

Ms. Christine Long
OEB Registrar
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

July 6, 2021

**Re: EB-2021-0002 Enbridge Multi-Year Demand Side Management Plan (2022 to 2027)
Pollution Probe Submission on 2022 DSM Program Year**

Dear Ms. Long:

In accordance with Procedural Order No. 1 dated June 21, 2021 for the above noted proceeding, please find attached Pollution Probe's submission pertaining to Enbridge's proposed expedited approval for the 2022 DSM program year.

Due to the nature of the multi-year DSM plan and new Framework proposed by Enbridge, it is not practical to approve the 2022 base year without consideration of its impacts on future years or in isolation of the changes to the DSM Framework proposed by Enbridge. Pollution Probe supports the OEB's decision to reject Enbridge's request for expedited approval of the DSM budget without any consideration of the impacts to the whole portfolio over the next six years. Locking in baseline assumption without proper consideration of its prudence would jeopardize the value to Ontario energy consumers now and for the future. Per the direction provided in Procedural Order No. 1, the attached submission focuses primarily on the request for expedited approval for the 2022 DSM program year. There are many other related issues not included in this submission that will need to be considered prior to a Decision on the 2022 DSM program year and Pollution Probe understands that there will be opportunities to examine those issues once the Issues List is finalized.

Respectfully submitted on behalf of Pollution Probe.



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ONTARIO ENERGY BOARD

**Enbridge Gas Inc. Application
Multi-Year Demand Side Management Plan (2022 to 2027)**

**POLLUTION PROBE SUBMISSION
RELATED TO INTERIM 2022 PROGRAM YEAR APPROVALS**

July 6, 2021

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Background and Context

Enbridge Gas Inc. (Enbridge) filed a multi-year natural gas demand side management (DSM) plan application with the Ontario Energy Board (OEB) on May 3, 2021. Enbridge 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 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.

Procedural Order No. 1 issued June 21, 2021 requested that stakeholders make submissions by July 6, 2021 related to Enbridge's request for an interim approval of its 2022 DSM program year. This is the primary focus of this document.

Procedural Issue No. 2 issued June 22, 2021, rejected Enbridge's request for early budget approval by July 30, 2021, particularly as a "base budget envelope" for a 6 year DSM plan. Procedural Order No. 2 also requested stakeholder submissions by July 19, 2021 on the Draft Issues List.

The OEB has also issued many Decisions and documents recently and over the life of the current multi-year DSM plan that help set out expectations for what the next generation DSM plan should include. Examples include the DSM Mid-Term Review Report and the OEB Strategic Plan which sets out the need for modernization, greater innovation and efficiencies, particularly given the large opportunities with the recently merged utility. Given that DSM is the most cost-effective tool available in Ontario to meet customer energy needs, there are also expectations, including those set by the OEB for enhanced DSM analysis and application such as in the EB-2020-0192 Decision. Other organizations and program providers such as IESO have made great strides over the past decade in pivoting to a more consultative, innovative and consumer centric approach¹.

¹ Examples include greater market transformation and innovation programs and funding, integrated distributed energy resource (DER which includes energy efficiency) consultation, research and programs, recognition and proactive support for municipal energy and emission plans, successful energy efficiency auctions and

Summary of Conclusions

Enbridge has filed a status quo DSM plan based on the foundation laid in 2015 and similar multi-year plans in the decades before, but stakeholder expectations and needs are for an enhanced modern plan based on today's best practices to meet the needs of Ontario consumers and communities in 2022 and beyond. Meaningful change, innovation and meeting the needs of the future is not a status quo activity. There is a misalignment between what was filed and what is needed. The challenge is how to enhance the DSM plan (and related Framework unless the existing Framework is continued for 2022) while ensuring something is in place for 2022, by January 1, 2022.

It is disappointing that the proposed multi-year DSM Plan and proposed DSM Framework is a status quo approach, leveraging little additional innovation or programs from the past 6 years, and mirrors the approach of decades past. It appears that Ontario consumers investment in past 6 years under the current DSM Framework had little focus on improvements, innovation and best practice preparation for the challenges ahead.

The specific question stemming from Procedural Order No. 1 and the request for submissions by July 6, 2021 is: Should the OEB provide interim approval of the 2022 DSM program year by August 31, 2021. The clear answer to that question is NO and the reasons and rationale behind that conclusion are summarised below.

- August 31, 2021 does not enable an open, fair and transparent assessment of the 2022 DSM Plan, particularly when linked as a base for future years and combined with the impacts of the proposed new DSM Framework. Enbridge acknowledged that future years of the plan and any Framework changes will require more time, likely into 2022.
- The 2022 DSM Plan is the inaugural DSM plan for the merged utilities and is proposed by Enbridge to be the precedent for all future years to 2027. 2022 Plan assumptions are also linked to the proposed DSM Framework which includes significant changes (e.g. \$30 million decrease in annual budget compared to the current Framework). Reviewing 2022 it in isolation is inappropriate and not a fulsome review.
- Enbridge conducted no stakeholder consultation with impacted stakeholders before finalizing and filing the plan resulted in significant gaps in budgets and program needs for the very stakeholders the plan is meant to serve. This puts the onus on the OEB to ensure there is sufficient time in the process for meaningful stakeholder consultation and the ability for impacted stakeholders to participate in a fulsome process, while correcting the gaps and deficiencies in the DSM Plan.

- Some programs have scorecards with multiyear targets², and it is not possible to approve this for 2022 without consideration of the longer term budget, programs and Framework.
- The proposed DSM Plan ignores the current environment in Ontario, including Provincial policy³, energy efficiency programs in the market over the same time period, requirements under Ontario community energy and emissions plans, the OEB's goals for innovation, modernization and more.
- The proposed 2022 DSM budget is an 18% decrease to what the current DSM Framework allows. The proposed 2022 budget is also lower than the most recently OEB audited 2019 actual DSM portfolio spending. This is a significant decrease in budgets under the proposed DSM Framework, rather than what is needed to achieve Provincial policy, DSM requirements under the Ontario Environment Plan and the OEB directive to achieve all costs effective DSM as outlined in the 2019 Achievable Potential Study⁴. The proposal does not align with the direction provided by the Province or OEB.
- The proposed 2022 DSM Plan also ignores the Provincial policy, including the Directive to partner⁵ across programs and delivery mechanisms. This is not only policy direction, but is common sense to reduce overhead costs and increase overall results in a consumer-centric manner. Delivering siloed programs that compete against each other, fail to reduce overheads and confuse consumers is not considered best practice.
- A status quo DSM Plan and the proposed DSM Framework does not align with the needs of Ontario consumers, Ontario municipal energy and emissions plans⁶, the OEB 2021-2025 Strategic Plan⁷ or recent OEB decisions.

Pollution Probe believe that it will become even more crystal clear as the proceeding unfolds that using the 2022 DSM Plan as filed as the basis for the future of DSM in Ontario is inadequate, does not represent best practice and would result in significant lost opportunities and benefits (estimated conservatively as a loss of more than \$100 million of net benefits from 2022 alone) to Ontario consumers and communities. A status quo approach neglects the expectations and responsibility of doing what is

² Example: Low Carbon Transition Program - EB-2021-0002 Exhibit D, Tab 1, Schedule 3, Page 11 of 12

³ The MENDM letter sets the increased DSM goals in the Ontario Environment Plan as Provincial policy which is several times what is proposed in the DSM Plan filed by Enbridge - [Microsoft Word - 2020-11-24 MC-994-2020-1084--Joint ENDM-MECP letter to OEB -JTYa1 \(005\)\(1\)](#)

⁴ https://www.oeb.ca/sites/default/files/2019_Achievable_Potential_Study_20191218.pdf

⁵ <https://www.oeb.ca/sites/default/files/OC-378-2019%20signed.pdf>

⁶ Sample of trends in municipal plans included in

PollutionProbe_SUB_AppendixB_PollutionProbePresentationIRP_20210706

⁷ Includes modernization and innovation to unlock greater benefits for Ontario energy consumers and to deliver public value through prudent regulation and independent adjudicative decision-making, which contributes to Ontario's economic, social and environmental development.

expected in a modern and innovative manner. When a regulated monopoly fails to effectively meet expectations and needs of Ontario consumers, that is when the role of the regulator to represent those interests becomes most critical. Status quo is easy, but not what Ontario consumers and communities need.

Communities across Ontario are demanding greater levels of DSM to meet their local needs in a manner that has not been adequately delivered over the past three decades. It is no longer the 1990's. The program approach from decades ago does not represent a modern best practice approach and would strand significant levels of benefits for Ontario consumers and communities. These benefits are also compounded by the non-pipeline alternative benefits recently highlighted in the OEB EB-2020-0091 gas IRP proceeding. That proceeding highlighted that Enbridge needs OEB direction in order to have the ability to shift culture and enhance its ability to meet the needs of Ontario communities. This change will not occur without direction from the OEB. One simple example of this unmet need is highlighted in a recent letter filed by the City of Ottawa and filed as Appendix A to this submission. There was limited external assessment included in the evidence filed to support the proposed DSM Plan and proposed DSM Framework. However, even one of the few external studies commissioned also reinforced the need for "divergence from the status quo"⁸. How can the OEB approve a DSM plan that does not even marginally attempt to address these gaps?

If Enbridge is interested in pursuing the same status quo approach used in the past 6 years (and essentially the same approach from decades ago), it is unclear why they did not just request another annual roll-over with adjustments. The current OEB DSM Framework enables annual DSM Plan spending up to \$166 million⁹, which provide more than sufficient room for the low budget proposed by Enbridge, plus \$30 million of room to addressing the program gaps for 2022. It is unclear what incremental benefits, if any, would result from OEB approval of the 2022 DSM Plan as filed vs. rolling over the current Framework and making the needed adjustments to the 2022 Plan as a one-year approval. That would provide the opportunity needed to mandate budget and DSM results in line with the Ontario Environment Plan and 2019 DSM Potential Study over the remaining 5 years to 2027.

The DSM Plan as filed can't be separated from the proposed changes to the DSM Framework. Per the scope of Procedural Order No. 1, this submission is not meant to provide detailed feedback related to the DSM Framework, but some of the related Framework issues are highlighted later in this submission.

⁸ EB-2021-0002 Exhibit E, Tab 2, Schedule 2, Attachment 1, Page 6 of 47

⁹ EB-2019-0271 Exhibit I.ED.7

Timing for the Application

The timing related to the application forces treatment of 2022 to be dealt with in a more timely manner, ideally prior to the end of 2021. Enbridge indicates in their application that a proceeding to work through all the issues related to the multi-year DSM and proposed Framework are likely to extend into 2022. Based on the status quo approach it could have been possible for Enbridge file earlier and provide the OEB more time to assess the application. Enbridge could have also conducted stakeholder consultation or engagement sessions on its draft plan in order to identify improvements and build stakeholder consensus. Planning could have started any time over the last 6 years since it was well known that the 5 Year (extended to 6 year) DSM Plan would come to an end.

The filing and construct of the application has led the OEB to decline Enbridge's request for an expedited budget approval by July 30, 2021 and will likely fail to achieve 2022 program approval by August 31, 2021. Those dates would have virtually required a rubber stamp without any review or due process. It is more likely to separate the 2022 year from the remainder of the plan in an attempt to make the required improvements prior to the end of 2021. Achieving that goal will require commitment and dedication by all stakeholders, including Enbridge to make the timing work. The relief valve for the OEB, if needed, is to retain the current OEB DSM Framework with some required improvements and to make 2022 another program year under that existing Framework. This should include leveraging the maximum budget of \$166 million under the current Framework and program improvements to better align with expectations and the needs of Ontario consumers and communities.

There are also additional opportunities for timeline efficiencies. As outline in the Procedural Order No. 2, OEB Staff are already starting to undertake work that will help reduce the time needed later in the process. Giving approval for complimentary expert reports or evidence early could also speed up the process. There are also activities that OEB Staff (or a consultant) could undertake now, such as cataloguing all relevant Directives, Decisions, etc. to reduce the need for multiple parties doing that same work later. Providing a base list would enable stakeholders to suggest anything that is missing and save time.

Options for Consideration and Leading Option

The following is a list of options Pollution Probe has consolidated to assist the OEB in considering potential outcomes and the approaches needed for each. Do nothing is not

considered an option since it would not result in DSM programs being available to Ontario consumers in 2022 and would not achieve the Ontario Environment Plan DSM results requested by the Province in its policy letter. Other variations of these options may also be possible.

Option 1 - Proceed on the basis proposed by Enbridge in its application. This approach does not align with Provincial policy, lacks support by affected stakeholders and was also already rejected by the OEB (at least in part) as outlined in Procedural Order No. 2. Completion of the proceeding based on the Enbridge request would extend into 2022 with several logistical issues related to 2022 being used as a base year.

Option 2a – Same as Option 1 with significant changes to the multi-year DSM Plan and proposed DSM Framework. Several of the same issues would result.

Option 2b – Same as Option 2a, except keep current OEB DSM Framework with required adjustments.

Option 3 - Extend the current OEB DSM Framework and deal with the 2022 program year separately from a 2023-2027 multi-year plan. Provides certainty on 2022 prior to January 1, 2022. Provides the ability to make base program and/or budget improvements for the 2022 portfolio in this proceeding and provides additional time/flexibility to the OEB to integrate more modern best practices into the next Framework and 2023-2027 DSM portfolio. Has the ability to meet Provincial policy requirements and the needs of Ontario consumers and communities.

Pollution Probe indicated in its letter dated May 31, 2021 that it could be possible to work through all the issues, but it would require a tight and dedicated process to accommodate a Stakeholder Conference, Interrogatories, evidence, oral testimony, a Settlement process and other elements typically included with such a large and important proceeding. A timeline would need to be published soon to lock down time and resources from July 2021 to spring 2022, with a large concentrated effort in fall 2021 to deal with 2022 programs, budget and framework considerations.

The OEB does not need to decide at this point which option is best, but having a list of options available provides flexibility in the process going forward. Pollution Probe intends to make a submission on the Draft Issues List per Procedural Order No. 2 and the OEB can proceed with working through those issues which will provide more clarity on whether 2022 will need to be retained under the current Framework or if the issues related to the multi-year plan and proposed Framework can be resolved in time. Holding a Stakeholder Conference in July could also provide additional clarity on the best option. The OEB can always move to option 3 if dealing with the full set of multi-year issues will impact the ability to have DSM programs continue on January 1, 2022. In many previous years an OEB DSM Decision was issued after the start of the program

year and Enbridge continued program delivery knowing that a Decision would be retroactive. This is not an ideal outcome, particularly when an OEB Decision is likely to enhance DSM program and/or budget requirements. However, it provides some context when considering timing and options.

Consultation and Partnerships

No public or stakeholder consultation was conducted by Enbridge prior to competing and filing the proposed multi-year DSM Plan and proposed DSM Framework. A high-level generic surveys were conducted by Ipsos¹⁰ which identified a few gaps that will need to be addressed. A significant portion of affected stakeholders did not even know that Enbridge was filing a new DSM Plan and proposed Framework. It is common practice to consult with stakeholders prior to finalizing this kind of plan. Other program providers like IESO go to great lengths to consult and promote meaningful consultations on an ongoing basis. All presentations, decks and materials are publicly catalogued on the IESO website. IESO has just as many (or potentially more) impacted stakeholders to consult with and they are always striving to improve their approach. A sample of simple best practice Stakeholder Engagement Principles provided in Appendix C¹¹.

Enbridge indicates that the number of stakeholders impacted by this proposal far exceeds their ability to consult¹², so that may have been a factor in deciding not to consult. This puts the requirement for effective consultation on the shoulders of the OEB and makes it more difficult since the DSM Plan and Framework were finalized prior to filing. There are many improvements available that could have been easily addressed in the DSM Plan and proposed Framework and this proceeding provides the opportunity to address those deficiencies. Pollution Probe recommends that whatever process the OEB decides for review of the 2022 DSM Plan and proposed DSM Framework, that it provide opportunities for effective stakeholder input, evidence and feedback from as many stakeholders that will be affected by the Decision as possible. Pollution Probe is always interested in leveraging our strong network to provide presentation opportunities to impacted stakeholders.

Pollution Probe is collaborating with a variety of consumers, municipalities, partners and related stakeholders and intends to assist the OEB as required to help ensure an effective plan is available for 2022. As an example, Pollution Probe held a workshop based on high interest from Ontario municipalities in June 2021 to undertake a discussion and commence collection of the feedback and input needed to ensure that

¹⁰ Ipsos survey results included in EB-2021-0002, Exhibit E.

¹¹ PollutionProbe_SUB_AppendixC_IESOSTakeholderEngagement_20210706

¹² EB-2021-0002 Exhibit A, Tab 2, Schedule 1, Page 6 and 7

2022 DSM Plan enhancements meets the needs of these key stakeholders and the consumers that live in their communities.

In the past, Enbridge had partnered more effectively with IESO (formerly Ontario Power Authority) and others to offer one-stop or consolidated consumer focused, integrated, multi-fuel programs. Enbridge had adopted a similar approach with other government funded programs in the past as well. Partnerships to reduce all fuel energy use, reduce program overheads and increase program results is missing in the proposed DSM Plan. It is unclear why all DSM programs are not coordinated in a consumer-focused partnership model, especially in alignment with the Provincial Directives requesting that approach.

Best practices in the industry transcend fuel silos and are integrated into best practice utility planning processes to ensure that they are considered along the entire planning process. Pollution Probe provided several local and North American examples during the EB-2020-0091 proceeding and given the relevance of those key finding to this proceeding, Pollution Probe has attached the short deck as Appendix B to this submission¹³.

Partnership also allow the OEB to deal more efficiently with attribution of program results. The all fuel Province-wide Whole Home programs is just one example where this approach worked and Enbridge was able to participate in a comprehensive program, while claiming attribution for the natural gas savings. The OEB has accepted the precedent of formal agreements between partners to claim savings and ensure that there is no double counting. Without formal partnerships for the Enbridge programs, it is difficult to assess the individual impacts and contributions of siloed programs. All levels of government (including agencies like IESO) have (or will have) programs influencing consumer decisions and the levels of programs and funding have increased significantly from the current DSM Framework. In Pollution Probe's view every single program should be considered as a partnership opportunity with all relevant funders and delivery agents.

2022 Budget

The current OEB DSM Framework provides a maximum budget of just over \$166 million¹⁴ per year for the DSM portfolio. When compared to the Enbridge proposed 2022 budget envelope of \$136 million, that equates to an 18% decrease, not an increase as directed by the Ministry of Energy (formerly MENDM) and the OEB letter to

¹³ Please see PollutionProbe_SUB_AppendixB_PollutionProbePresentationIRP_20210706

¹⁴ EB-2019-0271 Exhibit I.ED.7

Enbridge. The Enbridge proposed 2022 DSM budget is also lower than actual spending in the most recently OEB audited DSM program year, which was \$138.5 million in 2019. Decreasing DSM budget envelopes at a time when Ontario's need for DSM is increasing is not in the public interest. There is significant cost-effective potential highlighted in the Ontario Environment Plan and DSM Achievable Potential Study that far exceeds the current \$166 million budget cap and Pollution Probe (and likely other stakeholders) could easily provide additional information related to those opportunities¹⁵ in future components of this regulatory process as needed. A Directive¹⁶ is in place today for the OEB requiring the pursuit of all costs effective DSM. Using the current DSM Framework budget allowance of \$166 million for 2022 is only a small portion (less than ¼) of what is needed to comply with that Directive, but it is a step in the right direction for one year and would avoid the contraction of spending proposed under the plan filed by Enbridge.

One dollar invested generates \$3.32 in net benefits for Ontario consumers¹⁷. Please note that these net benefits are very conservative since Enbridge did not include the proposed increase to the carbon price in those calculations. Based on these conservative assumptions, if the OEB were to direct Enbridge to make 2022 DSM Plan enhancements to maximize the current budget envelope of \$166 million, it would result in an increase of net benefits to Ontario consumers of almost \$100 million¹⁸. When applying best available information, rather than the most conservative assumptions, the net benefits would be many times that amount. If that value is not leveraged for the 2022 DSM Plan, those benefits will be lost at a time when they are most needed in Ontario communities.

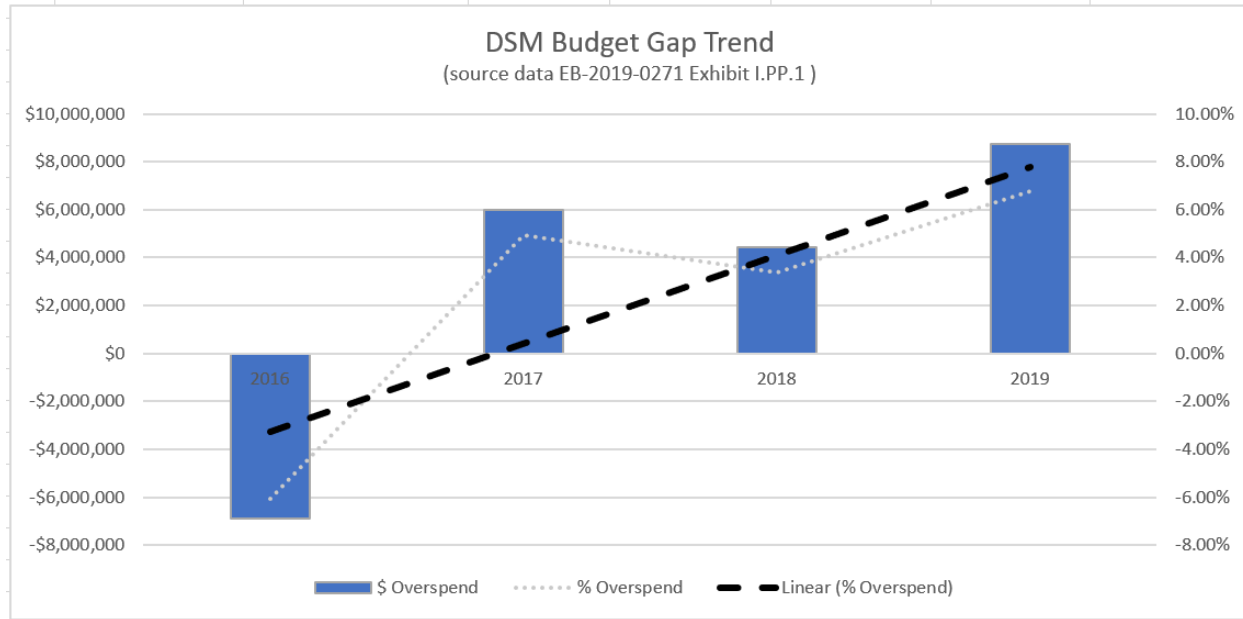
Even based on a status quo program portfolio approach (not recommended by Pollution Probe), the budgets proposed by Enbridge are not adequate to meet the demand for DSM. The DSMVA is a last resort safety value to keep programs from screeching to a halt partway through a year and the recent trend under the status quo program portfolio show that budgets are not adequate and the budget gaps is growing at an increasing rate. When gas IRP is added, this gap is even greater. The following graph shows the most recently available public information (2019 is the most recently completed DSM Audit) on program overspending under the status quo program portfolio. As noted below, this trend is actually understated since 2019 includes taking funds from fixed costs areas to offsets increased program costs.

¹⁵ OEB Staff were actively engaged in development of the Ontario DSM Potential Study and may also be able to file sensitivity analysis related to those scenarios.

¹⁶ [Directive to the OEB 20140326 CDM](#)

¹⁷ EB-2021-0002, Exhibit D, Tab 1, Schedule 4, Page 2.

¹⁸ \$30 million x 3.32 = \$99.6 million related to 2022 programs.



2022 Programs

The primary focus of this submission is on whether the OEB should entertain an early interim approval for 2022 DSM Programs. Without the ability to test the programs and evidence submitted for 2022 (and future years), it is not possible to comment in detail on the specific programs, scorecards and shareholder incentive proposed for 2022. For some of these programs, there simply is not enough detail in the DSM Plan filed. It is Pollution Probe’s understanding that this was not the focus of the direction provided in Procedural Order No. 1 and that there will be an opportunity through subsequent OEB Procedural Orders to attend a Stakeholder Conference, ask Interrogatories, seek clarifications from the witness panel and perhaps other procedural steps (e.g. file evidence) used for DSM Plan and/or DSM Framework proceedings.

Although Pollution Probe has not included recommendations specific to 2022 programs in this submission, a few illustrative areas are highlighted in this submission to provide an early sense on gaps that will need to be resolved. Given the link between the proposed 2022 DSM portfolio and the proposed DSM Framework, there may need to be adjustments to both.

Low hanging fruit still exists and comes in many forms including more effective and comprehensive partnering (e.g. IESO, FCM, municipalities and other levels of government), consolidating programs, reducing overhead costs, etc. Essentially all

programs should be developed and run on a partnership model¹⁹. Combining program delivery with organizations dealing with the exact same consumers increases program effectiveness and reduces administrative and overhead costs. Program and budget efficiencies also exist due to the merging of Enbridge and Union Gas portfolios and programs. Enbridge has unlocked some of this value and more is available through this inaugural merged DSM Plan. Reducing those duplicated costs means that higher results should be available for all programs.

Enbridge has proposed a few new market transformation initiatives, but the details will require review. It is unclear if this applies only to increased gas fired equipment (e.g. gas fired heat pumps) or would relate to more efficient ground source heat pumps as examined during the recent EB-2020-0091 proceeding related to gas IRP. These programs will need to be assessed to ensure they result in the best long-term solutions that align with local community energy and emissions plans. It will also be important to align incremental DSM budgets and goals with the pending OEB Decision related to IRP. It will be difficult to imagine two siloed DSM portfolios being effective and consumer centric. Pollution Probe expects that broad integrated DSM objectives and programs would be most effectively delivered under one umbrella. This has the added benefit of promoting DSM and more cost-effective IRP options when adding new customers and communities. Recently, the Ontario Energy Association²⁰ warned about the real issue of stranded assets for new and existing gas pipelines and an integrated approach to community energy planning has the highest opportunity to avoid those types of stranded assets and costs to consumers in the future.

A portfolio program component that aligns with municipal energy and emissions plans is sorely lacking. Municipalities and all broader public sector organizations including school boards are mandated by the Province to create energy conservation plans (under O. Reg. 397/11) and report on energy and emissions results related to these plans. Similar requirements exist for large building operators²¹. Leading municipalities also has energy and emission plans²² supported by Provincial policy. The proposed DSM Plan has no targeted DSM programs to help municipalities reach their energy and emissions goals directly or for their communities. Leading program providers such as IESO have already recognized their role in helping municipalities achieve their community energy and emission goals in an integrated manner through targeted programs and market transformation. This has resulted in enhanced communications,

¹⁹ <https://www.oeb.ca/sites/default/files/OC-378-2019%20signed.pdf>

²⁰ https://energyontario.ca/Files/PDF%20files%20to%20share/OEA_Net_Zero_2050.pdf Page 31.

²¹ For example Energy and Water Reporting and Benchmarking as identified in EB-2021-0002, Exhibit E, Tab 1, Schedule 4, Attachment 1, Page 30 of 74

²² Sample for Ottawa and Toronto are referenced in

PollutionProbe_SUB_AppendixB_PollutionProbePresentationIRP_20210706, slides 8-10.

programs and infrastructure planning to meet consumer and municipal needs. As part of the gas IRP proceeding, Enbridge indicated it is waiting for OEB direction before it commences what IESO has been doing for years.

DSM Framework

There are several significant changes between the current OEB DSM Framework and the proposed new DSM Framework filed by Enbridge. One of the most significant changes relates to the budget proposed for 2022 and subsequent years. The current OEB DSM Framework provides an annual budget envelope of \$166 million. Under the Enbridge proposal, this element is removed from the DSM Framework and become whatever number Enbridge proposes in its annual plan. As outlined in the sections above, the Enbridge proposed 2022 budget is \$136 million, which is an 18% decrease in the budget envelope if the OEB were to adopt the DSM Framework proposed by Enbridge.

Other areas that are not addressed in detail include the EM&V areas of spending. The most recently completed OEB audit²³ of Enbridge's DSM programs show that critical fixed costs areas of the budget are being underspent. "Process and Program Evaluation" was underspent by 12% and Union "Research" and "Evaluation" was underspent by 23% and 29%, respectively²⁴. Underspending in those areas contributes to an increased shareholder incentive, but moving fixed funds away from innovation, new program development, process and program evaluation and other fixed cost areas undermines the incentive for continuous improvement and results in status quo plans year after year. This areas of potential conflict could easily be fixed in the DSM Framework by setting a specific plan of deliverables by year for each fixed costs area of the budget and potentially adding conditions that restrict significant underspending in important fixed cost areas.

Another significant area of proposed change is the mechanism that derives the Shareholder Incentive. As outlined above, this is a critical Framework element that requires significant attention to reward program excellence for long-term results, rather than status quo. Pollution Probe understands that there will be an opportunity to provide specific recommendations as part of the future process in this proceeding and that Environmental Defence will also be providing more analysis related to this element in its

²³ Reference: EB-2021-0172 related to 2019 DSM audit and clearance of accounts. Tables 1 and 2 indicate that more than 50% of the additional funds requested (DSMVA) were due to program demand that exceeded the annual DSM budget.

²⁴ EB-2021-0072 Exhibit I.PP.2 f and g.

submission, so Pollution Probe has avoided providing details comments related to that element in this submission.

Linkage to IRP

DSM is one of the key tools available for effective natural gas IRP. Ontario consumer do not want to pay for more infrastructure and gas commodity if there are more cost-effective fuel switching or DSM options available. The OEB's Decision in recent proceedings such as the London Line Replacement Project (EB-2020-0091 Decision) demands an immediate change to Enbridge's approach to DSM programs. These requests have been ignored in the DSM Plan filed. It could be suggested that IRP is separate, but regardless of what the OEB Decision on IRP indicates, the need for enhanced and effective DSM is more important now than ever before.

All of which is respectfully submitted on behalf of Pollution Probe.