

# Elson Advocacy

March 10, 2020

**BY COURIER (2 COPIES) AND RESS**

**Ms. Christine Long**

Board Secretary

Ontario Energy Board

2300 Yonge Street, Suite 2700, P.O. Box 2319

Toronto, Ontario M4P 1E4

Dear Ms. Long:

**Re: EB-2019-0271 – Enbridge Gas 2021 DSM Plan**

Enclosed please find the interrogatories of Environmental Defence in the above matter.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Kent Elson', is written over a horizontal line.

Kent Elson

**EB-2019-0271**  
**Enbridge Gas Inc.**  
**Application to extend approved 2020 Demand Side Management Plan**  
**for one-year into 2021**

**Interrogatories of Environmental Defence**

**Interrogatory #1**

Reference: Exhibit A

Preamble: Enbridge's application in EB-2015-0049 included the following table at Exhibit B, Tab 2, Schedule 3, Page 7

Table 5: 2020 TRC-Plus and PAC Analysis and Ratios

Multi-Year TRC Scenarios	2020 Total Resource Acquisition & Low Income						TRC + 15% Societal Benefits			PACT + 15% Societal Benefits		
	Participants or Units Installed	Total NPV Benefits	Total Incremental Costs	Total Incentive Costs	Total Fixed Costs	Total Administrative Costs	TRC Total Costs	TRC Net Benefit	TRC Ratio	PACT Total Cost	PACT Net Benefit	PACT Ratio
<b>Resource Acquisition &amp; Low Income</b>	<b>55,121</b>	<b>\$248,761,523</b>	<b>\$81,836,574</b>	<b>\$41,151,041</b>	<b>\$10,092,613</b>	<b>\$10,752,509</b>	<b>\$102,681,696</b>	<b>\$146,079,828</b>	<b>2.42</b>	<b>\$61,996,163</b>	<b>\$186,765,361</b>	<b>4.01</b>
Resource Acquisition	52,586	\$230,397,348	\$72,271,707	\$32,608,268	\$7,981,173	\$8,308,440	\$88,561,320	\$141,836,028	2.60	\$48,897,881	\$181,499,466	4.71
Low Income	2,535	\$18,364,176	\$9,564,867	\$8,542,773	\$2,111,440	\$2,444,070	\$14,120,376	\$4,243,800	1.30	\$13,098,282	\$5,265,894	1.40

Resource Acquisition TRC Scenarios	2020 Resource Acquisition						TRC + 15% Societal Benefits			PACT + 15% Societal Benefits		
	Participants or Units Installed	Total NPV Benefits	Total Incremental Costs	Total Incentive Costs	Total Fixed Costs	Total Administrative Costs	TRC Total Costs	TRC Net Benefit	TRC Ratio	PACT Total Cost	PACT Net Benefit	PACT Ratio
<b>Large Customers</b>												
Large Custom	787	\$116,492,346	\$36,242,847	\$5,787,634	\$1,416,049	\$0	\$37,658,896	\$78,833,450	3.09	\$7,203,683	\$109,288,663	16.17
Large Prescriptive	4,504	\$13,681,582	\$675,419	\$801,330	\$631,322	\$0	\$1,306,741	\$12,374,841	10.47	\$1,432,652	\$12,248,930	9.55
<b>Small Customers</b>												
Small Custom	117	\$6,865,266	\$5,394,348	\$467,753	\$424,635	\$0	\$5,818,984	\$1,046,282	1.18	\$892,389	\$5,972,878	7.69
Small Prescriptive	2,054	\$14,820,706	\$307,950	\$810,574	\$212,470	\$0	\$520,421	\$14,300,286	28.48	\$1,023,044	\$13,797,662	14.49
Small DI	1,760	\$12,703,463	\$263,958	\$3,852,058	\$1,381,056	\$0	\$1,645,014	\$11,058,449	7.72	\$5,233,114	\$7,470,348	2.43
Residential Thermostats	29,094	\$15,762,352	\$8,728,213	\$2,182,053	\$80,817	\$0	\$8,809,030	\$6,953,323	1.79	\$2,262,870	\$13,499,482	6.97
Residential CER	14,248	\$44,810,623	\$20,658,971	\$17,353,536	\$2,442,440	\$0	\$23,101,411	\$21,709,212	1.94	\$19,795,976	\$25,014,647	2.26
<b>RA Overall TRC</b>	<b>52,586</b>	<b>\$230,397,348</b>	<b>\$72,271,707</b>	<b>\$32,608,268</b>	<b>\$7,981,173</b>	<b>\$8,308,440</b>	<b>\$88,561,320</b>	<b>\$141,836,028</b>	<b>2.60</b>	<b>\$48,897,881</b>	<b>\$181,499,466</b>	<b>4.71</b>

Low Income TRC Scenarios	2020 Low Income						TRC + 15% Societal Benefits			PACT + 15% Societal Benefits		
	Participants or Units Installed	Total NPV Benefits	Total Incremental Costs	Total Incentive Costs	Total Fixed Costs	Total Administrative Costs	TRC Total Costs	TRC Net Benefit	TRC Ratio	PACT Total Cost	PACT Net Benefit	PACT Ratio
Multi-Family Homes - Part 3	270	\$12,381,475	\$5,540,329	\$2,935,841	\$1,031,512	\$0	\$6,571,841	\$5,809,634	1.88	\$3,967,353	\$8,414,122	3.12
Single Family Homes - Part 9	2,265	\$5,982,701	\$4,024,538	\$5,606,931	\$1,079,928	\$0	\$5,104,466	\$878,235	1.17	\$6,686,859	-\$704,158	0.89
<b>LI Overall TRC</b>	<b>2,535</b>	<b>\$18,364,176</b>	<b>\$9,564,867</b>	<b>\$8,542,773</b>	<b>\$2,111,440</b>	<b>\$2,444,070</b>	<b>\$14,120,376</b>	<b>\$4,243,800</b>	<b>1.30</b>	<b>\$13,098,282</b>	<b>\$5,265,894</b>	<b>1.40</b>

Question:

- (a) Please reproduce this table for 2021 for (i) the Union rate areas, (ii) the Enbridge rate areas, and (iii) all rate areas.

**Interrogatory #2**

Reference: Exhibit A

Question:

- (a) Please provide the total lifetime net benefits (\$) that Enbridge and Union have achieved for its customers from DSM from the inception of DSM to the latest-available results. Please provide a single figure for both former utilities.

### **Interrogatory #3**

Reference: Exhibit A

Question:

- (a) Please provide the total gross energy bill savings (\$) that Enbridge and Union have achieved for customers via DSM programs from the inception of DSM programs to the latest-available results (i.e. total gross lifetime avoided commodity costs). In other words, please indicate the estimated customer commodity savings that customers have achieved as a result of these programs. Please provide a single figure for both former. Commodity savings include gas, water, and electricity, but an answer only with respect to gas is sufficient if that is all that Enbridge can provide. Please explain the answer.

### **Interrogatory #4**

Reference: Exhibit A

Question:

- (a) Procedural Order #1 indicates that this proceeding will address efforts “maximize results.” Please describe Enbridge’s planned efforts to maximize results and the expected lifetime (m3) savings?
- (b) Please provide:
- i. The total target gas savings in the 2020 DSM plans (m3) for 2020;
  - ii. The total target gas savings in the 2021 DSM plan (m3) for 2021, including Enbridge’s attempts to maximize results;
  - iii. The total target gas savings for 2021 in the Ontario Government’s Environment Plan.<sup>1</sup>
- (c) If there is a gap between (ii) and (iii), please discuss the other efforts Enbridge is considering to maximize results so as to close the gap with the Environment Plan targets.

### **Interrogatory #5**

Reference: Exhibit A

Question:

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<sup>1</sup> Ontario, *Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan*, November 29, 2018, p. 23; for further details on the incremental DSM see Auditor General of Ontario, *2019 Annual Report (December 4, 2019)*, p. 142. Please either ask the Ministry for the specific amount or estimate the amount based on the graphs referenced above.

- (a) Please provide the projected gas savings in the 2021 DSM plan (m3), annual and cumulative over the measure lifetimes.
- (b) Please provide the gas savings achievable at the same budget level (i.e. the constrained scenario) in 2021 according to the Natural Gas Conservation Potential Study commissioned by the OEB in 2016.<sup>2</sup>
- (c) Please explain ways in which prioritization, allocation, or other aspects of the 2016 potential study could be used to maximize results for Enbridge's 2021 plan within its existing budget.
- (d) Please provide the gas savings achievable in 2021 according to the Natural Gas Conservation Potential Study commissioned by the OEB in 2016 for achievable cost-effective DSM (i.e. the unconstrained achievable scenario).<sup>3</sup>
- (e) Please provide the gas savings achievable at the same budget level (i.e. the constrained scenario) in 2021 according to the DSM potential study commissioned by the OEB and IESO in 2019.<sup>4</sup>
- (f) Please explain ways in which prioritization, allocation, or other aspects of the 2019 potential study could be used to maximize results for Enbridge's 2021 plan within its existing budget.
- (g) Please provide the gas savings achievable in 2021 according to the DSM potential study commissioned by the OEB and IESO in 2019 for achievable cost-effective DSM.<sup>5</sup>

## **Interrogatory #6**

Reference: Exhibit A

Question:

- (a) Procedural Order #1 indicates that this proceeding will address efforts to "maximize results." Could Enbridge reallocate its DSM budget for 2021 between programs to achieve greater gas savings (m3)? If yes, please detail what reallocations could be made and how much additional gas savings could be achieved (m3). If not, please explain why not. Please provide as much detail as possible.
- (b) Does Enbridge expect to need to cap customer participation in any of its programs in 2021 to remain within budget? If yes, please list those programs difference between the budget and the forecast demand.
- (c) If incremental gas savings could be achieved by reallocating funds between programs, please express these incremental gas savings as an approximate percentage of the incremental gas savings called for in the Ontario Government's Environment Plan.<sup>6</sup>

## **Interrogatory #7**

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<sup>2</sup> ICF International, *Natural Gas Conservation Potential Study*. July 7, 2016, submitted to the Ontario Energy Board.

<sup>3</sup> ICF International, *Natural Gas Conservation Potential Study*. July 7, 2016, submitted to the Ontario Energy Board.

<sup>4</sup> Navigant, *2019 Integrated Ontario Electricity and Natural Gas Achievable Potential Study*, September 13, 2019.

<sup>5</sup> Navigant, *2019 Integrated Ontario Electricity and Natural Gas Achievable Potential Study*, September 13, 2019.

<sup>6</sup> Ontario, *Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan*, November 29, 2018, p. 23; for further details on the incremental DSM see Auditor General of Ontario, *2019 Annual Report (December 4, 2019)*, p. 142.

Reference: Exhibit A

Preamble: The Notice of Hearing for the 2015-2020 DSM plans stated as follows:

If its application is approved, the amount Union Gas Limited charges each month to the typical residential customer for demand side management (conservation) will be:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Union South	\$0.68	\$1.58	\$1.60	\$1.81	\$1.86	\$1.92
Union North	\$0.76	\$1.80	\$1.83	\$2.07	\$2.13	\$2.20

If its application is approved, the amount Enbridge Gas Distribution Inc. charges each month to the typical residential customer for demand side management (conservation) will be:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Enbridge	\$0.85	\$1.61	\$1.96	\$2.13	\$2.17	\$2.21

The Notice of Hearing for Enbridge's 2021 DSM plan states as follows:

**Enbridge Gas is asking the Ontario Energy Board for approval to extend the current OEB-approved natural gas conservation programs (including budgets, targets and incentive structures) for 2021. The current programs expire at the end of 2020. If the application is approved as filed, the amount Enbridge Gas Inc. charges each month to a typical residential customer for conservation programs would continue to be:**

Rate Zones	Monthly Bill
Union South	\$ 1.67
Union North	\$ 1.23
Enbridge	\$ 1.60

Question:

- Please provide the weighted average monthly bill impact of the proposed 2021 programs for all Enbridge residential customers.
- Please provide a table showing the weighted average monthly bill impact for all Enbridge residential customers for 2019, 2020, and 2021. Please explain any changes from 2020 to 2021.
- If the average residential bill impact were to be \$2 per month for 2021, with the DSM investments for other sectors increased proportionally, what would the DSM budget for 2021 be?

### Interrogatory #8

Reference: Exhibit A

Question:

- If Enbridge were to have access to the additional budget corresponding to a \$2/month residential bill impact to invest in its 2021 DSM programs, and Enbridge was required to maximize the lifetime m3 savings from this incremental investment, how much incremental gas could be saved (m3, 2021 and lifetime) and what cost-benefit ratio could be achieved?

## **Interrogatory #9**

Reference: Exhibit A

Question:

- (a) Procedural Order #1 indicates that this proceeding will address efforts to “maximize results.” If Enbridge is unable to achieve any incremental gas savings in 2021 over 2020 by maximizing its results, how much harder will it be to achieve the incremental DSM savings called-for in the Ontario Government’s Environment Plan by 2030?<sup>7</sup>
- (b) Procedural Order #1 indicates that this proceeding will address efforts to “maximize results.” If Enbridge is unable to achieve any incremental gas savings in 2021 over 2020 by maximizing its results, does Enbridge believe it will be possible to achieve the incremental DSM savings called-for in the Ontario Government’s Environment Plan by 2030?<sup>8</sup>

## **Interrogatory #10**

Reference: Exhibit A

Question:

- (a) Please provide a table comparing the overall DSM budget for 2019 and 2020 with actual spending. If the spending was less, please explain, and please indicate the steps that can be taken to ensure that DSM investments are equal to the DSM budget in 2021. Please include all rate zones.

## **Interrogatory #11**

Reference: Exhibit A

Question:

- (a) Please provide the unaccounted-for gas (m3) in the Enbridge system in 2019 or the latest year for which the data exists, with a breakdown by type and source.
- (b) Could a greater emphasis on reducing unaccounted-for gas in the Enbridge system in 2021 help to achieve the Government of Ontario’s carbon emission reduction targets for 2021 as outlined its Environment Plan.<sup>9</sup>

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<sup>7</sup> Ontario, *Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan*, November 29, 2018, p. 23; for further details on the incremental DSM see Auditor General of Ontario, *2019 Annual Report (December 4, 2019)*, p. 142.

<sup>8</sup> Ontario, *Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan*, November 29, 2018, p. 23; for further details on the incremental DSM see Auditor General of Ontario, *2019 Annual Report (December 4, 2019)*, p. 142.

<sup>9</sup> Ontario, *Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan*, November 29, 2018, p. 23.

- (c) Procedural Order #1 indicates that this proceeding will address efforts to “maximize results.” What opportunities exist to use maximize results by reducing lost gas and carbon emissions by a greater degree in relation to unaccounted for gas (which result in high CO<sub>2</sub>e)?

### **Interrogatory #12**

Reference: Exhibit A

Preamble: In the 2019-2020 carbon pricing case, the Board stated as follows:

“The Undertakings Enbridge Gas has made to the provincial government within which the OEB can permit Enbridge Gas to undertake new businesses on a case-by-case basis. Enbridge Gas can bring forward applications for the OEB’s consideration for new business activities to support the reduction of greenhouse gases.”<sup>10</sup>

Question:

- (a) Would these new business activities be an opportunity to reduce carbon emissions in 2021 without increasing the DSM budget?
- (b) Does Enbridge plan to bring forward applications for the OEB’s consideration for new business activities to support the reduction of greenhouse gases? If yes, please provide details and discuss whether such activities might get underway in 2021.
- (c) Is Enbridge planning to apply for a geothermal program? Is yes, by when? If not, why not?

### **Interrogatory #13**

Reference: Exhibit A

Question:

- (a) Please provide a table showing the room left for potential DSMVA spending in 2019 and 2020 by program.
- (b) Please discuss the possibility of increasing gas savings within the existing approvals in 2021 by utilizing the DSMVA.

### **Interrogatory #14**

Reference: Exhibit A

Preamble: The DSM Framework states that:

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<sup>10</sup> EB-2018-0205, *Procedural Order #2*, April 2, 2019, p. 2.

“gas utilities may increase overall spending by up to 15%, consistent with the Board’s guidance as part of the gas utilities’ current, approved DSM plans, and use these additional funds to begin to incorporate and address the guiding principles and key priorities outlined in the DSM framework.”

- (a) Please provide a table showing the utilization of the above-referenced 15% spending room referred to the DSM Framework for each year over the 2016-2020 DSM plans as a total for all rate zones.
- (b) Please discuss the possibility of increasing gas savings within the existing approvals in 2021 by utilizing this 15% spending room.
- (c) Please confirm that an additional 15% would equal approximately \$20 million.
- (d) If Enbridge were to have access to an additional \$20 million in 2021 to invest in its existing 2021 DSM programs, and Enbridge was required to maximize the lifetime m3 savings from this investment, how much incremental gas could be saved (m3, 2021 and lifetime) and what cost-benefit ratio could be achieved?
- (e) Please compare the incremental gas savings from an additional \$20 million investment in DSM in 2021 with an estimate of the level of incremental gas savings called-for in the Government of Ontario’s Environment Plan.<sup>11</sup>
- (f) Please provide an additional answer to (d) with the assumption that Enbridge keeps the existing programs the same except for the possibility of increasing customer incentive levels.

### **Interrogatory #15**

Reference: Exhibit A

Preamble: The federal government has committed to “help homeowners and landlords pay for retrofits by giving them an interest-free loan of up to \$40,000.”<sup>12</sup>

Question:

- (a) Could Enbridge capitalize on this program to increase participation rates and therefore investments within its existing programs in 2021?
- (b) Would this program create an opportunity to use the additional 15% spending room provided for in the DSM Framework to achieve greater gas savings?
- (c) If this program is instituted, would Enbridge send out promotional materials to leverage these loans and increase participation rates?

### **Interrogatory #16**

Reference: Exhibit A

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<sup>11</sup> Ontario, *Preserving and Protecting our Environment for Future Generations: A Made-in-Ontario Environment Plan*, November 29, 2018, p. 23; for further details on the incremental DSM see Auditor General of Ontario, *2019 Annual Report (December 4, 2019)*, p. 142.

<sup>12</sup> <https://www2.liberal.ca/wp-content/uploads/sites/292/2019/09/Forward-A-real-plan-for-the-middle-class.pdf>



Question:

- (a) The federal government is reported to be including significant climate-change related measures in its upcoming budget, details of which should be clearer when Enbridge is responding to these interrogatories. Please discuss whether these measures could be leveraged to increase participation rates and therefore investments within its existing programs in 2021?

**Interrogatory #17**

Reference: Exhibit A

Question:

- (a) What is the maximum in incentive payments that Enbridge could earn in relation to its 2021 DSM plan?