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Jun 12, 2020

VIA E-MAIL

Ms. Christine Long
Registrar & Board
Secretary
Ontario Energy Board
P.O. Box 2319, 27th
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: EB-2019-0271 Enbridge Gas Inc. 2021 Demand Side Management Plan
Final Submissions of the Vulnerable Energy Consumers Coalition (VECC)**

Please find enclosed the final submissions of VECC in the above-noted proceeding.
We have also directed a copy of the same to the Applicant.

Yours truly,

(Original Signed By)

John Lawford
Counsel for VECC

Copy to: Enbridge Gas Inc.

EB-2019-0271

Enbridge Gas Inc.

Application to extend approved 2020 Demand Side

Management Plan for one-year into 2021

VECC Submissions June 12, 2020

Enbridge Gas Inc. (Enbridge Gas) filed an application on November 27, 2019 for an OEB order effective January 1, 2021 that approves Enbridge Gas's 2021 DSM Plans which roll-forward the OEB-approved 2020 DSM Plans including all programs, scorecards and other parameters (i.e., budgets, targets, and performance incentive structure).

Specifically, Enbridge Gas seeks (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.¹

In a letter dated September 16, 2019, the OEB announced it is undertaking a comprehensive review of the DSM policy framework and as a result 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. The OEB indicated that parties are expected to focus their participation 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.²

Given the focus provided by the OEB, VECC submits Enbridge Gas's proposal to extend its current 2015-2020 DSM Framework for one more year is reasonable given the planned comprehensive review on the next DSM framework. However, VECC submits the following issues should be taken into consideration.

COVID-19

The COVID-19 pandemic has had a significant direct impact on Enbridge Gas's DSM activities. Enbridge Gas indicates it has 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. Although Enbridge Gas says it had a strong start to the 2020 DSM Program year it acknowledges it will likely 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. Enbridge Gas is unable to forecast 2020 DSM program year results. Enbridge hopes and plans to make up for lost time and for the purposes of setting targets, Enbridge Gas has simply made the assumption that all 2020 metrics will reach a level of 100%. In VECC's view, this assumption is not appropriate under the current situation.

¹ Enbridge Gas AIC P16

² PO#1 dated February 24, 2020 P3

Enbridge Gas suspended its operations in mid-March. As of now, three months later, Enbridge Gas has not yet been able to resume its DSM activities. It logically follows that Enbridge Gas has not been spending its budget or meeting its targets. Based on the recent announcement from the Government of Ontario that outlines the Phase 1 reopening of non-essential businesses, Enbridge Gas indicates in-home energy assessments for the Home Efficiency Rebate and Home Winterproofing programs will commence June 15, 2020.³

Despite the significant impact of the COVID-19 pandemic on DSM operations in 2020, Enbridge Gas has not altered its 2021 request and is still requesting that the same DSM annual budgets approved by the Board for 2020 for each of Enbridge Gas and Union be approved for the 2021 DSM program year as follows:

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

VECC submits Enbridge Gas's proposal to maintain the same level of funding and targets in 2021 as forecast in 2020 is not reasonable given the fallout from the pandemic. Enbridge Gas has not provided any evidence that details its plan to resume DSM operations or how long it will take to ramp up and catch up. In the absence of a comprehensive plan, the OEB cannot accept Enbridge Gas' proposal that it will return to full program delivery and make up for lost time. As a result, it is likely that a portion of the 2020 DSM budget will not be spent in 2020 and targets will not be met reflecting three months of suspended operations. In VECC's view, the starting point for 2021 should be lower to reflect the most accurate picture of current conditions as possible. VECC agrees with the submission of other parties that the OEB should require close monitoring of the 2020 DSM Program and its delivery and report to the Board quarterly on the 2020 DSM Program uptake, forecast expenditures and results.⁴

Low-Income Programs

The low-income programs in the EGD Rate Zone consist of Home Winterproofing, Low-Income Multi-Residential and Low-Income New Construction. As shown in Table 1 below, for the years 2015, 2016, 2017 and 2018, Enbridge Gas underspent on EGD Low-Income programs (budget compared to actuals) by 4.5%, 30.1%, 22.4% and 2.5%, respectively. Enbridge explains in part that for some offerings⁵ a number of projects forecast to be completed in each year were cancelled or delayed and as a result, fewer incentives were paid, and Enbridge Gas did not spend the full budget.⁶ In 2019, Enbridge Gas expects to be within 1.8% of its OEB approved budget.⁷

³ Enbridge Gas Website – June 10, 2020

⁴ OEB Staff Submission P12; Energy Probe Submission P4

⁵ EGD Home Winterproofing (2016, 2017, 2018), EGD Low Income Multi Residential (2016, 2017, 2019) EGD Low Income New Construction (2016, 2017)

⁶ Exhibit I.LIEN.1

⁷ Exhibit I.SEC 12 Updated

Table 1: DSM Rate Zone Spend & Savings					
Ref: SEC 12 Updated					
EGD Rate Zone Offering	Participants/Units	OEB Approved Budget	Utility Spending	Variance \$	Variance %
2015					
Single Family (Part 9)	1343	4,655,790	4,444,616	-211,174	-4.5%
Multi-Residential (Part 3)	3331	2,208,300	2,111,746	-96,554	-4.4%
Multi-Residential (Part 3)					
	4674	6,864,090	6,556,362	-307,728	-4.5%
Overhead		517,988	617,349		
		7,382,078	7,173,711		
2016					
Home Winterproofing	1700	5,806,064	4,543,350	-1,262,714	-21.7%
Low Income Multi-Residential	622	3,279,028	2,326,325	-952,703	-29.1%
Low Income New Construction	6	1,116,696	258,877	-857,819	-76.8%
	2328	10,201,788	7,128,552	-3,073,236	-30.1%
Overhead		1,743,622	1,604,019		
		11,945,410	8,732,571	-3,212,839	
2017					
Home Winterproofing	1353	6,290,000	4,539,420	-1,750,580	-27.8%
Low Income Multi-Residential	1544	3,418,121	2,765,831	-652,290	-19.1%
Low Income New Construction	11	1,200,000	1,158,956	-41,044	-3.4%
	2908	10,908,121	8,464,207	-2,443,914	-22.4%
Overhead		1,619,299	1,603,394	-15,905	
		12,527,420	10,067,601	-2,459,819	
2018					
Home Winterproofing	1807	6,477,200	5,224,730	-1,252,470	-19.3%
Low Income Multi-Residential	959	3,813,296	4,417,079	603,783	15.8%
Low Income New Construction	13	1,400,000	1,752,191	352,191	25.2%
	2779	11,690,496	11,394,000	-296,496	-2.5%
Overhead		1,618,681	1,590,841	-27,840	
		13,309,177	12,984,841	-324,336	
2019 Draft					
Home Winterproofing	1432	6,605,744	7,141,896	536,152	8.1%
Low Income Residential	143	3,889,562	3,278,499	-611,063	-15.7%
Low Income New Construction	11	1,428,000	1,722,304	294,304	20.6%
	1586	11,923,306	12,142,699	219,393	1.8%
Overhead		1,653,531	1,547,820	-105,711	
		13,576,837	13,690,519	113,682	

The low-Income programs in the Union Rate Zone consist of Home Weatherization, Furnace End-of-Life, Indigenous and Multi-Family (Social & Assisted and Market Rate).

As shown in Table 2 below, for the years 2016, 2017, 2018 and 2019, Enbridge Gas underspent every year on Union's Low Income programs (budget compared to actuals) by 3.9%, 8.8%, 18.9% and 5.5%, respectively. Enbridge Gas explains that the following issues contributed to the underspend:

- Home Weatherization: Underspend in 2018 due to a newly onboarded delivery agent with a longer than anticipated ramp up period.
- Furnace End-of-Life offering: The spend in 2016, 2017, 2018, and 2019 is significantly under budget as it has represented a relatively small number of projects as part of overall Low Income results. has low cost-effectiveness but it is beneficial to specific customers in the right situation, particularly given the challenges in this customer segment.
- Indigenous offering: new to market in 2017. It was quickly determined through initial audits that requirements and opportunities for these premises were not as initially expected. As a result, these homes were not eligible for the offering and there were fewer participants than anticipated. Consequently, the full budget was not spent in 2017, 2018 and 2019. Research was initiated to address these shortcomings (and is still ongoing) to better assess housing stock and determine more appropriate approaches.
- Multi-Family offering: Over the four years, the full budget was not spent to achieve targets for various reasons, including fewer projects than anticipated and average incentive payments per project being lower than the average.⁸

⁸ Exhibit I.LIEN.2

Table 2: DSM Rate Zone Spend & Savings					
Ref: SEC 12 Updated					
Union Rate Zone Offering	Participants/ Units	OEB Approved Budget	Utility Spending	Variance \$	Variance %
2015					
Single Family (Part 9)	1472	4,712,975	4,836,139	123,164	2.6%
Multi Family (Part 3)	131	1,597,857	1,808,928	211,071	13.2%
	1603	6,310,832	6,645,067	334,235	5.3%
<i>Overhead</i>		1,095,503	1,055,967	-39,536	
		7,406,335	7,701,034	294,699	
2016					
Home Weatherization	1867	6,335,000	7,588,591	1,253,591	19.8%
Furnace-End-of-Life	24	761,000	7,800	-753,200	-99.0%
Indigenous		8,000	13,632	5,632	70.4%
Multi- Family Social & Assisted	78	2,651,000	1,767,368	-883,632	-33.3%
Multi- Family Market Rate	41				
	2010	9,755,000	9,377,391	-377,609	-3.9%
<i>Overhead</i>		1,652,470	1,023,222	-629,248	
		11,407,470	10,400,613	-1,006,857	
2017					
Home Weatherization	1611	6,136,000	6,432,937	296,937	4.8%
Furnace End-of-Life	464	784,000	168,790	-615,210	-78.5%
Indigenous	68	419,000	212,185	-206,815	-49.4%
Multi- Family Social & Assisted	169	3,359,000	2,939,186	-419,814	-12.5%
Multi- Family Market Rate	41				
	2353	10,698,000	9,753,098	-944,902	-8.8%
<i>Overhead</i>		1,644,841	1,129,624	-515,217	
		12,342,841	10,882,722	-1,460,119	
2018					
Home Weatherization	1885	7,495,000	6,872,283	-622,717	-8.3%
Furnace End-of-Life	0	924,000		-924,000	-100.0%
Indigenous	61	511,000	174,604	-336,396	-65.8%
Multi- Family Social & Assisted	262	2,984,000	2,611,775	-372,225	-12.5%
Multi- Family Market Rate	41				
	2249	11,914,000	9,658,662	-2,255,338	-18.9%
<i>Overhead</i>		1,656,954	1,147,793	-509,161	
		13,570,954	10,806,455	-2,764,499	
2019 Draft					
Home Weatherization	7298	8,063,000	9,254,777	1,191,777	14.8%
Furnace End-of-Life	111	919,000	36075	-882,925	-96.1%
Indigenous	221	456,000	327,899	-128,101	-28.1%
Multi- Family Social & Assisted	262	3,031,000	2,598,715	-432,285	-14.3%
Multi- Family Market Rate	65				
	7957	12,469,000	12,217,466	-251,534	-2.0%
<i>Overhead</i>		1,675,719	1,150,443	-1,694,845	-31.3%
		14,144,719	13,367,909	-1,946,379	-5.5%

From 2017 to 2018, the percentage of total natural gas savings (Lifetime) in the EGD Rate Zone from Low Income programs increased from 11% to 16%. However, in 2020 and 2021 Enbridge Gas indicates it expects the percentage of total natural gas savings from Low Income programs to decrease to 14% in 2020 and 13% in 2021.⁹

Overall, the performance of Low Income programs has been below expectations. Now more than ever, when some customers are struggling to pay their gas bills as a result of COVID-19, low income customers could benefit from implementing new opportunities to reduce their gas bills.

VECC acknowledges that Enbridge Gas has taken steps in the last few years such as introducing additional measures to the Low Income offering in the EGD rate zone and Union rate zones (exterior cladding and smart thermostats) and measures have been introduced in order to ensure consistency across all rate zones (e.g. Heat Reflector Panels introduced to the Union rate zone). Both EGD and Union have collaborated with industry associations, intake agencies, and municipalities to identify new opportunities in the market.¹⁰ In addition, Enbridge Gas outlines steps it plans to consider for 2021 to identify and implement best practices.¹¹ However, in VECC's view, there is still more that can be done to maximize results.

In order to further assist low-income customers during these challenging times, VECC submits the OEB, should emphasize the need for Enbridge Gas to take additional steps to find hard to reach customers and optimize the performance of its low income offerings in terms of participants and gas savings in 2020 and 2021.

All of which is respectfully submitted, this 12th day of June, 2020.

⁹ Exhibit I.VECC.1

¹⁰ Exhibit I.FRPO.1 P3-4

¹¹ Exhibit I.