



Fogler, Rubinoff LLP
Lawyers

77 King Street West
Suite 3000, PO Box 95
TD Centre North Tower
Toronto, ON M5K 1G8
t: 416.864.9700 | f: 416.941.8852
foglers.com

February 22, 2016

Reply To: Thomas Brett
Direct Dial: 416.941.8861
E-mail: tbrett@foglers.com
Our File No. 157283

VIA RESS, EMAIL AND COURIER

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attention: Kirsten Walli
Board Secretary

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc., 2014 Demand Side Management Clearance of
Accounts; Board File No. EB-2015-0267 - BOMA IRs**

Please find enclosed BOMA's Interrogatories.

Yours truly,

FOGLER, RUBINOFF LLP

Thomas Brett

TB/dd

Encls.

cc: All Parties (*by e-mail*)

**Enbridge Gas Distribution Inc., Application for approval of
final balances and for clearance of certain Demand Side
Management deferral and variance accounts into rates**

BOMA Interrogatories

BOMA represents over 800 Ontario Property and Facility Owners, Managers, Developers, Leasing Agents, and Commercial Real Estate Professionals. Many of these companies own commercial real estate throughout Ontario. Its members account for 80 per cent of all commercial real estate companies in Ontario. BOMA's members are large consumers of natural gas in Ontario and are affected by any changes in EGD's rates and terms of service.

Over the years, BOMA has been active in protecting and advancing the interests of its members on such important policy issues as energy pricing and supply, property taxes, labour requirements, building materials and equipment regulations. BOMA continues to work at all levels of government providing a voice for Commercial Property owners in Toronto and throughout Ontario. BOMA has an active energy committee, and has been particularly involved in DSM area, as the potential savings to commercial building owners are substantial.

BOMA is pleased to submit the following interrogatories.

1. Resource Acquisition Program

Reference: 2015-0267 Exhibit B Tab 1 Schedule 1 Page 18 of 206

Within the Resource Acquisition program, spending in the Commercial and Industrial sectors was lower than 2014 plan budget amounts. As the year unfolded, forecasts of program results clearly indicated that established budgets for both of these sectors could not be fully utilized.

Interrogatory: Please provide the reasons why these budgets were not fully utilized.

2. Run it Right Program

Filed: 2015-10-30 EB-2015-0267 Exhibit B Tab 1 Schedule 1 Page 45 of 206

In comparison to 2013, the number of participants that signed up for the program in 2014 was similar – 202 compared to 217, respectively. However, the number of participants that implemented measures in 2014 compared to 2013 saw a significant decrease – 53 compared to 192, respectively. This decrease was partly due to a new standardized approach implemented by Enbridge in the building investigation phase of

the offer. A further review of this process revealed a need to increase the level of engagement between the investigation agents and the customers after Enbridge issued savings reports to customers. Enbridge has implemented improvements to the process as a result of this finding.

In 2014, some customers were not able to participate in the offer because they did not meet the minimum threshold of 5% estimated operational savings. In an effort to improve participation in 2015, Enbridge is removing this criterion.

As was the case in 2013, an analysis of RiR participant results continues to show that average savings levels are significantly lower than the initial targets, which were based on anticipated savings of greater than 10%. The average savings are 2.8% and 2.5% for 2014 and 2013, respectively. It should be noted that, as a result of the 2013 Audit, the average savings of 2.8% and 2.5% includes projects for which an increase in consumption, rather than a reduction, was observed. Consequently, potential savings derived from implemented operational measures for these projects could not be quantified.

Adequately assessing and interpreting actual results remains a challenge. Although metered data reflects building consumption, it does not accurately reflect the building conditions that can change year-over-year. An increase in consumption has a negative impact on the savings realized through the building's participation in the RiR offer.

There are programs in other jurisdictions, such as BC Hydro Continuous Optimization Program, that use deemed savings for each of the operational improvement measures that commercial customers implement in their buildings. This methodology overcomes the challenges in normalizing consumption year-over-year to accurately reflect the savings achieved by implementing operational improvement measures.

As noted in 2013, RiR savings results are generated through operational improvements and do not involve implementation of capital measures. Many other utility re-commissioning/retro-commissioning programs, as well as local initiatives such as Greening Healthcare and Race to Reduce, take a broader approach and include both capital and operational measures. For the RiR offer, there are cases where customers have declined to participate due to the offer parameters stating that customers cannot implement capital equipment. Inclusion of capital measures would allow for a more holistic approach and result in an increase in participation as well as potentially additional savings for customers.

Interrogatory: Given that the Race to Reduce¹ representing more than 42 per cent of the region's commercial office sector, building owners, tenants and their employees reduced their **collective energy** use by 12.1 per cent, surging past the program's 10 per cent target over its four years, Has Enbridge completed an more detailed analysis of that program in order to address the problems in RiR. In particular, how many of the buildings that participated in the Race to Reduce were also included in RiR? Has Enbridge examine the value of longer term relationships

¹ <http://racetoreduce.ca/awards/2015-awards/>

relationships with Commercial customers rather than year by year transactions? Is poor performance of RiR related to the number and experience of Enbridge Commercial Reps given that the turnover of staff is mentioned elsewhere in the application?

Examples of superlative achievements in the Race to Reduce follow at the end of the Interrogatories.

3. Run it Right Audit Recommendations

Reference: EB-2015-0267, Exhibit B, Tab 1, Schedule 1, Page 117- xx of 206

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

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

AC (Intervenor Members) Response: The AC (Intervenor Members) endorses this response.

Status Update: The 2014 AC agreed that Enbridge would proceed on its own to undertake work to confirm the free ridership rate for 2014 RIR results. The AC further agreed that a free ridership rate for the RiR offer should be included as part of the Net-to-Gross Study through the TEC.

11. Recommendation: Survey Run It Right participants. Ideally, Enbridge or its evaluator should survey participants prior to any billing regression analysis. This would ensure better data and avoid noted problems with ex-post adjustments to the sample that resulted from exogenous factors affecting gas usage. The importance of conducting a survey prior to the analysis is that all data is treated equally, and any obvious outliers or other problem data can be removed or adjusted without bias. In addition, this process will allow for removal of any obviously bad or incomplete data. Surveys should accomplish the following:

- Determine whether the participant implemented the measures recommended in the timeframe indicated.*
- Determine whether the participant made any significant changes to the facility, its operations, or equipment outside of the Run It Right Program. If changes were made, determine whether changes can be attributed to Run It Right spillover savings, are completely independent of the Program, or were already counted in another Enbridge program.*

- *Collect basic participant characteristics, including building type, occupancy load, usage, and size.*

Based on this information, the analyst can remove or adjust all data in a consistent fashion. For example, if a major piece of equipment was replaced with a more efficient one, it may be appropriate to adjust the ex post data to subtract the expected additional savings. Further, if building usage or operations have changed significantly, the data can be adjusted if the impacts of these changes can be estimated with relative certainty. In some cases, it may be more appropriate to simply remove a participant from the sample.

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

AC (Intervenor Members) Response: The AC (Intervenor Members) endorses this response.

Status Update: Enbridge discussed this recommendation with the 2014 AC and the Auditor and proceeded to engage a third party consultant to complete a survey of participants included in 2014 results with input from the AC and the Auditor.

12. Recommendation: Include a “comparison group” of similar customers that did not participate in the Run It Right program. A comparison group of customers that are matched to the participant group (in terms of building type, major end-uses, size, and consumption) should be included in the analysis. Typically this would be done with a “dummy variable” that indicates whether the customer was a participant or not. The biggest benefit of including a comparison group is that it can more explicitly control for weather and other variations over time. Because all sites will have been exposed to the same weather, the analysis inherently controls for weather without the need to identify balance temperature points for each facility. It also avoids introducing uncertainty from determining a building specific relationship between weather and gas usage. This will significantly simplify the analysis and result in a more accurate isolation of weather effects. A comparison group also can adjust for unknown variables that may be important but are difficult to identify and control for. For example, there may be natural growth in existing buildings’ gas usage that would mask some of the true program savings. Comparing participants with similarly situated nonparticipants would automatically control for any such effects.

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

AC (Intervenor Members) Response: The AC agrees that the revisions associated with Auditor recommendation #11 are a good next step in the evolution of the evaluation of this program,

and that the addition of a control group is not necessary at this point in time. However, that decision should be revisited in the future as more experience with the program (and its evaluation) is gained, particularly if the program grows substantially in size.

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

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

AC (Intervenor Members) Response: The AC (Intervenor Members) endorses this response.

Interrogatory: BOMA is concerned that the audit recommendations, Enbridge's Responses and the AC (Intervenor Member) Responses fail to recognize the fundamental issue of RiR – that it takes a one dimensional approach to the needs of commercial customers rather than a holistic approach. Why can't Enbridge offer a program similar to its recently developed Strategic Energy Management Program for its Industrial Sector, given that the commercial and institutional represent a larger sector? Further, BOMA suggests that the audit recommendations are overkill for a piecemeal program, but would be informative and valuable if all Commercial Programs were combined under one umbrella. Please comment on how this could be undertaken or the reasons why it can't be done.

Building Performance Awards for Lowest Energy Use in 2014:

Under 250,000 sq. ft.	ENERGY STAR Score	Building Owner/ Property Management
Restoration Services Centre	100	Toronto and Region Conservation Authority
Ennisclare Corporate Centre 1075 North Service Road W.	100	2748355 Canada Inc. / Bentall Kennedy (Canada) LP
Ennisclare Corporate Centre 1235 North Service Road W.	99	2748355 Canada Inc. / Bentall Kennedy (Canada) LP
AeroCentre 1 - 5600 Explorer Drive	97	HOOPP Realty Inc. / Menkes Property Management Services Ltd.
Barrymore Building	97	First Capital Realty Inc. / First Capital Realty Inc.
3115 Harvester Road	97	8750840 Canada Inc. / Bentall Kennedy (Canada) LP
250,000 to 500,000 sq. ft.	ENERGY STAR Score	Building Owner/ Property Management
Yonge Corporate Centre - 4110 Yonge Street	95	Cadillac Fairview Corporation Limited
Northbridge Place	94	Brookfield Office Properties
Mississauga Executive Centre 4	93	Desjardins Financial Security Life Assurance Company and AIMCo Realty Investors LP / ONTARI Holdings Ltd. / Colliers International
77 Bloor Street W.	93	Bay Bloor Equities Inc. & Morguard Realty Holdings Inc. / Morguard Investments
500,000 to 1,000,000 sq. ft.	ENERGY STAR Score	Building Owner/ Property Management
25 York Street	98	Menkes Union Tower Inc. / Menkes Property Management Services Ltd.
One Mount Pleasant	97	Rogers Communications Inc.
PwC Tower at /SFC	96	bclMC Realty Corporation / GWL Realty Advisors
Over 1,000,000 sq. ft.	ENERGY STAR Score	Building Owner/ Property Management
Simcoe Place	97	Simcoe Place Leaseholds Ltd., 799549 Ontario Inc. / Cadillac Fairview Corporation Limited
Bell Trinity Square	93	Northam Realty Advisors Limited
TD North Tower - 77 King W.	89	Cadillac Fairview Corporation Limited
Richmond Adelaide Centre	89	Oxford Properties Group

Building Performance Awards for Greatest Energy Reduction (2011-2014):

Building	Greater than 20% Reduction	Building Owner/ Property Management
Toronto Archives Centre	59.91	City of Toronto
AeroCentre 1 - 5600 Explorer Drive	38.78	HOOPP Realty Inc. / Menkes Property Management Services Ltd.
Richmond Adelaide Centre	35.29	Oxford Properties Group
Caledon Town Hall	34.56	Town of Caledon
77 Bloor Street W.	34.24	Bay Bloor Equities Inc & Morguard REIT / Morguard Investments Limited
161 Eglinton Avenue E.	32.06	Eglinton Redpath Holdings Inc. / Crown Property Management Inc.
155 University Avenue	30.94	Great West Life Assurance Company and London Life Insurance Company / GWL Realty Advisors Inc.
Mississauga Executive Centre 2	29.78	Desjardins Financial Security Life Assurance Company and AIMCo Realty Investors LP / ONTARI Holdings Ltd. / Colliers International
AeroCentre 2 - 5580 Explorer Drive	29.7	HOOPP Realty Inc. / Menkes Property Management Services Ltd.
2920 Matheson Blvd. E.	29.22	Revenue Properties Company Limited & 2920 Matheson Boulevard Holdings Ltd. / Morguard Investments
145 King Street W.	28.97	2748355 Canada Inc. / Bentall Kennedy (Canada) LP
180 Wellington Street W.	27.39	Manulife Canadian Property Portfolio / Manulife Real Estate
600 Cochrane Drive	27.06	Canadian Urban Limited
Oakville Corporate Centre III	26.67	Penlea Investments Ltd. / Morguard Investments
First Canadian Place	25.31	Brookfield Office Properties
TD Bank Tower - 66 Wellington W.	24.75	Cadillac Fairview Corporation Ltd.
19 Allstate Parkway (Markham)	22.93	bcIMC Realty Corporation / GWL Realty Advisors Inc.
AeroCentre 6 - 5500 Explorer Drive (Mississauga)	22.01	HOOPP Realty Inc. / Menkes Property Management Services Ltd.
Toronto City Hall	21.18	City of Toronto
Barrymore Building	20.4	First Capital Realty Inc.
Yonge Corporate Centre - 4100 Yonge Street	20.3	Cadillac Fairview Corporation Ltd.

Building	Greater than 15% Reduction	Building Owner/ Property Management
Sun Life Financial Tower	18.97	Sun Life Assurance Company of Canada / Bentall Kennedy (Canada) LP
Toronto Public Health - 277 Victoria Street	18.8	City of Toronto
4 King Street West	18.46	Great West Life Assurance Company and London Life Insurance Company / GWL Realty Advisors Inc.
TD North Tower - 77 King West	18.36	Cadillac Fairview Corporation Ltd.
4880 Tahoe Boulevard (Mississauga)	18.25	Morguard Investments Limited
Yonge Corporate Centre - 4110 Yonge Street	18.02	Cadillac Fairview Corporation Ltd.
1127 Leslie Street	17.78	Rosseau Realty
Simcoe Place	17.32	Simcoe Place Leaseholds Ltd., 799549 Ontario Inc. / Cadillac Fairview Corporation Ltd.
1875 Buckhorn Gate (Mississauga)	16.53	Bentall Kennedy (Canada) LP
Mississauga Executive Centre 4	16.44	Desjardins Financial Security Life Assurance Company and AIMCo Realty Investors LP / ONTARI Holdings Ltd. / Colliers International
200 King Street W.	16.35	BclMC Realty Corporation / Bentall Kennedy (Canada) LP
Yonge Corporate Centre - 4120 Yonge Street	16.27	Cadillac Fairview Corporation Ltd.
Ennisclare Corporate Centre - 1275 North Service Road W. (Oakville)	16.13	2748355 Canada Inc. / Bentall Kennedy (Canada) LP
415 Yonge Street	15.94	Artis Reit / Crown Property Management Inc.
AeroCentre 3 - 5560 Explorer (Mississauga)	15.92	HOOPP Realty Inc. / Menkes Property Management Services Ltd.
110 Yonge Street	15.53	CREIT Management L.P.

Building	Greater than 10% Reduction	Building Owner/ Property Management
Trillium Executive Centre	14.96	CR3 675 Cochrane Inc. / Crown Property Management Inc.
Canada Life Building	14.6	Canada Life Assurance Company / GWL Realty Advisors Inc.
Metro Hall	14.56	City of Toronto
WaterPark Place	14.39	OMERS Realty Corporation and CPP Investment Board Real Estate Holdings Inc. / Oxford Properties Group
MetroCentre	14.21	Oxford Properties Group
2 Bloor Street W.	14.16	Oxford Properties Group
60 Bloor Street W.	13.76	60 Bloor Equities Inc. / Morguard Investments
Brookfield Place	13.69	Oxford Properties Group (161 Bay) Brookfield Office Properties (181 Bay)
Dynamic Funds Tower	13.58	Oxford Properties Group
2425 Matheson Blvd E.	13.33	Canada Post and OP Trust / TrioInvest Realty Advisors Inc.
1855 Buckhorn Gate	13.17	Bentall Kennedy (Canada) LP
2233 Argentia Nominee Inc.	12.85	LaSalle Investment Management / Crown Property Management Inc.
Brampton Park	12.83	Rogers Communications
Mississauga Executive Centre 1	12.82	Desjardins Financial Security Life Assurance Company and AIMCo Realty Investors LP / ONTARI Holdings Ltd. / Colliers International
25 York Street	12.69	Menkes Union Towner Inc. / Menkes Property Management Services Ltd.
AeroCentre 4 - 5520 Explorer Drive	12.64	HOOPP Realty Inc. / Menkes Property Management Services Ltd.
4720 Tahoe Blvd.	12.6	Morguard Investments Limited
95 Wellington Tower	12.35	Cadillac Fairview Corporation Ltd.
525 University Avenue	11.99	CREIT Management L.P.
RBC Centre	11.72	Ontrea Inc. and OPB (155 Wellington) Inc. / Cadillac Fairview Corporation Ltd.
200 University Avenue	11.55	Great West Life Assurance Company and London Life Insurance Company / GWL Realty Advisors Inc.
Ennisclaire Centre - 1075 North Service Road W.	11.36	2748355 Canada Inc. / Bentall Kennedy (Canada) LP
175 Bloor Street E.	11.15	CREIT Management L.P.
One University Avenue	10.98	Oxford Properties Group
40 University Avenue	10.67	Greystone Investments / TrioInvest Realty Advisors Inc.
North York Centre	10.25	Great West Life Assurance Company / GWL Realty Advisors Inc.
North York Square	10.08	Crown Property Management Inc.