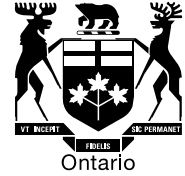


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BY E-MAIL

September 11, 2020

Christine Long
Board Secretary and Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON, M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc. – EB-2020-0067
Applications for Disposition of 2017 & 2018 Demand Side Management
Deferral and Variance Accounts**

In accordance with Procedural Order No. 1, please find attached OEB staff's interrogatories in the above noted proceeding.

Interrogatory responses are due by October 7, 2020.

Yours truly,

Original Signed By

Alexander Di Ilio
Project Advisor – Application Policy & Conservation

**OEB Staff Interrogatories
2017 & 2018 Demand Side Management Deferral and Variance Account
Applications**

**Enbridge Gas Inc.
EB-2020-0067**

September 11, 2020

Below are OEB staff's interrogatories for Enbridge Gas Inc. (Enbridge Gas).

OEB Staff-01

Reference: (i) Exhibit A, Tab 2, Schedule 1, Pages 1-2

(ii) EB-2019-0247 Decision and Order, Page 16

Enbridge Gas is proposing disposing of deferral and variance account balances in the Enbridge Gas Distribution rate zone through a one-time adjustment charge, whereas for the deferral and variance account balances in the Union Gas rate zones, Enbridge Gas is proposing for disposition to occur over a six-month period.

As part of its Decision and Order related to Enbridge Gas's 2020 Federal Carbon Pricing application (EB-2019-0247), the OEB noted its interest in a common disposition period and consistent approach to variance account dispositions going forward.

- (a) Please discuss the different disposition methodologies between the Enbridge Gas rate zones and the rationale for the different approaches.

OEB Staff-02

Reference: (i) Exhibit B, Tab 2, Schedule 1, Table 4.0

(ii) Exhibit B, Tab 2, Schedule 1, Table 5.6 & 2017 Commentary and Lessons Learned

The number of 2017 participants in the Home Energy Conservation program exceeded target, however Enbridge Gas did not meet the 2017 small volume natural gas savings metric target. Natural gas savings from residential customers make up more than half of all savings reported in the small volume natural gas savings metric.

PROGRAM	2017 TARGET/SAVINGS	% of Achievement
SMALL VOLUME SAVINGS TARGET	370,375,390	n/a
Home Energy Conservation	153,917,853	52%
Residential Adaptive Thermostats	38,063,232	13%
Commercial & Industrial Programs (Custom, Direct Install, Prescriptive & Energy Leaders - Pilot)	105,002,660	35%
TOTAL	296,983,745	80% of target

Source: 2017 Annual Verification Report, Table 3-3 and 3-4

- (a) Please discuss the factors that contributed to missing the small volume natural gas savings metric in 2017. Within your response, please include information related to the level of program uptake by smaller commercial and industrial customers.
- (b) Please expand on the nature of the small commercial custom initiatives Enbridge Gas' commercial team focused on during the 2017 program year. Within your response please discuss if this has been a continued focus and any additional lessons learned.

OEB Staff-03

Reference: Exhibit B, Tab 3, Schedule 1, Pages 2-4

Enbridge Gas indicates that it has incurred an additional \$1.087M in developing and implementing its new DSM Tracking and Reporting System. This is incremental to the OEB-approved amount of \$5M as part of the Decision on the 2015-2020 DSM Plans. Enbridge Gas lists some causes for the increase, including data migration complexities, timing and vendor delays.

- (a) Please discuss when Enbridge Gas first expected costs to be greater than the approved budget for the DSM Tracking and Reporting IT system.
- (b) Please discuss the steps Enbridge Gas took to minimize cost overruns. Within your response, please provide more information on how vendor staffing turnover led to additional costs and if the vendor delays contributed to the additional costs due to a mandatory system upgrade during the development period.
- (c) Please discuss if and how legacy Enbridge and Union worked together to coordinate efforts on this project. Within your response, please indicate any

areas of collaboration on work items, system requirements, vendor selection and any other areas of overlap.

OEB Staff-04

Reference: Exhibit A, Tab 4, Schedule 1, Pages 9-12

- (a) In recommendation SM3, the EC identified cases of inaccurate savings data entries. In its response, Enbridge Gas refers to its responses to recommendations SM1 and SM2, however these responses pertain to unavailable data, not inaccurate data entry. Please provide a more complete response to EC recommendation SM3.
- (b) In recommendation SM5, the EC claims that the assumptions and standard modeling practices used in simulations prepared by delivery agents may not meet industry standards. In its response, Enbridge Gas notes that delivery agents are expected to follow NRCan protocols. Has Enbridge Gas confirmed that delivery agents are indeed following NRCan protocols?
- (c) In recommendation SM6, the EC notes that there was no evidence that site-level auditors were qualified as Certified Energy Evaluators. Does Enbridge Gas require site-level auditors to be Certified Energy Evaluators? If so, does Enbridge confirm that the auditors hold this certification or at a minimum, are made aware of the certification?

OEB Staff-05

Reference: (i) 2015-2020 DSM Guidelines, Section 6.6

(ii) Exhibit C, Tab 2, Schedule 1, Page 128, Table 11.0 – Summary of 2017 Budget and Spending

(iii) Exhibit C, Tab 3, Schedule 1, Pages 2-3

(iv) 2017 Natural Gas Demand Side Management Annual Verification, Appendix P, Table 6-155

As noted in the 2015-2020 DSM Guidelines, a utility must notify the OEB of any program budget fund transfers in excess of 30%. In Item 6 of Exhibit C, Tab 3, Schedule 1, Enbridge Gas states that it did not transfer more than 30% of program budget funds between programs for the Union rate zone in 2017. However, Table 6-155 of the 2017 Natural Gas Demand Side Management Annual Verification report indicate that spending on the Resource Acquisition, Large Volume, Market Transformation, and

Performance-Based programs deviated by more than 30% from the OEB-approved budget.

Further, Table 11.0 – Summary of 2017 Budget and Spending in the Union Gas 2017 Annual DSM Report includes Column D titled “Budget Transfers”.

Program	2017 Spend (\$)	2017 Budget (\$)	Variance (\$)	Variance (%)
Resource Acquisition	44,240,315	33,404,162	10,836,153	32.44
Low-Income	10,882,721	12,342,841	(1,460,120)	(11.83)
Large Volume	2,622,762	4,000,000	(1,377,238)	(34.43)
Market Transformation	1,698,246	2,338,070	(639,824)	(27.37)
Performance-Based	532,776	843,000	(310,224)	(36.8)

Source: Exhibit C, Tab 2, Schedule 1, Table 11.0

Program	Utility Spending (\$)	OEB-Approved Budget (\$)	Variance (\$)	Variance (%)
Resource Acquisition	44,240,314	33,404,162	10,836,152	32
Low-Income	10,882,721	12,342,841	(1,460,120)	(12)
Large Volume	2,622,762	4,000,000	(1,377,238)	(34)
Market Transformation	1,620,246	2,338,070	(717,824)	(31)
Performance-Based	532,776	843,000	(310,224)	(37)

Source: 2017 Natural Gas Demand Side Management Annual Verification, Appendix P, Table 6-155

- (a) Please explain the program budget deviations that exceeded 30% in the Union rate zones as shown in the 2017 Annual Verification Report with the reported budget transfers in the Union 2017 Annual DSM Report.
- (b) Please discuss all budget transfers and clearly show what approved program funding was transferred across the portfolio.
- (c) Please explain why the actual amount spent on the Market Transformation program changed from 2017 to 2018.