

**Ontario Energy
Board**
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

**Commission de l'Énergie
de l'Ontario**
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone; 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY EMAIL

April 12, 2017

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

Dear Ms. Walli:

**Re: Union Gas Limited and Enbridge Gas Distribution Inc.
Updated Conservation Measures and the Technical Resource Manual
OEB Staff Submission
Board File Number EB-2016-0246**

In accordance with Procedural Order No. 1, please find attached OEB Staff's submission in the above noted proceeding.

The applicants and intervenors have been copied on this filing.

Sincerely,

Original Signed By

Michael Bell
Project Advisor, Application Policy & Climate Change

Attachment

OEB STAFF SUBMISSION

Union Gas Limited and Enbridge Gas Distribution Inc.
Joint Application for Approval of
Updated Conservation Measures and the Technical Resource Manual

EB-2016-0246

April 12, 2017

Background

2012-2014 Framework

In the 2012-2014 Demand Side Management (DSM) Guidelines for Natural Gas Utilities¹, the OEB directed Union Gas Limited (Union) and Enbridge Gas Distribution Inc. (Enbridge) (together the Utilities) to make an annual application to update input assumptions and encouraged the Utilities to file a joint application. Input assumptions refer to operating characteristics and associated units of resource savings for a list of DSM technologies and measures, including assumptions on what base equipment would be in place in the absence of a given DSM program. The Utilities have filed a joint application to update DSM input assumptions after completion of their separate annual audits of DSM program results.

The 2012-2014 DSM Guidelines also contemplated the development of a Terms of Reference on Stakeholder Engagement. Pursuant to that terms of reference, the Technical Evaluation Committee (TEC) was formed. The TEC consisted of utility representatives from each of Union and Enbridge as well as intervenor representatives and independent members with technical expertise. A primary task of the TEC was the development of a Technical Reference Manual (TRM) which was to include an up-to-date version of input assumptions used for prescriptive DSM programs. The input assumptions for each measure were to be described in a substantiation document that included efficiency measure savings assumptions (and/or formulae) and all other assumptions (other than avoided costs) necessary for cost-effectiveness screening and program metrics. A consultant was procured to undertake the development of the TRM. As part of this process certain measures underwent a review for the purpose of the TRM. This resulted in the generation of a prioritized list of DSM measures provided to the consultant for the development of the TRM.

2015-2020 DSM Framework

The OEB's 2015-2020 DSM Framework established the expectation that the OEB would manage the DSM evaluation process for the 2015-2020 period, as well as to coordinate the process of annually updating the input assumptions over this period. However, the TEC was expected to complete the TRM before this transition.

Throughout 2015 and 2016, the OEB procured an evaluation contractor (EC), who is responsible for managing the evaluation process, and initiated an Evaluation Advisory

¹ EB-2008-0346

Committee (EAC), to provide expert input and advice on evaluation matters. The EAC is led by OEB staff and is made up of representatives from the Utilities, non-utility stakeholders, independent experts, IESO representatives and observers from the Ministry of Energy and the Environmental Commissioner of Ontario.

December 2015 Input Assumptions Filing

On December 16, 2015 Union and Enbridge jointly filed an application² for approval of new and updated DSM input assumptions, based on the audited 2014 DSM results. The Utilities included some, but not all, of the new and updated substantiation documents developed for the TRM, which was still in the process of being finalized by the TEC.

In response to the application, the OEB issued a [letter](#) (the OEB's Letter) which stated that a preliminary review of the application determined that it would not be processed because the TRM was not finalized. The OEB's Letter indicated that once finalized, the TRM should be filed with the OEB.

Current Application

Union and Enbridge have filed for approval the new and updated conservation measures and their associated engineer assumptions related to life cycle, energy usage, and gas savings for prescriptive DSM programs. This includes the finalized TRM, consisting of a Front Section, Common Assumptions Table, and Glossary, (Exhibit B, Tab 1, Schedules 3-5), and Substantiation Documents for all measures included in the TRM (Exhibit B, Tab 1, Schedule 6).

The Utilities filed a Summary Table (Exhibit B, Tab 1, Schedule 2) which includes a larger list of input assumptions than those included in the TRM. The list includes prescriptive measures that were not reviewed as part of the TRM. The Utilities have shaded the measures for which substantiation documents were reviewed and endorsed; unshaded measures are those measures that were not reviewed as part of the TRM. Prescriptive measures that were not included in the development of the TRM include a number of efficient boilers that are the subject of an ongoing boiler baseline study, for which a final report is expected in the fall of 2017 (as explained in the Utilities' response to OEB Staff interrogatory #1).

² EB-2015-0344

Additionally, the Summary Table includes the Union Gas Effective Useful Life (EUL) Guide and the Enbridge Measure Life Guide for the Utilities' custom programs. These documents provide EULs for custom projects if there is no site specific information or relevant prescriptive measure life available. These documents were not reviewed as part of the development of the TRM, but instead have been updated on a case-by-case basis through each utility's audit processes.

As described in the Application's cover letter, the Utilities are seeking approval of the Summary Table of Measure Assumptions (Schedule 2), and the TRM (Schedules 3-5) and associated Substantiation Documents (Schedule 6).

OEB Staff Submission

OEB staff supports the approval of the TRM documents as filed (Schedules 3-5), including the associated Substantiation Documents (Schedule 6). The TRM is the culmination of several years of consultative efforts between the retained consultant, TEC members, and TRM sub-committee which included utility staff, industry experts and stakeholders. OEB staff believes that the TRM and associated Substantiation Documents constitute best available information at this time for the DSM prescriptive measures included in the TRM.

OEB Staff notes that several of SEC's interrogatories highlighted some concerns with the TRM Common Assumptions Table, Glossary, and Substantiation Documents (Schedules 3-5, 6). While shortcomings may exist, OEB staff submits that the TRM and associated Substantiation Documents should be approved because they were vetted by the consultant and TEC members and are an improvement over the status quo.

OEB staff does not however support the approval of the Summary Table of Measure Assumptions (Schedule 2), given that many of the input assumptions included in this table were not reviewed or updated as part of the development of the TRM. OEB staff is of the view that the OEB would be informed by further review prior to opining on the appropriateness of the updates for which the Utilities are seeking approval in this proceeding. OEB staff submits that the OEB's 2015-2020 DSM Evaluation process with input from the EC and EAC is the appropriate forum for updating the input assumptions.

All of which is respectfully submitted