ENBRIDGE

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July 15, 2016

VIA RESS, E-MAIL and COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: Ontario Energy Board ("Board") – Consultation to Develop a Regulatory Framework for Natural Gas Distributors' Cap and Trade Compliance Plans EB-2015-0363 – Staff Discussion Paper
<u>Comments of Enbridge Gas Distribution Inc. ("Enbridge")</u>

On June 22, 2016 Enbridge filed its submission on the Board Staff Discussion Paper on a Cap-and-Trade Regulatory Framework for Natural Gas Utilities dated May 25, 2016.

In its submission, Enbridge referred to some third party research conducted with residential customers. Please find attached the final research report.

The submission has been filed through the Board's Regulatory Electronic Submission System.

Please contact the undersigned if you have any questions.

Sincerely,

[original signed]

Shari Lynn Spratt
Supervisor Regulatory Proceedings

Attachment

cc: Laurie Klein – OEB, via email
Rachele Levin – OEB, via email

Ipsos Public Affairs

ENBRIDGE

Enbridge Gas Distribution - Cap and Trade Research

Final Report

JULY 2016

CR-809

Ipsos Public Affairs

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OBJECTIVES

Enbridge Gas Distribution (EGD) commissioned Ipsos Public Affairs to conduct research among customers to understand customer awareness, perceptions and reaction to Cap and Trade in Ontario in order to help customers understand how the Cap and Trade system will impact them as natural gas customers and how to mitigate this impact. Specifically, this research investigates a number of related topics, including:

- Assess residential customer awareness of Cap and Trade in general
- Evaluate perceptions of the cost impact on the natural gas bill
- Understand perceptions of Enbridge in light of the Cap and Trade program
- Understand customer preferences for receiving communication about Cap and Trade
- Test customer communication messaging about Cap and Trade as it relates to natural gas
- Assess customer preferences for displaying Cap and Trade on their Enbridge bill, and
- Analyze customer perceptions among various sub-groups including low-income customers.

METHODOLOGY

- An online survey of EGD customers was conducted by Ipsos Public Affairs from June 9th – 15th, 2016.
- In total, n=500 customers participated in the survey.
- An oversample of n=100 low-income customers were also surveyed, findings for this group are included in separate text boxes throughout the report.
- The sample of survey participants is representative of EGD customers according to age, region, gender, and bill type.
- Only those customers who are fully or jointly responsible for decisions associated with their natural gas service are included in the sample of completed interviews.

Low-Income customer results are reported in text boxes throughout the report where results are significantly different than the main sample of Enbridge Gas customers.

For this survey, a sample of 500 Enbridge Gas customers from Ipsos' Canadian online panel was interviewed online. Weighting was then employed to balance demographics to ensure that the sample's composition reflects that of Enbridge's customer base. The precision of Ipsos online polls is measured using a credibility interval. In this case, the poll is accurate to within +/ - 5.0 percentage points, 19 times out of 20. The credibility interval will be wider among subsets of customers. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

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KEY FINDINGS AND RECOMMENDATIONS

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KEY FINDINGS AND RECOMMENDATIONS

- Cost is a key theme throughout this research, both as it relates generally to the topic of energy as well as specifically regarding Cap and Trade – consumers are very sensitive to paying more for natural gas and they are not convinced that the extra money that they pay will have substantial environmental benefits.
- This may be due to a general lack of knowledge about the Cap and Trade program - just under half are very aware (18%) or aware (29%) - and the objectives of the policy to reinvest proceeds collected into a number of environmental initiatives. Customers need to be better educated about the objectives of the policy if they are to have improved perceptions of the program and the additional cost on their gas bills. Information on where the extra cost is being reinvested should be clearly communicated to customers in order to provide transparency.
- Enbridge should clearly communicate to customers (prior to, during, and post implementation) that the cost that customers will be required to pay as a part of the Cap and Trade program is simply being collected by Enbridge on behalf of the Provincial Government and that the government indicates money collected from customers is directly funding environmental initiatives, such as renewable energies, public transportation, and other environmental initiatives.
- A strong majority of customers want to see this cost on a separate line item on their bill; therefore this information needs to be clearly communicated through the billing process and supporting customer communications.
- Importantly, the Cap and Trade policy does not seem to have a negative impact on perceptions of Enbridge. Enbridge should also have a strong role in helping customers conserve energy through its various programs and tools, and at the same time communicate with customers about what the organization is doing in energy conservation. Lowering energy consumption has the added benefits of lowering costs for consumers, both in terms of consumption and any costs associated with Cap and Trade while also contributing to the government goal of greenhouse gas emission reductions.

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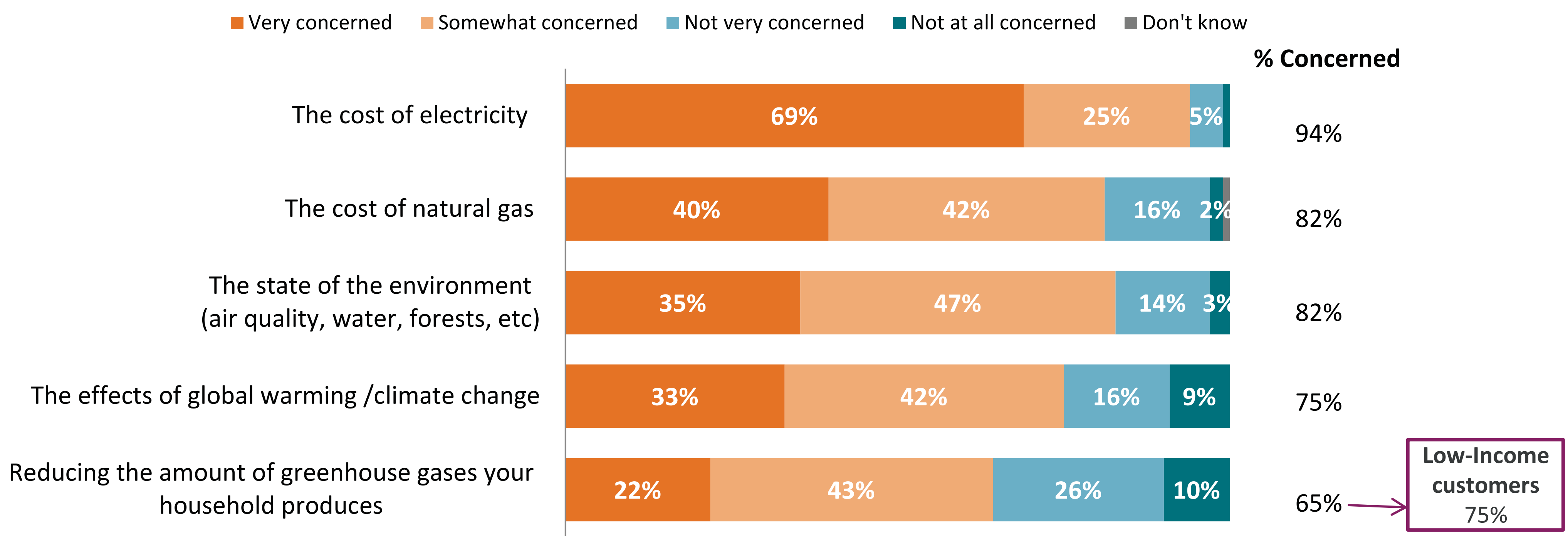
DETAILED FINDINGS

ENERGY AND ENVIRONMENTAL ATTITUDES AND BEHAVIOURS

CONCERN ABOUT ENERGY AND ENVIRONMENTAL ISSUES

Ipsos Public Affairs

Customers are most concerned about the cost of electricity - over nine in ten (94%) are at least somewhat concerned about this issue. The cost of natural gas (82%) and state of the environment (82%) is of concern to eight in ten. Customers are less worried about reducing their amount of household greenhouse gases, although a small majority are concerned about this issue (65%).



Q2. Would you say that you are very concerned, somewhat concerned, not very concerned or not at all concerned with the following?
Base: All Respondents (n=500)
Note: Percentages may not add up to 100% due to rounding.

Data <2% not labelled

Low-Income customer results significantly different than general sample

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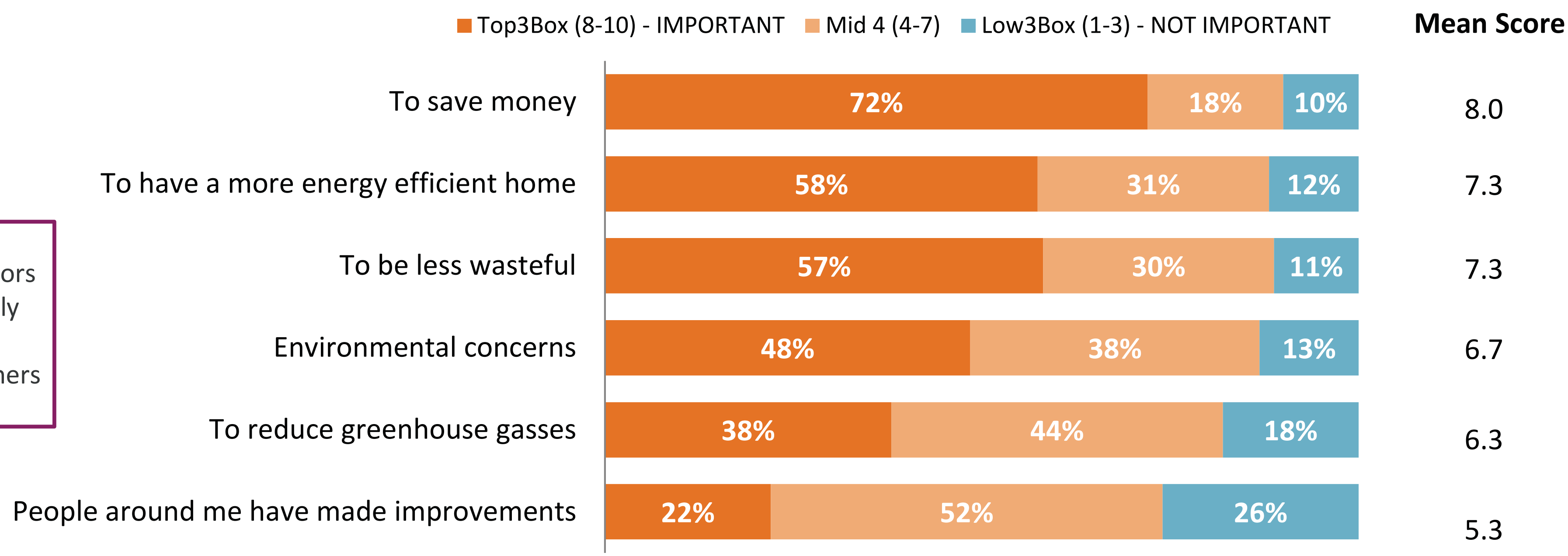
MOTIVATIONS TO USE LESS ENERGY

Saving money is the most important motivation encouraging customers to use less energy (72% rate as important), reflecting the fact that cost of energy is a top concern. Secondary topics motivating customers to reduce energy usage include having an energy efficient home (58%) and the desire to be less wasteful (57%). Fewer customers are motivated by the potential to reduce greenhouse gases (38%) or by the fact that those around them have made energy efficiency improvements (22%).

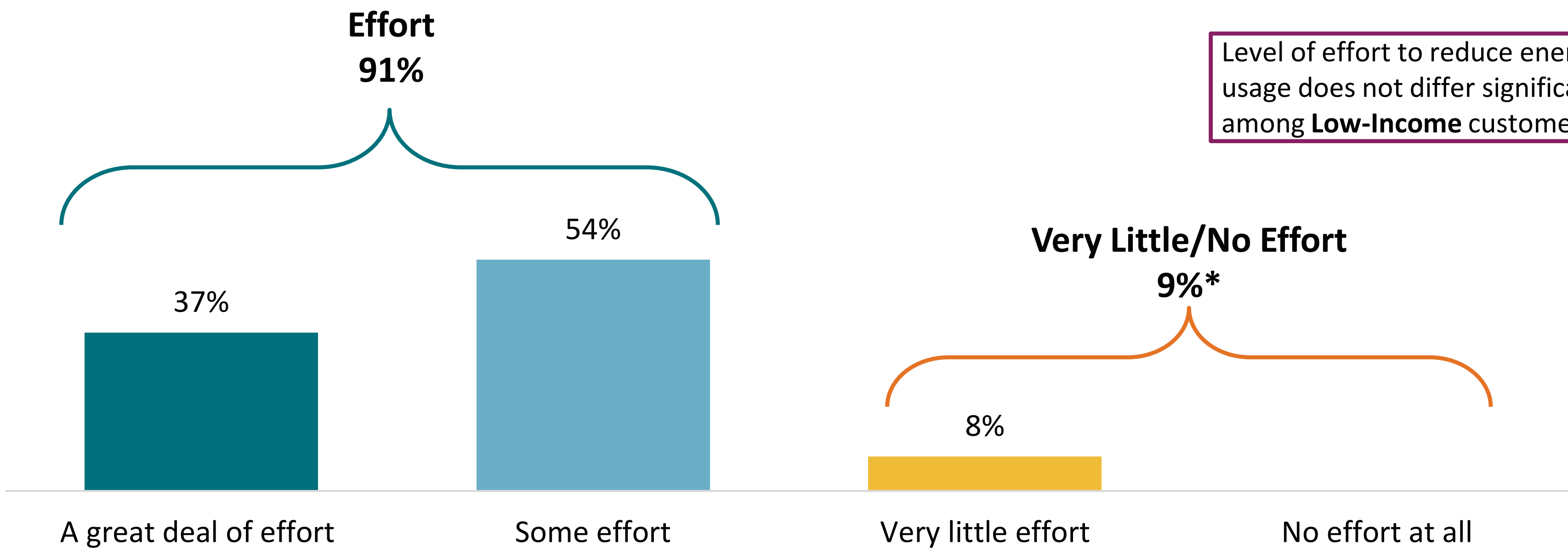
Low-Income customer motivators are not significantly different than residential customers in general.



Q3. How important are each of the following to you in encouraging you to use less energy? Use a scale of 1 to 10 where 1 is not important at all and 10 is extremely important. Base: All Respondents (n=500)
Note: Percentages may not add up to 100% due to rounding.

EFFORT TO REDUCE HOUSEHOLD ENERGY USE

Nearly all customers feel they are currently working to limit their energy consumption; nine in ten (91%) say their household is making ‘a great deal’ or ‘some’ effort to reduce the amount of energy they use.



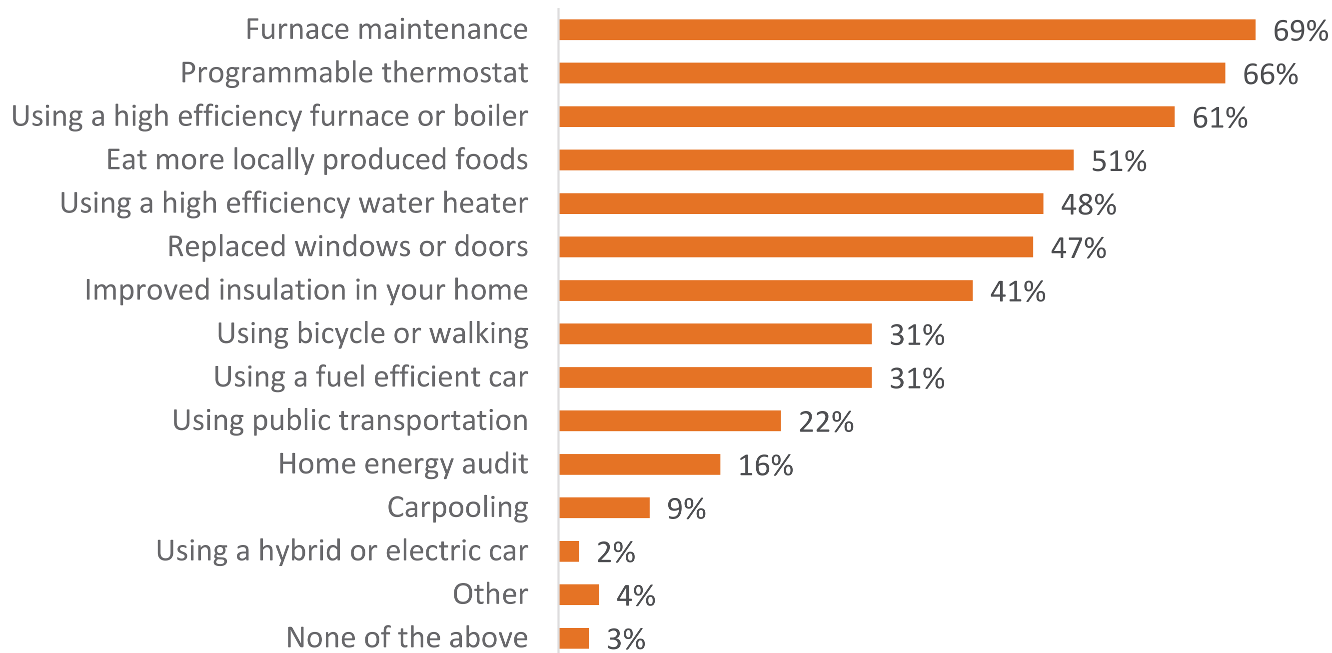
Level of effort to reduce energy usage does not differ significantly among **Low-Income** customers.

Q4.How much effort would you say that your household is currently making to reduce the amount of energy that you use? Would you say that your household is currently making… Base: All Respondents (n=500)

*Discrepancy due to rounding

CURRENT ACTIONS TAKEN TO REDUCE GREENHOUSE GASES

Customers are undertaking a wide variety of actions to reduce the amount of greenhouse gases their household produces. The majority of actions are related to heating equipment including furnace maintenance (69%), having a programmable thermostat (66%), and using a high efficiency furnace or boiler (61%). A smaller proportion are eating locally (51%) as well as household upgrades such as using a high efficiency water heater (48%) or replacing windows and doors (47%).

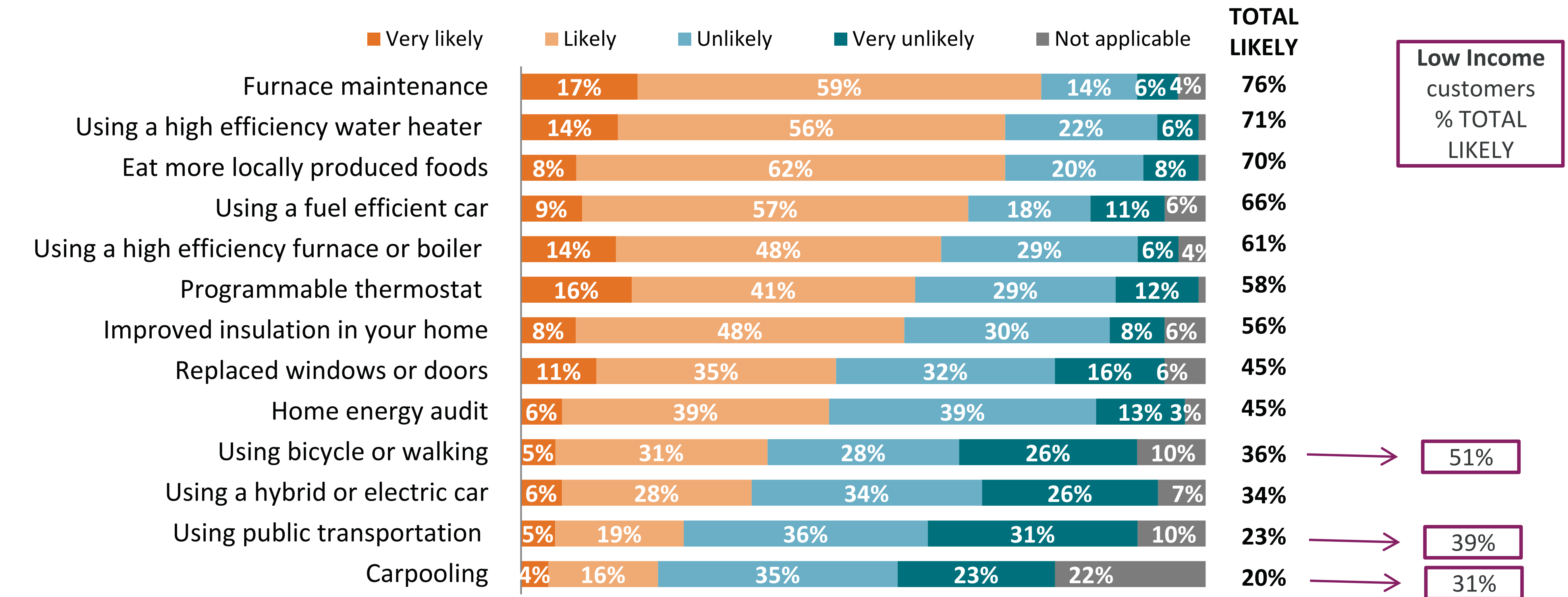


Actions that require financial investment such as furnace maintenance, programmable maintenance, programmable thermostats, and energy efficient home improvements are less common among **Low Income** customers. This group is more likely than customers in general to reduce their greenhouse gas emissions through carpooling (19%).

Q5.What are you currently doing to reduce the amount of greenhouse gases your household produces? Select all that apply.
Base: All Respondents (n=500)

LIKELIHOOD OF UNDERTAKING ACTIONS TO REDUCE GREENHOUSE GASES

Among those customers that have not undertaken actions, many say they are likely to do so in the future. Notably, about seven in ten customers are likely to undertake furnace maintenance (76%), upgrade to a high efficiency water heater (71%), or eat more locally produced foods (70%). Customers are least likely to car pool (23%) or use public transit (23%).



Q6. How likely would you be to undertake the following actions to reduce the amount of greenhouse gases that your household produces?
Base: Respondents who did not mention action in Q5 and excluding N/A (n=varies)
Note: Percentages may not add up to 100% due to rounding.

Data <2% not labelled

Low-Income customer results significantly different than general sample

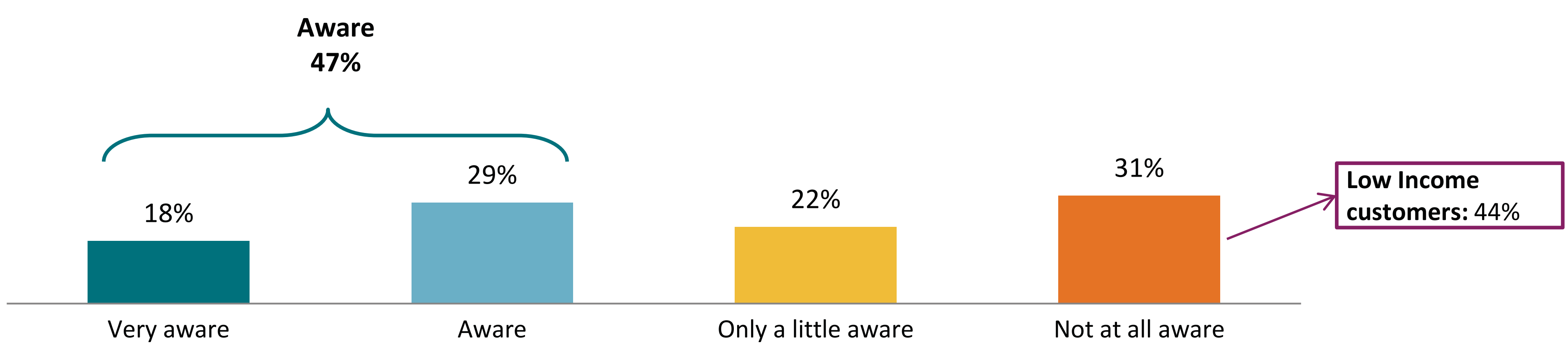
Ipsos Public Affairs

CAP AND TRADE ATTITUDES AND OPINIONS

ENBRIDGE

AWARENESS OF CAP AND TRADE SYSTEM

Just under half (47%) of customers are aware of the Ontario Government's plan to introduce a Cap and Trade system in 2017, only one in five (18%) are 'very aware'. Awareness is highest among men versus women, university educated versus high school or college, as well as those with an 'excellent/very good' opinion of Enbridge compared those who feel EGD service is 'good/fair'.



Q7. How aware would you say that you are with the Ontario Government's plan to introduce a Cap and Trade system on January 1, 2017?
Base: All Respondents (n=500)

Low-Income customer results significantly different than general sample

SUPPORT OF CAP AND TRADE SYSTEM

Respondents were provided the following description of the proposed Cap and Trade policy:

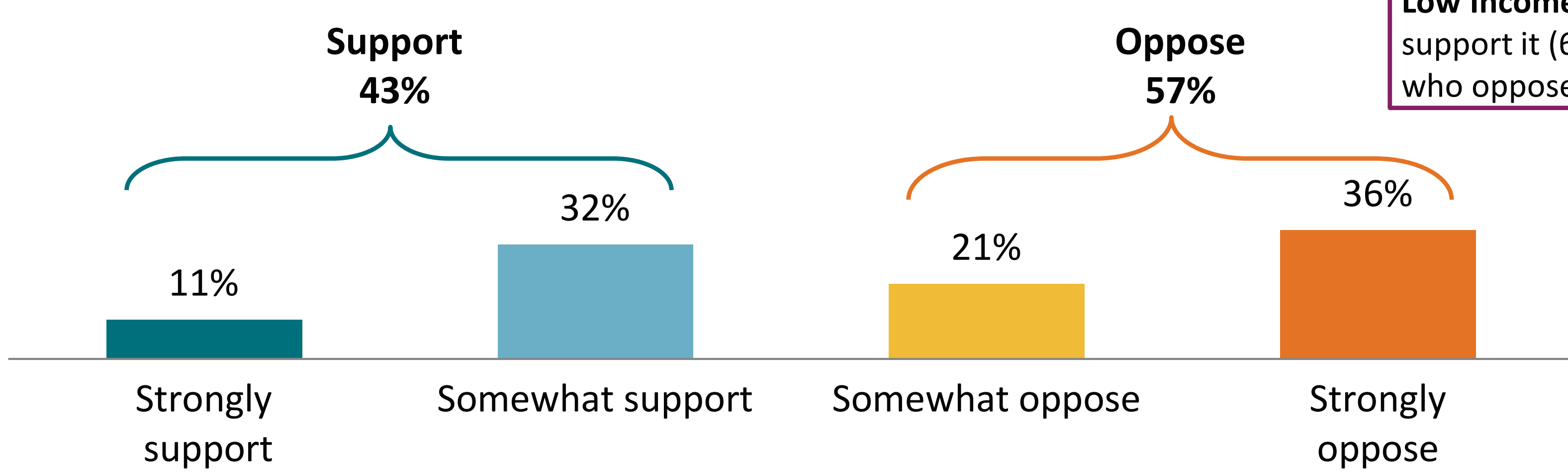
As you may know, the Ontario government is planning to introduce a Cap and Trade system on January 1, 2017 to help reduce greenhouse gas emissions in Ontario. Residents and businesses will pay a cost related to how many greenhouse gases (GHG's) they produce, such as from the use (combustion) of fossil fuels.

The government has committed to investing the Cap and Trade funds collected in initiatives that reduce greenhouse gases such as renewable sources of energy, public transportation, electric vehicle incentives, and energy conservation programs. Initially, the government expects costs to be about $5 per month for each natural gas customer for home heating, but the exact amount in 2017 and subsequent years will depend on how much natural gas a customer uses and the price of the permits or allowances.

SUPPORT OF CAP AND TRADE SYSTEM

Support for a provincial Cap and Trade system to reduce greenhouse gas emissions is relatively soft, just over four in ten (43%) support the plan, while only one in ten customers 'strongly support' the plan. Customers aged 25-44 are significantly more likely to support the introduction of the system compared to those customers over the age of 44. Almost half (47%) of customers who said they were aware of cap and trade are significantly more likely to oppose it than those who were not aware (26%). Overall, 36% strongly oppose the plan.

Support for a Cap and Trade system in Ontario is significantly higher among **Low Income customers**; a majority support it (61%) compared to those who oppose it (39%).

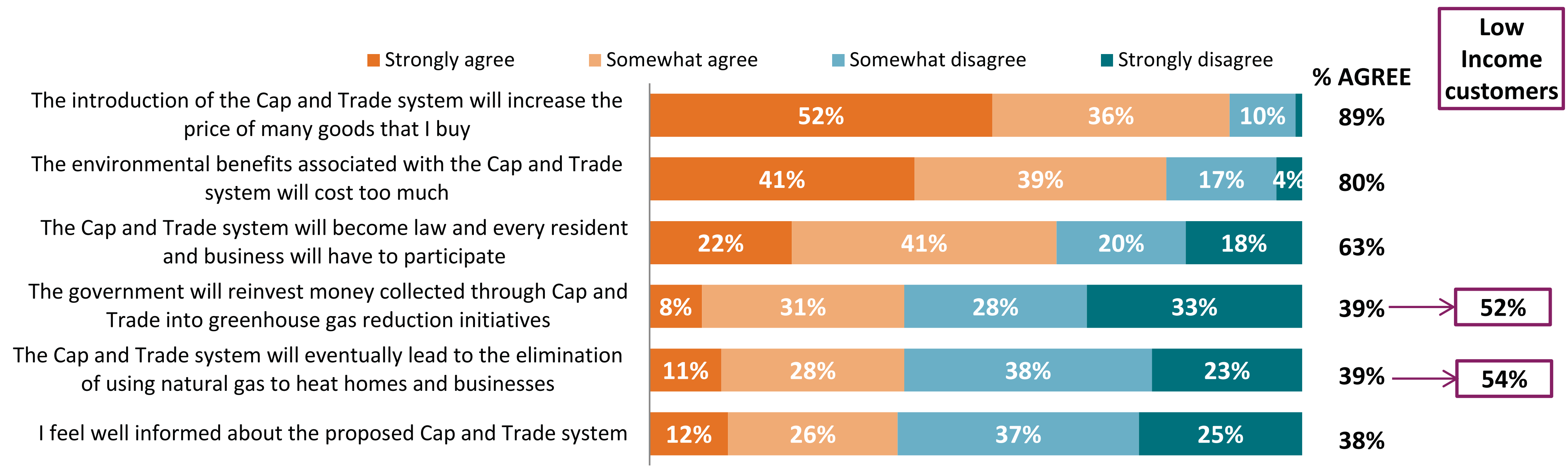


Q8. Knowing this, would you say that you support or oppose the introduction of a Cap and Trade system to reduce greenhouse gas emissions in Ontario?
Base: All Respondents (n=500)
Note: Support for Cap and Trade was asked to provide context to other questions .

Low-Income customer results significantly different than general sample

ATTITUDES ON CAP AND TRADE

Lack of support for a Cap and Trade system may be rooted in concern with its associated costs; nine in ten (89%) agree that the introduction of Cap and Trade will increase the price of consumer goods and that the cost of the system outweighs the environmental benefits (80%). Only six in ten (63%) customers believe Cap and Trade is inevitable and will become law. Only a minority (39%) of customers believe that the plan will lead to the eventual elimination of natural gas for heating homes and businesses.



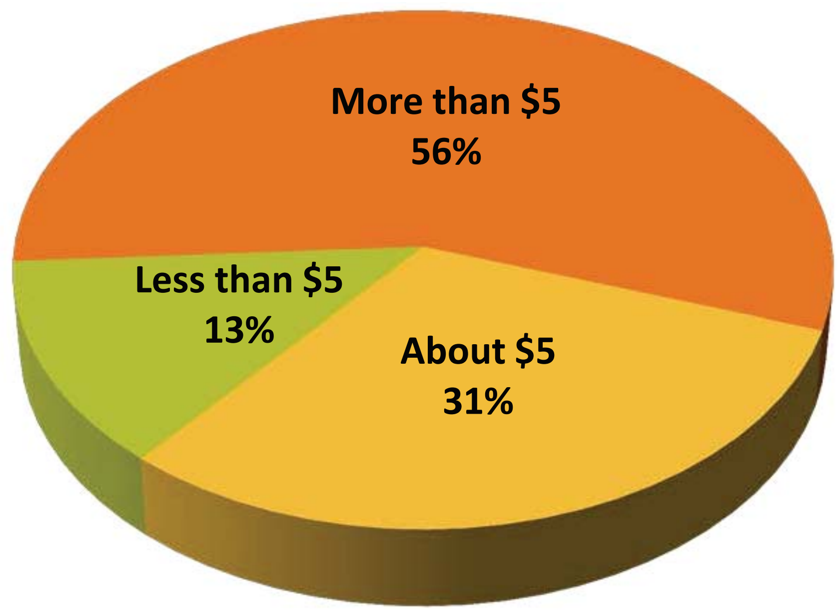
Q9. Indicate whether you agree or disagree with the following statements.
Base: All Respondents (n=500)
Note: Percentages may not add up to 100% due to rounding.

Low-Income customer results significantly different than general sample

Data <2% not labelled

MONTHLY HOME HEATING COST EXPECTATIONS

Nearly nine in ten (87%) customers expect that their monthly home heating costs will increase as a result of the Cap and Trade policy. A slight majority (56%) feel that based on their natural gas consumption, costs will increase by more than $5 and one in three (31%) think their bill will grow by about $5. Customers who support Cap and Trade are more likely to estimate that cost increases will be about $5 or less; this relatively positive view of related costs may be a factor in their support.

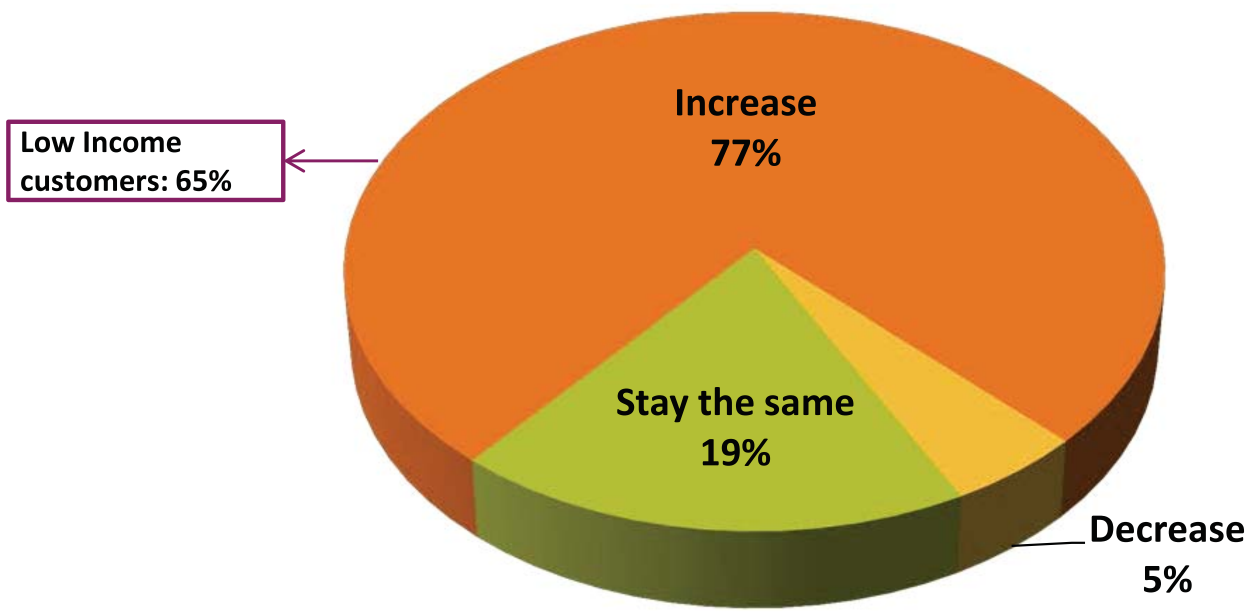


Low Income customers do not differ significantly regarding how much they expect their monthly home heating costs to increase.

Q10. Based on your natural gas consumption, do you expect that your monthly home heating costs will increase by less than $5, more than $5, or about $5 each month?
Base: All Respondents (n=500)

ESTIMATED FUTURE CAP AND TRADE COSTS

Approximately three-quarters (77%) of EGD customers think that costs associated with Cap and Trade will result in an increase in costs for consumers over the next few years. One in five (19%) do not believe costs will change while very few (5%) think there will be a reduction in costs for consumers. Those customers most likely to think costs will increase are men, those who are aware of Cap and Trade, as well as those who oppose the system.

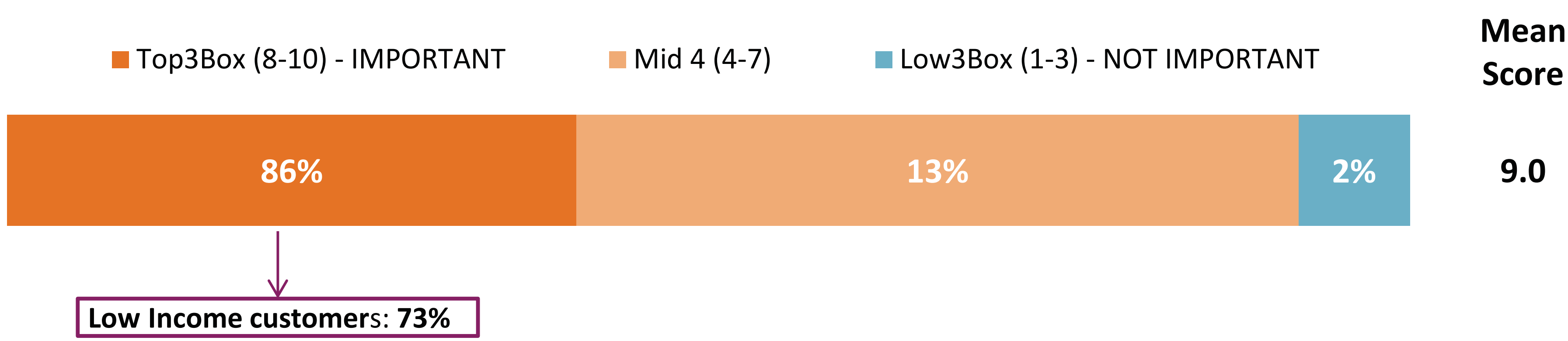


Q11. Do you expect the Cap and Trade costs for people like you to increase, decrease, or stay about the same over the next few years?
Base: All Respondents (n=500)
Note: Percentages may not add up to 100% due to rounding.

Low-Income customer results significantly different than general sample

IMPORTANCE OF CAP AND TRADE LINE ITEM ON BILL

The vast majority of customers (86%) think it is important to see a separate line item on their Enbridge bill detailing the costs associated with Cap and Trade. Customers who oppose Cap and Trade rate the importance of this line item significantly higher than supporters of the system (92% rated 8-10 versus 77% respectively), underscoring the importance of clear communication with all customers as Cap and Trade is implemented.

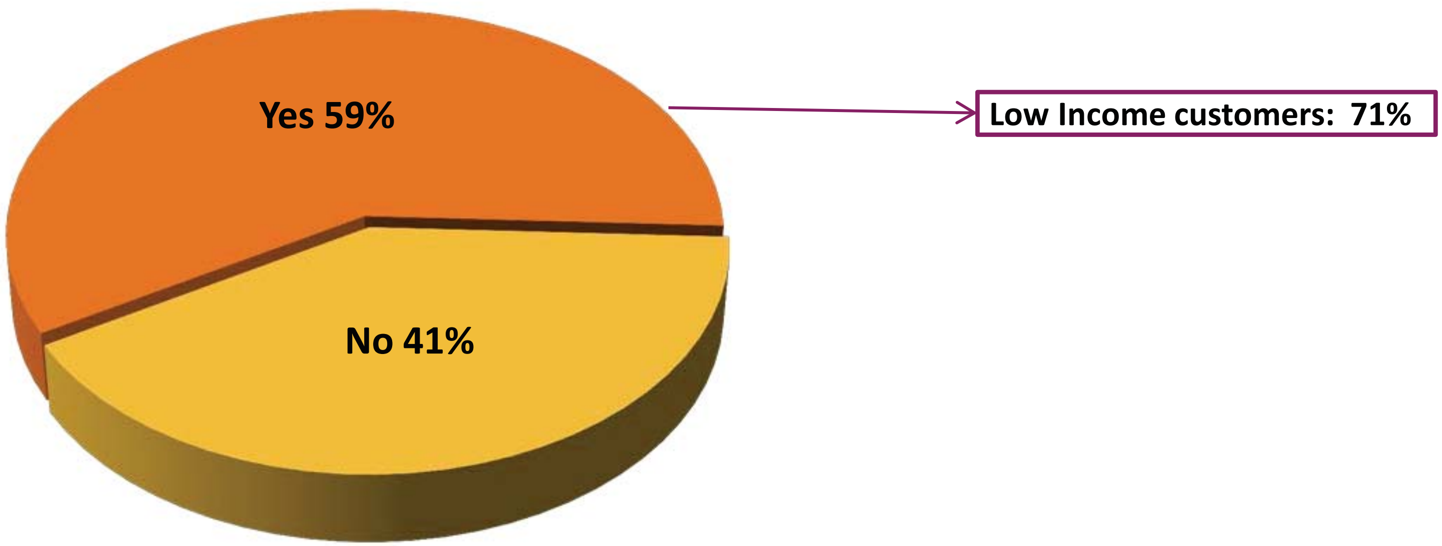


Q12. How important is it for you to see a separate line item on your Enbridge bill detailing the costs associated with Cap and Trade? Use a scale of 1 to 10 where 1 is not important at all and 10 is extremely important?
Base: All Respondents (n=500)
Note: Percentages may not add up to 100% due to rounding.

Low-Income customer results significantly different than general sample

CAP AND TRADE BILL INFORMATION AND ENERGY USAGE

Six in ten Enbridge customers say that having a separate Cap and Trade line item detailed on their bill would encourage them to use less energy.



Q13. Would a separate Cap and Trade line item on your bill encourage you to use less energy?
Base: All Respondents (n=500)

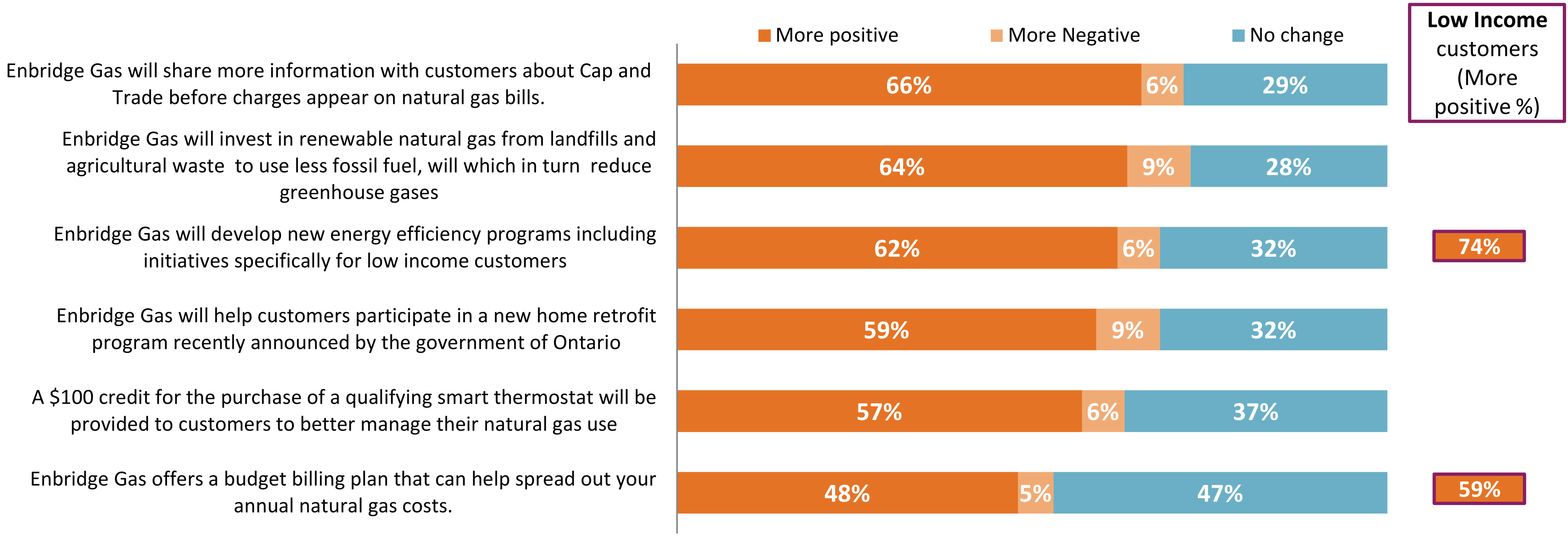
Low-Income customer results significantly different than general sample

Ipsos Public Affairs

CAP AND TRADE INFORMATION AND COMMUNICATION

COMMUNICATIONS AND PERCEPTIONS OF ENBRIDGE GAS

Proactively sharing information on Cap and Trade before the system affects natural gas bills as well as investing in renewable natural gas has the most potential to positively impact customers' perceptions of EGD. Nearly all of the remaining actions have a positive impact on customers' opinion of Enbridge with the exception of offering a budget billing plan to help spread out the cost of natural gas; about half feel this offering either improves or does not change their view of Enbridge.

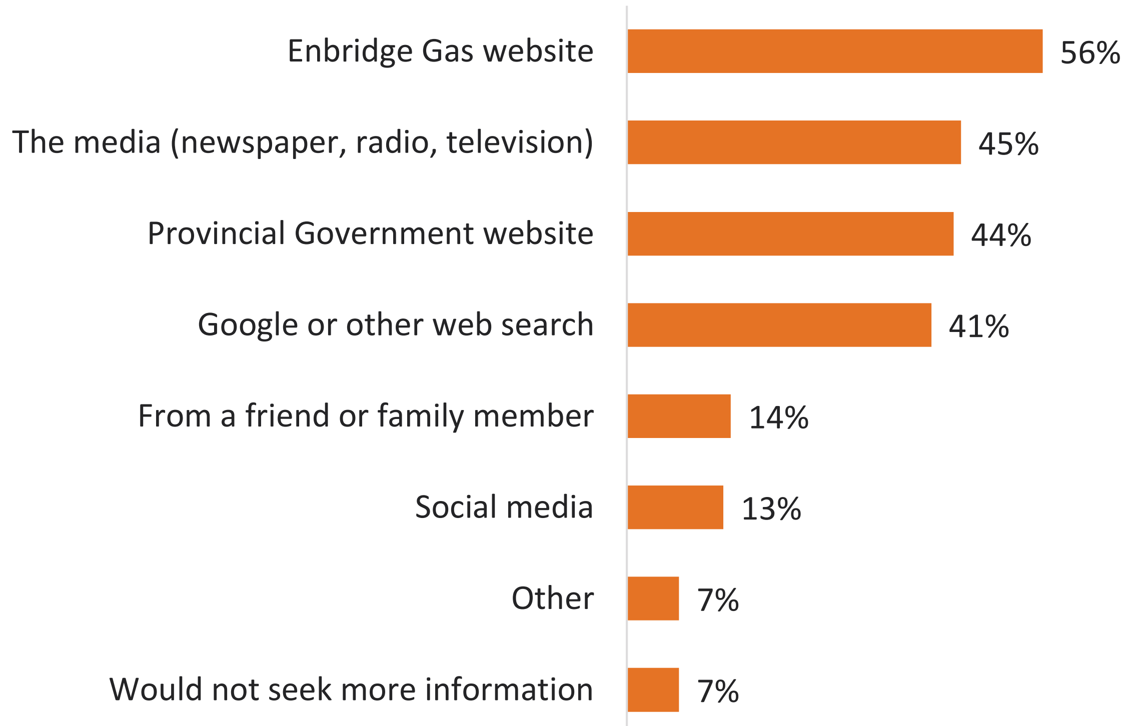


Q14. Indicate whether the following statements make you have a more positive, more negative, or have no change on your perceptions of Enbridge Gas
Base: All Respondents (n=500)
Note: Percentages may not add up to 100% due to rounding.

Low-Income customer results significantly different than general sample

SEEKING INFORMATION ABOUT CAP AND TRADE

When seeking more information about the Cap and Trade system and its implications on individual households, the Enbridge Gas website is the information source of choice among a majority of customers. Less than half would rely on the media or the provincial government's website for this information.



Low Income customers are most likely to turn to the Enbridge Gas website for information about Cap and Trade, followed by Google or other web search.

Q15. Where would you go for more information about the Cap and Trade system and what it means for your household? Select all that apply.
Base: All Respondents (n=500)

PREFERRED METHOD OF RECEIVING INFORMATION ABOUT CAP AND TRADE

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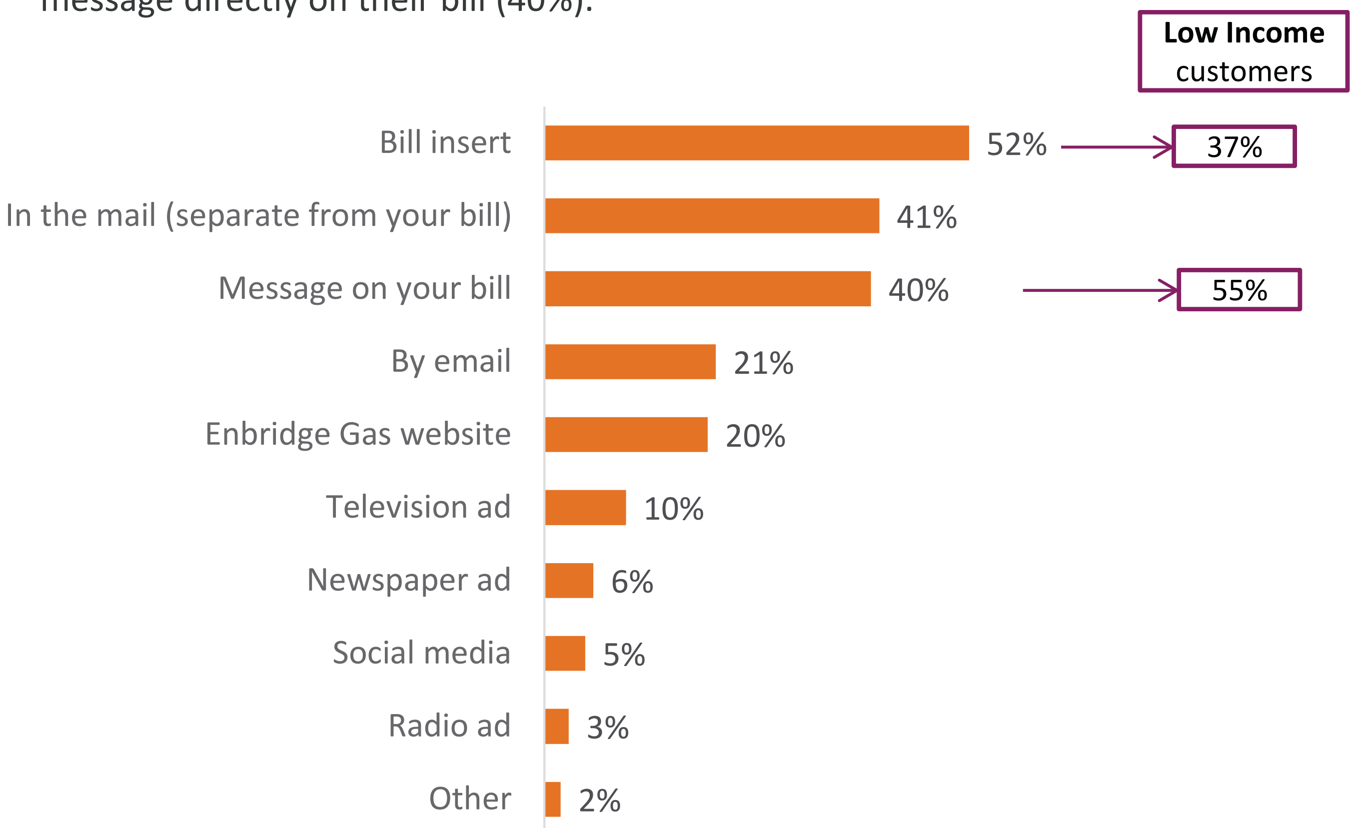
When receiving information from Enbridge about Cap and Trade, bill inserts are the preferred form of communication among half (52%) of customers. Four in ten would like to get this information in the mail separately from their bill (41%) or as a message directly on their bill (40%).



Results by Bill Type

	Paper	Paperless
Bill Insert	59%	28%
Mail (separate from bill)	44%	33%
Message on bill	40%	43%
Email	13%	45%
Enbridge Gas website	17%	30%
Television ad	11%	8%
Newspaper ad	6%	6%
Social media	5%	3%
Radio ad	3%	1%

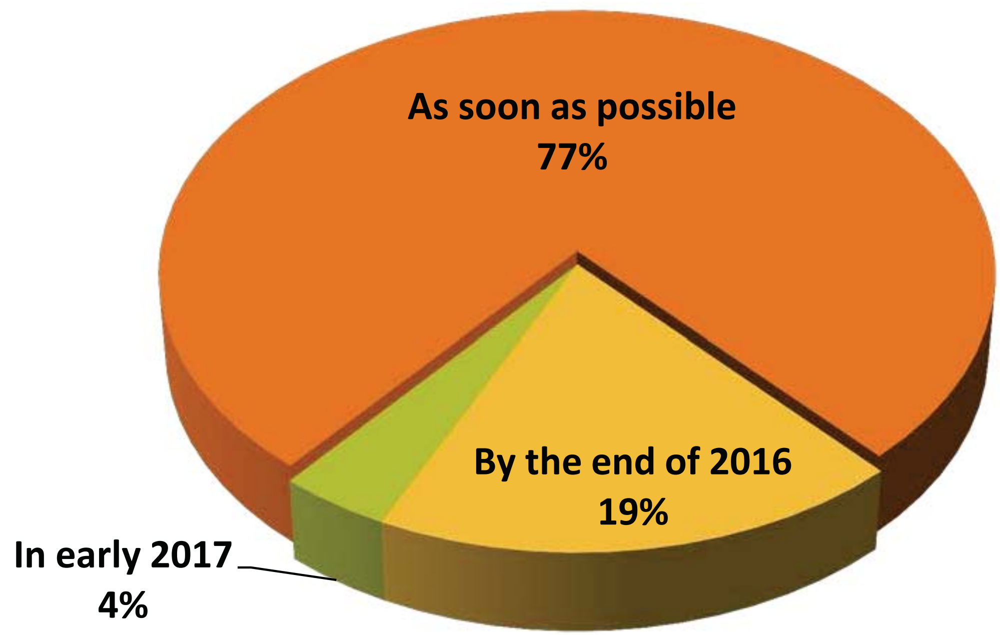
Significantly higher

Q16. How would you most prefer to receive information from Enbridge about Cap and Trade?
Base: All Respondents (n=500)

Low-Income customer results significantly different than general sample

TIMING OF CAP AND TRADE INFORMATION

Currently, customers have a strong desire for more details regarding Cap and Trade; three quarters (77%) would like Enbridge to provide this information along with what customers can to do prepare for the implementation of the Cap and Trade system as soon as possible.

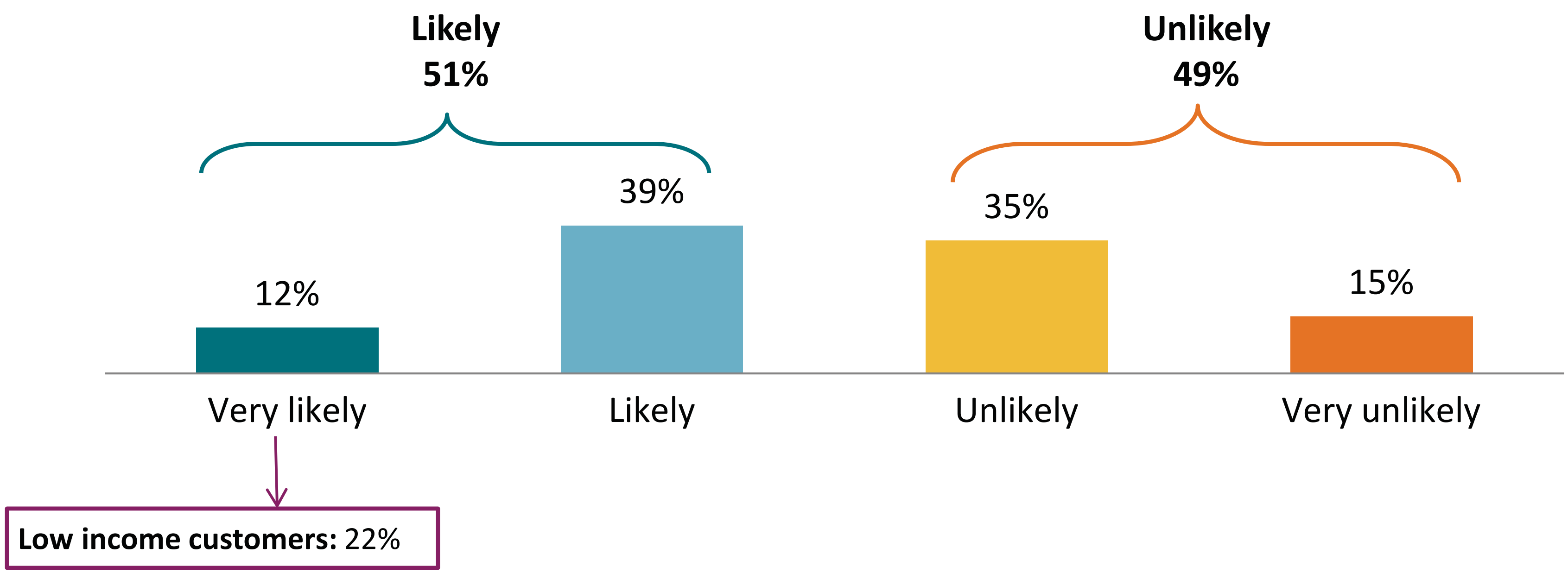


There are no statistical differences among **Low Income** customers in terms of when they would like to receive information from Enbridge about Cap and Trade.

Q17. The Cap and Trade system is currently scheduled to start on January 1st, 2017. When would you like to receive information from Enbridge about the system and what you can do to prepare? Base: All Respondents (n=500)

LIKELIHOOD OF CONTACTING ENBRIDGE ABOUT CAP AND TRADE

Customers are split regarding likelihood of contacting Enbridge about any questions they may have about Cap and Trade; an equal majority are likely to do so while the same proportion is unlikely to reach out to Enbridge on this issue. However, only one in ten (12%) customers indicate that they would be ‘very likely’ to contact Enbridge.

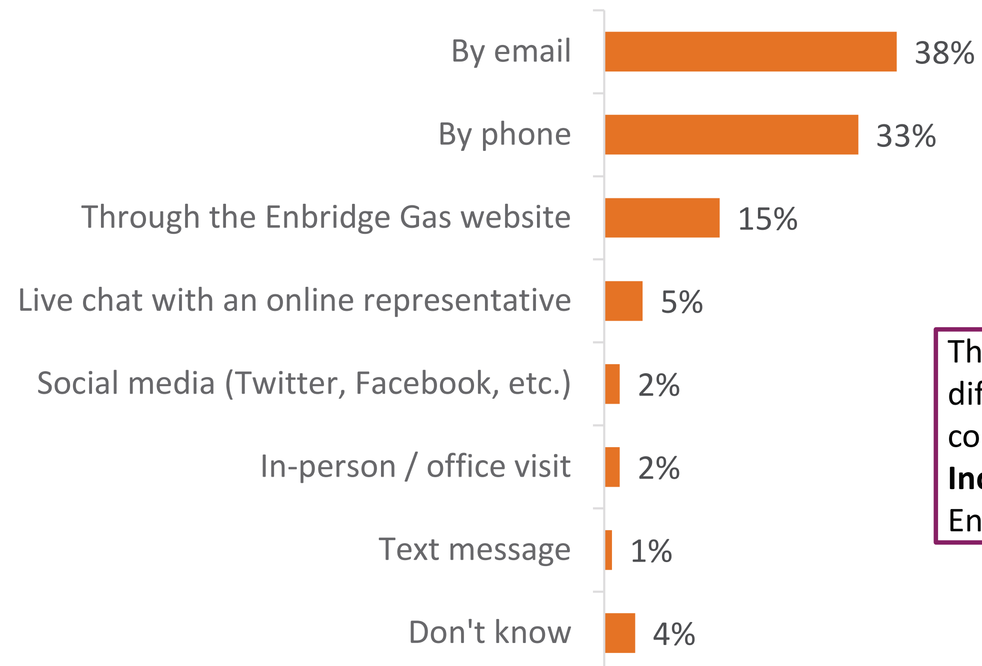


Q18. How likely are you to contact Enbridge Gas about any questions that you may have about Cap and Trade? Base: All Respondents (n=500)
Note: Percentages may not add up to 100% due to rounding.

Low-Income customer results significantly different than general sample

METHOD OF CONTACTING ENBRIDGE ABOUT CAP AND TRADE

Among those who may contact Enbridge regarding Cap and Trade questions , email and phone are clearly the preferred methods of communication overall. Customers who receive a paperless bill are much less likely to contact Enbridge via phone (18%); they are more likely to use email (45%) or go to the Enbridge Gas website (25%).

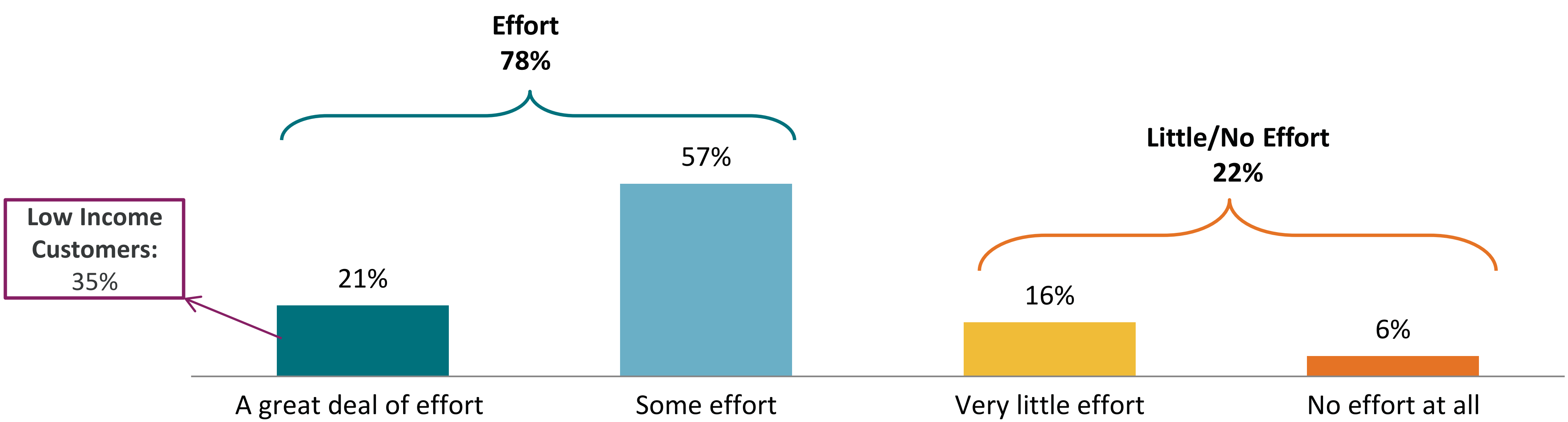


There are no significant differences regarding preferred contact method among **Low Income** customers compared to Enbridge customers generally.

Q19. How would you prefer to contact Enbridge Gas about any questions that you may have about Cap and Trade?
Base: Those Who Are Very Likely, Likely or Unlikely To Contact Enbridge Gas About Any Questions (n=434)

REDUCING HOUSEHOLD GREENHOUSE GAS EMISSIONS

Increased cost of natural gas due to the introduction of Cap and Trade can be a motivator for customers to reduce the amount of greenhouse gases their households emits; just under eight in ten say they would be likely to undertake at least some effort to reduce these emissions in response to the cost increase, however only one in five customers would be likely to make a great deal of effort. Considering that that exact costs for customers associated with Cap and Trade are not currently known and that many customers feel that they are already working to reduce their energy usage it may be problematic for customers to estimate how much of an impact the costs associated with Cap and Trade will have on efforts to manage consumption.



Q20. Knowing that the introduction of Cap and Trade will increase the cost of natural gas for your household, how much effort would you say that your household is willing to undertake to reduce the amount of greenhouse gases you are producing? Base: All Respondents (n=500)

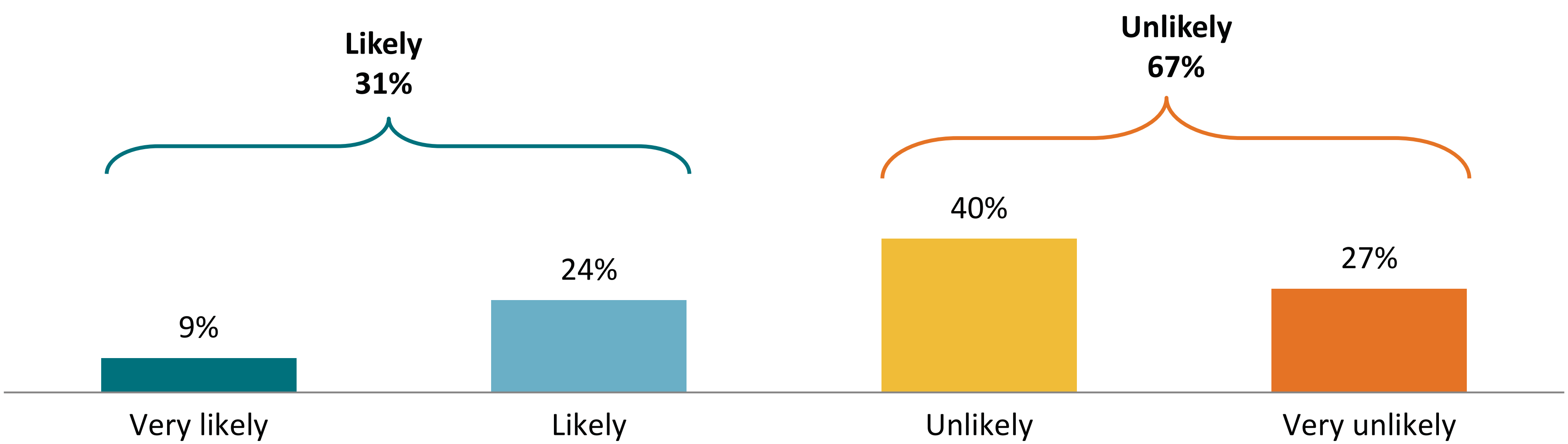
Low-Income customer results significantly different than general sample

ENBRIDGE

BUDGET BILLING PLAN

Among customers not currently enrolled in the Budget Billing Plan, almost a third say they are very likely (9%) or likely (24%) to sign up. More than half (56%) of customers age 25-44 say they are very likely or likely to sign up for Budget billing compared to customers age 45 and older.

Likelihood of enrolling in Budget Billing is directionally but not significantly higher for **Low Income Customers.**



Q25. How likely are you to sign up to the Budget Billing Plan in order to spread out the cost that you pay for natural gas over the year, so you pay a similar amount each month rather than more during the winter months and less in the summer months? Base: Those not currently enrolled (n=257)

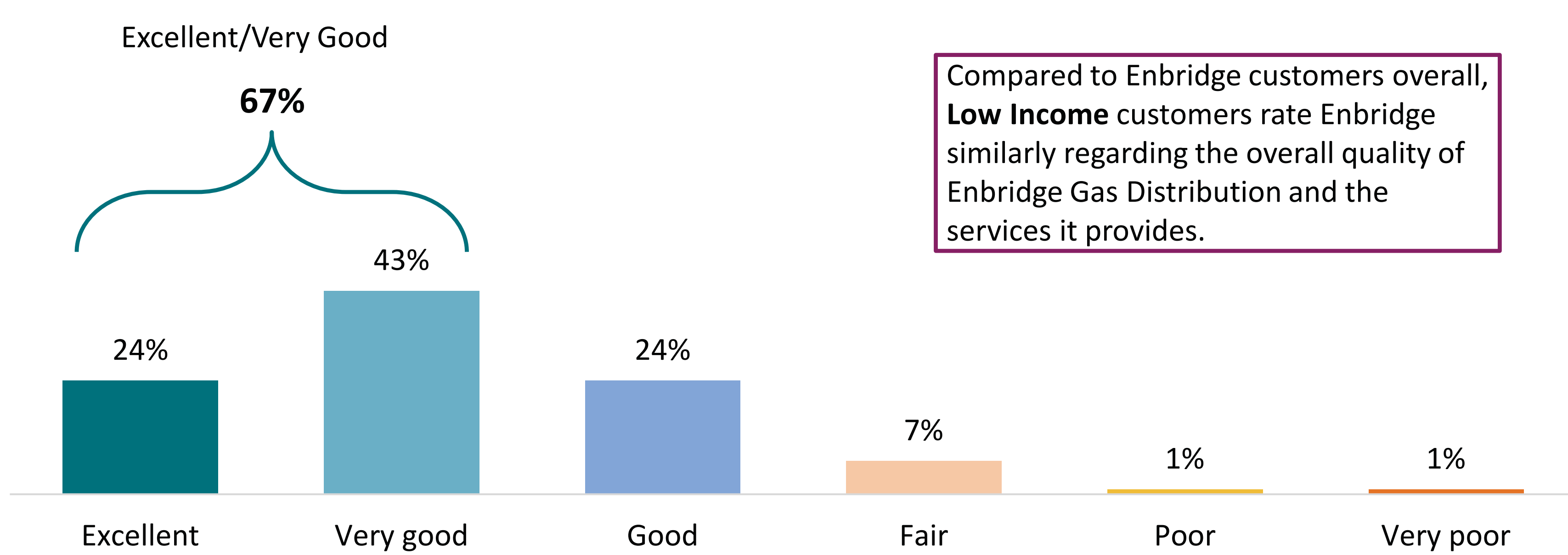
Ipsos Public Affairs

OVERALL OPINION OF ENBRIDGE

OVERALL QUALITY OF ENBRIDGE GAS DISTRIBUTION

Ipsos Public Affairs

Customers are happy with the overall quality of Enbridge Gas Distribution and the services it provides; two-thirds of customers find EGD services to be excellent or very good.

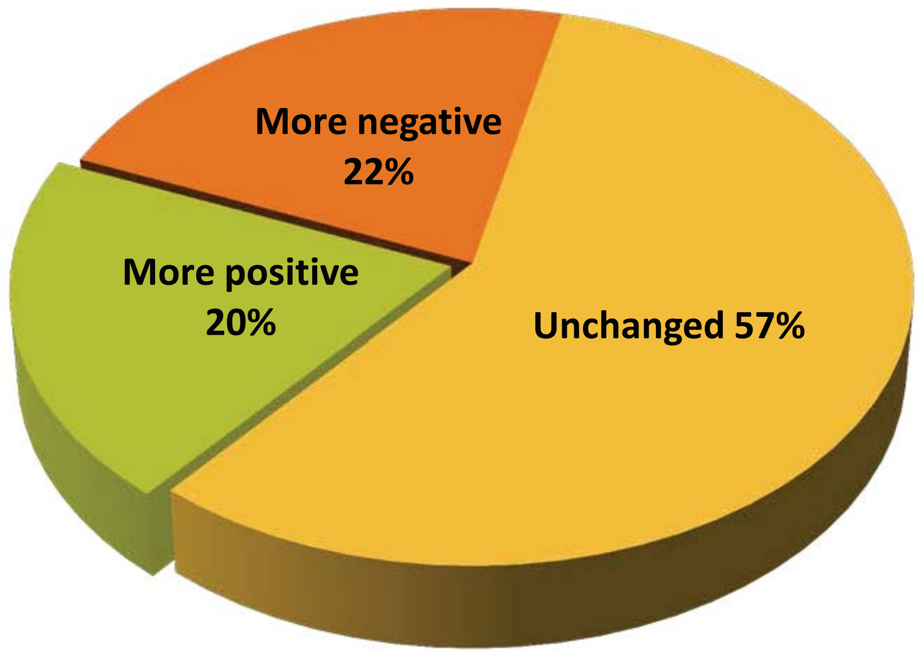


Compared to Enbridge customers overall, **Low Income** customers rate Enbridge similarly regarding the overall quality of Enbridge Gas Distribution and the services it provides.

Q1. How would you rate the overall quality of Enbridge Gas Distribution and the services it provides? Are the services excellent, very good, good, fair, poor, or very poor?
Base: All respondents n=500

IMPACT OF CAP AND TRADE ON IMPRESSION OF ENBRIDGE

Overall, the Cap and Trade system does not significantly impact customers' impressions of EGD; nearly six in ten say that learning more about the system did not change their view of Enbridge. However, customers who said they support cap and trade have a significantly more positive impression of Enbridge (41%), while those who oppose cap and trade have a more negative impression of Enbridge (34%).



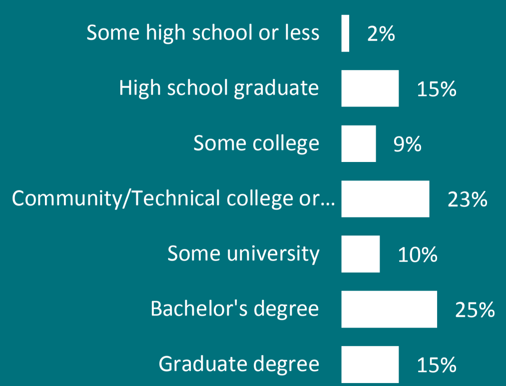
Similar to Enbridge customers in general, a slight majority of **Low Income** customers (51%) say their opinion of EGD is unchanged upon learning more about Cap and Trade. A third (32%) have a more positive impression of EGD.

Q21. Upon learning more about Cap and Trade would you say that you have a more positive, a more negative, or an unchanged impression of Enbridge Gas Distribution?
Base: All Respondents (n=500)

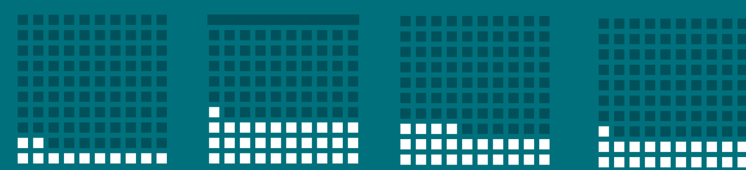
DEMOGRAPHICS

DEMOGRAPHICS (PRIMARY SAMPLE)

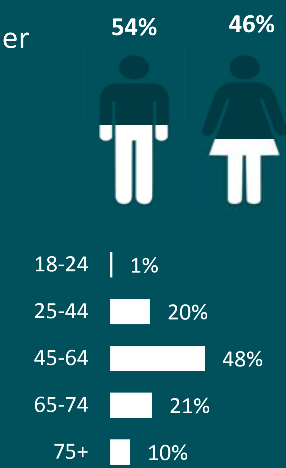
Education



Income



Gender



Type of Home

Single Detached House	73%
Semi- Detached House	9%
Row or townhouse	12%
Apartment or flat in a detached duplex	-
Apartment / condominium in a building with 4 or fewer stories	2%
Apartment / condominium in a building with 5 or more stories	3%

In Home

One	21%
Two	42%
Three	17%
Four	13%
Five	6%
Six or more	2%

Region

Toronto	25%
Central West	24%
Central East	28%
Eastern	16%
Niagara	8%

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