

June 15, 2020

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

Dear Ms. Long

Re: EB-2019-0271- Enbridge Gas Inc. – 2021 Demand Side Management Plan

On November 27, 2019, Enbridge Gas Inc. (“EGI”) applied to the Ontario Energy Board (“OEB”) for an order effective January 1, 2021, approving its 2021 Demand Side Management Plans which effectively “roll over” the OEB-approved 2020 DSM Plans including all programs, scorecards, and other parameters (budgets, targets and the performance incentive structure).

In its Procedural order No. 1 dated February 24, 2020, the OEB stated:

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 programs and no increase to the overall 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.

EGI is seeking approval for an overall DSM budget of \$132.1 million, which includes both the former Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union) rate zones. EGI is also seeking approval of the same shareholder incentive mechanism, which is capped at \$10.45 million for each rate zone.

These are the submissions of the Consumers Council of Canada (“Council”) regarding EGI’s Application. The Council’s submissions are largely focused on the Home Energy Rebate Program, the one large program offered to, and funded by EGI’s residential customers.

The Council is mindful of the OEB’s comments regarding the scope of this proceeding. The OEB has explicitly stated that it does not expect material changes to the programs and no increase to the overall budget to take place during the transition period. However, the OEB has asked participants to focus on ensuring that the OEB’s 2020 DSM Plans will continue to

deliver cost-effective savings in 2020. The Council has expressed concerns in the past regarding whether or not EGI's DSM Plans (and the previous EGD and Union Plans) are delivering good value for Ontario's residential natural gas customers. The Council questions whether the HER remains a cost-effective program for EGI's residential customers. The Council submits that the OEB should consider the following in assessing whether to approve EGI's Application as filed:

- We acknowledge that some customers, those that are participants in the HER, have benefited from EGI's HER Program. Participant levels have not been reported for 2019 and 2020 to date, but the data is available for 2018. In 2018 EGD had 16,118 participants and Union had 14,413 participants.¹ The total cost of the program was \$47.5 million in 2018. This does not include the overall allocation of the overhead costs to the residential rate classes. In effect, in 2018 for a cost of over \$50 million, funded by all of EGI's residential customers, just over 30,000 residential customers have benefitted through funded home renovations. The rest of the customers did not participate or directly benefit;
- The total 2020 DSM costs (of the \$132 million for 2020) allocated to EGI's residential customers – which includes program costs and overhead costs is \$73.5 million. There are over \$3 million residential customers in the EGI franchise area², yet a relatively small number of customers are participating in EGI's DSM programs at a cost of \$73.5 million. Under the defined cost-effectiveness tests used to screen and evaluate programs, this program may be considered “cost-effective”, but is it really providing ratepayer value?;
- The targets for the HER program are 8,643 participants for the Union rate zone and 12,317 for the Union rate zone for 2021³. For 2021, the cost of the residential DSM programs for EGI is \$73.5 million, but the participant targets are approximately 21,000. From the Council's perspective this does not represent good value for money for EGI's customers. The OEB should consider directing EGI to either redesign the program, wind it down, or reduce the overall cost of the program;
- As some parties have pointed out this program is the least cost-effective of any of the EGI DSM programs⁴ and given the fact that Canadian furnace efficiency standards have changed the program becomes less cost-effective. Why should customers be given \$750 to upgrade to a 96% efficiency standard from the required 95% to achieve \$100 in net present value benefits?⁵ The Council is of the view that if circumstances change as they have with the change in the Canadian efficiency standard, the OEB should consider the implications of this change in assessing whether to approve the DSM Plan as filed;

¹ I.CCC.2

² I.OGVG.1, p. 5

³ 1.PP.7

⁴ Final Argument of SEC, dated June 12, 2020, p. 2

⁵ See GEC Final Argument, dated June 10, 2020

- EGI has set out its response to questions regarding the current COVID-19 pandemic and the potential impact of its 2020 programs. EGI had stopped all customer facing interactions⁶ – which to a large degree impacts the HER. Without a doubt there will be impacts arising from the COVID-19 pandemic on both the 2020 and 2021 DSM activities. The Council is of the view that the OEB must consider this before approving the 2021 DSM plan in its entirety, which had assumed “business as usual”. As suggested by OEB Staff, EGI should be providing regular updates to the OEB regarding its 2020 plan so as to inform the OEB regarding its approvals for 2021.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All parties

⁶ I.SEC.16