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BY EMAIL AND WEB POSTING

October 16, 2017

**To: Enbridge Distribution Inc.
Union Gas Limited
Evaluation Advisory Committee (EAC)
Other Stakeholders**

Re: 2015 DSM Results Reports (EB-2015-0245)

The Ontario Energy Board (OEB) is issuing two reports developed by the OEB's Evaluation Contractor (EC), DNV GL, providing final 2015 Demand Side Management (DSM) Evaluation, Measurement & Verification (EM&V) Results.

These results are the culmination of many months of analysis and review by the EC, with input from a variety of experts and stakeholders that form the OEB's Evaluation Advisory Committee (EAC) as well as OEB staff.

These final OEB Reports have been posted on the OEB's website. The gas utilities will be expected to file their respective applications with the OEB to clear their 2015 DSM deferral and variance account balances based on the results contained in the reports. These applications will be subject to an adjudicative process.

Background

Evaluation Contractor

As described in the OEB's August 21, 2015 letter, the OEB is overseeing the evaluation process related to DSM program results. The OEB engaged DNV GL as the EC to undertake EM&V results of DSM program. DNV GL is considered an expert consultant in DSM Evaluation, and has undertaken similar evaluation work in Massachusetts and California.

DSM Evaluation Governance

In addition to the expertise of this consulting firm, the OEB established the EAC to provide input and advice on project data, methodologies and assumptions to be used in evaluation of DSM programs. The roles of each party in the OEB's DSM evaluation process were explained in the August 21, 2015 letter:

- OEB: The OEB is responsible for coordinating and overseeing the evaluation and audit process, including selecting the third party EC and publishing the final evaluation results on an annual basis.
- EC: The EC carries out the evaluation and audit processes of all DSM programs.
- Natural Gas Utilities: The natural gas utilities are responsible for developing an initial evaluation plan to inform the evaluation of programs, filing an annual draft evaluation report and providing program data and coordination support to the EC and OEB staff, as requested.
- EAC: The EAC provides input and advice to the OEB and to the EC on the evaluation and audit of DSM results. The EAC consists of representatives from non-utility stakeholders, independent experts, representatives from each natural gas utility, staff from the Independent Electricity System Operator (IESO), and observers from the Environmental Commissioner of Ontario and the Ministry of Energy, all working with OEB staff.

OEB staff organized and facilitated regular meetings with the EC, and the EAC.

2015 DSM Results Reports

The OEB is releasing two reports pertaining to 2015 DSM results.

- 2015 Natural Gas Demand Side Management Custom Savings Verification and Free-Ridership Evaluation: This report summarizes the analysis that was undertaken to verify the savings associated with custom projects, which make up the majority of the savings achieved by Union and Enbridge's DSM programs. The report explains how the gross savings estimates and free-ridership levels were verified for a sample of 2015 custom projects within the gas utilities' DSM programs. The EC reviewed project-level documentation and conducted in-depth interviews and site visits to complete its evaluation of savings for 2015 custom programs.
- 2015 Natural Gas Demand Side Management Annual Verification: This report summarizes the total verified savings achieved by all 2015 DSM programs, including custom and prescriptive programs. The EC reviewed program

documentation, utility shareholder incentive calculations, and lost revenue calculations to determine its final opinion on 2015 DSM Results.

These reports, including the methodologies upon which they are based, were developed by DNV GL and reviewed by OEB staff and the EAC. The EAC provided input and advice at various milestones including selection of key methodologies, establishment of verification instruments, and development of draft and final results. The EAC also reviewed and provided comments on all the site reports developed as part of this study. The EC led discussions with the EAC to address the issues identified and addressed these issues based on the EC's own expert judgement.

Inclusion of Spillover Effects

The 2015-2020 DSM Decision and DSM Framework provide that net-to-gross adjustment factors are expected to include spillover effects. The OEB is currently studying spillover effects in the gas utilities' custom programs and the results are expected to be available in early 2018 for inclusion in future assessments. In order to approximate spillover effects for custom DSM programs in 2015, the OEB has applied, as a proxy, an assumed spillover rate to calculate final custom program results for 2015, based on spillover values of similar programs in another jurisdiction. The basis for this assumption is documented in Appendix N of the 2015 Natural Gas Demand Side Management Annual Verification report.

2016 DSM Evaluation

The OEB reminds parties that, pursuant to the March 15, 2017 letters issued to [Enbridge](#) and [Union](#), the deadline for the gas utilities to file their respective 2016 Draft Evaluation Reports is Thursday, November 16, 2017 - one month from today's release of the 2015 DSM Results Reports.

Questions about the 2015 DSM Results Reports and 2016 DSM evaluation should be directed to Valerie Bennett at valerie.bennett@oeb.ca or 416-440-7747.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary