



Kevin Culbert
Manager, Regulatory Policy &
Strategy

tel 416-495-5499
fax 416-495-6072
EGDRegulatoryProceedings@enbridge.com

Enbridge Gas Distribution
500 Consumers Road
North York, Ontario M2J 1P8
Canada

August 31, 2018

VIA RESS, EMAIL and COURIER

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

Dear Ms Walli:

**Re: Enbridge Gas Distribution Inc. (“Enbridge”)
Ontario Energy Board File Number EB-2017-0127/EB-2017-0138
DSM Mid-Term Review - Presentation**

In accordance to the Board’s Letter dated August 15, 2018 and request from the Board, attached please find Enbridge Gas Distribution’s presentation for the DSM Mid-Term Review Stakeholder Meeting.

This submission was filed through the Board’s Regulatory Electronic Submission System.

Yours truly,

[original signed]

Kevin Culbert
Manager, Regulatory Policy & Strategy

cc: Mr. D. O’Leary, Aird & Berlis LLP (via email)
Interested Parties (via email)

Enbridge DSM Multi-Year Plan (2015-2020) Mid-Term Review

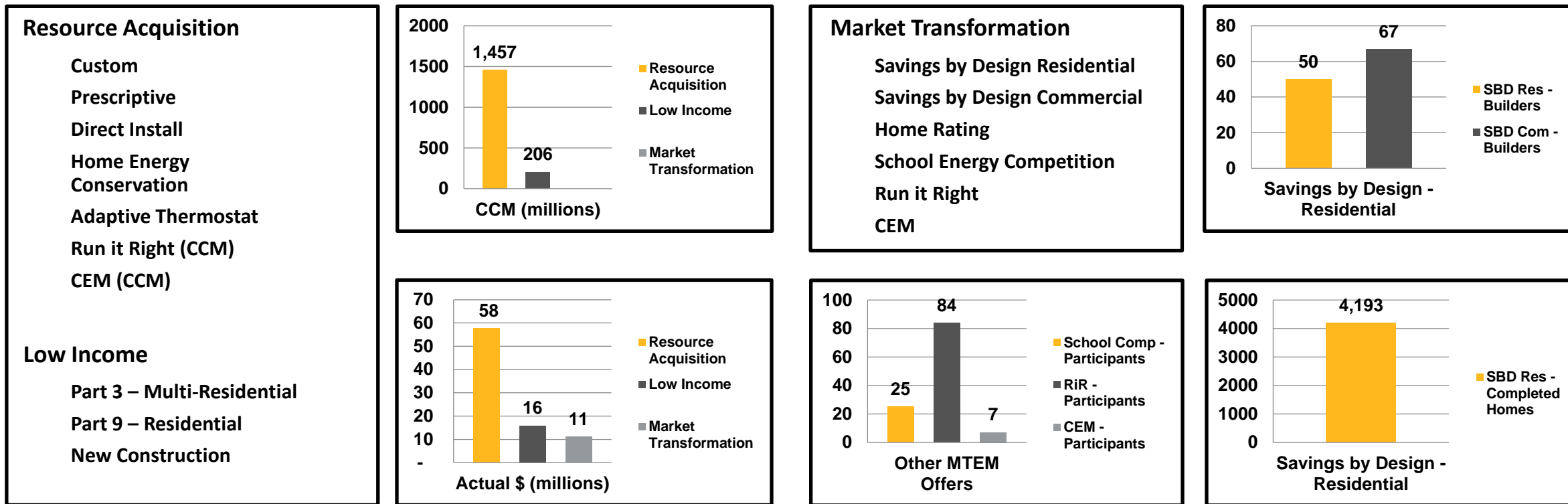
September 6th, 2018

Prepared by Enbridge Gas Distribution

2015-17 Program Highlights

2015-2016 Program Results

Scorecard Overview



Low Income

Successes

- Successful implementation of co-marketing and collaborative initiatives.
- Part 3 offer expansion.
- New Construction offer well received amongst both residential and commercial participants.

Challenges

- Social housing / private customer budget challenges.
- Part 9 private low income hard to reach.

Market Transformation

Successes

- Award winning offers continue to drive value for both residential and commercial builders.
- Broadening eligibility criteria well received by both Commercial and Residential SBD builders / developers.
- Supporting builders to exceed ever increasing code requirements.
- School Energy Competition was well received by participants.

Challenges

- Home affordability.
- Need deferral account to fund multi-year offer incentives.

Deferral Account Needed for Multi-Year Offers

- Issue
 - Incentive commitments to SBD customers participating in multi-year offers are being made without a means to ensure funding is available upon project completion.
 - Without a deferral account, EGD will be put into a position of deciding to either wind down the offer prematurely in advance of 2020, or fundamentally alter the offer design.
- Request
 - EGD requests creation of the Demand Side Management Participant Incentive Deferral Account (DSMPIDA). (Part 2, Second Requirement , Jan 17/18, Section 8, p.47)

Target Adjustment Mechanism not Appropriate for Multi-Year Offers



- Issue
 - The Target Adjustment Mechanism (TAM) formulaically re-sets annual targets based on the previous year's cost-effectiveness.
 - There is a misalignment between targets and budgets when dealing with multi-year offers.
 - The TAM calculation would misapply actual spend against targets thus creating an incorrect cost-effectiveness values.
- Request
 - EGD requests that multi-year offers be exempt from the TAM and proposes that targets remain as fixed targets.
 - EGD proposes the fixed targets as filed in the DSM Plan, escalated by 10% and subject to 2% productivity factor. (See Appendix A of January 15th 2018 Submission)

Resource Acquisition – Residential

Successes

- Home Energy Conservation (HEC) redesign to simplify customer participation.
- Green Investment Fund + IESO Whole Home collaboration.
- Adaptive thermostat program expansion to include additional thermostat brands.
- Toronto Hydro Adaptive Thermostat Collaboration.

Challenges

- Competing program(s) in the market caused confusion.
- Audit aspect of HEC design not attractive to all market segments.

Resource Acquisition – Commercial / Industrial

Successes

- Customers continue to value technical support.
- Increased focus and growth in small volume market.
- Direct Install Air Doors implementation successful.
- Various collaborative projects.

Challenges

- C/I offers becoming more costly to operate and delivering less savings per participant.
- Market instability and uncertainty.

Reports Studies & Proposals

Metrics and Targets

Consider moving Residential New Construction to Resource Acquisition

- Issue
 - Residential New Construction should not be re-categorized as Resource Acquisition, will remain on MTEM scorecard for the following reasons:
 - Continued strong focus on educational content delivery and long term transformational efforts.
 - Building code updates and increased energy efficiency requirements necessitate offers to support builders on the “how”.
 - Resource Acquisition is typically transactional in nature and not well suited to the transformative efforts and successes realized by these offers.
- Outcome
 - To continue to recognize Residential Savings by Design on the MTEM scorecard.

Move CEM and Run-it-Right to Resource Acquisition Scorecard

- Issue
 - Facilitating this change has required EGD to propose new weightings for revised Resource Acquisition and MTEM scorecards.
- Request
 - Board approval of EGD proposed scorecards as required to support the Board's directive. (See Appendix A of January 15th 2018 Submission)

Target Adjustment Mechanism

- Issue
 - The Board assigned **productivity factors** to be used by the TAM calculators as an input to the determination of future targets (10% for Market Transformation vs 2% for Resource Acquisition).
 - EGD’s Market Transformation offers contain absolute targets that have already been inflated by 10% without a relative increase in budget. A further 10% productivity factor increase year over year, again without an increase in budget is unrealistic based on how the budgets are currently allocated.

- Request
 - 2% target increase for Market Transformation offers effective for 2018 consistent with RA and LI

Program	Current Factor	Proposed Change
Resource Acquisition	2%	2%
Market Transformation	10%	2%
Low Income	2%	2%

Reports Studies & Proposals

Other Topics

Integrated Resource Planning (IRP)

In 2015-2020 DSM Framework, the Board asked the Utilities to *consider the role of DSM in reducing and/or deferring future infrastructure investments*. OEB's expectations for Mid Term review states that Utilities submit "a transition plan to incorporate DSM into infrastructure planning activities".

Related activities:

- Engaged ICF for an IRP study to inform transition plan.
- Commenced case studies.

Integrated Resource Planning (IRP)

IRP Study Highlights

- In certain scenarios, may be potential to reduce distribution infrastructure investment.
- ICF found limited North American Gas Utilities incorporating DSM in facilities planning or utilizing targeted DSM to reduce infrastructure projects.
- There is uncertainty regarding how DSM measures impact facilities planning.
- NG IRP study cannot be directly compared to Electricity IRP Study.

Case Study Objectives

- Collection of hourly demand data.
- Assessment of reliability of using targeted DSM to reduce peak hour demand growth.
- Assessment of cost of geo-targeted DSM implementation.

Program Overhead and Portfolio Costs

- Enbridge and Union Gas jointly engaged a consultant (Dunsky) to assess the consistency and comparability desired by the Board. Key findings included:
 - Practices vary by jurisdiction. Some jurisdictions allocate the same activity (e.g.: marketing) to the program offers where others allocate to overhead. These differences can make comparisons difficult.
 - When evaluating Administrative & Overhead (A&O) costs, important to focus on the value rather than who (internal vs external) is performing the task.
 - A more precise definition of A&O costs from the Board would be helpful in the future.
 - The report showed no issue with how Union and Enbridge account for costs.

Open Bill Access

- Issue
 - Board advised Enbridge to expand access to third parties to use the utility bill for conservation related services & and advised Union to establish a similar capacity on their own bills.
 - Enbridge has had an existing Open Bill Program since 2009 and has continued to accept new participants annually.
 - Requirements to join the program are simple and do not pose any barriers for participants in the conservation related services.
- Outcome
 - Enbridge does not propose any changes to its existing Open Bill Program.

Reports Studies & Proposals

Program Updates

Efforts to Reduce Free Ridership in Custom Offers



- EGD continues to minimize free ridership through:
 - Ongoing customer engagement, technical support and education.
 - Increased incentives.
 - Participant screening.

Low Income TRC

Enbridge confirms that its Low Income program continues to meet the 0.7 requirement with a TRC-plus value of **1.84***.

*Based on pre-audited 2016 values

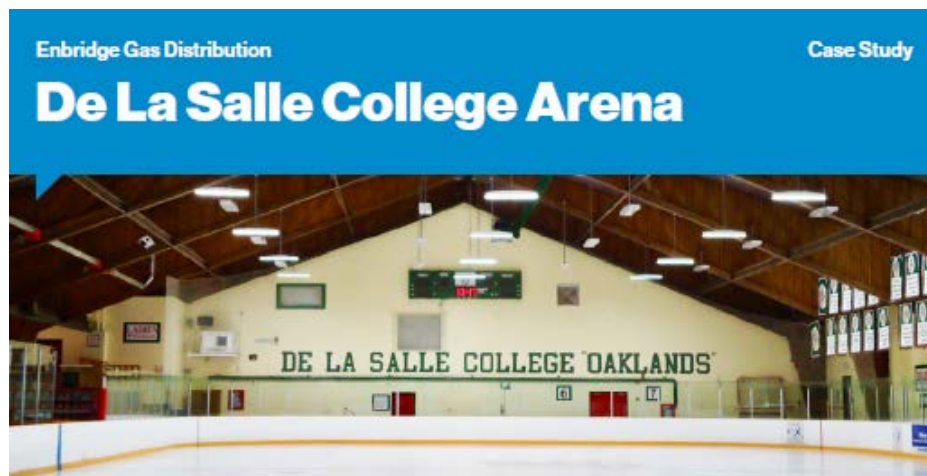
Reports Studies & Proposals

Pilots and New Programs

Small Commercial New Construction

- In 2016, the Company made the decision not to launch the Small Commercial New Construction pilot:
 - Due the Board's overall application of a 10% increase across all DSM targets with no corresponding increase in budgets.
 - As a result, EGD reallocated funds to more mature, proven, cost-effective offers, as a means to address budget short falls in relation to increased targets.
- There is no funding for 2019 and 2020.

Energy Leaders Update



Cutting Edge Ice-Making Technology Slashes Energy Costs

“This project wouldn’t have happened without Enbridge’s Energy Leaders incentive and the support of their Energy Management Consultant.”

- Scott Barber, Facility Manager, De La Salle College Arena

Year	2019	2020
Budget Request	\$400,000	\$400,000

Additional areas of focus have and will continue to be:

- Continuous Energy Improvement Award
- Sponsorships
- Plaques
- Additional Technologies
 - Demand Circulation Loops
 - Natural Gas Heat Pumps

Adaptive Thermostat Integration with Electric Utilities

- In 2016, Enbridge entered into an Integrated Program Delivery Agreement (IPDA) with Toronto Hydro to pilot a collaborative Adaptive Thermostat offering.
- The IPDA stipulated an annual target of 5,000 homes within the Toronto region. The pilot has been very successful and has been extended to December 31st 2018.
- Toronto Hydro splits the cost of the \$100 customer incentive, and contributes a small amount to support marketing activities.
- Enbridge had developed the IPDA as a template to collaborate with electric LDCs in other regions; however duplication of an Adaptive Thermostat rebate by GreenON delayed discussions with electric LDC's.

Integrated Program with IESO: Whole Home Pilot

- Agreement reached in early 2017 with IESO for EGD to deliver a combined electrical & gas Whole Home Pilot.
- Pilot launched Q2 2017 and its success led to it being extended to the end of 2018.
- IESO to assess if pilot continues/transitions into a province wide program.
- The pilot created many lessons learned for each party to improve future collaborative initiatives.

Appendix A

Prioritization of Market Transformation Program

- EGD maintains regular dialogue with customers / industry stakeholders as it relates to market needs concerning conservation offers.
- In the filing, Enbridge identified the following Market Transformation priority areas:
 - Residential Behavioural Offers
 - New Construction
- The Board rejected the residential behavioural offer which was subsequently funded by the Ministry of Energy to pursue.

Outcome Based Performance Metrics

- Consistent with the OEB DSM Framework Guidelines, the Company uses a number of metrics to measure performance, with lifetime natural gas savings (CCM) being the primary metric. Additional metrics include end user participants and in the case of the Savings by Design program offer, a builder participant metric.
- Before and after billing consumption data has been suggested by some stakeholders as an alternative approach to calculate natural gas savings.
- There are challenges filtering out the impact of consumption changes unrelated to the DSM measure with this approach. The Company maintains that using custom engineering analysis and prescriptive assumptions that have been thoroughly vetted are the best approaches to calculate natural gas savings.

Energy Literacy

Initiatives	2017	2018	2019	2020
Retail	In-store events across 40 Home Depot locations educating patrons on HEC and ST energy savings programs.			
Home Shows	Granny's House is an interactive booth developed and utilized at over 16 home shows across the province. The booth drove high media attention through key outlets such as CP24, CTV and Breakfast Television. Customers were able to get practical hands on understanding of what energy efficiency and inefficiency could look like in a house.			
Community Events	EGD has been in attendance in over 36 community events to date and 20 additional events planned for the remainder of the 2018 calendar year.			
EnergyX Tool		This tool provides allows EGD customers to conduct a self-audit online and introduces another layer of education on energy efficiency and available DSM residential offers available.		
Integrated Program with Union Gas			Union is asking for additional funding for the balance of the framework in order to support this integrated approach	

Energy Literacy Budget Request

The Company is requesting \$500,000 annually for the remainder of the plan to support greater energy literacy among its customers and to assist the government in meeting its energy conservation goals.

Year	2019	2020
Budget Request	\$500,000	\$500,000

*See Appendix A of the January 15th submission for full budget breakdown.

