

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, as amended;

AND IN THE MATTER OF an application by Enbridge Gas Inc. for an order or orders pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, extending the approved 2020 Demand Side Management Plan for one year into 2021 and approving the 2021 Demand Side Management Plan.

ENBRIDGE GAS INC.

2021 DSM PLAN

ARGUMENT IN CHIEF

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A. INTRODUCTION

1. This is the Argument in Chief ("**Argument**") of Enbridge Gas Inc. ("**Enbridge Gas**"). This Argument relates to an Application filed by Enbridge Gas requesting that:

- (i) the Ontario Energy Board ("**OEB**" or "**Board**") issue an extension of its current 2015-2020 Demand Side Management ("**DSM**") Framework for one year (effective January 1, 2021 to December 31, 2021);¹
- (ii) that the Board issue an Order extending its previously approved 2020 DSM Plans for one year into 2021; and
- (iii) that the Board approve the proposed 2021 DSM Plans as filed.²

This Argument is filed in accordance with Procedural Order No. 3 dated May 14, 2020.³ Enbridge Gas is filing this Argument in advance of the June 5, 2020 deadline established by the OEB in Procedural Order No. 3 in the interest of receiving a decision from the Board on this Application as expeditiously as possible. To this end, Enbridge Gas requests that the Board consider advancing the procedural timeline established in Procedural Order No. 3 by one to two weeks (equivalent to the duration of time saved as a result of Enbridge Gas advancing submission of this Argument) as Enbridge Gas requires enough time to plan and implement its 2021 DSM Plan following receipt of OEB approval. Similarly, potential program participants require certainty of program offerings as soon as possible in order to plan and budget for 2021. If the OEB directs that modifications to existing DSM programs be made effective for the 2021 DSM program year, having sufficient time is even more critical for Enbridge Gas and program participants alike.

2. This Argument first provides some background and context for this Application and the need for the Orders sought from the Board. This overview: (i) places this Application in the context of other existing and pending proceedings before the Board which underscore the determinations made by the Board in Procedural Order No. 1 which established the scope of this proceeding;⁴ (ii) discusses the Notice of Motion ("**Motion**") brought forward by the Green Energy

¹ EB-2014-0134, OEB Report of the Board Demand Side Management Framework for Natural Gas Distributors (2015-2020) (December 22, 2014); and EB-2014-0134, OEB Filing Guidelines to the Demand Side Management Framework for Natural Gas Distributors (2015-2020) (December 22, 2014). ("**2015-2020 DSM Framework**").

² EB-2019-0271, Enbridge Gas Application (November 27, 2019).

³ EB-2019-0271, OEB Procedural Order No. 3 and Decision on Green Energy Coalition Motion (May 14, 2020).

⁴ EB-2019-0271, OEB Procedural Order No. 1 (February 24, 2020).

Coalition (“**GEC**”) on April 17, 2020 and the Board’s determination regarding the same as set out in Procedural Order No. 3 and Decision on Green Energy Coalition Motion;⁵ and (iii) discusses the current COVID-19 pandemic and related matters.

3. The Argument then turns specifically to the merits of the Application as filed and as further detailed in Enbridge Gas’s response to various interrogatories asked by intervenors. This section of the Argument will reference the assumptions used for the purposes of calculating targets given that the results of Enbridge Gas’s DSM activities in 2017 and 2018 have not yet been reviewed and approved by the Board, and the results of the 2019 activities have yet to be audited by the Evaluation Contractor.

4. This Argument concludes with a brief summary and reiterates the relief sought.

B. OVERVIEW AND CONTEXT

5. The 2020 DSM program year was intended originally to be the last year of the Board’s 2015–2020 DSM Framework. As early as May 18, 2018, in a letter to the Board as part of the DSM Mid-Term Review, Enbridge Gas Distribution (“**EGD**”) highlighted the prudence of initiating a process to consider the next DSM framework. In its letter, EGD reminded all parties that,

“...[t]he current DSM framework and DSM plans took about two years to develop and receive a Decision and Order from the Board, consuming considerable time and resources of the Utilities and Stakeholders.”

and EGD subsequently urged,

“...that all parties would benefit from the commencement of the development of the next generation of a DSM Framework as soon as possible, preferably in 2018 and certainly no later than early 2019.”⁶

6. A year later, with the end of the 2015-2020 Framework in sight, the Board issued a letter dated May 21, 2019, indicating the Board was initiating a consultation process “to develop a Demand Side Management (DSM) framework for natural gas distributors beginning in 2021.”⁷ In its May 21, 2019 letter, the Board noted that the Government of Ontario had confirmed, in its

⁵ EB-2019-0271, OEB Procedural Order No. 1 (February 24, 2020).

⁶ EB-2017-0127/EB-2017-0128, Enbridge Gas Distribution Letter (May 18, 2018).

⁷ EB-2019-0003, Post-2020 Natural Gas Demand Side Management Framework (May 21, 2019). (“**Post-2020 Framework Consultative**”).

November 2018 Environmental Plan, a commitment to utility led cost-effective conservation of natural gas. The Board therefore felt it was “opportune” to initiate consultation to consider the next generation DSM framework, “with a view to ensuring that the OEB’s approach remains current, responsive to energy efficiency and conservation market developments and consistent with broader government policy”.⁸ The Board stated that it intended to undertake the Post-2020 Framework Consultative in phases and it set out the details for Phase 1 which included a stakeholder meeting held on June 13, 2019 and an invitation for written submissions by June 27, 2019.

7. In its written comments to the Board on the Post-2020 DSM Framework on June 27, 2019 Enbridge Gas put forth that the current 2015-2020 DSM Framework was satisfactory:

“...Enbridge Gas maintains that the current 2015-2020 DSM Framework provides a solid platform on which to design and deliver a Post-2020 DSM Plan.”⁹

By letter dated September 6, 2019, given the passage of more than two months, Enbridge Gas expressed the view that it was no longer reasonable to assume that the next DSM Framework and a post-2020 multi-year DSM plan could be completed, reviewed and approved in time for the 2021 DSM program year. In its letter, Enbridge Gas signaled that an extension of the current 2015-2020 DSM Framework into 2021 was required. In submissions in June 2019 on the Post 2020 DSM Framework, several stakeholders specifically recognized these timing constraints and recommended that a roll-over of the 2020 DSM Plans into 2021 was appropriate.¹⁰ Such an extension was a logical conclusion considering that the OEB itself determined in 2014 that the 2015 program year would be treated similarly due to the delayed completion of the 2015-2020 DSM Framework (issued December 22, 2014).¹¹

8. By a further letter dated September 16, 2019, the Board provided an update on the Post-2020 Framework Consultative process. As a result of prior comments received at the June

⁸ EB-2019-0003, Post-2020 Natural Gas Demand Side Management Framework (May 21, 2019). (“**Post-2020 Framework Consultative**”), pp. 1-2.

⁹ EB-2019-0003, Enbridge Gas Written Comments (June 27, 2019), p. 4.

¹⁰ EB-2019-0003, Various Letters as listed: Federation of Rental-housing Providers of Ontario Submission (June 29, 2019), p. 2.; Industrial Gas Users Association Written Comments (June 27, 2019), p. 10; London Property Management Association Phase 1 Submission (June 27, 2019), p. 2; School Energy Coalition Submission (June 27, 2019), p. 7.

¹¹ EB-2014-0134, OEB Report of the Board Demand Side Management Framework for Natural Gas Distributors (2015-2020) (December 22, 2014), p. 37.

13, 2019 stakeholder meeting and written submissions that followed, the Board determined that it would undertake a comprehensive review of the 2015-2020 DSM Framework for the purposes of establishing a new Framework for the future.¹²

9. The September 16, 2019 Board letter stated that the scope of the review would include consideration of the objectives to be achieved by DSM activities, cost recovery, program mix and how utility performance should be incentivized and measured. The Board stated that a comprehensive review would also consider: the results of the ongoing 2019 achievable potential study; Enbridge Gas' efforts to consider and propose efficiencies following the merger of Enbridge Gas Distribution Inc. and Union Gas Limited; and, Enbridge Gas's future integrated resource planning ("IRP") proposals. The letter concluded by expressing the Board's expectation that it would continue the policy consultation on a new DSM Framework in the fall of 2019 and into 2020.¹³ The letter did not acknowledge Enbridge Gas's September 6, 2019 letter or the need for an extension of the current 2015-2020 DSM Framework into 2021.

10. By letter dated December 19, 2019, the Board provided a further update on the Post-2020 Framework Consultative process.¹⁴ This letter noted that the Board had received this Application which it described as "a 2021 DSM Transition Plan".¹⁵ As of the date of submission of this Argument, no further direction from the Board regarding the Post-2020 Framework Consultative process, including Goals, Objectives and Principles, has been issued.

11. Enbridge Gas provided an explanation for its "2021 DSM Transition Plan" in its Application covering letter to the Board dated November 27, 2019.¹⁶ This letter stated:

As there was little more than a year remaining before the current Demand Side Management Framework for Natural Gas Distributors (2015-2020) (EB-2014-0134) ("2015-2020 DSM Framework") and OEB approved 2015-2020 DSM plans (EB-2015-0029/0049) expire, considering the present status of development of the next DSM framework and in the interest of maintaining continuity of DSM/conservation offerings across Ontario, Enbridge Gas requests that the OEB issue an extension of the current 2015-2020 DSM Framework for one year (effective January 1, 2021 to December

¹² EB-2019-0003, OEB Letter Post-2020 Natural Gas Demand Side Management Framework (September 16, 2019), p. 2.

¹³ Ibid.

¹⁴ EB-2019-0003, OEB Letter Post-2020 Natural Gas Demand Side Management Framework (December 19, 2019).

¹⁵ Ibid, p. 2.

¹⁶ EB-2019-0271, Enbridge Gas Application Cover Letter 2021 DSM Plans (November 27, 2019).

31, 2021) by April 2, 2020. Further, Enbridge Gas also applies to the OEB for an order or orders effective January 1, 2021 approving Enbridge Gas' 2021 DSM Plans which roll-forward the OEB-approved 2020 DSM Plans including all programs, scorecards and parameters (i.e. budgets, targets and incentive structure) by April 2, 2020.¹⁷

12. While it is clear that a decision from the Board on this Application was not received by the requested April 2, 2020 date, which has now passed, Enbridge Gas advised in a response to an interrogatory by Consumers Council of Canada ("**CCC**") that, given the Board's determination in Procedural Order No. 1, the proposed roll-forward of the approved 2020 DSM Plan to 2021 will not involve any material changes to programs and no increases to the overall budget; if a decision is received from the Board by July 1, 2020, it would be manageable.¹⁸

13. There are numerous important reasons why it is in the best interest of all ratepayers that Enbridge Gas's DSM program offerings continue on a seamless basis throughout the transition period leading to the new DSM Framework once adopted by the Board. First, this is consistent with the declared intentions of the Government of Ontario as acknowledged by the Board.¹⁹

14. Second, the Board itself has indicated its intention of continuing DSM programs delivered by natural gas distributors. This is, without doubt, a reflection of the fact that there is generally long term and broad based support for utility led natural gas conservation programs along with explicit expectations of continued and gradually increasing utility led natural gas conservation programs, as set out in the Made in Ontario Environment Plan.²⁰

15. Third, from a program participant perspective, having the certainty of program offerings continuing into 2021 is clearly important as it allows potential program participants to plan for conservation activities in 2021. Many program participants need to budget in advance for their costs of participation in various program offerings. As noted by Enbridge Gas in response to an interrogatory by Pollution Probe ("**PP**"), many conservation program offerings, particularly in the non-residential sector, have long lead times for participants to make decisions related to

¹⁷ EB-2019-0271, Enbridge Gas Application Cover Letter 2021 DSM Plans (November 27, 2019), pp. 1-2.

¹⁸ EB-2019-0271, Enbridge Gas Interrogatory Responses, Exhibit I.CCC.1 (April 6, 2020), p. 1.

¹⁹ EB-2019-0003, OEB Letter Post-2020 Natural Gas Demand Side Management Framework (May 21, 2019).

²⁰ EB-2019-0271, Enbridge Gas Interrogatory Responses, Exhibit I.SEC.4 (April 6, 2020), p. 2.

investments in conservation.²¹ As well, for those program offerings which have longer participation time horizons, it is important for them to know that the program offering will continue.

16. Enbridge Gas believes that by proposing a simple roll-over of its approved 2020 DSM Plans into 2021, it will provide certainty to program participants and will allow timely decisions to be made this year that are necessary to ensure results in 2021. Undertaking a reconsideration of the current portfolio of program offerings now with a view to making material changes to the existing portfolio of offerings or associated scorecards for 2021 would be detrimental to Enbridge Gas's conservation efforts and the goals of the Board and Government of Ontario.

17. On February 24, 2020, the Board issued Procedural Order No. 1 in this proceeding where it made the following findings and determinations:

The OEB announced that it is undertaking a comprehensive review of the DSM policy framework in a letter September 16, 2019. As a result, **the OEB does not expect material changes to the programs and no increase to the overall DSM budget** to take place during the transition period from the current OEB-approved DSM plans. In light of the on-going policy consultation, parties are expected to focus their participation during this proceeding on ensuring that the OEB's previously-approved 2020 DSM plans will continue to deliver cost effective savings in 2021, consistent with the OEB's January 20, 2016 Decision and Order and DSM Mid-Term Report. The OEB expects that submissions from parties should be directed to the best alignment of Enbridge Gas resources and effort available within the existing plan in order to maximize results.

Parties will continue to have the opportunity to provide input and feedback on any new policy objectives, program changes and all other facets of the new DSM framework as part of the ongoing consultation. **The OEB is mindful of the costs and resources required to thoroughly review, critique and make material changes to the currently approved DSM plans and agrees with Enbridge Gas that resources are best directed to the policy consultation.**²²

18. Enbridge Gas submits that the above language when read together with the determinations made by the Board in relation to the Post-2020 Framework Consultative make the Board's intentions for this Application very clear. The Board first reminded parties that it was

²¹ EB-2019-0271, Enbridge Gas Interrogatory Responses, Exhibit I.PP.8 (April 6, 2020), p. 2.

²² EB-2019-0271, OEB Procedural Order No. 1 (February 24, 2020), pp. 2-3. [emphasis added]

undertaking a comprehensive review of the DSM policy Framework in the Post-2020 Framework Consultative (EB-2019-0003). It then went on to state that “as a result” it does not expect material changes to the programs and no increase to the overall DSM budget to take place during the transition period which is the 2021 DSM program year. The Board concluded by agreeing with Enbridge Gas that the cost and resources required to review, critique and make material changes to the currently approved DSM Plans are best directed to the Post-2020 Framework Consultative.

19. Despite this, several parties selectively pointed to the Board’s use of the words “to maximize results” in Procedural Order No. 1 in an effort to expand the scope of this proceeding beyond the clear expectations of the Board. There were numerous interrogatories asked which selectively relied on these words as suggesting that there is an opportunity in this proceeding to argue for material changes in 2021 relative to the approved 2020 DSM Plan and/or to micromanage program offerings at the delivery level.

20. Enbridge Gas submits that the Board’s words need to be read within the context of the Board’s overall findings and determinations as quoted above. The Board does not expect material changes to programs nor an increase in the DSM budget. It also expects parties to focus on ensuring that the previously approved 2020 DSM Plans will continue to deliver cost-effective savings in 2021 consistent with the Board’s Decision on the 2015-2020 Multi-year DSM Plans filed by the utilities and the Board’s DSM Mid-Term Report which again found the Company’s DSM activities to be appropriate and cost-effective.

21. Enbridge Gas submits that it is unfortunate that certain intervenors did not follow the Board’s expectations and instead filed extensive interrogatories that exceed more than 220 in total questions which necessitated a response in excess of 450 pages.²³ For a proceeding seeking to roll-forward an OEB-approved DSM plan for one year in a similar manner as directed by the Board in previous frameworks, Enbridge Gas submits that this is excessive and has required an investment of resources well in excess of what was contemplated by the Board.

22. On April 17, 2020 GEC filed a Motion with the OEB requesting an Order from the OEB that Enbridge Gas provide full and adequate responses to two interrogatories (“IRs”) submitted by GEC; GEC 1 and GEC 2 which sought detailed measure-level data for all programs for the 2017-2019 DSM program years and participation levels for non-resource acquisition programs.

²³ EB-2019-0271, Enbridge Gas Interrogatory Responses, Exhibit I.SEC.16 (April 6, 2020), p. 3.

The OEB subsequently issued Procedural Order No. 2 on April 21, 2020, stating that it would hear GEC's motion. Procedural Order No. 2 required Enbridge Gas and GEC to file a written submission and a written reply by April 24th and April 30th, respectively.

23. In its written submission dated April 24, 2020, Enbridge Gas stated: (i) that its responses to GEC IRs were both appropriately responsive and detailed and were consistent with the scope set out by the OEB in Procedural Order No. 1; (ii) that between the responses given to GEC and several responses to the interrogatories of other stakeholders, the material data GEC requested has already been provided; (iii) that most of the requested data for the 2017 and 2018 DSM program years is also available in the 2017 and 2018 Natural Gas Demand-Side Management Annual Verification Reports; (iii) that it is not appropriate to require Enbridge Gas to provide all raw data for all programs normally provided to the Evaluation Contractor for each of the 2017-2019 DSM program years as the requested data is overly broad, would require an unacceptable amount of work, and any proposed change to program offerings resulting from provision of that data would necessitate extensive changes to targets and scorecards, defeating the Boards intent of there being no material changes for the purpose of the roll-over of approved 2020 programs into 2021; and (iv) that Enbridge Gas could prepare a further table similar to that provided in the response at SEC 12 Attachments 3 and 4, for the 2019 DSM program year.

24. In its Procedural Order No. 3 and Decision on Green Energy Coalition Motion dated May 14, 2020, the Board found that,

...considering the volume of data that would need to be compiled to provide a complete set of measure-level data for all programs for the 2017, 2018 and 2019 program years and the potential for meaningful adjustments, the OEB does not find it appropriate to direct Enbridge Gas to submit measure-level data for all programs.

However, in response to GEC's request related to I.GEC.1, Enbridge Gas is directed to provide measure-level data, in the manner provided to the OEB's Evaluation Contractor (i.e., the "flat file") for the 2017 and 2018 program years, for two specific programs: the residential home retrofit programs (legacy Enbridge's Home Energy Conservation program and legacy Union's Home Reno Rebate program) and the Commercial and Industrial Prescriptive program. Additional information on these programs will help facilitate a focused review that can assist the OEB in ensuring the programs are as effective as possible for the 2021 transition year. Further, a deeper review of the makeup of these two programs will allow greater insight into the use of ratepayer funds for

residential, commercial and industrial customers. Enbridge Gas is also directed to provide draft 2019 program results, in the same manner as set out in I.SEC.12, Attachments 1-4.

In response to GEC's I.GEC.2 request related to participation levels – in each way they may have been tracked – for each non-resource acquisition program, the OEB is of the view that sufficient information is currently on the record. For all other programs, the OEB invites parties to review the interrogatory responses and the OEB's DSM evaluation Annual Verification Reports. These sources of information, combined with the additional measure-level data for the two programs noted above and the draft 2019 results, will allow parties to critique Enbridge Gas' request for approval of its 2021 transition-year DSM plan, consistent with the OEB's stated scope of the proceeding.

25. As directed by the OEB in Procedural Order No. 3, and in the interest of receiving a decision from the Board on this Application as expeditiously as possible, Enbridge Gas has filed measure-level data in the same manner provided to the OEB's Evaluation Contractor for the 2017 and 2018 DSM program years for the residential home retrofit programs and the Commercial and Industrial Prescriptive program, and a table similar to that provided in the response at SEC 12 Attachments 3 and 4, for 2019 DSM program year pre-audit results, on the same date as the date of submission of this Argument.

26. Enbridge Gas agrees with the Board's statements in Procedural Order No. 3, that aside from the additional information directed to be provided (as described in paragraph 25 above), that sufficient information has already been placed onto the public record (responses to interrogatories having been filed on April 6th) and is available from the OEB's DSM evaluation Annual Verification Reports (issued March 13, 2020 and posted to the OEB's website), to allow parties to critique Enbridge Gas's request for approval of its 2021 transition-year DSM plan, consistent with the OEB's stated scope of the proceeding.²⁴ The vast majority of this information has been available for a prolonged period of time, and GEC's Motion has resulted in provision of significantly more review time of that information than originally contemplated in the Board's Procedural Order No. 1, dated February 24, 2020.

27. GEC 's Motion is focused in-part on the residential home retrofit program offerings (EGD's Home Energy Conservation and Union Gas's ("**Union**") Home Reno Rebate, now aligned

²⁴ EB-2019-0271, OEB Procedural Order No. 3 and Decision on Green Energy Coalition Motion (May 14, 2020), pp. 3-4.

as the Home Efficiency Rebate (“HER”) program offering), as such, it is important to reiterate that, **these program offerings remain cost-effective.** No current residential offering solely incents a furnace replacement. Rather, as part of the whole home approach promoted by the HER, eligibility requires participants to undertake material home efficiency upgrades (i.e., envelope improvements) even where a higher efficiency furnace (higher than required by regulation) is identified among energy efficiency improvement opportunities, ensuring that the overall program results continue to drive significant and deeper gas savings. Consideration of home heating upgrades provides a significant opportunity to educate homeowners and promote the benefits of the full range of potential energy efficiency upgrades to their homes.

28. This Argument now turns to the COVID-19 pandemic and the impact on Enbridge Gas’s DSM activities. In an email subsequent to the deadline for the filing of interrogatories, School Energy Coalition (“SEC”) asked Enbridge Gas to provide a summary of the current expected impacts of COVID-19 and any plans it has to mitigate the impacts. Given the importance of the subject, Enbridge Gas has provided a comprehensive response to this question and added this email question to SEC’s list of interrogatories as SEC 16.

29. As noted in the response, Enbridge Gas has, consistent with the physical distancing directives of all levels of government, suspended operation of most customer facing/interactions across its portfolio of program offerings while continuing efforts to acquire potential participants through remote or electronic means. Where possible and practical, Enbridge Gas is doing what it can to support existing programs and prepare for a return to full program delivery. For example, extensions are being allowed for program participants in certain programs to complete the work necessary to be eligible for the financial awards contemplated in the program offering.²⁵

30. Of course, the COVID-19 pandemic is having a significant impact on all of Enbridge Gas’s operations as is specifically detailed in the response at SEC 16. All of Enbridge Gas’s efforts are undertaken in a fashion which ensures the safety of its employees, contractors, customers and the general public. Not surprisingly, the crisis is having an impact on DSM activities. Despite having a strong start to the 2020 DSM Program year, given the situation, it

²⁵ EB-2019-0271, OEB Procedural Order No. 3 and Decision on Green Energy Coalition Motion (May 14, 2020), pp. 1–2.

appears likely that it will be difficult to maintain comparable results for the duration of 2020 as program delivery is currently interrupted and will be challenging for an unknown period.²⁶

31. What is not known and what cannot be forecast at this time, or likely anytime over the next short while, is the impact on Enbridge Gas's 2020 DSM program year results. It is simply too early to tell. Depending on when some degree of normality returns, Enbridge Gas hopes and plans to be able to make up for lost time. In the meantime, while mitigation efforts continue, Enbridge Gas does not believe that it is of any benefit to the Board, stakeholders and ratepayers to attempt to predict the ultimate impact on 2020 results. It is for this reason, as is noted further later in this argument, that for purposes of setting targets, Enbridge Gas has simply made the assumption that all 2020 metrics will reach a level of 100%.

C. THE 2021 DSM PLAN

32. In this Application, Enbridge Gas proposes to roll-forward into 2021 the existing 2020 Enbridge Gas Distribution Inc. ("**EGD**") and Union Gas Limited ("**Union**") DSM Plans, including all programs, scorecards and parameters (i.e. budgets, targets, incentive structure) as previously approved by the Board for 2020.²⁷

33. More specifically, for 2021, Enbridge Gas requests that the OEB approve:

- (i) The same DSM annual budgets for the 2021 DSM program year as those approved by the Board for 2020 for each of EGD and Union in its Decision and Order and Revised Decision and Order (EB-2015-0029/0049),²⁸ including updates to budget guidance outlined in the OEB's DSM Mid-Term Report.²⁹ The proposed 2021 budgets have no inflationary adjustments and total:

²⁶ EB-2019-0271, Enbridge Gas Interrogatory Responses, Exhibit I.EP.2 (April 6, 2020), p. 3.

²⁷ EB-2019-0271, Enbridge Gas Application, Exhibit A (November 27, 2019), p. 4.

²⁸ EB-2015-0029 / EB-2015-0049, OEB Decision and Order (January 20, 2016), Schedule A; EB-2015-0029 / EB-2015-0049, OEB Revised Decision and Order (February 24, 2016), Schedule A.

²⁹ EB-2017-0127/0128, Report of the OEB: Mid-Term Review of the Demand Side Management (DSM) Framework for Natural Gas Distributors (2015-2020), p. 12; As outlined in footnote 3 (page 12) of the Mid Term Report, the only changes to the budgets approved include: (1) a continuation of EGD's Energy Leaders program (annual budget of \$0.4M) and (2) expansion of Union's Residential Adaptive Thermostats pilot into a full program (annual budget of \$1.5M).

EGD rate zone 2021 DSM Budget:	\$67,757,376
<u>Union rate zones 2021 DSM Budget:</u>	<u>\$64,349,541</u>
Total	\$132,106,917 ³⁰

- (ii) The same scorecards originally approved by the OEB for each of EGD and Union in its Decision and Order and Revised Decision and Order (EB-2015-0029/0049), including updates subsequently directed by the Board as outlined in Appendix A of the DSM Mid-Term Report with the same modifications to the target adjustment formula that calculates year-to-year annual targets (including those that require future financial commitments).³¹ As set out in the response at SEC 16, the OEB-approved plans which includes productivity factors that increase targets formulaically and holds overhead costs and budgets without inflationary increases. Enbridge Gas has detailed the 2021 proposed scorecards in its Application at Exhibit A, Attachments 1 and 2.
- (iii) The same annual shareholder incentives and methodologies relative to each of the OEB-approved EGD and Union DSM plans for the 2021 DSM program year, consistent with the shareholder incentive amounts available in the 2020 DSM program year.
- (iv) The same cost-effectiveness screening to be undertaken in 2021, consistent with the approach directed by the Board in the DSM Mid-Term Report for the 2020 DSM program year.³²

34. In respect of 2020, for the purposes of generating a forecast of 2020 results, Enbridge Gas has assumed that all 2020 metrics will reach a level of 100% of targets and that 2020 target metrics are based on achieving 100% of 2019 results. This assumption has flowed through the target adjustment mechanism (“**TAM**”) with all OEB-approved productivity factors applied so that 2020 targets can be numerically calculated.³³

³⁰ EB-2019-0271, Enbridge Gas Interrogatory Responses, Exhibit I.ED.7 (April 6, 2020), p. 3. There was a slight administrative error in the pre-filed Application, this is the corrected total.

³¹ EB-2017-0127 / EB-2017-0128, Report of the Ontario Energy Board Mid-Term Review of the Demand Side Management (DSM) Framework for Natural Gas Distributors (2015-2020) (November 29, 2018), Appendix A.

³² EB-2019-0271, Enbridge Gas Application, Exhibit A (November 27, 2019), pp. 4-5.

³³ Ibid.

35. For the 2021 forecast, Enbridge Gas has assumed that all 2021 metrics will reach a level of 100% of targets and that 2021 target metrics were based on achieving 100% of 2020 results. This assumption is flowed through the TAM with all OEB-approved productivity factors applied so that 2021 targets can be numerically calculated.³⁴

36. Enbridge Gas submits that using the above assumptions is reasonable and necessary given that the evaluation, measurement and verification (“**EMV**”) and audit process for 2019 is in its early stages and given the uncertainties associated with 2020 being only part way into the year and as a result of the COVID-19 pandemic. As noted earlier, it is not possible to forecast 2020 outcomes with any degree of certainty given the unprecedented situation that has arisen. While Enbridge Gas hopes that the situation will improve rapidly and believes that it can ramp up program offerings that have been impacted so that some “catch up” can be achieved, until more is known about the extent and impact of the current situation on DSM program offering activities, Enbridge Gas believes the most prudent course is to apply the above assumptions.

37. Several Intervenors, as well as Board Staff, questioned efficiencies obtained since the integration of the legacy utilities, including future forecasts for further efficiencies. Enbridge Gas has responded to demonstrate that efficiencies have been achieved, more efficiencies are expected, but that timing is uncertain. The cost associated with achieving future integration efforts and the benefits thereof accrue to the ratepayer as DSM is a flow through cost, and the current 2015-2020 DSM Framework can efficiently deal with these variances through the DSM Variance Account (“**DSMVA**”).

38. In summary, the Application materials filed confirm that Enbridge Gas seeks approval to roll-forward OEB-approved 2020 DSM Plans into 2021 and the continued use and application of the 2015-2020 DSM Framework, as amended by the Board’s DSM Mid-Term Report. It should be recalled that the Board stated in the 2015-2020 DSM Framework that it “...expects the gas utilities will develop and propose balanced scorecards that appropriately direct the utilities’ efforts to achieve significant long-term natural gas savings as well as address other key priorities outlined in the DSM framework.”³⁵

³⁴ EB-2019-0271, Enbridge Gas Application, Exhibit A (November 27, 2019), pp. 4-5.

³⁵ EB-2014-0134, OEB Report of the Board Demand Side Management Framework for Natural Gas Distributors (2015-2020) (December 22, 2014), p. 13.

39. The utilities' 2015-2020 Multi-Year DSM Plans and their accompanying OEB-approved scorecards were developed in response to the 2015-2020 DSM Framework and were designed to achieve significant long-term natural gas savings while also addressing key objectives and being responsive to the guiding principles directed by the Board. As noted in the response to ED 4, the OEB-approved balanced scorecards for each rate zone (EGD and Union) are:

- (i) comprised of a number of metrics reflecting a multitude of program offerings, some of which do not directly generate quantifiable natural gas savings and/or are intended to support broad market participation or access to hard to reach customers; and
- (ii) intended to ensure a focus on achievement of long-term gas savings as well as to propel DSM activities which encourage broad market participation and/or provide opportunities for hard to reach customers across the full range of customer segments.

40. Enbridge Gas's objective in 2021, consistent with all prior years governed under the 2015-2020 DSM Framework, is to maximize aggregate scorecard results from all customer segments across the full range of DSM programming objectives including expected lifetime (m³) savings, reflecting the full aims of the DSM Plans for all rate zones.³⁶ Given this and Enbridge Gas's ability under the 2015-2020 DSM Framework to re-allocate funds between programs within prescribed parameters and to spend up to 15% above the OEB-approved annual DSM budget by means of the DSMVA,³⁷ Enbridge Gas submits that the Board and all parties should have confidence that the proposed 2021 DSM Plan will continue to maximize aggregate scorecard results.³⁸

D. CONCLUSION AND APPROVALS SOUGHT

41. Enbridge Gas's primary concern and the important justification for filing this Application is to avoid interruption of DSM/Conservation Offerings in the Province. Program continuity is essential to a successful, sustained and prosperous energy conservation market. In order to confidently move forward, customers must be secure in the knowledge that utility support and incentives for their projects, which may now be in the preliminary financing or planning phase, will not be jeopardized. It is equally important for the industry, including trade allies and

³⁶ EB-2019-0271, Enbridge Gas Interrogatory Responses, Exhibit I.ED.4 (April 6, 2020), p. 2.

³⁷ EB-2019-0271, Enbridge Gas Interrogatory Responses, Exhibit I.ED.6 (April 6, 2020), p. 2.

³⁸ Ibid, p. 1.

contractors as well as utility staff, that there is no confusion nor break in the provision of DSM/Conservation Program offerings to ensure continuity of service. Enbridge Gas notes that in November 2018 the Board emphasized the value of maintaining continuity of DSM/Conservation Programming in its DSM Mid-Term Report.³⁹ To this end, Enbridge Gas is filing this Argument nearly two weeks in advance of the June 5, 2020 deadline established by the OEB in Procedural Order No. 3 in the interest of receiving a decision from the Board on this Application as expeditiously as possible. Enbridge Gas requests that the Board consider advancing the procedural timeline established in Procedural Order No. 3 by one to two weeks. If the OEB directs that modifications to existing DSM programs be made effective for the 2021 DSM program year, having sufficient time is even more critical for Enbridge Gas and program participants alike.

42. It became clear to Enbridge Gas that approvals for a new Post-2020 DSM Framework would not be received in time to undertake the likely material changes (amending existing program offerings and/or devising and rolling out new program offerings) to its portfolio of program offerings across the Province necessary to meet any new or amended objectives of the Board in the new Framework. Accordingly, Enbridge Gas proposes in this Application an extension of the current 2015-2020 DSM Framework for one more year and the roll-forward of its OEB-approved 2020 DSM Plans into 2021. This will allow the Board and all parties to concentrate resources on the development and approval of the new Framework while at the same time ensuring the continuation of Enbridge Gas's DSM activities.

43. Enbridge Gas therefore seeks the following:

- (i) an Order extending the current 2015-2020 Framework into 2021 and such other approvals as are necessary to give effect to the above request; and
- (ii) approval of its 2021 DSM plans including DSM budget, program scorecard targets and the DSM incentive amounts and methodologies, as filed.

³⁹ EB-2017-0127 / EB-2017-0128, Report of the Ontario Energy Board Mid-Term Review of the Demand Side Management (DSM) Framework for Natural Gas Distributors (2015-2020) (November 29, 2018), p. 32.; and EB-2019-0271, Enbridge Gas Application, Exhibit A (November 27, 2019), p. 3.

All of which is respectfully submitted this 25th day of May 2020.

(original signed)

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