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BY EMAIL and RESS

July 12, 2021
Our File: EB20210002

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Attn: Christine Long, Registrar

Dear Ms. Long:

Re: EB-2021-0002 – Enbridge DSM Plan – Issues List Submissions

We are counsel to the School Energy Coalition ("SEC"). Pursuant to Procedural Order #2, this letter constitutes SEC's submissions on the proposed Issues List for this proceeding.

Summary of Position

Subject to our comments below, SEC believes that the Issues List attached to PO #2 is sufficiently comprehensive that it will cover all of the issues parties will raise that are or should be within the scope of the proceeding.

Clarifications

SEC may – depending on what comes out of discovery and depending on discussions with other parties – raise a number of issues that are not directly referenced in the proposed Issues List.

While we believe that all of these issues are fully encompassed within the proposed Issues List, we would request that the Board confirm our conclusion in that respect. Alternatively, if any of the issues described below are not included in their entirety in the scope of the proposed Issues List, SEC would ask that they be added.

Reduced Use of Natural Gas. SEC believes that absolute (and significant) reductions in the use of natural gas in Ontario should be a goal in the DSM Framework, and should be a condition to earning shareholder incentives. After the discovery process, SEC hopes to propose, perhaps in conjunction with other parties, a method of tying DSM success and shareholder incentives to declining natural gas use. We expect that the precise approach proposed will arise out of the evidence in this proceeding, so we do not come into the process with a specific proposal, only a goal to be achieved.

In terms of the general goal, SEC believes that Issue #1 fully encompasses this concern. In terms of shareholder incentives, SEC believes that our ability to explore and propose this kind of approach is fully included in Issues #6 and #7. If our assumptions are incorrect, we would ask that the OEB add these issues.

Changes During the DSM Plan Term. Over the proposed six year period, it is unlikely that the programs offered will remain unchanged. Even for those that remain the same, it is likely that budgets will be shifted between programs as circumstances indicate. This has been an area of controversy in the past, for example in cases where changes to programs and spending result in the benefits of program dollars being redirected away from those who are paying for them, and towards other customer groups.

SEC will likely seek to tighten the scope of program changes and budget transfers without OEB (or other independent) approval.

SEC believes that this area is fully covered by Issues #4, #12, and #15. Program changes and budget transfers have been a key part of each Framework and Plan since the beginning, and so we would expect that these would continue to be included in this review.

Governance Issues and Advisory Committee. SEC continues to be concerned that Enbridge's management and delivery of DSM can be at odds with its business incentive to expand natural gas use in Ontario. In the past, with increasing DSM successes, the results may have justified continued unrestricted reliance on the utility to produce the desired outcomes. While the role of independent review, particularly in audit and evaluation, has continued to grow during that period, the area of program design and plan management was left pretty well entirely to Enbridge (and Union, at the time).

Three things have caused SEC to believe that the time may have come to reconsider this *laissez-faire* approach.

First, program results have hit a plateau, in some cases even declined. This was to be expected, but more innovative approaches are now essential if we are to ensure that results can be sustained and grown. This may be the time when the OEB should look for ways that the utility can proceed more aggressively. This is not just about bigger budgets. It is also about different ways of looking at things, about considering different perspectives.

Second, the proposals from Enbridge in the IRP proceeding gave SEC a great deal of concern, because they reinforced the view that Enbridge is continuing to forecast natural gas system and throughput growth in the future. Enbridge has said so expressly in that proceeding, and recently (at FEIWG meeting #2) repeated the idea that deeper gas reductions are not in the utility's future. Enbridge's message is that natural gas is too important, and has too big a role in Ontario's energy supply, to be cut back significantly. While this is understandable for a company that can only grow through expanded natural gas use, it is a concern when juxtaposed against the mandate of DSM programs.

Third, the previous practice of having regular (twice a year, usually) meetings of stakeholders to discuss the DSM programs and seek input has largely fallen by the wayside. More recently, Enbridge's approach to stakeholder engagement appears to be more formalized and structured. It is not a dialogue. Stakeholders are engaged, if at all, when Enbridge has already made decisions about what it wants to do.

SEC would like to explore whether more independent oversight of the design, delivery, and (program) evaluation of DSM programs is a timely addition. There are many forms this could take, including but not limited to:

- A formal "board of directors" that includes stakeholders and the OEB, and has binding oversight over design and delivery of the DSM Plan in its entirety. This could be a compromise step to a more independent approach to DSM in Ontario. Rather than the more radical step of shifting program delivery to an independent agency (which would not be conflicted, as a gas distributor is), this approach would add more independence to the existing structure, without throwing out the good parts.

- At the other end of the spectrum, a requirement for periodic stakeholder meetings (perhaps quarterly) that include information on items that have not yet been decided. That is, instead of "reporting" to stakeholders, the utility could have an enhanced requirement to engage with and listen to stakeholders <u>before</u> choosing new directions or making other changes.

- Expansion of the role of the Evaluation Advisory Committee to include program design and implementation, program changes, budget transfers, and things like that. In this respect, we note that the EAC members – who have extensive experience in other jurisdictions – often have ideas and potential input that they could provide, but are prevented from doing so by the "impact evaluation" mandate of that committee. Because of their intimate knowledge of the programs in Ontario (through the audit and evaluation process), they may be in a position to provide broader value if allowed to do so. The role of this committee would still be advisory, as now, and still under the direct supervision of OEB Staff and the Board, but expanding it may provide a more rigorous and more dynamic way for Enbridge to evolve its programs.

SEC believes that issues of governance and advisory paradigms may already be included with broad scope in Issues #1, #13 and #15. OEB confirmation that these can be raised would ensure that there is no resistence to this aspect of scope later in the process.

Conclusion

The Enbridge DSM Plan involves spending at least a billion dollars of ratepayer money over the next six years (when budgets, shareholder incentives, DSMVA and LRAMVA are included), against a backdrop of increasing urgency to deliver fossil fuel reductions.

SEC is flagging three areas that we believe are in scope in this proceeding, and we assume are included in the proposed Issues List.

We ask that the OEB confirm that these are included. In the alternative, we ask that the Board specifically add these three issues to the Issues List, and confirm that their scope includes dealing with the concerns we have described above.

All of which is respectfully submitted.

Yours very truly,
Shepherd Rubenstein Professional Corporation

Jay Shepherd

cc: Ted Doherty, SEC (by email)
Interested Parties (by email)