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November 12, 2020

BY RESS AND EMAIL

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

Dear Ms. Long:

Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board File No.: EB-2020-0067
2017/2018 Demand Side Management (DSM) Deferral and Variance Account Disposition Application – Enbridge Gas Reply Submission

On July 17, 2020, Enbridge Gas Inc. ("Enbridge Gas" or the "Company") submitted an application with the Ontario Energy Board ("Board" or "OEB") concerning the final disposition and recovery of certain 2017 and 2018 Demand Side Management ("DSM") program year-end deferral and variance account balances (the "Application").[1]

In accordance with the Board's Procedural Order No. 1, dated September 3, 2020, attached please find the reply submission of Enbridge Gas.

If you have any questions, please contact the undersigned.

Sincerely,

Adam Stiers
Digitally signed by Adam Stiers
Date: 2020.11.12 14:37:23 -05'00'

Adam Stiers
Technical Manager, Regulatory Applications

cc.: Dennis O'Leary (Aird & Berlis)
Alexander Di Ilio (OEB Staff)
Michael Millar (OEB Counsel)
EB-2019-0067 (Intervenors)

[1] Enbridge Gas Inc., was formed by the amalgamation of Enbridge Gas Distribution Inc ("EGD") and Union Gas Limited ("Union") on January 1, 2019.

EB-2020-0067

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Schedule. B, as amended;

AND IN THE MATTER OF an application by Enbridge Gas Inc. for an order or orders approving the balances and the clearance of certain 2017 & 2018 Demand Side Management Variance and Deferral Accounts into rates.

ENBRIDGE GAS INC.

REPLY SUBMISSION

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INTRODUCTION

1. This is the reply submission of Enbridge Gas Inc.[1] ("Enbridge Gas" or the "Company") to the submissions of Ontario Energy Board ("OEB" or the "Board") Staff ("Staff"), Building Owners & Managers Association ("BOMA"), Canadian Manufacturers & Exporters ("CME"), Energy Probe Research Foundation ("Energy Probe"), Federation of Rental-Housing Providers of Ontario ("FRPO"), London Property Management Association ("LPMA"), Ontario Greenhouse Vegetable Growers ("OGVG"), Pollution Probe and Schools Energy Coalition ("SEC"). The Industrial Gas Users Association did not file any substantive submissions.

2. Enbridge Gas notes that several intervenors commented on specific demand side management ("DSM") program offerings and/or other matters which are outside the scope of this application which involves the examination of the DSM Deferral and Variance account balances for the 2017 and 2018 DSM program years and the disposition of same (the "Application"). The OEB described the scope of this proceeding in its Procedural Order No. 1, dated September 3, 2020:

> Given that the 2017 and 2018 program years represent the third and fourth year under the OEB's DSM Framework and that the account balances that are proposed for disposition have been reviewed as part of the OEB-coordinated evaluation, measurement and verification process, the OEB considers its review of this application to be a fairly mechanistic process.

Accordingly, Enbridge Gas concludes that comments directed at specific program offerings and the prioritizing of program offerings are matters for either future DSM framework or future DSM plan proceedings, as such matters have much broader implications and are not mechanistic in nature. But for a few short comments, in most

[1] Enbridge Gas was formed by the amalgamation of Enbridge Gas Distribution Inc. ("EGD") and Union Gas Limited ("Union"), on January 1, 2019 pursuant to the *Ontario Business Corporations Act*, R.S.O. 1990, c. B. 16. Enbridge Gas carries on the business of selling, distributing, transmitting and storing natural gas in Ontario within the meaning of the *Ontario Energy Board Act, 1998*.

instances, Enbridge Gas has declined to respond to matters which are outside the scope of this proceeding.

3. The majority of the submissions made by parties relate to two issues: (i) the modest budget exceedance by Enbridge Gas in respect of its DSM tracking and reporting system upgrade project for the EGD rate zone; and, (ii) the disposition of deferral and variance account balances into rates. Enbridge Gas responds to the submissions of the parties to these two issues collectively under the applicable subheadings.

4. Before turning to the specific issues, it should be recognized that with the exception of some parties arguing in favour of a full or partial disallowance of the modest budget exceedance in respect of the DSM tracking and reporting system upgrade project undertaken by Enbridge Gas for the EGD rate zone, all parties accept the balances in each of the applicable deferral and variance accounts and agree that these amounts should be cleared through to rates. Moreover, BOMA supports the application in its entirety in all respects.[2] OEB Staff, states on pages 3 and 5 of its submission, that:

> …the proposed DSMVA, DSMIDA, and LRAMVA account balances have been calculated consistent with the OEB's 2015-2020 DSM Guidelines and the EC's Verification reports.

EGD DSM TRACKING AND REPORTING SYSTEM UPGRADE PROJECT

5. It is important to recall that when it brought forward a request for approval of its high level budget for this project in 2015, EGD was a standalone natural gas utility. The amalgamation of the two former utilities (EGD and Union) would not occur until approximately 4 years later (January 2019). Staff acknowledges this fact in its

[2] BOMA Submission, p. 2.

submission.[3] Accordingly, EGD operated its programs completely independent of Union and reported to the Board separately on all matters including applications for approval of DSM plans and the approval and clearance of deferral and variance accounts.

6. In 2015, EGD proposed a significant upgrade to its DSM tracking and reporting IT system in response to the Board's expectation that under the Board's new Demand Side Management Framework for Natural Gas Distributors (2015-2020) (EB-2014-0134) (the "2015-2020 DSM Framework") EGD would be required to undertake fundamental and material changes to its DSM program offerings.[4] For EGD to undertake such changes to its DSM activities and to meet the Board's expectation of enhanced evaluation, monitoring and verification ("EM&V") of DSM activities that would be required under the EM&V process delegated to Staff to oversee, an enhanced tracking and reporting system was required. The limitations of the existing system were clearly identified in the business case which was filed in evidence as part of EGD's 2015-2020 Multi-Year DSM Plan application.[5] A copy of this business case was attached to the interrogatory response to SEC 4 in this proceeding.[6] It should be acknowledged that the business case actually calls for a budget of $5.2 million and specifically states at page 7 that the Company expected to revisit the proposed budget of $5.2 million as it embarked on the process.[7]

7. It is fair to say that at the time of its Multi-Year Plan filing, EGD had only reached the stage of developing what might be referred to as a functionality wish list in the business plan that expressed the hope that EGD would be able to upgrade its tracking and reporting system to include all of the functionalities referenced for $5.2 million. The fact that the project was

[3] OEB Staff Submission, p. 5.
[4] Exhibit I.SEC.4, Attachment 1, pp. 1 & 3.
[5] EB-2015-0049, Exhibit I.T3.EGDI.BOMA.20, Attachment, June 23, 3015, pp. 1-2.
[6] Exhibit I.SEC.4, Attachment 1.
[7] ditto, p. 7.

still in the early stages at the time is reflected in the title of the budget line item requested by EGD as part its Multi-Year Plan. EGD requested and the Board approved a DSM IT Chargeback of $1 million in each of the years 2016 through 2020 inclusive.[8] The term Chargeback denotes an intent by EGD to account for the actual spend on the project and to return any excess or recover any reasonable exceedance in due course.

8. EGD readily acknowledges that the $5 million estimate was high level at the time as detailed scoping of the project had not been undertaken and no third party vendors had provided cost estimates.[9] Importantly, no party questioned the need for the project at the time of EGD's Multi-Year Plan application and the Board approved the request without limitations or qualifications.[10] The Board approved a budget estimate which, like all estimates, is subject to change to reflect unforeseen requirements and costs.

9. By comparison, Union requested approval for a budget of $6 million for its "DSM Tracking and Reporting System Upgrades" and that it recover this amount through the Union rate zones Demand Side Management Variance Account for the 2015 DSM program year ($1 million) and through rates for the 2016 DSM program year ($5 million).[11] This project was in no way linked to the upgrades required by EGD as the two DSM IT systems were developed independently over the years with functionality that reflected the unique portfolio of program offerings of each of the former utilities as well as links to unique systems within each former utility such as their respective billing systems.

[8] EB-2015-0029/0049, Decision and Order of the Board, February 24, 2016, Schedule A, p. 1.
[9] Ex. I.SEC.4, Attachment 1, pp. 2 & 5.
[10] EB-2015-0029/49, Decision and Order of the Board, January 20, 2016, p. 57; EB-2015-0029/49, Decision and Order of the Board, January 20, 2016, Schedule A, p. 1.
[11] EB-2015-0029/49, Decision and Order of the Board, January 20, 2016, p. 57; EB-2015-0029, Decision and Order of the Board, January 20, 2016, Schedule A, p. 2.

10. While Union was ultimately able to complete its tracking and reporting system upgrade project at about 85% ($5.077 million) of the approved budget of $6 million and returned the difference ($0.923 million) to ratepayers as part of its 2016 deferral and variance account clearance application ("2016 Clearance Application"),[12] the fact that its project was completed for somewhat less than forecast is a reflection of the fact that Union's systems were different from EGD's and thus the upgrades needed were also different. What the difference between actual and forecast costs for the Union project confirms is the magnitude of uncertainty common to budgeting IT projects (such uncertainty necessarily applies equally to cost savings and cost overruns). Indeed, Enbridge Gas notes that SEC in its submission at page 2 confirms this by stating it is "…true that utilities rarely are able to keep within their budgets on this category of projects. The uncertainties present a significant challenge to them".

11. It is noteworthy that no party to the 2016 Clearance Application suggested that the difference between Union's actual costs and budgeted costs, amounting to $0.923 million, should not be returned to ratepayers. It was the expectation of all parties, as well as the Board in that it approved Union's 2016 Clearance Application, that the over recovery by Union of funds in rates relative to its actual costs incurred for its tracking and reporting system upgrade project should be returned to ratepayers. Those parties that are currently arguing that Enbridge Gas should not recover its budget exceedance of $1.087 million in respect of EGD's tracking and reporting system upgrade project are promoting an asymmetrical application of the rules solely when it is in their financial interests to do so. This is most unfair and inconsistent with regulatory rate making principles.

[12] EB-2018-0300, Exhibit A, Tab 3, Section 2.1, November 30, 2018, pp. 9-10.

12. As noted in the pre-filed evidence at Exhibit B, Tab 3, Schedule 1, p. 2, Table 1, more than half of the spending on the EGD DSM tracking and reporting system upgrade project occurred in 2017 and earlier. Much if not all of this spending occurred before the idea of a possible merger between Enbridge Inc. and Spectra Energy Corp. was disclosed publicly. It was not until August 2018 that the Board approved the amalgamation of EGD and Union with the actual amalgamation not taking place until January 1, 2019. It should be recognized that EGD's tracking and reporting system upgrade project was well advanced by the time of the announced merger of Enbridge Inc. and Spectra Energy Corp. and was almost fully completed by the January 2019 date when EGD and Union amalgamated.

13. It is clear that it would have been both imprudent, inappropriate and impractical for EGD to walk away from its DSM tracking and reporting system upgrade project given the pending merger and subsequent amalgamation for the following two reasons:

(i) Even with the amalgamation, it was known that the integration of DSM program offerings between the two former utilities would take time. Until this occurred it was recognized that with separate EGD and Union rate zones, it would be necessary to maintain the already functioning separate tracking and reporting systems so that the EM&V process could fully examine the results of their distinct DSM activities and draw from rate zone specific historical data.

(ii) It is self-evident that the integration of two separately developed IT tracking and reporting systems does not take place overnight. As well, the abandonment of one system in favour of the other was not an option given the unique portfolios of program offerings and reporting mechanisms implemented as well as the separate and distinct sets of data maintained within these systems at each of the two former utilities.

14. As noted by Enbridge Gas in its response to Staff interrogatory 3 c):[13]

> It is important to note that at the time of project planning and throughout project development, EGD and Union were two separate organizations, and until January 2019 were also two separate and distinct legal entities managing unique legacy tracking and reporting systems and data sets.
>
> During the due diligence and planning phase of the project, EGD and Union met frequently to discuss business requirements, prospective vendors, timelines, resource requirements and other aspects of project planning. Through these discussions, EGD and Union identified many similar challenges to their unique systems and projects (e.g., data migration was a challenge for both). However, having developed separately, following nearly two decades of DSM delivery, the various source data for each utility was completely different, limiting the degree of collaboration possible.
>
> Once the formal vendor selection process had commenced, EGD and Union focused on the development and implementation of their own unique respective DSM Tracking and Reporting IT systems. Closer to the implementation phase, EGD and Union met periodically to discuss challenges related to change management, user acceptance and system sustainment in case there were any valuable learnings that could be leveraged by either utility.

15. As Enbridge Gas has made clear in the past and as it has demonstrated by the extent of the harmonization of its DSM program offerings already,[14] there has been a great deal of DSM collaboration and integration to the extent reasonable as between the two former utilities but it was simply not feasible to totally integrate the DSM IT tracking and reporting systems of the two former utilities immediately following the amalgamation in January 2019. In any event, the costs of the upgrades to both legacy systems had already largely been incurred.

16. While some parties vaguely suggest that greater collaboration could have led to a reduction in costs,[15] no party pointed to any specific steps which could have been taken or functionalities which could have been discarded which would have resulted in additional savings in respect of the EGD tracking and reporting system upgrade project. In contrast,

[13] Exhibit I.Staff.3 c).
[14] For example, see Exhibit I.EP.3 and attachments which relate to the HEC and HER program offerings.
[15] OEB Staff Submission, pp. 4-5; FRPO Submission, p. 1.

Enbridge Gas clearly stated in evidence the reasons for the modest 20% exceedance in response to Staff interrogatory 3 a) & b):[16]

> a) Enbridge Gas suspected that costs could exceed its original high-level estimate as early as 2015. Accordingly, and as discussed further in part b) below, Enbridge Gas worked hard throughout project development to refine the scope and to re-assess core project requirements in order to reduce costs as much as possible, while still ensuring an effective system was developed to achieve its objectives. It was not until 2017, once the project was well into the development phase that Enbridge Gas could be certain that costs would exceed the original high-level estimate.
>
> b) As discussed in part a) above, Enbridge Gas worked hard throughout project development to refine project scope and re-assess core business requirements in order to reduce costs as much as possible, while still ensuring an effective system was developed to achieve business objectives. For example, the development of partner and customer portals, as well as mobile enablement of the solution were removed from the project scope.
>
> Significant delays due to unforeseen turnover within the selected vendor's organization led to higher than expected time spent by and associated costs for internal Enbridge Gas resources to work on system development. While this contributed incrementally to the overall costs of the project, the final actual total cost of the project, being about 20% higher than the original high-level estimate approved by the Board, is consistent with the Company's experience in respect of IT projects given the difficulty in forecasting and estimating the costs to undertake and implement a complex solution as was the case here.[17]
>
> It should be noted that while the vendor also experienced higher than expected costs related to this turnover, the vendor did not pass these costs onto Enbridge Gas. Rather, additional costs were incurred by Enbridge Gas in order to continue project development during this vendor delay using internal Enbridge Gas staff (please also see the response at Exhibit I.EP.5). The time and cost of these internal resources was not contemplated in the original high-level estimate.

17. Importantly, no party has suggested that Enbridge Gas did not act in a prudent fashion. Staff simply say that it is not clear to them why Enbridge Gas should remain whole.[18] It is noteworthy that Staff do not question that the costs were incurred, they simply submit that half of the actual exceedance be disallowed for unexplained reasons. Enbridge Gas submits that such a disallowance can only be seen as a penalty for alleged misconduct

[16] Exhibit I.Staff.3 a) & b).
[17] Recall, that the cost of Enbridge Gas's tracking and reporting system upgrade project for the Union rate zones varied from its original OEB-approved budget by a similar order of magnitude. EB-2018-0300, Exhibit A, Tab 3, Section 2.1, November 30, 2018, pp. 9-10.
[18] OEB Staff Submission, pp. 4-5.

which Staff have failed to identify. Staff do not even try to provide a rationale for disallowing half. They cannot and did not link this amount to some specific failure or unnecessary functionality, because none exist.

18. Staff responded to the observation made by Enbridge Gas that budget overruns in respect of IT projects are not uncommon by simply pointing to the Union IT tracking and reporting system upgrade project and the fact that it came in under budget.[19] Enbridge Gas notes that the magnitude of the variance between EGD's IT tracking and reporting system upgrade project and Union's is almost identical (albeit one is a positive variance while the other is a comparable negative variance to their respective high-level cost estimates). As well, Enbridge Gas notes that the aggregate of the actual costs expended by the two former utilities on their separate projects comes in at almost precisely the aggregate of the budgets approved by the Board ($0.164 million greater than the aggregated costs). In other words, the amounts that ratepayers are being asked to pay for the two DSM IT tracking and reporting system upgrade projects is almost exactly what the two utilities proposed in the aggregate as part of their 2015-2020 Multi-Year Plans.[20]

19. SEC at page 2 of its submission states that normally it would not propose a disallowance of a cost overrun of this magnitude on an IT project, and that it acknowledges that in applying for the budget originally, EGD was clear that the $5 million estimate for the project was high level. Despite this, SEC argues for complete disallowance of the exceedance. Enbridge Gas now responds to the three reasons given by SEC.

20. The first reason is that the project was not completed with all of the functionality referenced in the high level business plan filed as evidence in EGD's Multi-Year Plan proceeding with

[19] OEB Staff Submission, p. 5.
[20] EB-2015-0029/0049, Decision and Order of the Board, January 20, 2016, Schedule A, pp. 1-2.

the Board. As noted above, following the Board's approval of the high level cost estimate and the first indications that EGD's project could exceed these amounts Enbridge Gas worked diligently to refine the project scope and reassess core business requirements in order to reduce costs while still ensuring an effective system was developed to achieve business objectives.[21] There should be little doubt that if Enbridge Gas had not taken such cost reducing steps, SEC would have submitted that the additional functionalities were superfluous and unnecessary and that the cost of same should be disallowed. It is indeed a rare day when an intervenor criticizes a utility for taking steps to reduce costs. There is no evidence, not even a suggestion, that EGD's upgraded tracking and reporting system is not functioning as needed. SEC's reason is without merit.

21. The second assertion by SEC is simply erroneous. The amounts sought for recovery are incremental to the original high level budget approved by the Board for the project and are not included in the actual administrative spend for 2017 or 2018. Therefore, SEC has incorrectly concluded that ratepayers are paying twice for these costs. Contrary to what SEC suggests, the interrogatory response of Enbridge Gas to Staff 3 b) explains why incremental costs for mandatory system upgrades during project development were <u>not</u> absorbed within overhead expenses:

> The vendor delay was also a contributing factor to the later than expected implementation date and increased cost related to accommodating for the mandatory system upgrade during project development, rather than after system implementation as originally planned. In other words, if the system had been implemented on schedule, these mandatory system upgrade costs would have been absorbed as overhead expenses within the DSM budget.

22. The third reason given by SEC is that the incremental costs appear to be simply a reallocation of costs for which the utility would in any case have had responsibility during its Incentive Rate-setting Mechanism ("IRM") term. SEC is aware that DSM costs are

[21] Exhibit I.Staff.3 a).

Y-factor in nature and that both 2017 and 2018 were the subject of earnings sharing mechanism ("ESM") applications. None of the DSM tracking and reporting system upgrade project costs were the subject of these ESM applications. The costs were not and should not have been included in the ESM applications because they are properly treated as Y-factor costs and are therefore properly the subject of this proceeding.

23. Accordingly, as each of SEC's three reasons are without merit, no basis exists for the disallowance of any portion of the incremental ($1.087 million) exceedance of the OEB-approved $5 million budget for the tracking and reporting system upgrade project undertaken by EGD.

DISPOSITION OF BALANCES INTO RATES

24. In its pre-filed evidence, Enbridge Gas proposed to dispose of the 2017 and 2018 DSM deferral and variance account balances as a one-time billing adjustment for all customers in the EGD rate zone and for contract class customers in the Union rate zones. Enbridge Gas proposed that this adjustment would be derived for each customer individually by applying the disposition unit rates to each customer's actual consumption volume for the period January 1, 2018 to December 31, 2018. For general service customers in the Union rate zones (Rate M1, Rate M2, Rate 01 and Rate 10) Enbridge Gas proposed to dispose of the 2017 and 2018 DSM deferral and variance account balances prospectively over six months. Enbridge Gas proposed to dispose of the approved 2017 and 2018 DSM deferral and variance account balances with the first available QRAM application following the Board's approval, as early as January 1, 2021.[22] In all instances, Enbridge Gas's proposed disposition methodology for 2017 and 2018 DSM deferral and variance account

[22] Exhibit B, Tab 3, Schedule 1, p. 8; Exhibit C, Tab 3, Schedule 1, p. 10.

balances is consistent with its (formerly EGD's and Union's) past OEB-approved practices.[23]

25. As discussed in its response to LPMA interrogatory 1 a),

> For Enbridge Gas to reflect final unit rates for disposition of 2017/2018 DSM deferral and variance account balances as part of its January 1, 2021 QRAM application it requires OEB approval of those rates (and presumably its draft Rate Order) by December 3, 2020. Enbridge Gas recognizes the current procedural timing may not accommodate a disposition effective January 1, 2021 in which case Enbridge Gas supports disposition effective April 1, 2021.

This being said, Enbridge Gas acknowledges that this application is somewhat unique in that two years of DSM deferral and variance account balances are proposed to be cleared through to rates simultaneously. In an effort to minimize the impact on customers as much as is reasonably possible, and subject to the Board's direction Enbridge Gas supports the recommendations of certain intervenors to uniformly dispose of balances over a period of three months effective April 1, 2021 (as a one-time adjustment disposed of in three equal installments from April to June for EGD rate zone customers and contract class customers in the Union rate zones and prospectively from April to June for general service customers in the Union rate zones).[24] This approach is consistent with Enbridge Gas's OEB-approved disposition of 2019 Federal Carbon Pricing Program-related deferral and variance account balances (currently being cleared from October to December 2020 across all rate classes and rate zones) and strikes a reasonable balance between avoiding disposition during peak winter consuming months and smoothing charges over a longer disposition period than originally proposed while avoiding customer confusion (a natural consequence of

[23] EB-2017-0324, Decision and Order of the Board, July 12, 2018, p. 9; EB-2017-0323, Decision and Order of the Board, July 12, 2018, p. 10; EB-2018-0300/0301, Decision and Order of the Board, April 11, 2019, pp. 12-13.
[24] CME Submission, p. 2; Energy Probe Submission, p. 3; LPMA Submission, pp. 2-4.

applying novel and/or varied disposition methodologies across rate zones and customer classes).[25]

26. In response to the submissions of OGVG,[26] Enbridge Gas confirms that, consistent with its responses to interrogatories in Union's 2016 Clearance Application proceeding, customers may contact their Account Manager to request alternative payment arrangements, for a maximum period of up to 6 months. Such requests will be considered depending upon customers' unique circumstances, on a case by case basis.

27. Despite the assertion of OEB Staff, that the Board should confirm the appropriate disposition period as part of its review of Enbridge Gas's next QRAM application,[27] it is appropriate and preferable for the Board to make a final determination on the disposition period now based on the evidence before it in this proceeding and without speculation on the potential impacts of any future application. A clear determination in this proceeding would not in any way prevent the Board from making determinations regarding appropriate rate/bill impacts associated with future QRAM applications.

28. Enbridge Gas does not support the disposition proposals made by SEC in respect of the Union rate zones' Rate M1 and Rate 01 customers, that the disposition of amounts approved by the Board for these rate classes should be undertaken on a per customer basis rather than on a volumetric basis. Again, the disposition methodology proposed by Enbridge Gas is consistent with its historic OEB-approved practice. Further, Enbridge Gas's billing system for the Union rate zone is not designed to dispose of balances in the manner proposed by SEC and Enbridge Gas expects that building this functionality into its billing systems now would require significant incremental time and resources, the

[25] EB-2019-0247, Decision and Order of the Board, August 13, 2020, p. 16.
[26] OGVG Submission, p. 2.
[27] OEB Staff Submission, pp. 3-4 & 6.

details of which would require extensive investigation exceeding the appropriate scope of this proceeding.

29. Moreover, Enbridge Gas notes that residential customers within the Rate M1 and Rate 01 rate classes have had no opportunity to respond to SEC's proposal. These are the customers that may be negatively impacted by what SEC proposes. Enbridge Gas submits that where a change in a proposed methodology may benefit certain members of a rate class but not others, given that the proposal has been raised for the first time in argument, the Board should be concerned about those members of a rate class who will be adversely affected and who have not been afforded an opportunity to offer comments and express concerns. As well, Enbridge Gas believes that it is inappropriate to alter disposition methodologies in hindsight. These are matters that should be considered as part of a future DSM plan or rate design proceeding, not a mechanistic deferral and variance account clearance proceeding.

30. Enbridge Gas does not support varied disposition methodologies according to customer classes as this would result in an increased administrative burden and possibly ratepayer confusion. Enbridge Gas is further concerned about setting a precedent which might incent parties to future deferral and variance account clearance applications (not just DSM accounts) to regularly propose changes to established disposition methodologies, often based simply on a particular group’s self-interests. Certainly, where there will be material hardships and unforeseen consequences, these should be brought to the attention of the Board but absent compelling reasons it would not be efficient for the Board to welcome as part of every clearance application a wholesale debate about how the balances should be cleared through to rates.

31. In response to FRPO's suggestion that Enbridge Gas provide a matrixed table of the respective, proposed, pending and approved dispositions for each rate class by month over a certain period of time and its proposal for the disposition of these amounts,[28] Enbridge Gas has undertaken to create a matrixed table (see Attachment 1) that provides the Board with a breakdown of approved, proposed and currently anticipated rate changes (both rate adjustments and deferral and variance account dispositions) for the 2021 calendar year, including: (i) rate zone specific impacts to residential customers; (ii) details of the proposed disposition methodology (if available); and (iii) details of the proposed disposition period. Providing this information on a more detailed rate class specific basis, as proposed by FRPO, would impose additional and unwarranted administrative burden upon Enbridge Gas for limited incremental value considering that Enbridge Gas typically provides such detail as part of its respective applications to the Board (in other words, such additional detail is already a matter of public record in nearly all instances).

32. Enbridge Gas provides this information recognizing the numerous rate adjustments forthcoming, proposed and pending under the assumption that it may assist the Board. However, Enbridge Gas submits that it is not appropriate for it to speculate on the subject of future applications and to estimate the quantum of a possible approval on rates before a determination has been made by the Board. It is inappropriate to tailor future dispositions based on applications that may not have been filed or have not been adjudicated upon by the Board. The impact of dispositions on customer bills is already an issue which the Board considers with each QRAM and with each rate adjustment proceeding.

[28] FRPO Submission, p. 2.

OTHER MATTERS

33. While not matters currently before the Board, SEC and Energy Probe made submissions directed at the legitimacy of specific program offerings and the prioritizing of program offerings.

34. SEC commented in its submission on the Union rate zones Home Reno Rebate ("HRR") and the EGD rate zone Home Energy Conservation ("HEC") program offerings.[29] As explained in response to Energy Probe interrogatory 2 c), both are holistic offerings designed to achieve deep natural gas savings and are therefore understandably more costly to influence customer behaviour and to implement. There was strong demand by prospective participants in these program offerings and Enbridge Gas understandably did not want to reject applications for participation. Enbridge Gas notes that the current 2015-2020 DSM Framework specifically contemplates that Enbridge Gas can and should direct resources at successful program offerings like these. The cost effectiveness of both program offerings remains above the applicable threshold with the marginal decline being due to the application of more stringent product and appliance standards, which have led to a higher minimum efficiency for a residential furnace.

35. Enbridge Gas rejects the suggestion that the operation of either or both of the HRR and HEC program offerings was at any time prioritized to the disadvantage of its commercial and/or industrial program offerings. This is simply not true. Participation levels, particularly of commercial customers, reflect the difficulty that Enbridge Gas encounters attracting participants for reasons it has stated on many occasions, including the unique

[29] SEC Submission, pp. 3-4.

priorities of a prospective commercial customer and their ability and willingness to direct sufficient resources to supplement the program offerings.

36. Energy Probe commented in its submission on the Run-it-Right program offering,[30] despite the fact that the offering is not immediately relevant to its supporters. Energy Probe submitted that Enbridge Gas should be required to further justify the program offering considering its cost effectiveness results. As set out in its response to Energy Probe interrogatories 2 d) & e), the driver for this offering's low cost effectiveness results is its resource intensive nature and that its incentivized low-cost/no-cost measures generate low savings in comparison to capital upgrades. What Energy Probe's submission omits to consider, is RiR's effectiveness at engaging smaller customers and its ability to work in concert with other program offerings by identifying further energy savings opportunities. Accordingly, Enbridge Gas expects to maintain the RiR program offering in 2021. However, in the spirit of continuous improvement Enbridge Gas will continue to monitor the relative effectiveness of all program offerings and expects that if any changes are warranted to the RiR or any other program offering in the future it would propose such changes as part of subsequent DSM plans.

37. As discussed in paragraph 2 above, the comments of SEC, Energy Probe and others directed at specific program offerings and the prioritizing of program offerings are matters for either future DSM framework or future DSM plan proceedings, as such matters have much broader implications that exceed the scope of this proceeding which has been described by the Board as being mechanistic in nature.

[30] Energy Probe Submission, pp. 2-3.

RELIEF SOUGHT

38. Enbridge Gas requests that the Board approve the following DSM account balances in the following amounts, as proposed:

2017 & 2018 DSM Deferral and Variance Account Balances - EGD Rate Zone

Account *($millions)*	**2017**	**2018**
DSM Variance Account	($0.027)	($1.400)
DSM Incentive Deferral Account	$2.120	$3.983
LRAM Variance Account	($0.010)	($0.015)
Total Balance	**$2.083**	**$2.568**

2017 & 2018 DSM Deferral and Variance Account Balances - Union Rate Zones

Account *($millions)*	**2017**	**2018**
DSM Variance Account	$6.011	$5.851
DSM Incentive Deferral Account	$5.519	$6.366
LRAM Variance Account	$0.468	$0.402
Total Balance	**$11.999**	**$12.619**

Enbridge Gas further requests an order clearing the above amounts through to rates, either as originally proposed in Enbridge Gas's Application or pursuant to the alternative disposition proposal described in paragraph 25 above.

All of which is respectfully submitted this November 12, 2020.

Dennis M. O'Leary
Counsel to Enbridge Gas Inc.

ENBRIDGE GAS INC.
Forecast Timing of 2021 Rate Changes and Deferral and Variance Account Disposition

		Residential Customer Impact (1)						Proposed Deferral and Variance Account Disposition		2021 Timing											
Line No.		EGD	Union South	Union North West	Union North East	Forecast Effective Date (2)	Customer Type	Method	Period	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)
	Approved Rate Changes																				
1	2021 Rates - Phase 1	1.99	9.06	10.44	10.76	Jan-21	All customers	N/A	N/A												
	Proposed Rate Changes																				
2	2021 Federal Carbon	47.08	43.23	43.23	43.23	Apr-21	All customers	N/A	N/A												
3	2021 Rates - Phase 2 (3)	0.11	2.71	-	-	Jul-21	All customers	N/A	N/A												
	Proposed Deferral and Variance Account Disposition																				
4	2017/2018 DSM Deferrals (7)	10.80				Apr-21	All other customers	One-time adjustment	One month												
5			26.62	(9.49)	(9.49)	Apr-21	Union general service	Prospective	Six months												
6	2019 Deferrals (3)	0.74				Jul-21	All other customers	One-time adjustment	One month												
7			4.97	(61.53)	(5.94)	Jul-21	Union general service	Prospective	Three months												
	Upcoming Applications																				
8	2021 QRAM (4)	---------------- TBD ----------------				Jan-21 (5)	All applicable customers	Prospective	12 months												
9	2019 DSM Deferrals	---------------- TBD ----------------				TBD	All customers (6)	One-time adjustment	TBD												

Notes:

(1) Based on annual consumption of 2,400 m³ for the EGD rate zone and 2,200 m³ for the Union rate zones. Customer impact for rate changes represent annual amounts, customer impact for deferral and variance account disposition represent temporary billing adjustment amounts.

(2) Forecast effective date may be updated from original application to reflect the current procedural timing.

(3) Residential customer impact reflects a January 1, 2021 effective date.

(4) Applicable to customers for which Enbridge Gas manages gas supply and/or transportation and storage needs.

(5) Effective January 1, 2021 and each subsequent QRAM (April 1, 2021, July 1, 2021 and October 1, 2021).

(6) Beginning with deferral dispositions effective October 1, 2021 at the earliest, Enbridge Gas expects it will be able to adopt a common disposition approach and disposition period between the EGD and Union rate zones once integrated systems and process are implemented.

(7) Disposition period represented as originally proposed by Enbridge Gas in its Application. As set out in its Reply Submission at paragraph 25, Enbridge Gas supports the recommendations of certain intervenors to uniformly dispose of balances over a period of three months effective April 1, 2021 (as a one-time adjustment disposed of in three equal installments from April to June for EGD rate zone customers and contract class customers in the Union rate zones and prospectively from April to June for general service customers in the Union rate zones), subject to the Board's direction.