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Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

DELIVERED BY EMAIL

Dear Ms. Long,

RE: EB-2019-0271 Enbridge Gas Inc. 2021 DSM Plan

Please find enclosed the submissions of the Ontario Greenhouse Vegetable Growers in the above noted proceeding.

Yours very truly,

Michael R. Buonaguro

CC: All Parties

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act 1998, S.O.1998, c.15, (Schedule B);

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.

SUBMISSIONS ON BEHALF OF THE ONTARIO GREENHOUSE VEGETABLE GROWERS

JUNE 12, 2020

OVERVIEW

These are the submissions of the Ontario Greenhouse Vegetable Growers ("OGVG") with respect to Enbridge Gas Inc.'s ("EGI's") application for approval of its 2021 Demand Side Management ("DSM") Plan.

OGVG recognizes that due to a variety of factors EGI is seeking to extend the approval it already has for its 2020 DSM Plan for an additional year in order to allow time for EGI to develop and seek approval for a new "Post 2020" DSM framework to be dealt with in proceeding EB-2019-0003, presumably with the goal of implementing that new framework beginning in 2022. To that end OGVG is mindful of the Board's direction in Procedural Order #1:

> *The OEB will proceed by way of a written hearing. The OEB announced that it is undertaking a comprehensive review of the DSM policy framework in a letter dated September 16, 2019. As a result, the OEB does not expect material changes to the program 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.*[1]

Accordingly OGVG's submissions are focused on the alignment of EGI's resources and effort within the existing plan; within that focus OGVG has reviewed EGI's activity over the course of the 2015-2019 period of the current DSM Framework with a view to examining whether there are any potential issues in how EGI is directing its DSM efforts amongst its customers that could be addressed going forward into 2020 and 2021 without requiring substantive changes to the approved framework.

OGVG understands that generally speaking the DSM Framework is concerned with maximizing reductions in natural gas consumption, utilizing a shareholder incentive mechanism that rewards EGI for achieving overall reductions in consumption without regard for which customers directly experience those savings.

[1] Procedural Order #1, page 3.

However, from a customer perspective, there is the potential for a material disparity between customers that are the beneficiaries of DSM program participation and customers that do not participate, a disparity that OGVG respectfully submits EGI should take reasonable steps to avoid as it administers its DSM programs.

The nature of EGI's DSM framework is such that, in any particular year of the program, all customers contribute towards the cost of implementing DSM programs, even though only a small number of customers actually participate in DSM and enjoy direct savings on their gas bill as a result of their personal reduction in natural gas consumption.[2]

Presumably, over time, it should be the case that all of EGI's customers will have at least the opportunity to participate directly in EGI's DSM programming, benefiting from DSM funding to reduce their gas consumption, which should, over time, offset the cost of DSM recovered from each customer in rates.

However, a review of EGI's participants and non-participants in DSM programming over the 2015 to 2019 period within EGI's Contract Rate classes suggests that EGI's current approach may be disproportionately advantaging some Contract Rate class customers with repeated DSM funding, while other Contract Rate class customers are not being engaged in DSM programming at all.

REVIEW OF GENERAL CUSTOMER CLASSES

EGI reported a total of 3,713,652 General Service customers in 2019. Within that customer population EGI reported 228,610 total DSM participants over the 2015 to 2019 period. Of those 228,610 participants, 221,378 were unique customers; of those unique customers 13,784 were customers that participated in DSM more than once.[3]

Put another way, in the General Service rate classes only approximately 6% of DSM participants participated more than once over the 2015-2019 period based on the data provided by EGI. To OGVG this indicates that EGI's efforts in the General Service rate classes focus on reaching out to new participants most of the time. Accordingly, while the vast majority of General Service rate class customers have not participated in DSM programs over the 2015-2019 period, that is more a function of the sheer number of General Service rate class customers combined with the limited rate at which EGI is able to provide DSM programming to those customers, as opposed to some objectionable behavior by EGI in how it chooses participants within the general rate classes.

Accordingly, OGVG does not believe that any changes in approach with respect to the General Service rate classes in terms of accessing unserved customers is necessary or warranted in the short term.

REVIEW OF CONTRACT CLASS CUSTOMERS

EGI reported a total number of 902 Contract Rate class customers in 2019[4]. Within that customer

[2] OGVG notes that there are a small number of customers in the Contract Rate classes that do not contribute towards DSM funding.
[3] Exhibit I.OGVG.1 Tables 5 and 6.
[4] The gross number of Contract Rate Class customers in 2019 was reported as 902 in Exhibit I.OGVG.1 a) Table 1; OGVG acknowledges, however, that a handful of Contract Classes appear not to participate in DSM Programming at all; it appears that the net number of customers in DSM eligible rate classes in 2019

population EGI reported 1140 total DSM participants over the 2015 to 2019 period.[5] Unlike in the General Service rate classes where, based on its current program, it would take approximately 80 years for EGI to deliver DSM programming of some sort to all General Service rate class customers[6], within the Contract Market rate classes EGI appears to have had the resources to, within 5 years, deliver enough DSM programming to all of the customers in those classes at least once.

The apparent issue, however, is that while EGI appears to have had the resources to deliver DSM programming to all of its Contract Class customers within the 2015 to 2019 period, only 544 or 60% of EGI's Contract customers were actually participants in DSM programming over that time frame.[7] This result is driven by the fact that of the 544 customers that participated in DSM over the 2015-2019 period, 399 or 73% of those customers participated at least twice in EGI's DSM programming.[8] This 73% "repeat participant" rate compares to the rate of only 6% for the General Service rate classes.

In OGVG's respectful submission it should be of concern to the Board that, based on the data provided, approximately 45% of EGI's Contract Class customers account for 87% of its Contract Class DSM participants over the 2015-2019 period, whereas approximately 40% of EGI's Contract Class customers did not participate in DSM programming at all over that same period.

OGVG recognizes that non-participation in DSM programming for any particular Contract Rate Class customer could be a result of a number of benign reasons unassociated with EGI's efforts. For example, EGI's evidence indicates that the total number of customers in Contract Rate classes being offered DSM Programming increased by 14 between 2018 and 2019, such that it is likely that some portion of the non-participating customers over the 2015 to 2019 period may not have participated because they did not become customers until as late as 2019, and may become participants in 2020 or 2021. Similarly, natural customer turnover over the years may conceal instances where customers left the system before they may have otherwise become participants.

Additionally it is possible that some customers in the Contract Rate classes built their facilities to energy efficiency standards that made EGI's DSM offerings obsolete to them; some other customers may have implemented their own DSM programming without EGI's intervention; and, lastly, some Contract Rate customers may simply not want to participate in EGI's DSM programming.

Based on the available evidence it is not apparent to OGVG, however, the extent to which any or all of these possible explanations for non-participation by EGI's Contract Class customers in EGI's DSM Programming are true. OGVG reviewed EGI's last filed application for clearance of its DSM related deferral and variance accounts, EB-2018-0300 (in relation to Union Gas Inc.'s 2016 DSM activity) and in particular Union Gas Inc.'s 2016 DSM Final Annual Report (the "Report") to survey what kind of information Union Gas Inc. provided with respect to marketing their DSM offerings to Contract Rate Class customers and any information Union Gas Inc. provided with respect to contact with Contract Rate Class customers that did not ultimately participate in DSM

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was 888. OGVG notes also that despite having no participants in DSM programming, Rates 9, 135 and 300 in the EGD zone nevertheless contribute to DSM funding according to Attachment 1 to Exhibit I.OGVG.1.

[5] Exhibit I.OGVG.1 Table 2.

[6] The estimate of 80 years is based on the average rate of participation over the 215-2019 period divided into the total number of general rate class customers.

[7] Exhibit I.OGVG.1 Table 5.

[8] Exhibit I.OGVG.1 Table 6; OGVG notes that in order to produce 1140 participants some subset of the 399 repeat participants must have participated 3 or more times.

programming.[9] Within the Report there was, it appeared to OGVG, comprehensive information describing the various ways in which Union Gas Inc. marketed its DSM programming to its commercial/industrial customers, both within the General Service rate classes and the Contract Rate classes; what OGVG was not able to find was any specific information detailing contact with Contract Rate customers that did not ultimately become participants, or any information specifying why certain Contract Rate customers remained non-participants in Union Gas Inc. DSM programs, while at the same time certain other customers were becoming "repeat" participants.[10]

OGVG notes that it did ask EGI to describe what efforts EGI is making in 2020 and 2021 to target customers in each rate class that have not participated in EGI's DSM programming from 2015 to 2019. EGI's was as follows:

> Enbridge Gas does not target by rate class. Enbridge Gas's offerings are designed to cover a specific sector (e.g., residential, commercial, industrial) or market segment (e.g., low income, foodservice), and individual programs employ methods to target non-participants for uptake. A summary of initiatives to increase participation through to 2020 and 2021 is provided in the response at Exhibit I.OSEA.6.[11]

It may be that in targeting specific market segments EGI is missing certain Contract Class customers that don't fall within targeted markets, which may explain why certain customers have yet to participate in DSM programming; if so, however, that is an issue that OGVG expects should be addressed. With respect to Exhibit I.OSEA.6, OGVG reviewed the response and notes that specific to participation levels in the commercial and industrial sector EGI's answer focusses on the barriers to participation that its small volume customers face, which OGVG takes to mean its commercial customers in the General Service rate classes. With respect to the larger volume customers in the Contract Rate classes there is little in the way of information explaining why certain of those customers appear to be missing out on DSM programming.

OGVG does not attribute fault to EGI for the historical lack of information about the contact with non-participants and reasons for their non-participation; the focus, from all stakeholders, has largely been on the customers that became participants and the results of the DSM programming they engaged in. However, given the apparent reliance on repeat participation of certain Contract Rate class customers over the 2015-2019 period, and, it appears to OGVG, high levels of non-participation relative to the amount of DSM programming EGI has been able to offer to Contract Rate class customers, OGVG submits it is reasonable to expect better information on non-participants to be tracked and filed in the future.

Accordingly, OGVG respectfully submits that, going forward, within the reporting of EGI's annual DSM results, it would be appropriate and useful to require EGI to report on the subsection of Contract Rate class customers that have not participated in EGI's DSM programming, including information on attempts by EGI to engage those customers and, where contact was made, the reasons why those customers nevertheless have not become engaged in EGI DSM efforts.

In OGVG's respectful submission the relatively low number of Contract Rate class customers

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[9] EB-2018-0300, Exhibit B Tab 1.

[10] OGVG recognizes that there was discussion in the Report with respect to barriers to participation for smaller commercial customer, however it is OGVG's understanding that that discussion relates largely to the general service commercial customers within EGI's franchise areas.

[11] Exhibit I.OGVG.1 c)

spread out over the two franchise areas (969 based on February 2020 numbers[12]), and the relatively manageable number of customers that, based on EGI's evidence, have not participated in EGI DSM programming over the 2015-2019 period (approximately 425 based on participants from 2015-2019 and the increase in Contract Class customers in 2020) it would not be unreasonable to require that EGI canvass the non-participants, presumably through EGI's account managers, and report on attempts to engage those customers in DSM programming and the reasons why those attempts fail.

Similarly, OGVG respectfully submits that EGI should be required to more specifically prioritize engaging Contract Class customers that have not yet participated in its DSM programming, rather than relying too heavily on repeat participants. To be clear, OGVG does not assert that repeat participants are inappropriate or should be categorically avoided; OGVG only submits that there should be some greater emphasis on identifying Contract Rate customers that have not participated in DSM programming and engaging them as participants before resorting to engaging repeat participants. DSM programming is a material expense for many Contract Rate class customers, particularly when that expense is repeated year after year without receiving the benefit of participating in DSM directly. By way of illustration, based on the results over the 2015-2019 period the average Contract Class customer will have paid in excess of 100,000 to help fund DSM and its impacts on distribution rates.[13] For non-participants that is pure expense with no direct benefit; for participants, particularly repeat participants, that is an expense offset by DSM related programming and incentives resulting in reduced commodity costs, a net savings that may provide a distinct business advantage over competitors not being engaged as participants.[14]

Conclusion

For all these reasons OGVG respectfully submits that EGI should be directed to:

a) take steps to prioritize engagement with Contract Class customers that have not yet participated in EGI's DSM programming before resorting to engaging repeat participants, and

b) include within its annual DSM reporting a review of the remaining population of Contract Class customers that are non-participants in DSM programming, EGI's efforts to engage those customers, and information as to why those customers are not participating in the DSM activities offered by EGI.

[12] I.OGVG.1 Table 3.
[13] This is a simplified calculation based on the results provided in Exhibit I.OGVG.1; OGVG divided the annual DSM costs included in Contract Rate Class rates each year by the number of Contract Rate class customers in that year, with the resulting average amount of over 20,0000 per customer per year; this is likely a conservative estimate as the total number of customers used in the calculation included customers that do not pay for DSM in their rates. For some rate classes the annual amount is much higher, particularly for higher volume users.
[14] OGVG notes that because DSM costs are allocated to rate classes based on DSM activity attributed to the customers within each rate class, a persistent state where certain customers within a class continue to participate in DSM programming while others within that same class continue to be non-participants will aggravate what is essentially a cross subsidy between non-participants and participants; OGVG does not believe a similar issue exists in the General Service rate classes, since the General Service rate classes are protected against the impacts of repeat participation in the Contract Rate classes because of how DSM costs are allocated, and the instances of repeat participation in the General Service rate classes are extremely low.

In OGVG's view these measures will help ensure that within the Contract Rate classes the incidence of customers that are "missing out" on the direct benefits of DSM programming through no fault of their own will be minimized.

ALL OF WHICH IS RESPECTFULLY SUBMITTED THIS 12th DAY OF JUNE, 2020