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June 27, 2019

Ontario Energy Board  
2300 Yonge Street  
Suite 2700  
Toronto, ON M4P 1E4

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Low Income Energy Network (“LIEN”) Comments re Post-2020 Demand Side  
Management Framework  
Board File No. EB-2019-0003**

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Please find attached LIEN’s Comments pursuant to Ontario Energy Board’s letter dated June 11, 2019.

Housing Services Corporation has reviewed and supports LIEN’s submissions enclosed.

Yours truly,

Matt Gardner

cc: Myfanwy Parry  
Housing Services Corporation



I, Myfanwy Parry, at the Housing Services Corporation, have reviewed and support LIEN's enclosed submission to the Ontario Energy Board dated June 27, 2019.

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## Low-Income Energy Network

June 27, 2019

The Low-Income Energy Network (LIEN) sets out submissions below in response to the following three issues posed by the OEB regarding the Post-2020 Natural Gas Demand Side Management Framework (EB-2019-0003):

- 1. Principles:** Do the guiding principles from the 2015-2020 DSM Framework remain appropriate? If not, what principles are needed and why?
- 2. Goals and objectives:** What should be the primary goal(s) and objective(s) of the post-2020 DSM Framework?
- 3. Scope:** Should the OEB undertake major revisions to the 2015-2020 DSM Framework or focus on specific updates that are more minor in nature?

### Goals and Objectives

The primary goals of the post-2020 DSM Framework should take into account the OEB's broader natural gas utility regulatory regime as well as related government policy. Therefore, at minimum, when setting the goals and objectives, the OEB should take into account the broader Renewed Regulatory Framework (RRF) and the provincial government's Made-in-Ontario Environment Plan released on November 29, 2018. On this basis, LIEN recommends the following primary goals for the post-2020 DSM Framework:

- **Assist natural gas consumers to manage their energy bills through the sustained reduction of their natural gas consumption over time.** This is a revision to the existing goal, which takes into the account the need to sustain the natural gas savings over time.
- **Ensure that there is DSM programming available to all natural gas consumers across Ontario that is responsive to customer needs and preferences.** The addition of this goal is necessary to minimize cross-subsidization between participants and non-participants by encouraging appropriate market segmentation in program offerings, canvassing customers for needs and preferences, and offering responsive and effective programming that is available to all gas consumers. Programming should be diverse and sufficiently nimble to assist all gas consumers, whether new to DSM or with very sophisticated DSM understanding and needs, or points in between. LIEN has assumed that the Board practice of allocating DSM program costs by rate class will continue.

- **Promote energy conservation and energy efficiency to create a culture of conservation.** This necessitates that utilities will obtain appropriate credit for spillover effects regarding natural gas savings that their programming achieves. It also encourages Enbridge Gas (Enbridge) to continue to collaborate with IESO on CDM to provide a ‘whole home’, or ‘whole facility’ approach to energy upgrades and new construction.
- **Avoid costs related to future natural gas infrastructure investment, including improving the load factor of natural gas systems.** Further discussion regarding the guiding principle associated with this goal is provided in the section below on Guiding Principles.
- **Meet the post-2020 DSM framework GHG reduction target set by the province appropriately prorated to the time frame of the new framework.** The Environment Plan sets a target for GHG emissions reduction at 30% below 2005 levels by 2030. This is to be achieved in part through natural gas DSM; specifically, the Plan spells out a target for natural gas DSM of 18% of the total emissions reduction target.<sup>1</sup> Target achievement is based on the assumption of a gradual expansion of gas DSM programs, subject to discussions with the OEB.

The OEB’s objectives for natural gas in the *Ontario Energy Board Act, 1998* (the “Act”) do not provide an explicit mandate to achieve GHG reductions. However, s. 2, subparagraph 5 of the Act (“Objective 5”) requires the OEB:

*“To promote energy conservation and energy efficiency in accordance with the policies of the Government of Ontario, including having regard to the consumer’s economic circumstances”.*

- This could be interpreted broadly to include the promotion of energy conservation and energy efficiency in accordance with the government policy of gas DSM achieving 18% of the provincial GHG emissions reduction target by 2030. Such an interpretation is also supported by the current, broader regulatory framework for natural gas, the RRF, which is designed to achieve four outcomes by the regulated utility, including public policy responsiveness, which creates the expectation that utilities will deliver on their public policy obligations. If Objective 5 is broadly interpreted per above, and utility responsibility regarding the public policy responsiveness outcome to achieve this target is adopted, then it follows that a goal of the post-2020 DSM Framework should be to achieve the appropriate portion of this target, prorated to the time frame of the new Framework.

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<sup>1</sup> Made-in-Ontario Environment Plan, p. 24.

## Guiding Principles

In LIEN's view, the existing guiding principles are acceptable, with some modification. However, additional principles are proposed. Below, LIEN reviews each existing principle, and recommends revisions, as appropriate. In addition, LIEN recommends the addition of two principles: one to encourage innovation in DSM programming and the other to mandate consultation by Enbridge Gas with stakeholders on DSM in a timely and meaningful way.

- 1. Invest in DSM where the cost is equal to or lower than capital investments and/or purchase of natural gas.** LIEN supports this principle.
- 2. Achieve all cost-effective DSM that results in a reasonable rate impact.** Section 9 of the 2015-2020 Natural Gas DSM Framework is referenced in this principle. While the principle is acceptable, changes are required regarding Section 9, in particular, with respect to the TRC. LIEN is concerned about the adequacy of using a .7 TRC threshold for low-income DSM programs, given the experience of the current framework regarding lost opportunities. Often minor repairs are needed in low-income dwellings before energy efficiency measures can be installed. In some cases, no measures can be installed at all, resulting in a trip to the dwelling with no savings achieved. A lower TRC screen (e.g. .65 or .6) would accommodate a larger minor repairs budget to cover more dwellings and reduce lost opportunities, thereby achieving greater savings per dwelling. As well, a lower TRC could accommodate less cost-effective measures such as the direct install of high efficiency furnaces and water heaters, but which provide additional savings, energy bill management as well as home comfort to these consumers.
- 3. Where appropriate, coordinate and integrate DSM and electricity CDM efforts to achieve efficiencies.** This guiding principle should be modified to include a role for the OEB as well as the gas utility in coordinating and achieving DSM and CDM integration. Over the course of the 2015-2020 framework the gas utilities have worked hard to achieve this objective, but have not been sufficiently effective due to barriers that are not within their control. With the collaboration of OEB, IESO and Enbridge, effective integration between IESO's Centrally Managed Home Assistance Program and Enbridge's low-income residential DSM offerings could be achieved, for example, such that Enbridge could offer the CDM incentives for electric appliances and other non-heating electric loads as part of their low-income programs. Another example of potential collaboration with all three parties is in regard to harmonizing the gas Technical Resource Manual with that of IESO's measures and assumptions. For example, there is an opportunity to harmonize the gas savings assumptions attributed to electric measures. Currently, they do not always align with the gas savings assumed in the natural gas TRM for the same measure. These examples illustrate the need for a more 'government to government approach' to addressing these matters, with the OEB taking a more proactive role in discussions with the IESO and Enbridge Gas in facilitating the resolution of these matters.

Therefore, LIEN recommends that this principle be modified to: **Where appropriate, the OEB and Enbridge will work with the IESO to eliminate barriers to coordination and integration of electricity CDM efforts with natural gas DSM to achieve efficiencies.**

4. **Gas utilities will be able to recover costs and lost revenues from DSM programs.** LIEN supports this principle.

**Design programs so that they achieve high customer participation levels.** LIEN supports this principle provided that high customer participation levels is defined not in absolute terms, but relative to the program type. Attention should be paid in portfolio design to seek high participation within each rate class and deeper savings per participant.

5. **Minimize lost opportunities when implementing energy efficient upgrades.** In order to minimize lost opportunities, consideration should be given to including benchmarking, audits and other technical support services in programs to identify a broad range of cost-effective opportunities for customer consideration and to assist customers in their implementation.

A key barrier that social housing providers have experienced is that program timelines can be out of synchrony with real-life project timelines and construction cycles. Having programs that take into account these timelines and cycles is critical to minimizing lost opportunities.

Social housing providers have repeatedly identified staff training as a gap in achieving success with equipment upgrades. Continuing to support and potentially expand staff training, as well as tenant engagement, as provided by Enbridge in their DSM programming should be considered for the new framework.

6. To ensure that this principle includes all potential lost opportunities, LIEN recommends modifying it to make it broader to include retrofits as well as new construction as follows: **Minimize lost opportunities when implementing energy efficient upgrades and in new construction.**
7. **Ensure low-income programs are accessible across the province.** LIEN recommends modifications to this principle to provide additional and necessary protection to low-income programs to ensure that the budget, target and program design for each program is of sufficient magnitude to effectively address the needs and opportunities of the target market. At minimum, this should include the continuation of program offerings for low-income residential gas users as well as low-income gas users in the social housing sector and the multi-family private market. Continuing to pursue a 'whole home' and 'whole building' approach in the low-income sector is important to avoid lost opportunities and maximize savings.

In addition, to prevent loss of DSM budget and associated reduced savings associated with low-income programs that the current framework has permitted, LIEN recommends that the OEB return to ring-fencing the budget and target for low-income programming to avoid moving dollars away from these. However, while the total portfolio of low-income programming would be ring-fenced, movement of dollars across low-income programming would be permitted, provided that an appropriate threshold beyond which OEB approval would be needed to move more dollars from one program to the next (e.g. not more than 20% of the budget could be moved without Board approval) would be set.

To achieve these objectives LIEN recommends that the guiding principle be amended as follows: **Ensure low-income programs are of sufficient magnitude to meet the needs and opportunities of the low-income public sector and private market across Ontario.**

- 8. Programs should be designed to pursue long-term energy savings.** It is important to not only pursue, but also to achieve long-term savings. As a result, LIEN recommends modifying this principle to include both assessment as well as sustaining these savings over the life of the measures implemented. Programs which include the measurement and verification of savings over the life of the measures, such as ‘performance-based conservation’ programs, should be encouraged, where appropriate. As part of a performance-based program, for example, a recommissioning component would be valuable to help improve M&V results.

LIEN recommends that the description of the guiding principle be modified as follows: **Programs should be designed to pursue and achieve long-term energy savings.**

- 9. Shareholder incentives will be commensurate with performance and efficient use of funds.** LIEN supports this principle. Incentives should be aligned with achieving gas savings and government objectives. Given the objective of achieving all cost-effective DSM within the context of the provincial GHG reduction target, LIEN recommends that the incentive levels for energy savings no longer be capped at 120% of the energy target. Enbridge Gas should be rewarded for achieving as much gas savings as possible within the constraints of the framework.
- 10. Ensure DSM is considered in gas utility infrastructure planning at the regional and local levels.** LIEN supports this principle and notes that there are two main types of DSM that specifically relate to this principle: passive and targeted. Passive DSM is primarily what the current and past DSM frameworks were designed to achieve, which is broad-based savings across rate classes and the province, while targeted DSM is designed to address particular system constraints, which typically have a limited geographic scope. To address a particular system constraint, there may be specially-designed DSM programs or enhanced existing DSM programs (e.g. more geographic targeted marketing, increased incentives). LIEN supports passive DSM in the current and next framework.

Targeted DSM should be fully integrated into the appropriate approvals process, which is, at minimum, the Renewed Regulatory Framework (RRF), gas distribution system plans, and leave to construct approvals. Such integration would require putting targeted DSM on a level playing field with other alternatives to address system constraints. In setting a level playing field, requirements related to E.B.O 134, E.B.O 188 and leave to construct requirements, among others, will need to be addressed. As well, it could take three to five years to establish DSM as a reliable (e.g. sustaining a consistent level of savings over time) infrastructure deferral approach in a particular targeted area, but the gas DSM framework may not be sufficiently long to accommodate that timeframe, if the targeted DSM starts in the middle of the DSM framework, for example.

How to accommodate these and other matters will need to be addressed in developing the level playing field. While Enbridge has indicated at the stakeholder consultation that it is working on a proposal, LIEN urges the Board to be proactive in this matter. LIEN recommends that the: **OEB establish a separate DSM consultation to create a DSM framework which facilitates targeted infrastructure deferral through DSM and puts DSM on a level playing field with other options to address infrastructure constraints. The results of this consultation should be coordinated with and integrated into the post-2020 DSM framework, as necessary, at the appropriate time, but ideally before the launch of the new framework.**

LIEN suggests adding the following two principles:

- 11. Encourage innovation in DSM programming.** Innovation in DSM programming over the current framework has been restricted by the current Technical Resource Manual (TRM) and the risks associated with including measures not in the TRM in program offerings. Innovation in programming should be encouraged to reduce this barrier and encourage risk-taking where measures have the potential to provide significant, sustained energy savings. Such programming could include, but not be limited to, performance-based conservation programs/pilots, and programs/pilots with measures that are not in the TRM, but could be included down the road based on the monitoring, verification and evaluation results of the particular offering.

In addition, in order to encourage innovation, it is essential for program evaluations to be completed in a timely manner. LIEN recommends that the OEB adopt the timelines that previously existed in the preceding DSM framework for the DSM audit process of starting the audit process (hiring auditor) in the fall of the year of the results to be audited and the submission to the Board of the final audit report in the following July-September time period. This will enable course correction/program changes to be made in a timely and more innovative manner.



**12. Enbridge Gas must consult with its stakeholders in a timely and meaningful manner over the course of the implementation of its post-2020 DSM Plan in order to review the success of DSM programs and obtain input on any needed course correction.** Over the course of the current framework, there has been very limited consultation with stakeholders such as LIEN compared with historical levels in the previous frameworks. This has hampered transparency and trust as well as effective course correction based on feedback from customer groups such as LIEN, among others.

To rectify this situation, LIEN recommends that a minimum level of consultation be mandated, with the hope that additional consultation would take place as needed. This minimum should be at least once a year to report on program progress, lessons learned and obtain feedback on suggested improvements. The consultations should be set to ensure that Enbridge Gas can receive timely and meaningful feedback from stakeholders. Stakeholders should include parties to this DSM proceeding as well as program trade allies across the supply chain, program implementers, and others as determined by the utility.

### **Scope**

The Board should undertake all necessary revision to the 2015-2020 DSM Framework. It may be necessary to stage the implementation of these revisions in order to accommodate the remaining time available before the launch of the new framework in January 2021.

LIEN recommends that based on the feedback from the Phase 1 consultation, the Board set out an Issues List with timelines in order to prioritize what can be accomplished before the new framework launch and what might have to be changed at the mid-term review. Depending on the length of this new framework and the framework revision that is necessary, additional course-correction events beyond a mid-term review may be necessary. This could be included for discussion in the Issues List.

Many of the comments that LIEN has provided in the above submission address issues at the DSM program and portfolio level. LIEN has provided this material by way of example in support of its higher level comment on goals, objectives, principles and scope. Based on the stakeholder consultation, LIEN expects that other stakeholders may also have issues that address these levels. In particular, the constricted timelines experienced in the current framework for the design and approval of the utility's DSM plan should be avoided to allow adequate time for both Enbridge and stakeholders to work collaboratively in an effective manner. Therefore, it is critical that the OEB develop a Phase 2 for this consultation that ensures an appropriate, prioritized process for designing the post-2020 DSM framework such that there is adequate time for Enbridge to design an effective DSM portfolio of programs, taking into account meaningful stakeholder input.