



Enbridge Gas Inc.

**Application for Multi-Year Natural Gas Demand Side
Management Plan (2022 to 2027)**

PROCEDURAL ORDER NO. 2

June 22, 2021

Enbridge Gas Inc. (Enbridge Gas) filed a multi-year natural gas demand side management (DSM) plan application with the Ontario Energy Board (OEB) on May 3, 2021 under section 36(1) of the *Ontario Energy Board Act, 1998*. Enbridge Gas is seeking approval of a new natural gas DSM policy framework, effective January 1, 2022 in addition to approval of a new multi-year DSM plan, inclusive of budgets, programs and targets from January 1, 2022 to December 31, 2027.

In addition to the general approval of the proposed policy framework and multi-year DSM plan, Enbridge Gas requested the OEB approve its proposed DSM budget by July 30, 2021. Enbridge Gas also requested an interim decision by August 31, 2021 approving its proposed DSM activities in 2022, subject to necessary adjustments on a prospective basis following the OEB issuing its final Decision and Order in this proceeding.

A [Notice of Hearing](#) was issued on May 19, 2021.

[Procedural Order No. 1](#) was issued on June 21, 2021. As part of Procedural Order No. 1, the OEB included its decision on intervention requests and requests for cost eligibility. The OEB also set out a schedule for making submissions related to Enbridge Gas's request for interim approval of its 2022 DSM program year.

This Procedural Order addresses Enbridge Gas's request for early approval of its proposed 2022 to 2027 DSM budget and the process the OEB will implement to review and consider submissions related to the draft Issues List.

Request for July 30, 2021 Approval of DSM Budget

Enbridge Gas requested approval from the OEB by July 30, 2021, on a standalone final basis, of its budget proposed for 2022 as the "base budget envelope" for the 6-year DSM plan and the escalation methodology which Enbridge Gas proposed will increase the budget envelope in each year of the plan formulaically. Enbridge Gas submitted that

it is in the interests of the OEB and all parties to have the issue of the annual budget settled by the OEB early and well in advance of the OEB and parties considering in great detail the program offerings, targets and metrics of Enbridge Gas's proposed DSM plan.

The OEB is of the view that Enbridge Gas's request to approve its proposed DSM budget as the first step in this proceeding is premature. The 2022 DSM budget has been proposed to act as the base budget of the proposed 6-year DSM plan with the 2023 to 2027 budgets escalating from that which is in place for 2022. The OEB requires a more comprehensive review of the proposed DSM plan, one that cannot be afforded before the requested approval date of July 30, 2021. Ultimately, the OEB's decision on Enbridge Gas's new DSM budget will be directly related to the proposed programs, and the overall level of natural gas savings and impact the programs will aim to achieve. The OEB is of the view that the effectiveness of the proposed programs and the reasonableness of the proposed budgets for those programs should be assessed at the same time. Enbridge Gas indicated that its proposed DSM plan has been based on the proposed budget, and any material changes to the budget may require significant changes to the portfolio of programs. The OEB will be mindful of the impact of budget changes to the nature and makeup of the portfolio of programs as it proceeds through its review of the evidence in this proceeding.

As part of the OEB's December 1, 2020 [letter](#) concluding the post-2020 DSM framework policy consultation, the OEB indicated that it "anticipates modest budget increases to be proposed by Enbridge Gas in the near-term in order to increase natural gas savings, and expects Enbridge Gas to seek to improve the cost-effectiveness of programs." The OEB's letter went on to state "[t]he appropriate level of ratepayer funding expended for DSM programs must weigh the cost-effective natural gas savings to be achieved against both short-term and long-term customer bill impacts." This weighting cannot be done without looking at the budget (i.e., bill impacts), the natural gas savings, and programs together.

Draft Issues List and Next Steps in this Proceeding

OEB staff has prepared a draft Issues List (Draft Issues List) which is attached to this Procedural Order. The OEB will use a two-stage process to seek input. Enbridge Gas and intervenors are invited to file written submissions on the Draft Issues List. Following these submissions, all parties (including Enbridge Gas and OEB staff) will have an opportunity to provide additional comments regarding the submissions of other parties. After considering these comments, the OEB will render a decision on the Issues List to define the scope of this proceeding.

OEB staff is currently in the process of developing expert evidence related to the experience of amortizing energy efficiency and conservation portfolio costs and the relationship to performance incentives throughout North America. This was an area of interest identified as part of the [OEB's DSM Mid-Term Report](#) as well as part of the post-2020 DSM framework policy consultation prior to its conclusion.¹ Additional guidance related to potential expert evidence that could be filed by intervenors will be provided in a future Procedural Order. Intervenors should not take any steps to prepare expert evidence until that further guidance is issued by the OEB.

It is necessary to make provision for the following matters related to this proceeding.

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Enbridge Gas and intervenors may file written submissions on the Draft Issues List, attached as Schedule A to this Procedural Order, with the OEB and serve them on all parties by **Monday, July 12, 2021**.
2. Enbridge Gas, OEB staff and intervenors may file any additional comments on the Draft Issues List, in reply to the submissions of other parties, with the OEB and serve them on all parties by **Monday, July 19, 2021**.

Parties are responsible for ensuring that any documents they file with the OEB, such as applicant and intervenor evidence, interrogatories and responses to interrogatories or any other type of document, **do not include personal information** (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's [Rules of Practice and Procedure](#).

Please quote file number, **EB-2021-0002** for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number and e-mail address
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [Filing Systems page](#) on the OEB's website
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance

¹ OEB Letter, December 19, 2020, EB-2019-0003

All communications should be directed to the attention of the Registrar at the address below and be received by end of business, 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 and OEB Counsel, Lawren Murray at Lawren.Murray@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto, **June 22, 2021**

ONTARIO ENERGY BOARD

Original signed by

Christine E. Long
Registrar

Schedule A

Enbridge Gas Inc.

EB-2021-0002

Draft Issues List

2022-2027 Natural Gas Demand Side Management Plan

Dated: June 22, 2021

Draft Issues List**Enbridge Gas' 2022-2027 Natural Gas Demand Side Management (DSM)
Application****General Issues**

1. Taken as a whole, does Enbridge Gas's 2022-2027 DSM Framework and DSM Plan adequately respond to previous OEB direction and guidance on future DSM activities (e.g., DSM Mid-Term Review Report, 2021 DSM Decision, OEB's post-2021 DSM guidance letter) and support energy conservation and energy efficiency in accordance with the policies of the Government of Ontario, including having regard to consumers' economic circumstances?
2. Is Enbridge Gas's 2022-2027 DSM plan consistent with energy conservation industry best practice in Ontario and other jurisdictions, such as California, Massachusetts, Vermont, and Michigan?
3. Is Enbridge Gas's proposed DSM Plan term of 2022-2027 appropriate?

Specific Issues within Enbridge Gas' 2022-2027 DSM Application

4. Is Enbridge Gas's proposed DSM policy framework, including guiding principles and guidance related to budgets, targets, programs, evaluation, and accounting treatment appropriate?
5. Does Enbridge Gas's proposed budget, including program costs, portfolio costs and cost recovery approach result in reasonable rate impacts while addressing the OEB's stated DSM objectives in its letter issued on December 1, 2020?
6. Are Enbridge Gas's proposed shareholder incentives appropriate?
 - a. Is Enbridge Gas's proposed annual maximum shareholder incentive, including structure, and amount appropriate?
 - b. Is Enbridge Gas's proposed Long Term shareholder incentives appropriate?
 - c. Is Enbridge Gas's Annual Net Benefits Shared Savings proposal appropriate?
 - d. Are there any other incentive mechanisms that should be included in addition to or to replace those proposed by Enbridge Gas?

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7. Are Enbridge Gas's proposed targets and scorecards appropriate?
 - a. Is Enbridge Gas's proposed annual target adjustment mechanism appropriate and result in annual targets that will ensure progressively greater performance?
 - b. Is Enbridge Gas's proposed Residential Program Scorecard, including targets and performance metrics appropriate?
 - c. Is Enbridge Gas's proposed Low Income Program Scorecard, including targets and performance metrics appropriate?
 - d. Is Enbridge Gas's proposed Commercial Program Scorecard, including targets and performance metrics appropriate?
 - e. Is Enbridge Gas's proposed Industrial Program Scorecard, including targets and performance metrics appropriate?
 - f. Is Enbridge Gas's proposed Large Volume Program Scorecard, including targets and performance metrics appropriate?
 - g. Is Enbridge Gas's proposed Energy Performance Program scorecard, including targets and performance metrics appropriate?
 - h. Is Enbridge Gas's proposed Building Beyond Code Program scorecard, including targets and performance metrics appropriate?
 - i. Is Enbridge Gas's proposed Low Carbon Transition Program scorecard, including targets and performance metrics appropriate?
 - j. Is Enbridge Gas's proposed Long Term Greenhouse Gas Reduction target appropriate?
 - k. Should there be any other scorecards, targets and/or metrics included in addition to or to replace those proposed by Enbridge Gas?
 8. Has Enbridge Gas proposed an optimal suite of program offerings that will maximize natural gas savings and provide the best value for rate payer funding?
 - a. Are Enbridge Gas's proposed program offers for residential customers appropriate?
 - b. Are Enbridge Gas's proposed program offerings for low-income customers appropriate?

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- c. Are Enbridge Gas's proposed program offerings for commercial customers appropriate?
 - d. Are Enbridge Gas's proposed program offerings for industrial customers appropriate?
 - e. Are Enbridge Gas's proposed program offerings for large volume customers appropriate?
 - f. Are Enbridge Gas's proposed energy performance program offerings appropriate?
 - g. Are Enbridge Gas's proposed beyond building cost program offerings appropriate?
 - h. Is Enbridge Gas's proposed low carbon transition program appropriate?
 - i. Should there be any other program offerings included in addition to or to replace those proposed by Enbridge Gas?
9. Are Enbridge Gas's proposed research and development activities appropriate?
 10. Are Enbridge Gas's proposed changes to the OEB's evaluation, measurement and verification process appropriate, including the proposed Terms of Reference?
 11. Are Enbridge Gas's proposed updates to the treatment of input assumptions, cost-effectiveness screening, and avoided costs appropriate?
 12. Is Enbridge Gas's proposed accounting treatment, including the function of various deferral and variance accounts appropriate?
 13. Does Enbridge Gas's proposed 2022-2027 DSM Plan require any changes to be consistent with the OEB's decision and guidance regarding Enbridge Gas's Integrated Resource Planning proposal (EB-2020-0091)?²
 14. Has Enbridge Gas proposed a reasonable approach to ensure natural gas DSM programs are effectively coordinated with electricity conservation programs and other energy conservation programs happening in its service territory?
 15. Is Enbridge Gas's stakeholder engagement proposal reasonable?

² An OEB decision regarding Enbridge Gas's Integrated Resource Planning proposal is expected to be issued in the near future.