating Budget	**2016**	**2017**	**2018**	**2019**	**2020**
C/I Custom	$ 1,616,064	$ 1,647,914	$ 1,673,690	$ 1,707,163	$ 1,741,307
C/I Direct Install	$ 1,307,771	$ 1,335,600	$ 1,255,761	$ 1,280,876	$ 1,306,494
C/I Prescriptive	$ 742,420	$ 757,087	$ 767,240	$ 782,584	$ 798,236
Residential Home Energy Conservation	$ 3,003,292	$ 3,000,000	$ 2,538,787	$ 2,265,268	$ 2,310,574
Residential Adaptive Thermostats	$ 200,313	$ 175,000	$ 150,000	$ 98,164	$ 80,817
Multi-Family Homes - Part 3	$ 852,547	$ 888,711	$ 991,457	$ 1,011,286	$ 1,031,512
Home Winterproofing - Part 9	$ 929,604	$ 1,007,760	$ 1,037,993	$ 1,058,753	$ 1,079,928
New Construction	$ 217,142	$ 163,823	$ 142,060	$ 194,949	$ 453,228
SBD -Residential	$ 500,130	$ 500,000	$ 500,000	$ 510,837	$ 521,892
SBD - Commercial	$ 498,478	$ 500,000	$ 500,000	$ 457,625	$ 423,422
School Energy Competition	$ 271,977	$ 540,000	$ 450,000	$ 459,000	$ 468,180
Run It Right	$ 1,243,540	$ 1,415,560	$ 1,563,700	$ 1,597,593	$ 1,632,164
Comprehensive Energy Management	$ 39,648	$ 44,200	$ 65,989	$ 51,926	$ 45,972
Total	**$ 11,422,926**	**$ 11,975,655**	**$ 11,636,677**	**$ 11,476,024**	**$ 11,893,726**
Total Operating Costs + Financial Incentives	**2016**	**2017**	**2018**	**2019**	**2020**
C/I Custom	$ 7,020,664	$ 7,157,145	$ 7,361,562	$ 7,508,792	$ 7,658,969
C/I Direct Install	$ 4,955,421	$ 5,060,872	$ 4,758,344	$ 4,853,510	$ 4,950,581
C/I Prescriptive	$ 2,196,952	$ 2,241,134	$ 2,232,905	$ 2,277,563	$ 2,323,114
Residential Home Energy Conservation	$ 12,148,317	$ 15,180,000	$ 18,000,000	$ 18,360,000	$ 18,727,200
Residential Adaptive Thermostats	$ 876,371	$ 1,525,000	$ 2,175,000	$ 2,218,500	$ 2,262,870
Multi-Family Homes - Part 3	$ 3,279,028	$ 3,418,121	$ 3,813,296	$ 3,889,562	$ 3,967,353
Home Winterproofing - Part 9	$ 5,756,064	$ 6,240,000	$ 6,427,200	$ 6,555,744	$ 6,686,859
New Construction	$ 1,116,696	$ 1,200,000	$ 1,400,000	$ 1,428,000	$ 1,456,560
SBD -Residential	$ 3,250,842	$ 3,250,000	$ 3,250,000	$ 3,320,443	$ 3,392,296
SBD - Commercial	$ 1,345,890	$ 950,000	$ 1,075,000	$ 1,098,300	$ 1,122,068
School Energy Competition	$ 302,197	$ 600,000	$ 500,000	$ 510,000	$ 520,200
Run It Right	$ 1,510,984	$ 1,720,000	$ 1,900,000	$ 1,941,182	$ 1,983,188
Comprehensive Energy Management	$ 513,735	$ 844,045	$ 1,000,000	$ 1,020,000	$ 1,040,400
Total	**$ 44,273,161**	**$ 49,386,317**	**$ 53,893,307**	**$ 54,981,596**	**$ 56,091,658**

Note: Excludes the following programs that were either rejected or do not have targets associated with them: Energy Leaders, Small Commercial New Construction, New Construction Commissioning, My Home Health Record, Energy Compass, Small Commercial & Industrial Behavioural, Energy Literacy

25. The Company accepts and understands the goal of the Board to generate cost efficiencies going forward. In this regard, the Board has approved a 2% productivity factor for Resource Acquisition and Low Income programs. Enbridge will make every effort to generate such efficiencies, but it must be recognized that these efficiencies can only be realized from the operating budget component of the overall program budgets. In respect of the financial incentives that are payable to program participants, there is no means of more efficiently paying monies to participants. The $75 rebate for adaptive thermostats for an additional 1,000 customers will always cost $75,000. If the financial incentive budget does not change, the only option available is to reduce the amount of the incentive, thereby putting at risk the take-up of the program and the credibility of past marketing efforts. Reducing the level of incentive payments to program participants is not a sign of increased efficiency: it is simply a smaller payment to customers. Without additional funding to pay participant incentives at the levels proposed and approved in the Decision, the Company will have to fundamentally alter the program designs which the Board approved.

26. Enbridge believes that a very real but undoubtedly unintended consequence of the Decision and the increase to targets of 10% is that this will impose on the gas utilities a productivity or stretch factor that far exceeds 2% annually. For Enbridge to now reach the new 100% target, it will not only have to achieve internal efficiencies equal to 2%, it will also have to find funds to pay the additional 10% increase in program participants' incentives.

27. Enbridge therefore suggests that the Board draw a distinction between the cost of customer financial incentives and Enbridge's program operating budgets. Enbridge believes that it was the spirit of the Decision that the cost efficiencies generated arise from cost centres with which the Company has some control, namely, its internal overheads, marketing costs, etc. Other than reducing the

amounts of incentives payable to program participants, Enbridge has no other flexibility over the financial incentives paid out.

28. Enbridge also acknowledges and accepts the Board's desire to see increases in participant targets. Enbridge will make every effort to deliver its programs to additional participants using the same operational budgets as originally proposed and which the Board has approved. However, to operate the various program offerings at the incentive levels identified in evidence and approved by the Board, Enbridge submits that there is an inadequate financial incentive budget available to satisfy the incentives payable to the higher participant target level.

29. Enbridge has calculated the financial incentives that would be payable to the new 10% higher target levels required by the Decision. The increased financial incentive budgets necessary to operate the program offerings as contemplated and approved at the increased 10% target level are set out in the Table below. It is important to note that the financial incentive budgets set out below do not include any of Enbridge's operating budget and are entirely restricted to the payments that would be made to Enbridge's participating customers.

	Approved Programs: Adjusted Financial Incentives				
Financial Incentives	**2016**	**2017**	**2018**	**2019**	**2020**
C/I Custom	$ 5,945,060	$ 6,060,154	$ 6,256,659	$ 6,381,792	$ 6,509,428
C/I Direct Install	$ 4,012,415	$ 4,097,799	$ 3,852,841	$ 3,929,897	$ 4,008,496
C/I Prescriptive	$ 1,599,985	$ 1,632,452	$ 1,612,232	$ 1,644,477	$ 1,677,366
Residential Home Energy Conservation	$ 10,059,528	$ 13,398,000	$ 17,007,334	$ 17,704,205	$ 18,058,289
Residential Adaptive Thermostats	$ 743,664	$ 1,485,000	$ 2,227,500	$ 2,332,370	$ 2,400,258
Multi-Family Homes - Part 3	$ 2,669,129	$ 2,782,351	$ 3,104,023	$ 3,166,104	$ 3,229,425
Home Winterproofing - Part 9	$ 5,309,106	$ 5,755,464	$ 5,928,128	$ 6,046,690	$ 6,167,624
New Construction	$ 989,509	$ 1,139,795	$ 1,383,734	$ 1,356,356	$ 1,103,665
SBD -Residential	$ 3,025,783	$ 3,025,000	$ 3,025,000	$ 3,090,567	$ 3,157,444
SBD - Commercial	$ 932,153	$ 495,000	$ 632,500	$ 704,743	$ 768,511
School Energy Competition	$ 33,242	$ 66,000	$ 55,000	$ 56,100	$ 57,222
Run It Right	$ 294,188	$ 334,884	$ 369,930	$ 377,948	$ 386,126
Comprehensive Energy Management	$ 521,496	$ 879,830	$ 1,027,412	$ 1,064,881	$ 1,093,871
Total	**$ 36,135,259**	**$ 41,151,728**	**$ 46,482,293**	**$ 47,856,129**	**$ 48,617,725**
Operating Budget	**2016**	**2017**	**2018**	**2019**	**2020**
C/I Custom	$ 1,616,064	$ 1,647,914	$ 1,673,690	$ 1,707,163	$ 1,741,307
C/I Direct Install	$ 1,307,771	$ 1,335,600	$ 1,255,761	$ 1,280,876	$ 1,306,494
C/I Prescriptive	$ 742,420	$ 757,087	$ 767,240	$ 782,584	$ 798,236
Residential Home Energy Conservation	$ 3,003,292	$ 3,000,000	$ 2,538,787	$ 2,265,268	$ 2,310,574
Residential Adaptive Thermostats	$ 200,313	$ 175,000	$ 150,000	$ 98,164	$ 80,817
Multi-Family Homes - Part 3	$ 852,547	$ 888,711	$ 991,457	$ 1,011,286	$ 1,031,512
Home Winterproofing - Part 9	$ 929,604	$ 1,007,760	$ 1,037,993	$ 1,058,753	$ 1,079,928
New Construction	$ 217,142	$ 163,823	$ 142,060	$ 194,949	$ 453,228
SBD -Residential	$ 500,130	$ 500,000	$ 500,000	$ 510,837	$ 521,892
SBD - Commercial	$ 498,478	$ 500,000	$ 500,000	$ 457,625	$ 423,422
School Energy Competition	$ 271,977	$ 540,000	$ 450,000	$ 459,000	$ 468,180
Run It Right	$ 1,243,540	$ 1,415,560	$ 1,563,700	$ 1,597,593	$ 1,632,164
Comprehensive Energy Management	$ 39,648	$ 44,200	$ 65,989	$ 51,926	$ 45,972
Total	**$ 11,422,926**	**$ 11,975,655**	**$ 11,636,677**	**$ 11,476,024**	**$ 11,893,726**
Total Operating Costs + Financial Incentives	**2016**	**2017**	**2018**	**2019**	**2020**
C/I Custom	$ 7,561,124	$ 7,708,068	$ 7,930,349	$ 8,088,955	$ 8,250,735
C/I Direct Install	$ 5,320,186	$ 5,433,399	$ 5,108,602	$ 5,210,773	$ 5,314,990
C/I Prescriptive	$ 2,342,405	$ 2,389,539	$ 2,379,472	$ 2,427,061	$ 2,475,602
Residential Home Energy Conservation	$ 13,062,820	$ 16,398,000	$ 19,546,121	$ 19,969,473	$ 20,368,863
Residential Adaptive Thermostats	$ 943,977	$ 1,660,000	$ 2,377,500	$ 2,430,534	$ 2,481,075
Multi-Family Homes - Part 3	$ 3,521,676	$ 3,671,062	$ 4,095,480	$ 4,177,390	$ 4,260,937
Home Winterproofing - Part 9	$ 6,238,710	$ 6,763,224	$ 6,966,121	$ 7,105,443	$ 7,247,552
New Construction	$ 1,206,651	$ 1,303,618	$ 1,525,794	$ 1,551,305	$ 1,556,893
SBD -Residential	$ 3,525,913	$ 3,525,000	$ 3,525,000	$ 3,601,404	$ 3,679,336
SBD - Commercial	$ 1,430,631	$ 995,000	$ 1,132,500	$ 1,162,368	$ 1,191,933
School Energy Competition	$ 305,219	$ 606,000	$ 505,000	$ 515,100	$ 525,402
Run It Right	$ 1,537,728	$ 1,750,444	$ 1,933,630	$ 1,975,541	$ 2,018,290
Comprehensive Energy Management	$ 561,144	$ 924,030	$ 1,093,401	$ 1,116,807	$ 1,139,843
Total	**$ 47,558,185**	**$ 53,127,383**	**$ 58,118,970**	**$ 59,332,153**	**$ 60,511,451**

30. The Table below identifies in each year of the plan the total additional financial incentives required to pay customers at approved incentive rates with the 10%

increase in targets. The additional amounts are solely the result of anticipated increases to incentives payable to customers.

	Additional Financial Incentives Payable at Higher Targets				
Total Operating Costs + Financial Incentives	**2016**	**2017**	**2018**	**2019**	**2020**
C/I Custom	$ 540,460	$ 550,923	$ 568,787	$ 580,162	$ 591,767
C/I Direct Install	$ 364,765	$ 372,527	$ 350,258	$ 357,263	$ 364,409
C/I Prescriptive	$ 145,453	$ 148,405	$ 146,567	$ 149,497	$ 152,488
Residential Home Energy Conservation	$ 914,503	$ 1,218,000	$ 1,546,121	$ 1,609,473	$ 1,641,663
Residential Adaptive Thermostats	$ 67,606	$ 135,000	$ 202,500	$ 212,034	$ 218,205
Multi-Family Homes - Part 3	$ 242,648	$ 252,941	$ 282,184	$ 287,828	$ 293,584
Home Winterproofing - Part 9	$ 432,646	$ 473,224	$ 488,921	$ 499,699	$ 510,693
New Construction	$ 89,955	$ 103,618	$ 125,794	$ 123,305	$ 100,333
SBD -Residential	$ 275,071	$ 275,000	$ 275,000	$ 280,961	$ 287,040
SBD - Commercial	$ 84,741	$ 45,000	$ 57,500	$ 64,068	$ 69,865
School Energy Competition	$ 3,022	$ 6,000	$ 5,000	$ 5,100	$ 5,202
Run It Right	$ 26,742	$ 30,444	$ 33,630	$ 34,359	$ 35,102
Comprehensive Energy Management	$ 47,409	$ 79,985	$ 93,401	$ 96,807	$ 99,443
Total	**$ 3,235,022**	**$ 3,691,066**	**$ 4,175,663**	**$ 4,300,555**	**$ 4,369,794**

31. Enbridge believes that one mechanism to deal with the increased need for financial incentives to meet the higher target levels is to allow the gas utilities to recover the additional amounts, if spent, by means of the DSMVA. Under this proposal, Enbridge would determine and detail in its Annual Report the incentive payments which it makes to program participants in a particular year above the budgeted amount at the originally proposed 100% target level. The aggregate of this additional spending to achieve the additional 10% of targets would then be recorded as a separate line item in the DSMVA. The amount would then be subject to review by the newly appointed Board EAC and evaluation contractor, and ultimately by the Board during the annual clearance application. The recovery of these additional amounts would be in addition to and would have no impact on the Company's ability to access the 15% available under the DSMVA in respect of achieving results beyond the new Board-approved 100% target levels.

32. The alternative to utilizing the DSMVA for such purposes would be for the Board to approve new budgets for the affected programs in recognition of the increase in financial incentives that are a necessary result of the increase in targets in the

amounts identified in the above Table. In this way, if the budgets were increased, in the event that the Company did not expend such monies during a program year, such underspending would be returned to ratepayers through the DSMVA.

B. ADJUSTMENTS TO OVERHEAD AND ADMINISTRATION COSTS

33. In setting context for a discussion of DSM overhead and administration costs, Enbridge notes that the overhead budget outlined by the Board in its Decision totals approximately $9.24 million, or 16.4% of its total approved budget[1]. In contrast, the Board has approved an equivalent overhead budget for Union Gas Ltd. of approximately $13.58 million or 23.9% of its total approved budget[2]. Coupled with the fact that Enbridge's overhead and administration costs decrease as a proportion of budget over the term of the Multi-Year Plan[3], Enbridge submits that this difference demonstrates that it has achieved significant cost efficiencies to date and will continue to do so throughout the term of the Plan. As confirmed by Board Staff expert witness, Synapse Energy Economics, Enbridge's DSM plan portfolio is highly cost-effective.

34. The Board has not approved several proposed offerings by Enbridge and has appropriately removed the program costs for these program offerings from the approved budget. Under these circumstances, it is appropriate to remove associated overhead and administration costs related to the rejected program offerings. Enbridge however notes that the mechanism by which the Board has estimated associated overhead and administration costs for the programs which were not approved is inconsistent with the actual overhead and administration costs associated with these programs as indicated in evidence.

[1] EB-2015-0049, Decision and Order, Schedule A page 1, Jan.20, 2016: Calculated as Total Program Overhead plus Process and Program Evaluation
[2] EB-2015-0049, Decision and Order, Schedule A page 2, Jan.20, 2016: Calculated as Total Program Overhead, plus Research, Evaluation and Administration Portfolio overheads
[3] EB-2015-0049, Enbridge Reply Argument, p.85, paragraph 257

35. Enbridge understands that the Board has removed approximately $43,000 from Resource Acquisition overheads and $1.015 million from MTEM overheads. Enbridge confirms that the reduction to the Resource Acquisition overheads is reasonable. Enbridge's concern relates to the reduction in MTEM overheads which have been reduced mechanistically by the same percentage as the MTEM budget was reduced due to the non-approval of several MTEM program offerings.

36. As noted earlier, a significant proportion of the MTEM budget reduction relates to the cancellation of the My Home Health Record program offering. As this program would have been operated by a third party vendor, O-Power, the overheads allocated to this program were minimal and were essentially "baked" into the offering's program costs. With the non-approval of the MHHR, $3.9 million of the 2016 MTEM budget or 33.9% was removed. Certainly, the MHHR did not contribute 33.9% to Enbridge's MTEM overhead costs.

37. The MHHR program had a budgeted overhead of approximately $337,000, which is 17% of the MTEM overhead costs. Enbridge submits that 17% is the amount which should be removed from the MTEM overhead budget in 2016 and subsequent years given the non-approval of this program offering.

38. By excluding the MHHR reduction in program costs from the re-calculation of MTEM overheads, Enbridge submits that 17% or $337,000 is the amount which should be removed from the budget in 2016 to reflect the MTEM overhead costs of the program offerings which were not approved.

39. The negative impact of reducing overhead and administration costs by the same proportion as program costs is compounded over the term of the multi-year plan given the fact that budgets proposed for the MHHR program increased materially in 2017 thereby making it an even larger percentage of the total MTEM budget. In 2016, the MHHR program constituted 33.9% of the MTEM budget. In 2017,

the proposed budget for the My Home Health Record program totalled 46.5% of the MTEM budget. Largely as a consequence of this, the Board proposes to reduce MTEM overhead by over 60% in 2017; yet the remaining MTEM programs are labour intensive and generate the majority of the overhead burden. Overhead and administration costs were not generated as a percentage of the MTEM budget. Enbridge therefore submits that it is the actual overheads associated with the programs which have been rejected which should be removed so as not to prejudice the successful operation of the remaining program offerings.

C. THE MTEM 10% PRODUCTIVITY ESCALATION FACTOR

40. In addition to the 10% increase to targets in 2016, the Board at page 69 of the Decision states that for the 2017 to 2020 period, to promote continued efficiency and program delivery, the Board requires a 2% productivity improvement factor added to CCM and participant targets for Resource Acquisition and Low Income programs. For market transformation and performance based metrics, the Board at page 70 of the Decision has required a 10% productivity improvement factor. The Decision states that the MTEM productivity improvement factor is more aggressive "as these programs tend to be newer programs with more opportunity for improvement" (p. 70).

41. The Residential and Commercial SBD and Run It Right MTEM program offerings have been in the market for many years. As these programs have matured, their targets have increased by material amounts and are reflective of the realities of the existing market place. These are not newer programs with greater opportunity for improvement.

42. A productivity factor of 10% also does not reflect market realities. For example, Enbridge's SBD Commercial program requires the involvement of commercial builders. There are only so many eligible commercial builders and potential projects in Enbridge's franchise territory. A higher productivity factor does not

change this reality. Furthermore, at the approved target levels for 2016 alone, more than 60 residential and commercial Integrated Design Processes (IDP) must be completed. That translates into more than 1 per week for the entire year, an accomplishment never before achieved. Increasing this target by 10% per year means that by 2020, the Company will have to undertake close to 2 IDPs per week to accomplish a 100% performance level.

43. Enbridge submits that a 10% productivity factor is not reasonable simply because it is unachievable. Over the five years remaining in the multi-year plan, a 10% productivity factor will increase targets by more than 50% at the 100% target level by 2020. It will correspondingly increase targets by more than 75% in 2020 at the 150% of target level. Enbridge questions whether such increases are truly productivity factors particularly given that these increases in target levels will see no corresponding increase in budgets, and while total incentive amounts available to the Company remain capped.

44. Clear examples of an unexpected consequence of an annual 10% productivity factor being applied to MTEM programs are the Commercial and Residential SBD programs. As confirmed in evidence, the amendments to Ontario's Building Code (OBC) which come into effect in 2017 mandate the inclusion of energy efficiency measures in new homes which will make these homes at least 15% more efficient than homes built to the standards required by the 2012 OBC. By imposing a10% productivity factor on the SBD programs for the year in which the new code will take effect and in subsequent years is counter-intuitive. The program already inherently includes incremental productivity by virtue of the fact that the savings target percentage will become more stringent (15% per the program design plus the 15% OBC requirement equals 30% greater savings relative to the 2012 OBC). In other words, the SBD program offerings already include a higher standard to be achieved beginning in 2017. Therefore, applying an additional productivity factor not realistic or reasonable.

45. Enbridge submits that a significant productivity factor has already been baked into the SBD programs, beginning 2017 by virtue of the more demanding OBC requirements. Enbridge requests that the Board confirm that the targets as proposed in each of the years 2017 through 2020 already contemplate an increase of 10% in efficiency standards and that these targets should not be adjusted.

46. Enbridge understands the Board's desire to include a productivity factor in its target adjustment mechanism. Enbridge submits that a reasonable productivity factor is the factor the Board has required for the purposes of Resource Acquisition and Low Income programs. Enbridge respectively requests that the same 2% productivity factor be applied to its other MTEM program offerings.

D. Target Corrections

47. Enbridge has identified an error found in Section 5.3.5 (at page 30/31) of the Decision relating to the Low Income New Construction Program. In the table at page 30, the Board indicates that the "proposed and approved percentage Part 3 Participants Enrolled metric is 40% in 2015 only." Enbridge notes that the metric of the percentage of Part 3 Participants Enrolled relates to Enbridge's Part 3 Low Income participants. It is not related to the Low Income New Construction program, whose targets only begin in 2016.

48. In addition, Enbridge notes a discrepancy between the Low Income scorecard presented in Schedule B of the Decision and the same scorecard presented in Schedule C. Specifically, where Schedule B approves a weighting on the Low Income New Construction Program of 10% as filed, Schedule C indicates that this metric is weighted at 20% of the Low Income scorecard. The correct weighting is 10%, as indicated in Schedule B. Schedule C requires a revision.

PART 3: ACCOUNTING TREATMENT ISSUES

A. The Cost-Efficiency Incentive Deferral Account

49. The Board approved the establishment of a new deferral account for the DSMCEDA (or CEDA). The Board describes this new account at page 90 of the Decision as follows:

> This deferral account will track the differences between the gas utilities' annual approved DSM budgets and the actual amounts spent to achieve the total aggregate annual lifetime savings (CCM) targets made up of all 100% CCM targets across all programs.

50. From the Framework and the Decision, it is understood that the difference between the gas utilities approved DSM budgets in each year and the actual amount spent to achieve the 100% aggregate CCM target across all programs can be rolled into the subsequent year and used to generate results in that year without adjusting targets for that year. For clarity, Enbridge understands that the threshold requirement to generate a CEDA is that it achieves in the aggregate the 100% CCM target taking into consideration all program results. The Company does not, however, have to achieve the 100% CCM target for each specific offering.

51. The Decision states at page 62 that the "evaluation results must be used for the calculation of the Cost-Efficiency Incentive amounts." As noted in the Decision, as a year's results are not evaluated and confirmed until later in the following year, there is a process issue which needs to be resolved. If the Utilities wait until the Board issues a decision in respect of the annual clearance application, the ability to carry forward and use CEDA amounts in the following year will, as a practical matter, not be possible.

52. Enbridge concurs with the Board's observation that there are process issues which exist in respect of the mechanics of the CEDA. While Enbridge attaches to

the submission a draft Accounting Order, it acknowledges that certain aspects of how the account will work are dependent on the Board's final determination of the process and timing of the evaluation and verification process of the gas utilities' annual DSM results. Enbridge will continue to work with Union and Board Staff to develop the appropriate protocols which will apply to the CEDA.

B. The DSMVA

53. The Board dealt with the need for new deferral and/or variance accounts at page 90 of the Decision. Board Staff proposed and Enbridge supported approval of a new variance account to track the budgeted and actual costs incurred relating to the Natural Gas Conservation Potential Study and evaluation, monitoring and verification (EM&V) activities. While the Board approved the proposed budgets of the gas utilities for such activities, it did not approve the suggested new variance account. Instead, the Board found that: "the current DSMVA is a sufficient and appropriate mechanism to track variances from the budgeted expenditures".

54. Enbridge concurs with the Board that using the DSMVA is an efficient means of dealing with such variances. Enbridge did not propose the use of the DSMVA because the Framework description of this account did not specifically provide for it to be used for such purposes.

55. For clarity and consistency with the Decision, Enbridge proposes that in addition to the use of the DSMVA for the purposes as set out in the Framework, it will also be used to track the differences between the approved budget for the Conservation Potential Study and EM&V activities in each year and the actual expenditures on such activities. The difference, if any, will be recorded in the DSMVA as a separate line item. This line item would be held separate from the 15% in additional program funding available to the utilities through the DSMVA for over-achievement related to program results. In the event that a utility spent the entire allowable 15% on the pursuit of aggressive results above the 100%

achievement level on a weighted scorecard basis and, in that same year, actual EM&V costs exceeded the amount approved by the Board, the utility would be capable of recovering the shortfall from the DSMVA even though they are in excess of 15% of the approved DSM budget. In other words, the separate line items for EM&V activities and the Conservation Potential Study would not be subject to program performance in any year.

56. Enbridge believes this approach is reasonable in light of the fact that evaluation costs and the cost of the Conservation Potential Study are now under the purview of Board Staff, and beyond the Company's ability to completely manage and control. Enbridge's calculation of any variance will be set out in its annual report which will then be subject to review by the Board retained evaluation contractor and the new EAC. The amount will then be subject to review and approval by the Board in the annual DSM clearance application.

C. Other Proposed Accounts

57. Enbridge notes that the Decision did not address the two new variance accounts it proposed, namely the DSM Participant Incentive Deferral Account ("DSMPIDA"), and the DSM Information Technology Capital Spending Variance Account ("DSMITCSVA"). Enbridge seeks clarification as to how it should treat funds that were the subject of the two new deferral accounts it proposed. One option, of course, is for the Board to approve the accounts as proposed, in which case Enbridge will prepare draft Accounting Orders as soon as possible. Another alternative, given the Board's determination that the DSMVA is a sufficient and appropriate mechanism to track variances from budgeted expenditures, is for the DSMVA to be used for the tracking of the expenditures related to these specific areas. A description of how the DSMVA could deal with these expenditures is set out below.

58. Turning first to the proposed DSM Participant Incentive Deferral Account, as described in evidence, the purpose of this account is to record the variance in

incentive payments earned and paid to DSM participants in a particular year versus the budgeted annual amounts for such incentive payments. Given that certain programs, like the SBD program, contemplate participants earning incentives over multiple years, it is appropriate to track the incentive payments which are budgeted in each year against the amounts which are actually paid. As program participants will complete projects and be eligible for incentive payments at rates different than what Enbridge forecasts in its budget in each year, the DSMPIDA was proposed as an accounting mechanism to deal with this "lumpiness" in incentive payments. In those years where budgeted incentives are not fully paid out, the amounts would be recorded as a credit to ratepayers. In years where incentives earned by customer participants exceed budgeted amounts, the difference would be recorded as a debit, recoverable from ratepayers.

59. Enbridge proposes to track the difference between the amounts budgeted for incentive payments to program participants (at this time this is limited to the SBD Residential and Commercial programs and Low Income New Construction) and the incentive payments actually paid to program participants in the year in question. If at the conclusion of a program participant's eligibility to earn incentive payments budgeted monies remain, these monies will be credited to ratepayers through the DSMVA.

60. The difference between the budgeted incentive payments and actual payments will be recorded as a separate line item in the same fashion as has been proposed for EM&V activities and the Conservation Potential Study and will be detailed in the Company's annual report. This will then be reviewed by the new EAC, the evaluation contractor, and the Board in the annual clearance application.

61. The Company wishes to clarify that the consequence of not approving this type of treatment significantly affects the ability to operate these program offerings to

achieve the desired outcomes. Given the Company's inability to accurately forecast the rate at which buildings and projects will be completed over 3 to 5 years, the amount of incentive payments payable in any year is beyond the control of the Company. Where incentive payments materially exceed amounts budgeted, the Company would necessarily have to direct funds intended for new program participants to continuing participants thereby undercutting Enbridge's ability to meet the current year's targets. Again, this issue arises because of the multi-year nature of these programs.

62. Enbridge notes that no party expressed opposition to the approval of the DSMPIDA. Energy Probe questioned whether the account would record out of period costs, to which Enbridge replied that only incentive payments earned and payable in each current year would be the subject of this account. Enbridge specifically stated that it would use the account to true up, collect, or reimburse for funds that are actually required to meet incentive obligations when they become due in each year of the plan.

63. The second proposed account was the DSM Information Technology Capital Spending Variance Account. It was proposed that this account would record the revenue requirement implications of its capital spending on the replacement of its DSM IT system (i.e., depreciation, interest, taxes, and return on equity costs based on the actual capital costs incurred) and carry these forward over the years of the plan. The Board approved in the Decision the proposed budget for the replacement of Enbridge's DSM IT system but these amounts are budgeted at a rate of $1 million per year over the years of the multi-year plan. As the majority of the spending on the replacement DSM IT system has and will occur in 2015 and 2016, the DSMITCSVA was proposed given the fact that the Company would incur capital expenses in the early years of its multi-year plan whereas the budget for such expenses are spread over the six years of the plan.

64. In lieu of this account, the Company proposes that it record these costs as a separate line item in the DSMVA. The applicable amount would then be reduced by the annual approved budgeted amount of $1 million with the final adjusted amount being calculated and cleared as part of the 2020 clearance application. These amounts will be noted and explained in the annual DSM report and subject to the usual review by the EAC, the evaluation contractor, and the Board in the annual clearance application.

65. Finally, the Board approved the $4.92 million Incremental Budget proposed by Enbridge for 2015. As noted in evidence during the Hearing, given the timing of the proceeding, the Company was not able to address all of the planned key priorities and activities to which these funds were intended to be used in 2015. Some of the Incremental Budget will be required for such purposes in 2016.

66. At page 57 of the Decision, the Board approved Enbridge's proposed 2015 budget which included the $4.92 million Incremental Budget. It specifically found that Enbridge had reasonably addressed the key priorities and objectives outlined in the Framework. The Decision noted that Board Staff and SEC proposed that the spending of the Incremental Budget that would take place in 2016 be ring-fenced to the items specifically identified in the evidence. The Board found that it was unnecessary to ring-fence budgeted amounts as it expected the gas utilities to spend the proposed budgets in the areas indicated.

67. With the Decision released after the 2015 operating year, Enbridge interprets the Decision as approval for it to spend the balance of the Incremental Budget in 2016 on the items identified in evidence. It therefore proposes to make use of the DSMVA as the accounting mechanism to record that portion of the Incremental Budget that was not spent in 2015 and to carry this amount forward into 2016. To the extent that any portion of the remaining Incremental Budget is not spent in 2016, it will be appropriately credited to rate payers by means of the DSMVA. Enbridge will detail the remainder of its Incremental Budget in its

annual report. This figure will then be the subject of review by the EAC, the evaluation contractor, and the Board as part of the annual clearance application.

D. Input Assumptions and Net-to-Gross Changes

68. Enbridge understands and appreciates that as a result of the Board's findings at page 74 of its Decision that the treatment of input assumptions and net-to-gross adjustment factors as contemplated by the Framework will be modified effective 2015 so that input assumptions for prescriptive measures will not be adjusted retroactively for the purposes of determining eligible shareholder incentive amounts. As noted specifically at page 74 of the Decision, the Board found that any updates to existing input assumptions or new input assumptions identified during a year, should be applied prospectively when evaluating savings from prescriptive measures. While the Board added that it does not expect the gas utilities to rely on predetermined net-to-gross adjustment factors when calculating savings for custom projects, Enbridge notes that there have historically been and will continue to be "custom" programs which depend in part on predetermined prescriptive inputs. While these inputs ultimately form a part of the calculation of savings for custom projects, the inputs themselves function in the same manner as prescriptive measure inputs. Specifically, they are applied on a standardized basis (i.e., the same input will be used for all cases) and are not a function of project-specific parameters, and unlike other project elements are outside of the utility's ability to control.

69. One example is the Boiler Baseline Study. This study, which will likely be completed later this year, will recommend an updated boiler baseline input. The results of this study will be used as a pre-determined input in Enbridge's Commercial and Industrial Resource Acquisition custom programs. Though the savings of these projects will be determined on an individual basis, they will all share the predetermined prescriptive input to establish the boiler baseline. Enbridge accordingly intends to apply the results of the Boiler Baseline Study

prospectively for the purposes of determining the eligible shareholder incentive generated by these programs.

SUMMARY

70. In summary, Enbridge requests that the Board make provision in its final Decision and Order for the following:

(i) Retaining the shareholder allocation to the three program types as originally proposed or, in the alternative, reduce the allocation to MTEM by the metric weighting of those programs which have been rejected, which is 15%. This would reduce MTEM to a 20% allocation. Enbridge proposes that the Resource Acquisition allocation then be 60% and Low Income 20%.

(ii) In recognition of the additional customer incentives that increased participant targets will necessarily require to be paid to customer participants, adjust the customer financial incentive budgets to reflect the Board's findings in its Decision. The resulting changes are set out in the Table found at page 13 of this submission.

(iii) Adjusting the reduction in overheard and administration costs to reflect the actual reduction in overhead and administration costs by the rejection of the several MTEM program offerings which did not contribute to overhead and administration costs in the same percentage as their proposed budgets. The rejected program offerings contributed 17% to overhead and administration costs. This percentage equals $337,000, which is the amount by which MTEM overhead and administration costs should be reduced in 2016.

(iv) Adjusting the MTEM productivity escalation factor to 2% to be consistent with all program types. As of 2017, with the amendments to the OBC coming into force, approving the targets as proposed by the Company for the SBD program offerings without increase.

(v) Approving the Cost Efficiency Incentive Deferral Account Accounting Order with further details to follow.

(vi) Approving the use of the DSMVA for:

(a) Tracking the difference between budgeted and actual costs relating to the Conservation Potential Study and EM&V activities;

(b) Tracking the difference between customer incentives budgeted and actually paid in respect of the SBD and Low Income New Construction offerings; and

(c) Tracking the revenue requirement implications of the spending on the replacement DSM IT system and the amounts budgeted over the years of the Multi-Year Plan.

71. Enbridge appreciates the opportunity to draw these mechanistic implications to the Board's attention and to propose appropriate resolutions which it believes will enhance its multi-year plan and generate additional positive results.

ACCOUNTING TREATMENT FOR A DEMAND SIDE MANAGEMENT COST-EFFICIENCY DEFERRAL ACCOUNT ("DSMCEDA")

The purpose of the DSMCEDA is to track and roll-forward any remaining estimated unused DSM budget amount, where the Company has achieved its total aggregate annual lifetime savings (CCM) target made up of all 100% CCM targets across all programs, for use in meeting the Company's targets in a subsequent year. The amount to be rolled-forward will be in accordance with the DSM program evaluation results.

Accounting Entries

1. To record amounts in the DSMCEDA:

Debit:	Operating & Maintenance	(Various accounts)
Credit:	DSMCEDA	(Account 179.XXX)

To roll forward any remaining unused portion of the approved DSM budget, for use in a subsequent year.