

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

ENERGY PROBE ARGUMENT

June 3, 2020

ENBRIDGE GAS INC. 2021 DSM PLAN

Energy Probe Argument

The Application

Enbridge Gas has filed this Application requesting that:

- (i) the Ontario Energy 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) the Board issue an Order extending its previously approved 2020 DSM Plans for one year into 2021; and
- (iii) the Board approve the proposed 2021 DSM Plans as filed.

Enbridge Gas also 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 ² 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.

ENERGY PROBE SUBMISSION ON IMPLEMENTATION

Energy Probe agrees with advancing the date for implementation of the 2021 DSM Program to avoid any hiatus that could occur, and considering a potential impact of COVID-19 on the Program

PRIMARY CONCERNS REGARDING THE PROPOSED 2021 DSM PROGRAM

In its AIC Enbridge states that it interprets the Board’s direction for 2021 rollover that 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.

Given the interests of its supporters who are residential customers, Energy Probe specifically notes its concerns about the structure and eligible measures of the legacy Enbridge Home Energy Conservation program and the legacy Union Home Reno Rebate program. The harmonization of the legacy programs to the Union Rate Zone Home Retrofit Energy program (Home Efficiency Rebate [“HER”] Program) in 2019-20 is a minor improvement that will benefit customers in the EGD Rate Zone, pending further necessary improvements.

¹ EB-2014-0134, OEB Filing Guidelines to the Demand Side Management Framework for Natural Gas Distributors (2015-2020) (December 22, 2014).

² EGI Argument in Chief Paragraph 20

Non-the-less, as designed, the legacy programs are NOT a Total Home Retrofit Program³:

- the measures included are inadequate and exclude major retrofit opportunities; and
- the level of incentives are insufficient to provide high levels of participation.
- The targets are too conservative and result in significant Shareholder incentive rewards.

Given the scope of this proceeding is limited to ensuring the previously approved 2020 DSM Plans *will continue to deliver cost-effective savings in 2021*, Energy Probe will set aside discussion of the missed opportunities for HER Program for consideration as part of DSM policy Framework in the Post-2020 Framework Consultative (EB-2019-0003).

The primary source of data in order to examine the central issue of whether HER will continue to deliver cost-effective energy savings in 2021, are the data provided in SEC-12 and GEC-1 IR responses and attachments. These are updated as directed by the OEB in Procedural Order No. 3, for the 2019 DSM program year pre-audit results, filed with EGI's Argument-in-Chief.

EP Table 1: Summary of Results 2019 Home Retrofit Programs (Based on SEC 16)

| Program/Offering | 1 st Year Saving (m ³) | Cumulative (m ³) | % Target (participants) | Approved Budget | Utility Spend | TRC Benefit/Cost Ratio (RA) |
|------------------------------|---|------------------------------|-------------------------|-----------------|---------------|-----------------------------|
| EGD Home Efficiency Retrofit | 8,706,135 | 217,653,370 | 142% (16,486) | \$18,360,000 | \$29,420,859 | 2.48 |
| Union Home Reno Rebate | 6,189,685 | 154,742,128 | 139.1% (10,958) | \$12,226,000 | \$19,815,812 | 2.88 |

It is clear from EP Table 1, that both HER programs are significantly exceeding targets, or conversely, the targets are too low. The contribution to the Shareholder Incentive from the Programs is also significant.

The continuation of the programs in 2020 and 2021, *absent curtailment or other problems arising from the pandemic*, would allow Enbridge Gas to continue to earn a major contribution to its shareholder Incentive.

ENERGY PROBE SUBMISSION ON HER PROGRAM TARGETS FOR 2021

Energy Probe suggests that unless Budget Flexibility is suspended, as recommended below, the Board should set the 2021 HER Program targets for each rate zone based on a historic Rolling Average of the 2017, 2018 and 2019 Achievement.

³ Exhibit I.EP.4 Figure 1

The calculation of the Shareholder Incentive should be adjusted accordingly.

POTENTIAL IMPACT OF THE COVID-19 EPIDEMIC ON DELIVERY OF 2020 RESIDENTIAL HER PROGRAM

As noted in its response to SEC-16, Enbridge Gas has, consistent with 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.

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, that for purposes of setting targets, *Enbridge Gas has simply made the assumption that all 2020 metrics will reach a level of 100%*

ENERGY PROBE SUBMISSION: ADDITIONAL MONITORING OF THE 2020 PROGRAM

Energy Probe disagrees with EGI. Just setting the 2020 Targets at 100% is not appropriate. Rather, this should be a placeholder to be updated during the year. The changed circumstances resulting from the COVID-19 epidemic, require close monitoring of the 2020 DSM Program and its delivery.

Energy Probe suggests that Enbridge Gas report to the Board quarterly on the 2020 DSM Program uptake, forecast expenditures and results. An information copy should be provided to intervenors.

ENERGY PROBE SUBMISSION: FLEXIBILITY & BUDGET REALLOCATION

Enbridge Gas's objective includes 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. Under the 2015-2020 DSM Framework Enbridge Gas is allowed 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.⁴ Energy Probe assumes this flexibility is limited to each of EGD and Union Rate Zones

Given the current operational/program delivery circumstances, Energy Probe recommends suspension of Enbridge’s flexibility to reallocate DSM funds in 2020 and in 2021. The impact of the COVID-19 epidemic on program delivery for both years is unknown and even a 15% reallocation may produce unforeseen results. In addition, there may be “pent up demand” in some sectors that needs to be met in 2021.

2021 TARGETS AND BUDGETS

Although not clearly stated by Enbridge Gas in its argument-in-chief, it is also clear that impact of the COVID-19 epidemic on the 2021 program cannot be forecast at this time, or likely anytime over the next short while, until the impact on Enbridge Gas’s 2020 DSM program year delivery is known.

Enbridge Gas is requesting 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), including updates to budget guidance outlined in the OEB’s DSM Mid-Term Report⁵.

- (1) 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).

The proposed 2021 budgets have no inflationary adjustments and total:

| | |
|------------------|----------------------------|
| EGD rate zone | \$67,757,376 |
| Union rate zones | \$64,349,541 |
| Total | \$132,106,917 ⁶ |

IMPLEMENTATION OF THE 2021 DSM PROGRAM

Once the progress of the 2020 Program is better known, Enbridge Gas should then provide a revised forecast/outlook for the 2021 program. This would include the most likely scenarios (Targets and Budgets) at a program level.

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

⁵ 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;

⁶ AIC Paragraph 33

ENERGY PROBE SUBMISSION

Enbridge Gas should provide an updated forecast/outlook for the 2021 DSM program in Q4 2020, including potential Scenarios for 2021 Targets and Budgets and Co-sponsorship. by Environment and Climate Change Canada (“ECCC”) and Natural Resources Canada (“NRCan”).

Respectfully submitted on behalf of Energy Probe by its consultants,

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