

EB-2021-0072

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 clearance of certain non-
commodity 2019 Demand Side Management Deferral and Variance
Accounts into rates, within the next available, QRAM.**

Enbridge Gas Inc 2019 DSMVA Accounts

Energy Probe Submission

May 28, 2021

EB-2020-0072 Enbridge Gas 2019 DSM Program Deferral Accounts Energy Probe Submission

Background

Enbridge Gas Inc. (Enbridge Gas) filed an application with the Ontario Energy Board (OEB) on March 10, 2021 under section 36 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, (Schedule B) seeking approval to clear amounts recorded in certain 2019 deferral and variance accounts related to its delivery of natural gas conservation and energy efficiency programs. A Notice of Hearing was issued on March 23, 2021. Each of Building Owners and Managers Association (BOMA), Canadian Manufactures & Exporters (CME), Energy Probe Research Foundation (Energy Probe), Industrial Gas users Association (IGUA), Pollution Probe, School Energy Coalition (SEC) and Vulnerable Energy Consumers Coalition (VECC) applied for intervenor status and cost eligibility.

2019 Evaluation Report

The Evaluation Contractor concluded 2019 DSM program year EM&V activities in 2020 with the release and presentation of its report to OEB Staff and the EAC:

The Evaluation Contractor team (DNV GL and Dunsky) provided an opinion on the utility-achieved natural gas savings, lost revenue, shareholder incentive, and cost effectiveness of the DSM programs offered by Enbridge and Union for the calendar year ending December 31, 2019.¹

This opinion was provided to Enbridge Gas and reviewed by the DSM Evaluation Advisory Committee (“EAC”).

At a Macro Level the 2019 EGI results were as follows.

Definition	Enbridge Results	Union Results
Shareholder Incentive	\$6,717,372	\$5,950,363
Lost Revenue	\$30,969	\$186,485
Verified Net Cumulative Energy Savings (m ³)	988,545,152	1,087,274,262 ³
Total Dollars Spent (not reviewed)	\$72,843,440	\$65,604,306
Benefit Cost Ratio (TRC-plus test)	2.91	2.31

¹ <https://www.oeb.ca/sites/default/files/2019-Natural-Gas-Demand-Side-Management-Annual-Verification-Report.pdf>

Variations from Budget

In 2019 EGI achieved the following results:

- **EGD Rate Zone:** Spend \$72.84 million or \$6.42 million above the \$ 66.42 million budget².
2019 RA Savings: Total 734.3 million m3 down from 805.5 million m3 in 2018³
2019 Shareholder Incentive: \$6.72 million increased from \$3.98 million in 2018
- **Union Rate Zone:** Spend \$65.60 million or \$2.33 million above the \$63.269 million budget⁴.
2019 RA Savings: Total 798.6 Million m3 down from 818.3 Million m3 in 2018⁵
2019 Shareholder Incentive: \$5.95 million down from \$6.37 million in 2018.

Energy Probe Submission

In the EGD Rate Zone an additional \$6.4 million was spent, but the RA Savings decreased from 805 million m3 to 734 million m3. This is not moving in an appropriate direction.

More Budget = More Savings.

What is more concerning to Energy Probe, is that Enbridge increased its incentive for the EGD rate zone by \$2.24 million (2018-2019). There appears to be a disconnect between lower savings and increased incentives that should be of concern to the Board.

Energy Probe Submissions on Programs

Specific concerns about EGD Rate Zone Run it Right and CEM Programs

In response to Energy Probe interrogatories EGI provided the following⁶

“Out of the 2019 Run it Right RA budget of \$1,618,946, EGI spent \$200,725 for promotion and \$17,000 for incentives leaving \$1,401,221 unspent

The 2019 TRC-Plus and PAC ratios for the Run it Right Offering (Resource Acquisition) were 0.701 and 0.562, respectively. There were no CEM Offering (Resource Acquisition) results in 2019 and therefore no TRC-Plus or PAC ratio results.”

² Exhibit A, Tab 4, Schedule 1, Pages 15/16 Tables 3.0 & 3.2

³ Exhibit A, Tab 4, Schedule 1, Page 17 Table 3.6

⁴ Exhibit A, Tab 4, Schedule 1, Page 22/23 Tables 4.0 and 4.2

⁵ Exhibit A, Tab 4, Schedule 1, Page 24 Table 4.6

⁶ Exhibit I EP-2

EGI says EP asking about these programs is “out of scope”. Energy Probe disagrees --these programs are costing Budget and producing minimal results. They should be modified or discontinued now or in the 2022-2027 DSM Portfolio. (See below for Union Rate Zone).

Specific Concerns about Union Rate Zone RunSmart and SEM

In response to Energy Probe interrogatories EGI provided the following⁷:

“In 2019, \$39,048 was spent on customer incentives, and \$423,591 on promotion in the Runsmart and Strategic Energy Management Offerings. Promotional spend covers initial walk-throughs for RunSmart participants and on-going technical support for SEM participants. There was no evaluation spending for these offerings in 2019.

Enrollment for new SEM participants ended in 2018 as per the 2016-2020 DSM plan. However, some enrolled participants have disengaged from the program due to changes and challenges with their business operations and were unable to follow through with recommended projects. This has resulted in reduced gas savings as compared to the initial forecast in the plan and *ultimately negatively impacted the TRC Plus and PAC Ratios*.

With regards to RunSmart, gas savings results have been much lower than what was forecast in the plan. This is due to the lack of granularity in metered data, which prevents the accurate identification of variables affecting consumption; it is also due to the design of the program, where customer incentives are based on metered results as opposed to measure implementation, causing some customers to not following through with recommendations.”

Energy Probe is satisfied that Enbridge Gas has stopped actively promoting the RunSmart offer in 2020 in the Union Rate Zone due to the challenge of generating savings.

Energy Probe Submission- DSM Collaboration and Innovation Fund

Energy Probe asked EGI about the projects in the CI Fund supported by DSM budgets⁸

Without commenting on the merits of the projects, Energy Probe accepts, that both the EGD and Union Rate Zone the CI portfolio is appropriately focussed on DSM Technologies.

The only exception is the arbitrary 50:50 split between DSM and O&M for GTI Utilization Technology Development (“UTD”) Membership.

⁷ Exhibit I EP-5

⁸ Exhibit I-EP-3 and EP-6

DSM Account Balances

Table 1

2019 DSM Deferral and Variance Account Balances - EGD Rate Zone

Account (\$ millions)	2019
DSM Incentive Deferral Account	\$6.717
DSM Variance Account	\$6.422
LRAM Variance Account	\$0.009
Total Balance	\$13.148

Table 2

2019 DSM Deferral and Variance Account Balances - Union Rate Zones²

Account (\$ millions)	2019
DSM Incentive Deferral Account	\$5.950
DSM Variance Account	\$2.336
LRAM Variance Account	\$0.928
Total Balance	\$9.214

Disposition of 2019 DSM Account Balances

Enbridge Gas proposes that disposition of these deferral and variance account balances be implemented in alignment with other rate changes through the Quarterly Rate Adjustment Mechanism (QRAM), effective as soon as October 1, 2021. For a typical residential customer in the EGD rate zone with annual consumption of 2,400 m³, the estimated one-time billing adjustment charge is \$7.40. For a typical residential customer in the Union South rate zone with annual consumption of 2,200 m³, the estimated one-time billing adjustment charge is \$7.99. For a typical residential customer in the Union North rate zone with annual consumption of 2,200 m³, the estimated one-time billing adjustment charge is \$0.80.

Energy Probe Submission

Energy Probe accepts equal treatment for disposition of the DSM Account Balances for each of the EGD and Union Rate Zones.

Respectfully submitted on behalf of Energy Probe Research Foundation

Roger Higgin PhD., MBA., P. Eng.. SPA Inc. Consultants to Energy Probe