



# Ontario Energy Board Commission de l'énergie de l'Ontario

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## DECISION AND ORDER

**EB-2019-0271**

### ENBRIDGE GAS INC.

Application for approval of natural gas demand side management plans for 2021.

**BEFORE:**    **Michael Janigan**  
                 Presiding Member

**Susan Frank**  
                 Member

**Lynne Anderson**  
                 Member

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**July 16, 2020**

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# 1 INTRODUCTION AND SUMMARY

Enbridge Gas Inc. (Enbridge Gas) requested that the Ontario Energy Board (OEB) approve a one-year extension of its current OEB-approved multi-year natural gas demand side management (DSM) plans for 2021. Enbridge Gas requested to roll-forward all existing components of its current OEB-approved 2020 DSM plans, including all natural gas conservation programs, budgets, performance scorecard metrics and targets, and incentive structure. This would allow DSM program continuity through the end of 2021 while the OEB completes its comprehensive consultation on the new DSM policy framework,

The OEB approved separate 6-year DSM plans for each of Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union) on January 20, 2016 (the 2015-2020 DSM Decision).<sup>1</sup>

Effective January 1, 2019 EGD and Union amalgamated to become Enbridge Gas Inc. Following the amalgamation, Enbridge Gas Inc. will maintain the existing rate zones of EGD and Union.

The approvals sought in this application are as follows:

- i) The same DSM annual budgets for the 2021 DSM program year as those approved by the OEB for 2020 for each of EGD and Union in the 2015-2020 DSM Decision and the Revised Decision and Order issued on February 24, 2016, including updates to budget guidance outlined in the OEB's DSM Mid-Term Report.<sup>2</sup> The proposed 2021 DSM budgets have no inflationary adjustments and total:

a)	EGD rate zone 2021 DSM budget	\$67,757,376
b)	Union rate zones 2021 DSM budget	\$64,349,541
	<b>Total 2021 DSM Budget</b>	<b>\$132,106,917</b>

- 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 OEB as outlined

<sup>1</sup> EB-2015-0029/0049, Decision and Order, January 20, 2016

<sup>2</sup> EB-2017-0127/0128, 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

- 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).
- 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 OEB in the DSM Mid-Term Report for the 2020 DSM program year.

As a result of the on-going policy consultation to develop a new DSM framework, the OEB indicated in Procedural Order No. 1 that it did 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. Further, the OEB directed that parties focus their participation during the proceeding on ensuring that the OEB's previously-approved 2020 DSM plans will continue to deliver cost-effective savings in 2021.

The OEB approves the application as filed. The approved budgets for the 2021 DSM programs are \$67,757,376 for the EGD rate zone and \$64,349,541 for the Union rate zones.

The OEB approves the continuation of the performance scorecards as set out in Appendix A of this Decision. The scorecards, metrics and targets are consistent with those approved in the 2015-2020 DSM Decision and modified in the DSM Mid-Term Report.

The OEB approves the continuation of the annual shareholder incentive structure for each of the EGD and Union rate zones. The OEB also approves the continuation of the cost-effectiveness test as modified in the DSM Mid-Term Report.

## 2 BACKGROUND

Enbridge Gas filed an application with the OEB for an order, effective January 1, 2021, that approves a 2021 DSM plan for the EGD and Union rate zones. Under the *Ontario Energy Board Act, 1998* (the OEB Act), natural gas distributors must apply to the OEB to change the rates they charge customers.

EGD and Union amalgamated effective January 1, 2019 becoming Enbridge Gas. Enbridge Gas is a natural gas storage, transmission and distribution company based in Ontario. Enbridge Gas serves approximately 3.4 million customers in more than 500 communities across Ontario. Enbridge Gas provides service in three main rate zones: EGD rate zone located in central, eastern and the Niagara regions; Union North rate zone located in northern Ontario; and, Union South rate zone located in southwestern Ontario.

The OEB issued the 2015-2020 DSM Framework on December 22, 2014 (the DSM Framework).<sup>3</sup> The 2015-2020 DSM Framework provided guidance to the utilities on the key areas the OEB expected to see included within new multi-year DSM plans.

In response to the OEB's 2015-2020 DSM Framework, EGD and Union each filed applications for the OEB to approve separate six-year DSM plans.<sup>4</sup> On January 20, 2016, the OEB issued its Decision and Order on the utilities' 2015-2020 DSM plans. The OEB approved natural gas DSM programs for residential, commercial, and industrial customers.

The 2015-2020 DSM Framework will expire on December 31, 2020. With the completion of the current framework in mind, the OEB initiated a policy consultation to consider the next generation DSM framework on May 21, 2019 with a view of ensuring that the OEB's approach remains current, responsive to energy efficiency and conservation market developments and consistent with broader government policy. On September 16, 2019, the OEB announced that the scope of its review of the DSM framework would include a comprehensive review of the objectives to be achieved by DSM activities, cost recovery, program mix and how utility performance should be incentivized and measured.

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<sup>3</sup> Report of the Board: Demand Side Management Framework for Natural Gas Distributors (2015-2020), EB-2014-0134, December 22, 2014

<sup>4</sup> EGD: EB-2015-0049, Union: EB-2015-0029

In light of the on-going policy consultation, Enbridge Gas filed its application for approval to extend its OEB-approved 2020 DSM plans for one year into 2021. Enbridge Gas proposed to roll-forward all components of its OEB-approved 2020 DSM plans, including budgets, programs, targets and incentive amounts with no changes.

### 3 PROCESS

Enbridge Gas filed its application with the OEB on November 27, 2019. Enbridge Gas requested an OEB order effective January 1, 2021 that approves its 2021 DSM plans. The proposed 2021 DSM plans roll-forward the OEB-approved 2020 DSM plans including all programs, performance scorecards and other parameters (i.e., budgets, targets, and performance incentive structure).

On December 17, 2019 the OEB issued a Notice of Hearing (Notice) to review Enbridge Gas' application.

On February 24, 2020 the OEB issued Procedural Order No. 1 outlining dates for interrogatories and written submissions. The OEB also provided guidance on the scope of the proceeding within Procedural Order No. 1. The OEB indicated that it 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, as a comprehensive policy consultation to review the DSM policy framework is currently underway. The OEB directed parties 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 2015-2020 DSM Decision and the DSM Mid-Term Report. Further, the OEB indicated that it expected that submissions from parties should be directed to the best alignment of Enbridge Gas resources and effort available within the existing plans in order to maximize results.

Within Procedural Order No. 1, the OEB also granted intervenor status and cost eligibility to the following parties:

- Association of Power Producers of Ontario (APPrO),
- Building Owners and Managers Association, Greater Toronto (BOMA),
- Canadian Manufacturers and Exporters (CME),
- Consumers Council of Canada (CCC),
- Energy Probe Research Foundation (Energy Probe),
- Environmental Defence,
- Federation of Rental-housing Providers of Ontario (FRPO),
- Green Energy Coalition (GEC),
- Housing Services Corporation (HSC),

- Industrial Gas Users Association (IGUA),
- London Property Managers Association (LPMA),
- Low Income Energy Network (LIEN),
- Ontario Greenhouse Vegetable Growers (OGVG),
- Ontario Sustainable Energy Association (OSEA),
- Pollution Probe,
- Schools Energy Coalition (SEC), and
- Vulnerable Energy Consumers Coalition (VECC)

On March 16, 2020 parties filed written interrogatories on Enbridge Gas' application. Enbridge Gas filed responses on April 6, 2020.

On April 17, 2020 GEC filed a Notice of Motion (Motion) with the OEB. GEC requested an order from the OEB that required Enbridge Gas to provide a full and adequate response to two interrogatories submitted by GEC, namely Exhibit I.GEC.1 and Exhibit I.GEC.2.

On April 20, 2020 the OEB issued Procedural Order No. 2 indicating it would hear the Motion and outlining dates for written submissions.

On April 24, 2020 Enbridge Gas filed its written submission in response to the Motion. On April 28, 2020 GEC filed its written reply submissions.

On May 14, 2020, the OEB issued Procedural Order No. 3 and its Decision on the Motion. The OEB determined that there was merit in Enbridge Gas providing some additional data related to the residential home retrofit programs and the commercial and industrial prescriptive programs. The OEB provided dates for all remaining procedural steps within Procedural Order No. 3.

On May 25, 2020, Enbridge Gas filed its argument-in-chief. Within its submission, Enbridge Gas noted that it filed its argument in advance of the June 5, 2020 deadline established by the OEB in the interest of receiving a decision from the OEB as expeditiously as possible. Enbridge Gas requested that the OEB consider advancing the procedural timeline established in Procedural Order No. 3 by one to two weeks to provide Enbridge Gas more time to plan and implement its 2021 DSM plan following an OEB decision.



On June 1, 2020 the OEB issued Procedural Order No. 4 revising the previously established procedural timelines, advancing each by one week.

On June 12, 2020 intervenors and OEB staff filed written submissions.

On June 26, 2020 Enbridge Gas filed its written reply submission.

## 4 DECISION

The OEB approves Enbridge Gas' 2021 DSM plans for the EGD and Union rate zones.

This Decision only relates to the 2021 transition year DSM plans. The OEB supports rolling forward the approved DSM plans into 2021 to ensure program continuity during the development of the new DSM policy framework that will guide future multi-year DSM plans. The OEB notes that parties have generally adhered to the OEB's direction on the scope of the issues to be considered and made their submissions mindful of those limitations.

The OEB approves the continuation of the OEB-approved 2020 budgets for 2021 with no increases, including maintaining the provisions for budget flexibility.

The OEB approves the continuation of the performance scorecards, annual shareholder incentive structure and cost-effectiveness screening test as initially approved in the 2015-2020 DSM Decision and as updated in the DSM Mid-Term Report.

Some parties proposed changes to programs, additional analysis and reporting and new requirements related to government environmental policy. The OEB has decided that these proposals are beyond the scope for this proceeding and are better considered as part of the on-going post-2020 DSM framework policy consultation.

Components for future multi-year DSM plans beyond 2021 will be determined through the on-going policy consultation. Stakeholders are encouraged to participate in the policy consultation

### 4.1 2021 DSM Budgets

As part of the 2015-2020 DSM Decision the OEB approved 2020 DSM budgets of \$67,757,376 for the EGD rate zone and \$64,349,541 for the Union rate zones. Enbridge Gas proposed to roll-forward the 2020 DSM budgets into 2021 with no increases, including no increase for inflation.

Parties were generally supportive of Enbridge Gas' proposal. However, some parties offered recommendations on specific alterations, some which parties requested the

OEB direct Enbridge Gas to implement, while others for Enbridge Gas to consider in 2021.

The extent of administrative efficiencies obtained in the operation of the DSM program that arise from the merger of Enbridge Gas and Union Gas was discussed in the submissions of staff and Pollution Probe.

OEB staff noted that it appeared that Enbridge Gas is making progress on achieving administrative efficiencies with respect to its DSM programs following the merger between EGD and Union.

Pollution Probe recommended that Enbridge Gas conduct a detailed inventory and assessment of DSM portfolio efficiencies, including cost, results, partnerships and other efficiencies or net benefits achieved with the combined DSM portfolio in 2021. Pollution Probe noted that this will help ensure that by the end of 2021 these efficiency opportunities have been completed (or resolved) and that Enbridge Gas can more effectively focus on new programs to support 2022 and beyond.

Enbridge Gas noted that it specifically responded to interrogatories about the impact of the amalgamation and integration of the DSM departments of EGD and Union. Enbridge Gas also noted that this issue is a matter for the post-2020 DSM framework consultation. Further, Enbridge Gas noted that overhead cost savings due to the amalgamation will be passed on to ratepayers through re-investment in programming or following future annual DSM deferral and variance account clearance proceedings.

SEC submitted that the OEB should reaffirm Enbridge Gas' responsibility to manage its DSM spending in 2020 and 2021 in a manner that prudently takes the pandemic and lockdown into account. Further, SEC suggested that it would be useful to Enbridge Gas if the OEB confirmed that any financial assistance it receives from the government to mitigate the impacts of COVID-19 should be included in the calculation of the DSM variance accounts for 2020 or 2021.

## Findings

The OEB approves the 2021 DSM budgets for the EGD and Union rate zones as proposed by Enbridge Gas. The budgets are identical to the OEB-approved 2020 DSM budgets with no increases, including no increases for inflation. The Demand Side Management Variance Accounts (DSMVA) associated with the operation of the Enbridge Gas DSM programs will continue.

The compilation of information concerning the effects of the merger on DSM is an issue for the on-going consideration of the post-2020 DSM framework and the setting of future rates. The OEB will not prescribe the information requirements for those deliberations in this proceeding.

The OEB does not accept SEC's suggestion that government financial assistance to mitigate the effects of COVID-19 be included in the calculation of the DSMVA for 2020 and 2021. In addition to the problem of determining if such amounts are applicable to the DSM program in advance of complete information, the OEB has made provisions for a specific and separate accounting of the financial impacts of COVID-19 upon regulated utilities. If Enbridge Gas receives government financial assistance to mitigate the effects of COVID-19, those amounts should be recorded in the COVID-19 deferral account.

#### **4.1.1 Budget Flexibility**

Energy Probe argued that the OEB should limit the annual budget flexibility in 2020 and 2021. Energy Probe submitted that Enbridge Gas' ability to reallocate approved funds to different programs should be suspended as the impact of COVID-19 on program delivery is unknown. Budget reallocation may lead to unforeseen results and not allow for increased demand for efficiency opportunities from some sectors.

OEB staff recommended that the OEB retain the budget flexibility allowed in the DSM Guidelines. The flexibility allows Enbridge Gas to transfer up to 30% of approved funds across programs in order to respond to fluctuating participation levels and market conditions during the program year, and also the ability to access additional funds, up to 15% of an approved program's budget should a program achieve 100% of its performance metrics on a pre-audit basis. OEB staff submitted that removing or limiting the budget flexibility could result in lower overall program delivery due to the COVID-19 pandemic which would not be favourable to customers.

OSEA also supported maintaining the budget flexibility provisions. OSEA suggested that Enbridge Gas be encouraged to work with all levels of government to identify existing energy efficiency programs and projects that could be quickly ramped up to help customers reduce both their energy bills and GHG-emissions. OSEA further recommended that Enbridge Gas' efforts in 2021 be focused on three priority areas: municipal energy plans, research on sustainable heating technologies, and benchmarking.

Pollution Probe recommended that at the outset of 2021, Enbridge Gas have access to its DSM budgets plus the additional 15% related to over-spending provisions in the DSM Guidelines. Pollution Probe suggested that in order to respond to a likely backlog in DSM activity caused by the pandemic and a higher demand for energy efficiency opportunities, the OEB consider providing access to all potential budget amounts in an effort to provide greater certainty that program continuity would not be jeopardized throughout 2021.

Enbridge Gas agreed with OEB staff that the existing budget flexibility provided in the DSM Guidelines should be maintained. Further, Enbridge Gas noted that requests for budget limitations as recommended by Energy Probe, or increases, as suggested by Pollution Probe, appear to be in contrast to the direction provided in Procedural Order No. 1 and out of scope as they would constitute a material change.

## Findings

The OEB will maintain the existing budget flexibility set out in the DSM Guidelines and in effect for the 2015-2020 period. The OEB will not eliminate budgetary flexibility as suggested by Energy Probe, or enhance it as proposed by Pollution Probe. Both amendments lack the evidentiary basis that would support the amendment of the DSM Guidelines for 2021. OSEA's suggestions for reformulation of priorities for 2021 is too broad an issue for consideration in this limited focus proceeding and should be directed to the on-going post-2020 DSM framework consultation.

### 4.1.2 Programs for Gas-Fired Generators

APPrO submitted that the OEB should allow gas-fired electricity generators (GFGs) to be exempt from DSM and its associated costs. APPrO noted that GFGs have the internal expertise and capabilities to undertake their own conservation measures and that any additional costs imposed on these customers does not provide for carbon- or conservation-related benefits.

Enbridge Gas submitted that APPrO's proposal appears to run counter to the scope of the proceeding and represents a material change. Further, there were no interrogatories posed on this subject, and therefore insufficient evidence on the record to support APPrO's proposal. However, if considered within scope by the OEB, Enbridge Gas noted that it would require changes to its billing system, which would come with associated costs that are not known at this time.

Further, Enbridge Gas noted that GFGs are not a stand-alone rate class. Instead, they are a subset of the customers in the Union rate zones' T2 and T100 large volume rate classes. Enbridge Gas noted that this makes it difficult to provide details on the aggregate amount of funds that APPrO's proposal would reallocate to the remaining members of these rate classes and the subsequent rate impacts. Further, Enbridge Gas noted that members of the T2 and T100 rate classes affected by this change would likely want an opportunity to respond to the proposal. Enbridge Gas suggested that it may be preferable to deal with this proposal in the context of the post-2020 DSM framework consultation.

## Findings

The OEB finds that APPrO's proposal is beyond the scope of this proceeding. It would require changes to cost allocation of DSM amounts to rate classes with resulting rate impacts. Such changes could be material and would also require a sufficient evidentiary basis that is not on the record in this proceeding. The OEB notes that this is an appropriate issue to be raised in the on-going post-2020 DSM framework consultation.

## 4.2 2021 DSM Programs, including Performance Scorecards and Targets

Enbridge Gas requested to roll-forward all of its OEB-approved programs, scorecards and parameters from 2020 into 2021. Enbridge Gas indicated that this would ensure program continuity and not impede any progress or traction that its programs have made across all sectors and provide a smooth evolution into the next DSM framework.

### 4.2.1 Residential Home Retrofit Programs

Many parties questioned the value of the current iteration of Enbridge Gas' residential home retrofit programs (now marketed as the Home Efficiency Rebate offer). GEC provided several detailed recommendations on how the home retrofit program can be improved to respond to federal changes to the baseline efficiency levels of new furnaces.

Specifically, GEC recommended that the definition of a participant in the residential home retrofit programs be modified in two ways while maintaining an average savings of 15% across all participants. First, the calculation of the percentage of natural gas savings at a customer's household should be based on a 95% efficient furnace as the baseline, as opposed to 90% efficient furnace as previously prescribed. Second, in

order for a customer to qualify for a financial incentive and participate in Enbridge Gas' program, as opposed to the requirement to install at least any two major measures, it must either:

- i) upgrade two major measures, not counting furnace replacements; or,
- ii) if replacing the furnace, upgrade a single measure with at least 7.5% overall household natural gas savings.

GEC also suggested that the OEB establish a new participant target to be included in the 2021 Resource Acquisition scorecard. GEC recommended that the 2021 residential home retrofit program participant target be based on the mid-point between the total number of residential home retrofit program participants in 2018 and what the 2018 figure would have been had furnace replacements not been allowed to count towards the program requirement of installing at least two major measures. This would result in 2021 participant targets of 9,558 for EGD and 11,429 for Union. Energy Probe also provided similar recommendations, suggesting that the OEB should revise 2021 targets based on a historic rolling average of 2017 to 2019 achievement.

GEC noted that these changes would respect the change in efficiency baseline of furnaces from 90% when the program was approved in 2016 to 95% which is the new baseline efficiency standard for furnaces manufactured after July 3, 2019. GEC further noted that although there are furnaces available which are 96% and 97% efficient, the incremental savings are very modest. Therefore, it no longer makes sense to treat a furnace replacement as a major measure in the utilities' residential home retrofit programs.

GEC submitted that the implications of these changes on the available shareholder incentive is non-trivial. Due to the overall size of the residential home retrofit program budgets relative to the total program budgets (67.1% for the EGD rate zone and 61.9% for the Union rate zones) and since the shareholder incentive is allocated in proportion to approved budgets, Enbridge Gas has an opportunity to earn a total of \$13.47 million (\$7.01 million for EGD rate zone and \$6.46 million for the Union rate zones) based on outdated efficiency standards.

GEC also noted that it is doubtful that furnaces with an efficiency greater than the new federal standard of 95% are cost-effective. GEC did not conduct a detailed assessment of cost-effectiveness given the limited scope of the proceeding. However, GEC noted that the incremental cost of just upgrading from 95% to 96% efficiency is on the order of \$280. This translates to a levelized cost of nearly \$1.00/m<sup>3</sup> saved over the life of the furnace, or more than triple Enbridge Gas' current average residential rates. Further, a

96% efficient furnace would produce slightly more than \$100 in net present value benefits and have a benefit-cost ratio of between 0.3 and 0.4.

GEC's proposals were supported by OEB staff and Environmental Defence. OEB staff also submitted that based on its analysis of 2018 program data, that Enbridge Gas should target homes that are 40+ years old in order to maximize natural gas savings.

SEC submitted that the OEB should reject any proposals to make changes to the current DSM programs for 2021. Rather, SEC submitted that the OEB should approve a roll-over that is as simple and clear as possible. However, SEC submitted that the OEB should reaffirm Enbridge Gas' responsibility to adjust its residential home retrofit program in light of a material change in circumstances – increased federal efficiency baseline levels for furnaces.

Enbridge Gas submitted that it is not necessary or appropriate for the OEB to order the changes to the residential home retrofit program, including target adjustments, as proposed by GEC and supported by other parties.

Enbridge Gas indicated that elements of the program raised by GEC have already been updated for its 2020 program year, consistent with federal efficiency updates. These include the updated baseline for furnace replacements from 90% to 95% and the requirement that where a participant includes a furnace upgrade installed after January 1, 2020, the homeowner must also complete at least two additional eligible measures. Also, effective January 1, 2020, the financial incentive payable on installation of a furnace with an efficiency rating of higher than 95% was reduced to \$500. Enbridge Gas noted that it had intended to review the \$500 incentive for high efficiency furnace upgrades at the end of Q1 2020 but due to the impacts of COVID-19, the change has not yet occurred. However, Enbridge Gas plans to review and reduce the incentive level by September 2020. Enbridge Gas submitted that no further adjustment is necessary as it has already implemented these suggestions.

Enbridge Gas noted that the goal of its residential home retrofit program remains consistent with the 2015-2020 DSM Decision in providing a holistic approach including customer rebates towards energy audits, insulation upgrades and improvements to their space and water heating systems. Enbridge Gas further noted that, consistent with the National Standard Practice Manual for Energy Efficiency, a customer's interest in a measure which may on its own not be cost-effective is the key to persuading the customer to install a package of measures that are cost-effective in aggregate. Enbridge Gas noted that excluding furnaces from the program would require a major reworking of



the partners it works with to identify prospective customers. This change could prove quite detrimental.

Enbridge Gas submitted that the purpose and objectives of what GEC proposes have already been achieved with the changes it has made to the residential home retrofit program. The program will continue to generate natural gas savings which are claimed based upon the new efficiency baseline. Further, with respect to GEC's recommendation that if the furnace is being replaced that a single measure with at least 7.5% savings be also included, Enbridge Gas noted that this change could have an impact on its ability to achieve the 15% average savings across all participants. Due to this, Enbridge Gas submitted that the OEB reject GEC's recommendation.

With respect to the proposed changes to the participant target suggested by GEC and Energy Probe, Enbridge Gas submitted that given the substantial evolution of the program and the changes discussed above that have resulted in more demanding program eligibility criteria, neither proposal is necessary. Further, Enbridge Gas submitted that for the OEB to agree to a departure from the use of the target adjustment mechanism that systematically adjusts targets to reflect a prior year's results, a high evidentiary threshold and proof that the target adjustment mechanism is not working should be required. Enbridge Gas noted that no party attempted to do this and therefore, there is no basis for the OEB to depart from the rules it previously established to set and adjust targets.

## Findings

The OEB approves the continuation of the residential home retrofit programs based on the changes that Enbridge Gas has reported have already been made. These include the following:

- an updated baseline for furnace replacements from 90% to 95%,
- the requirement that where a participant includes a furnace upgrade installed after January 1, 2020, the homeowner must also complete at least two additional eligible measures,
- a reduction of the financial incentive to \$500, payable on installation of a furnace with an efficiency rating of higher than 95%, effective January 1, 2020.

Furthermore, Enbridge Gas plans to further review and reduce the incentive level for high efficiency furnaces by September 2020. The OEB supports and encourages such a review and reduction to the incentive.

The OEB concludes that there is insufficient information on the impact of implementing GEC's suggestion that if the furnace is being replaced, a single measure with at least 7.5% savings also be included. The OEB accepts Enbridge Gas' submission that this change could have an impact on its ability to achieve the 15% average savings across all participants. The OEB agrees that there should be priority targeting of furnaces that are over 40 years old to enhance natural gas savings.

GEC and Energy Probe proposed changes to the participant target related to recommended program design changes. However, as the OEB is not directing any changes to be made to the design of the residential home retrofit program, Enbridge Gas' commitment to retain the current participant target for 2021 is appropriate.

#### **4.2.2 Low-Income Programs**

FRPO submitted that based on recent program data for the Union rate zones the multi-family component of the low-income program is producing significantly higher natural gas savings for each dollar invested. The multi-family component has produced an average natural gas savings/dollar invested of 9.8 m<sup>3</sup>/\$ whereas the single-family component has only produced 5.1 m<sup>3</sup>/\$. FRPO submitted that greater investment in Enbridge Gas' low-income program to multi-family buildings, both socially- and privately-owned, would provide greater savings without any real change to the program beyond perhaps allocation of resources.

LIEN and VECC requested that the OEB urge Enbridge Gas to improve its low-income programs and increase the number of participants and total lifetime savings in 2020 and 2021. Further, LIEN requested that Enbridge Gas work more closely with industry partners to gain insights and assistance to improve program performance. Finally, LIEN requested that Enbridge Gas not reallocate funds from its low-income programs, but instead to use funds wisely to achieve higher savings and greater uptake of the programs.

Enbridge Gas did not provide a specific response to the low-income program submissions of LIEN and VECC. However, as part of Enbridge Gas' general submissions it noted that it must have the flexibility to design and implement programs it considers most consistent with the 2015-2020 DSM Framework and principles articulated by the OEB, and that changes to the current DSM programs, including increasing partnerships with various entities, is inappropriate.

## Findings

The OEB does not approve any program changes to the low-income programs. However, while recognizing the need for Enbridge Gas to have the flexibility to design and implement programs, the OEB encourages Enbridge Gas to examine and improve existing low-income accessible programs and the methods for their delivery in order to increase savings and the number of participants in 2021. The OEB anticipates that such programs will also be an issue that will be considered in the OEB's on-going post-2020 DSM framework consultation.

### 4.2.3 Program Participation

OGVG submitted that the OEB should direct Enbridge Gas to take steps to prioritize engagement with Contract Class customers that have not yet participated in DSM programming before resorting to engaging repeat participants. OGVG noted that only 6% of customers in the General Services rate classes participate in a DSM program more than once, whereas 73% of Contract Class customers are repeat participants. OGVG noted that DSM program costs are a material expense for many Contract Rate class customers, with an average cost in excess of \$100,000 over the 2015-2019 period.

OGVG noted that it would not be unreasonable to require that Enbridge Gas canvass the non-participants, presumably through its account managers, and report on attempts to engage those customers in DSM programming and the reasons why those attempts fail. OGVG requested that the OEB direct Enbridge Gas to include a review of the remaining population of Contract Class customers that are non-participants, Enbridge Gas' efforts to engage those customers, and information as to why those customers are not participating in the DSM activities offered within its annual DSM reporting.

OSEA also requested that the OEB require Enbridge Gas to report on participation numbers for the purposes of evaluating the success of Enbridge Gas' initiatives and areas for improvements.

Pollution Probe noted that Enbridge Gas indicated it does not forecast participants/results at the program or offering level, but rather at the scorecard metric level. Pollution Probe noted that managing and forecasting only at a high level is not best practice and obviously not a sufficient manner to validate that ratepayer funds are spent efficiently. In order to achieve the program efficiencies that the OEB requested

based on the Mid-Term Review Report, a detailed analysis and monitoring at the program level is required.

Enbridge Gas noted that it already reports at a high level on its efforts to reach and market programs to Contract Class customers. Enbridge Gas noted that it constantly considers how to improve the marketing and uptake of its programs and welcomes specific ideas from OGVG about how to better reach its members.

Enbridge Gas noted a concern that OGVG's request would require it to reveal the name of specific customers and the reasons that are given by the customers for not participating, which would violate the customer confidentiality provisions of the Gas Distribution Access Rule (GDAR).

On June 26, 2020 OGVG filed a clarification letter in response to Enbridge Gas' reply submission. OGVG confirmed that no part of its requested relief includes a requirement that Enbridge Gas disclose the names of specific customers. OGVG noted that the reporting contemplated in its submissions could be done in accordance with the confidentiality provisions of GDAR so that Enbridge Gas may disclose information that has been sufficiently aggregated such that an individual consumer's information cannot reasonably be identified.

## Findings

The OEB will not direct the more detailed reporting of participation levels to be included in the DSM Annual Report for 2021, as revisions to mandatory reporting should be considered as part of the post-2020 DSM framework consultation.

OGVG has a valid concern that a high percentage of Contract Class customers are not being reached, and it appears that DSM programs are providing benefits, including natural gas savings, mostly to repeat customers. The OEB agrees that enrolling new customers should be a priority and the information collection suggested by OGVG can be accomplished without compromising customer confidentiality, and should be considered by Enbridge Gas. These efforts may provide increased natural gas savings in 2021 and help inform the post-2020 DSM framework consultation process.

### 4.2.4 Other Program-related Comments

OSEA also recommended that program changes be considered as priority items as part of the post-2020 DSM framework consultation. OSEA suggested that Enbridge Gas

continue to adapt program delivery to deal with impacts of COVID-19 including virtual audits and the use of innovative new technologies.

Pollution Probe suggested that Enbridge Gas complete a thorough assessment and gap analysis in 2021 of program enhancements based on the 2019 Achievable Potential Study. Pollution Probe noted that although the program adjustments will likely come into effect in 2022, the work would need to be conducted in 2021 to support the post-2020 DSM framework, but that some improvements could also be realized in 2021.

Enbridge Gas noted that these requests appear to be contrary to the scope of this proceeding outlined in Procedural Order No. 1.

## Findings

The OEB finds that these recommendations are beyond the scope of this proceeding. The recommendations by OSEA and Pollution Probe are more appropriately addressed in the context of the on-going post-2020 DSM framework consultation, as they appear to be tasks best suited to the consideration of future of DSM programs.

### 4.3 2021 Shareholder Incentive

Enbridge Gas proposed that the same annual shareholder incentive structure, including methodology for calculating final eligible shareholder incentives and the total annual amount 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.

No party objected to Enbridge Gas' proposal.

## Findings

The OEB approves the continuation of the existing annual shareholder incentive structure as it is consistent with the 2015-2020 DSM Guidelines.

#### 4.4 Cost-effectiveness Screening

Enbridge Gas proposed that the same cost-effectiveness screening be undertaken in 2021, consistent with the updated approach directed by the OEB in the Mid-Term Report for the 2020 DSM program year.

No party objected to Enbridge Gas' proposal.

#### Findings

The OEB approves the continued use of the cost-effectiveness screening test that is consistent with the directions of the OEB in the DSM Mid-Term Report.

#### 4.5 Other Issues

##### 4.5.1 COVID-19 Reporting

Some parties included suggestions and recommendations related to Enbridge Gas' response to the COVID-19 pandemic. OEB Staff, CCC, Energy Probe and VECC recommended that the OEB require Enbridge Gas to submit more regular status reports, as frequently as quarterly, in order to provide updates on spending, participation, forecasts and its general response to how its DSM activities are unfolding and forecasts to continue in light of the pandemic.

FRPO encouraged Enbridge Gas to ensure that data is collected and available to isolate the quantifiable impacts of the pandemic on its DSM efforts.

Energy Probe and OSEA requested that the OEB direct Enbridge Gas to file updated forecasts of 2020 and 2021 program achievement in light of the pandemic and the likelihood that results will not be at or near targets, which has been assumed by Enbridge Gas when providing responses to interrogatories.

CME cautioned that making any program changes contemporaneously with COVID-19 as it could compound uncertainty.

Enbridge Gas noted that as of June 15, 2020 it has commenced in-home energy assessments for the residential and low-income home retrofit programs. The balance of its programs are in various stages of operating at a greater capacity. Enbridge Gas

noted that the success of its 2020 DSM activities is not based solely upon its actions but will, to some degree, also depend upon the economy generally and the willingness of DSM participants to invest time and resources in DSM projects during these continuing uncertain times.

Enbridge Gas noted that while it understands that requests for more regular reporting are driven by the unique circumstances, it questioned the value that additional reporting will provide. Enbridge Gas stated that providing more regular year-to-date updates would require considerable employee resources to ensure accuracy of data and that information is properly presented. This would require focus to be shifted from the success of its DSM activities and maximization of scorecard achievements. Enbridge Gas estimated that providing year-to-date reports would require more than 600 hours for each report. If required to submit quarterly reports, Enbridge Gas requested that the OEB fully acknowledge that overhead costs in 2020 and 2021 would significantly increase to avoid prudence concerns in future DSM deferral and variance account clearance proceedings. However, Enbridge Gas offered to provide the OEB, on a voluntary basis with no OEB order required, updates in October 2020 and July 2021 of known and forecast participants for the balance of each respective year. Enbridge Gas included a proposed reporting template in its reply submission. The updates would require more reasonable resources of approximately 300 hours.

## Findings

The OEB will not require additional reporting responsibilities that would be of uncertain usefulness in the external oversight of the 2021 DSM program. The OEB expects that Enbridge Gas will maintain efficient recording of its DSM activities in accordance with its managerial responsibilities that enable it to be responsive to the orders and directions of the OEB.

### 4.5.2 Program Evaluation

OEB staff suggested that Enbridge Gas canvass the OEB's Evaluation Advisory Committee on all process evaluations it conducts to ensure the evaluation achieves the best results as possible. OEB staff also recommended that the results of the on-going Commercial and Industrial Custom program process evaluations be formally filed with the OEB so that interested stakeholders can review and discuss as part of the post-2020 DSM framework consultation.

Pollution Probe also suggested that the OEB undertake a review of its DSM Evaluation Advisory Committee during 2021 in an open and transparent manner that allows for input from all stakeholders. Additionally, Pollution Probe suggested that all outstanding audit and evaluation recommendations be compiled in an effort to prioritize and implement in 2021.

Enbridge Gas noted that it remains supportive of a detailed review of the various evaluation issues raised by parties, but submitted that this is not within scope for this application and better addressed as part of the OEB's post-2020 DSM framework consultation.

## Findings

The OEB will not order a review of the DSM evaluation process in the context of its approval of the 2021 DSM program. The OEB expects that the DSM Evaluation Advisory Committee will have useful input to the post-2020 DSM framework consultation.

### 4.5.3 Additional Requests

OSEA requested that the OEB require Enbridge Gas to meet obligations under Ontario's Environment Plan to implement voluntary renewable natural gas options for customers.

Pollution Probe suggested that Enbridge Gas develop a targeted DSM plan for all new system expansion projects to maximize DSM results. Pollution Probe noted that Enbridge Gas acknowledged that there are opportunities to achieve cost-effective DSM results while expanding the natural gas system to new communities and customers.

LIEN and Pollution Probe also requested that the OEB provide direction to Enbridge Gas to re-establish the DSM Consultative to allow for regular updates to be provided to all stakeholders and ensure valuable feedback can be provided to enhance and improve the existing and potential programs.

Enbridge Gas noted that a number of suggestions were raised by parties that do not directly relate to its 2021 DSM plan and should be found to be out of scope for this proceeding, including incorporating DSM into system expansion plans.



Further, Enbridge Gas noted that despite no formal stakeholder consultative being in place, it has and continues to reach out to appropriate stakeholders for the purposes of seeking assistance in understanding the needs of group's membership and how best to increase participation rates. Enbridge Gas also suggested that this be a topic considered as part of the post-2020 DSM framework consultation.

## Findings

The OEB concludes that these requests by OSEA, LIEN and Pollution Probe are out of scope for this proceeding. This proceeding is narrowly focused on potential adjustments to the OEB-approved 2020 DSM plans that could bring about efficiencies in 2021 without increasing the budget or materially changing the overall design of the existing programs. It was not intended to redress additional concerns associated with enforcement of obligations of the natural gas utilities under Ontario's Environment Plan or for discovery and analysis to assist in the preparation of participants in the post-2020 DSM framework consultation. The proposals by OSEA, LIEN, and Pollution Probe may have merit in the context of that consultation and the implementation of its results.

## 5 ORDER

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Enbridge Gas Inc.'s 2021 demand side management plans for the EGD and Union rate zones are approved.
2. Intervenor shall file with the OEB, and forward to Enbridge Gas Inc., their respective cost claims by **July 30, 2020**.
3. Enbridge Gas Inc. shall file with the OEB, and forward to intervenors, any objections to the claimed costs by **August 6, 2020**.
4. Intervenor shall file with the OEB, and forward to Enbridge Gas Inc., any responses to any objections for cost claims by **August 13, 2020**.
5. Enbridge Gas Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

All materials filed with the OEB must quote the file number, **EB-2019-0271**, be made in searchable/unrestricted PDF format with a digital signature through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice>. Filings must clearly state the sender's name, postal address, telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <https://www.oeb.ca/industry>. If the web portal is not available, parties may email their documents to [boardsec@oeb.ca](mailto:boardsec@oeb.ca).

All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Josh Wasylyk at [josh.wasylyk@oeb.ca](mailto:josh.wasylyk@oeb.ca) and OEB Counsel, Michael Millar at [michael.millar@oeb.ca](mailto:michael.millar@oeb.ca).

Email: [boardsec@oeb.ca](mailto:boardsec@oeb.ca)  
Tel: 1-888-632-6273 (Toll free)  
Fax: 416-440-7656

**DATED** at Toronto July 16, 2020

**ONTARIO ENERGY BOARD**

*Original Signed By*

Christine E. Long  
Registrar and Board Secretary

## **Appendix A**

**EB-2019-0271**

### **2021 Demand Side Management Plan Scorecards**

**EGD Rate Zone**

## Appendix A – EGD Rate Zone

### 2021 Demand Side Management Plan Scorecards

EGD Rate Zone - 2021 Resource Acquisition Scorecard		Metric Target			
Programs	Metrics	Lower Band	Target	Upper Band	Weight
Home Energy Conservation Residential Adaptive Thermostats Commercial & Industrial Custom Commercial & Industrial Prescriptive Commercial & Industrial Direct Install Run-it-Right Comprehensive Energy Management (CEM)	Large Volume Customers Cumulative Natural Gas Savings (m3)	75% of Target	2020 metric achievement (LRAM natural gas savings) / 2020 Large Volume Customers Resource Acquisition actual spend without overheads x 2021 Large Volume Customers Resource Acquisition budget without overheads x 1.02	150% of Target	40%
	Small Volume Customers Cumulative Natural Gas Savings (m3)	75% of Target	2020 metric achievement (LRAM natural gas savings) / 2020 Small Volume Customers Resource Acquisition actual spend without overheads x 2021 Small Volume Customers Resource Acquisition budget without overheads x 1.02	150% of Target	40%
Home Energy Conservation (HEC)	Residential Deep Savings Participants (Homes)	75% of Target	2020 metric achievement / 2020 actual program spend without overheads x 2021 program budget without overheads x 1.02	150% of Target	20%

Note: Metric achievement is calculated using verified program savings used for LRAMVA purposes

EGD Rate Zone - 2021 Low Income Scorecard		Metric Target			
Programs	Metrics	Lower Band	Target	Upper Band	Weight
Home Winterproofing	Cumulative Natural Gas Savings (m3)	75% of Target	2020 metric achievement (LRAM natural gas savings) / 2020 actual program spend without overheads x 2021 program budget without overheads x 1.02	150% of Target	45%
Low-Income Multi-Residential	Cumulative Natural Gas Savings (m3)	75% of Target	2020 metric achievement (LRAM natural gas savings) / 2020 actual program spend without overheads x 2021 program budget without overheads x 1.02	150% of Target	45%
Low-Income New Construction	Number of Project Applications	75% of Target	2020 metric achievement / 2020 accrued program cost without overheads x 2021 program budget without overheads x 1.02	150% of Target	10%

Note: Metric achievement is calculated using verified program savings used for LRAMVA purposes

EGD Rate Zone - 2021 Market Transformation Scorecard		Metric Target			
Programs	Metrics	Lower Band	Target	Upper Band	Weight
School Energy Competition	Schools	75% of Target	2020 metric achievement / 2020 actual program spend without overheads x 2021 program budget without overheads x 1.1	150% of Target	10%
Run-it-Right	Participants	75% of Target	2020 metric achievement / 2020 accrued program costs without overheads x 2021 program budget without overheads x 1.1	150% of Target	20%
Comprehensive Energy Management (CEM)	Participants	75% of Target	2020 metric achievement / 2020 accrued program costs without overheads x 2021 program budget without overheads x 1.1	150% of Target	20%
Residential Savings by Design	Builders	75% of Target	2020 metric achievement / 2020 accrued program costs without overheads x 2021 program budget without overheads x 1.1	150% of Target	10%
	Homes Built	75% of Target	2020 metric achievement / 2020 accrued program costs without overheads x 2021 program budget without overheads x 1.1	150% of Target	15%
Commercial Savings by Design	New Developments	75% of Target	2020 metric achievement / 2020 accrued program costs without overheads x 2021 program budget without overheads x 1.1	150% of Target	25%

## **Appendix B**

**EB-2019-0271**

**2021 Demand Side Management Plan Scorecards**

**Union Rate Zones**

## Appendix B – Union Rate Zones

### 2021 Demand Side Management Plan Scorecards

Union Rate Zones - 2021 Resource Acquisition Scorecard		Metric Targets			
Programs	Metrics	Lower Band	Target	Upper Band	Weight
Home Reno Rebate Residential Adaptive Thermostat Commercial & Industrial Custom Commercial & Industrial Prescriptive Commercial & Industrial Direct Install	Cumulative Natural Gas Savings (m3)	75% of Target	2020 metric achievement (LRAM natural gas savings) / 2020 Resource Acquisition actual spend without overheads x 2021 Resource Acquisition budget without overheads x 1.02	150% of Target	75%
Home Reno Rebate	Home Reno Rebate Participants (Homes)	75% of Target	2020 metric achievement / 2020 actual program spend without overheads x 2021 program budget without overheads x 1.02	150% of Target	25%

Note: Metric achievement is calculated using verified program savings used for LRAMVA purposes

Union Rate Zones - 2021 Low Income Scorecard		Metric Target			
Programs	Metrics	Lower Band	Target	Upper Band	Weight
Home Weatherization Furnace End-of-Life Aboriginal	Cumulative Natural Gas Savings (m3)	75% of Target	2020 metric achievement (LRAM natural gas savings) / 2020 actual program spend without overheads x 2021 program budget without overheads x 1.02	150% of Target	60%
Multi-family	Social and Assisted Multi-Family Cumulative Natural Gas Savings (m3)	75% of Target	2020 metric achievement (LRAM natural gas savings) / 2020 actual program spend without overheads x 2021 program budget without overheads x 1.02	150% of Target	35%
	Market Rate Multi-Family Cumulative Natural Gas Savings (m3)	75% of Target	2020 metric achievement (LRAM natural gas savings) / 2020 actual program spend without overheads x 2021 program budget without overheads x 1.02	150% of Target	5%

Union Rate Zones - 2021 Large Volume Scorecard		Metric Target			
Programs	Metrics	Lower Band	Target	Upper Band	Weight
Large Volume Program for T2/R100 Customers	Cumulative Natural Gas Savings (m3)	75% of Target	Three-year rolling average (2018-2020) Rate T2/Rate 100 cost effectiveness x 2021 budget without overheads x 1.02	150% of Target	100%

\*Cost effectiveness = Final verified metric achievement used for LRAMVA purposes divided by final actual program spend for that year



Union Rate Zones - 2021 Market Transformation Scorecard		Metric Target			
Programs	Metrics	Lower Band	Target	Upper Band	Weight
Optimum Home	Homes Built (>15% above OBC 2017) by Participating Builders	75% of Target	2020 metric achievement / 2020 actual program spend without overheads x 2021 program budget without overheads x 1.1	150% of Target	50%
Commercial New Construction	New Developments Enrolled by Participating Builders	75% of Target	2020 metric achievement / 2020 actual program spend without overheads x 2021 program budget without overheads x 1.1	150% of Target	50%

Union Rate Zones - 2021 Performance-Based Scorecard		Metric Target			
Programs	Metrics	Lower Band	Target	Upper Band	Weight
RunSmart	Participants	75% of Target	2020 metric achievement / 2020 accrued program cost without overheads x 2021 program budget without overheads x 1.1	150% of Target	10%
	Savings (%)	75% of Target	2020 metric achievement / 2020 accrued program cost without overheads x 2021 program budget without overheads x 1.1	150% of Target	40%
Strategic Energy Management (SEM)	Savings (%)	75% of Target	2020 metric achievement / 2020 accrued program cost without overheads x 2021 program budget without overheads x 1.1	150% of Target	50%