GOWLING WLG

June 1, 2021

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VIA RESS

Ms. Christine E. Long
Registrar
ONTARIO ENERGY BOARD
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Long:

Re: EB-2021-0072 – Enbridge Gas Inc. (EGI) 2019 Demand Side Management (DSM) Deferral and Variance Account (DVA) Disposition Application.

Industrial Gas Users Association (IGUA) Submission.

As indicated in our April 14, 2021 letter on behalf of IGUA requesting intervenor status in this matter, our engagement in this process has been focussed on understanding and validating the basis for the variance account balances allocated to the rate classes through which IGUA's members take gas distribution service. To that end we filed two interrogatories related to DSM expenditures and variances in a number of rate classes through which IGUA's members take gas delivery service.

Through those inquiries and review of the evidence herein we have determined that:

1. For most of the rate classes through which IGUA's members take delivery service, variance dispositions requested would result in credits to customers. The three exceptions to this are rates M4 and M7 in the Union rate zone and Rate 100 in the EGD rate zone. EGI has allocated material balances for recovery from customers in rate classes M4 and M7, including DSM VA balances ~$1.9 million and ~$1.7 million respectively, and a relatively smaller balance of ~$340 thousand for recovery from customers in the EGD rate 100 rate class.[1]

2. EGI has indicated that the main driver for the DSM VA allocations noted above is higher actual incentive payments to customers in these rate classes than was forecasted in the underlying budget assumptions[2]. (As highlighted by SEC in its May 31st submissions, DSM VA balances are not subject to independent review by the Evaluation Contractor (EC).)

[1] ExC/T2/S1/p11/Table 5 and ExB/T2/S1/p7/Table 4.
[2] ExI.IGUA.1, part a).

EGI has also confirmed that in respect of the Union Rate T2 and Rate 100 Direct Access large volume customer DSM program just over 20% of the amounts recovered from those customers in rates is consumed in evaluation and administrative activities and not returned to customers for investment in energy efficiency.[3]

The forced leakage of more than 20% of customer funds that are required to be paid for large volume DSM costs included in gas delivery rates and that would otherwise be available for energy efficiency spending remains of concern to IGUA, as does the lack of independent oversight of DSM VA spending. However, based on the record herein and our understanding of the scope of this process, these issues are more properly considered in the now commenced EGI Multi-Year Demand Side Management Plan (2022-2027) review proceeding [EB-2021-0002]. Accordingly, for the purposes of this proceeding, IGUA takes no objection to clearance of the DSM related balances proposed by EGI herein.

Yours truly,

Ian A. Mondrow

c: S. Rahbar (IGUA)
A. Patel (EGI)
D. O'Leary (Aird & Berlis LLP)
Intervenors of Record

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[3] ExI.IGUA.2