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**Enbridge Gas Inc.**  
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**VIA RESS and EMAIL**

July 12, 2021

Ms. Christine Long  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto, Ontario  
M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc. (Enbridge Gas)  
Ontario Energy Board (OEB) File No.: EB-2021-0002  
Multi-Year Demand Side Management Plan (2022 to 2027)  
Submission – Draft Issues List**

In accordance with the OEB's Procedural Order No. 2, dated June 22, 2021, enclosed please find Enbridge Gas's submission on the Draft Issues List for the above noted proceeding.

The above noted submission has been filed electronically through the OEB's RESS.

Should you have any questions on this matter please contact the undersigned at 416-495-5642.

Sincerely,

Asha Patel  
Technical Manager, Regulatory Applications

cc: D. O'Leary, Aird & Berlis  
Intervenors (EB-2021-0002)

## 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. pursuant to Section 36 (1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, for an order or orders approving its Demand Side Management Plan for 2022-2027.

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### Submission of Enbridge Gas Inc. on the Draft Issues List

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#### Introduction

Pursuant to Procedural Order No. 2 (“**PO No. 2**”) dated June 22, 2021, parties are entitled to file written submissions on the draft Issues List which was attached as Schedule A to PO No. 2 by Monday, July 12, 2021. These are the submissions of Enbridge Gas Inc. (“**Enbridge Gas**” or the “**Company**”).

Enbridge Gas has attached as Appendix 1 to this submission a revised Issues List which it proposes for consideration by the OEB, OEB Staff and intervenors. Attached as Appendix 2 is a table of concordance which links the Issues List which was appended to PO No. 2 with the Issues List as proposed by Enbridge Gas. The intent is that this table will be of assistance to parties identifying where various issues have been reorganized in terms of their appearance on the issues list. This table includes further submissions by Enbridge Gas which are specific to the issue in question. These submission form part of the Company’s submission on the draft issues list.

#### Preliminary and General Submissions

Before addressing certain issues specifically, Enbridge Gas believes it is appropriate to identify some of the general principles and concepts that it had used for the purposes of developing the revised issues list.

First, the OEB stated in Procedural Order No. 1 (“**PO No. 1**”) dated June 21, 2021 that it will receive submissions on the Company’s request for interim approval of its 2022 DSM program year on July 6, 2021. Submissions have now been made by intervenors and OEB Staff and the Company will be responding on July 20, 2021. Given that the OEB has identified in PO No. 1 the need to “ensure program continuity, limit market disruption and confusion amongst potential participants and vendors”<sup>1</sup>, the Company believes it is appropriate to assume that the OEB will have made decisions in respect of the 2022 program year and that the Issues List should not include any reconsideration of that portion of the program year which is the subject of the interim decision of the OEB. More specifically, the operation of program offerings and the expenditures on same, i.e. the costs incurred for the period prior to the issuance of a final decision of the OEB and an appropriate winddown period thereafter, if necessary, should not be the subject of interrogatories nor argument. While targets, scorecards and the shareholder incentive for 2022, as well as how program offerings would be operated in the future would remain live issues including how the Company might be able to transition to the 2023 program year based upon the OEB’s final decision, the Company’s operation of its portfolio of programs pursuant to the interim decision should not be the subject of challenge and all reasonable costs incurred should be recoverable. The Company notes that the current draft issues list does not include as an issue matters relating to Transition and Implementation. These are clearly issues that need to be added as an issue to the list.

Second, it should be recalled that the Company was directed by the OEB to file an application proposing program offerings, targets, scorecards, budgets and shareholder incentives in the OEB’s December 1, 2020 letter of direction (“**Letter of Direction**”).<sup>2</sup> While the Company was also required to file an updated DSM Framework (given that the 2015-2020 Framework (EB-2014-0134) was set to expire and the OEB had elected to conclude the Post-2020 Framework policy consultation), the application which the Company was directed to file is not part of a generic proceeding nor is it a continuation of a framework consultative. As a result, Enbridge Gas submits that the Issues List should not indicate that this Application will undertake an extensive review of

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<sup>1</sup> EB-2021-0002, OEB Procedural Order No. 1 (June 21, 2021), p. 2.

<sup>2</sup> EB-2019-0003, OEB Letter Post-2020 Natural Gas Demand Side Management Framework (December 1, 2020).

DSM framework elements and approaches undertaken in numerous jurisdictions across North America. Certainly if there are lessons that could be learned from program offerings being operated elsewhere, this would be relevant to this proceeding but the Company submits undertaking a broad comparison of multiple DSM regimes and “DSM best practices” should be outside the scope of this proceeding. Part of the problem of course is that there is no accepted definition of “best practice” which in many cases can be attributed to local economic and geographic considerations. Different parties have different ideas about what is a DSM best practice. For example, is it the utility that has a DSM budget which is the largest percentage of its gross revenues (i.e. the one that spends the most)? Is it the utility that carries on its DSM activities most cost effectively? Or is such a determination based on some combination of these and other metrics?

What’s more, it is important to understand that such a broad review and comparison of DSM activities undertaken by other utilities in multiple jurisdictions invites parties to argue that the previously OEB stated principles and foundational concepts upon which this Application is premised should be challenged and a different regime put into place.

This could inevitably lead to the withdrawal of the current Application and the need to generate a totally new application many months down the road. For example, in the December 1, 2020 Letter of Direction, the OEB stated very clearly that: “the OEB is of the view that the primary objective of ratepayer-funded natural gas DSM is assisting customers in making their homes and businesses more efficient in order to help better manage their energy bills.”<sup>3</sup>. The issues list should not invite an attack on what the OEB has already concluded is the clear primary objective of ratepayer-funded natural gas DSM.

Stated differently, if it is the OEB’s intent to evaluate and consider in detail DSM regimes in multiple jurisdictions for the purposes of possibly materially amending the DSM Framework proposed by the Company and, as a result, the DSM plan which has been filed, such issues need to be determined as a preliminary matter. Accordingly, the Company has grouped together preliminary and general issues under such subheadings. Enbridge Gas submits that it and all

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<sup>3</sup> EB-2019-0003, OEB Letter Post-2020 Natural Gas Demand Side Management Framework (December 1, 2020), p. 2.

parties could benefit from the OEB providing clarity in respect of its intent to deal with such matters. If a broad and detailed examination of DSM framework elements and activities elsewhere is considered appropriate in this proceeding, it may be prudent to consider dealing with such issues up front with a decision being made by the OEB first before embarking on a detailed examination of the DSM Plan as filed.

An example of this is the issue relating to the amortization of DSM program costs. While the OEB may wish to hear evidence about how such costs are amortized in other jurisdictions and the impact of same, should the OEB ultimately determine that DSM costs in Ontario should be amortized, this will likely necessitate a fundamental reworking of the current Application in that the targets, scorecards and shareholder incentive methodologies proposed by the Company in this application will likely no longer be applicable. The Company submits this is a preliminary matter which needs to be determined before undertaking an exhaustive review of the Application which could prove fruitless in the event that the OEB determines that the amortization of the DSM costs is in the public interest. It is for this reason that Enbridge Gas has proposed removing from the draft issues list at issue no. 5 reference to “cost recovery” and making this a preliminary issue. Matters relating to cost recovery will necessarily look at the question of amortization of DSM costs. This, the Company submits, should be included as a preliminary issue.

Third, Enbridge Gas submits that as a general principle, the Issues List should reflect the OEB’s Letter of Direction of December 1, 2020 and language in the two Procedural Orders issued to date. Enbridge Gas believes that the language utilized by the OEB is sufficiently broad to allow parties to take appropriate positions relevant to the Application. The Company also believes that the language employed by the OEB was intended to scope certain issues.

Fourth, the OEB’s decision in respect of Enbridge Gas’s integrated resource planning application is outstanding. While it is appropriate to include as an issue the impact of the OEB’s ultimate decision in the IRP application on this DSM application, the issue should not be seen as an invitation to relive and reargue positions taken in the IRP proceeding.

Finally, the Company believes that the Issues List can be streamlined in several areas. For

example, given the interrelationship of targets and scorecards, the Company is of the view that it is not necessary to break down issue 7 which deals with the appropriateness of targets and scorecards into 11 sub issues as currently proposed in the draft issues list. Similarly, the Company believes that issue 8 which involves a review of the various program offerings proposed in the Application could be streamlined reducing the number of specific sub issues and referencing the OEB's December 1, 2020 Letter of Direction as the test for appropriateness.

Enbridge Gas believes that its revised Issues List provides opportunity for parties to raise any and all issues of relevance in respect of its Application. It has not removed any issues from the draft list but has instead, added a few additional issues, reorganized certain issues under different categories, appropriately scoped down certain issues to reflect the nature of this Application and the directives given by OEB to date, and it has proposed a streamlining of several issues.

All of which is respectfully submitted.



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Dennis M. O'Leary  
Counsel to Enbridge Gas Inc.

## Appendix 1

### **Enbridge Gas Comments re: EB-2021-0002 Draft Issues List (Topic numbers reflect recommended grouping and priority order)**

#### **1. Preliminary Matters**

- Does Enbridge Gas's proposed cost recovery approach result in reasonable rate impacts while addressing the OEB's stated objectives in its letter issued on December 1, 2020? Note: The OEB has indicated that OEB staff is exploring amortizing energy efficiency costs and if such a change in financing DSM is to be undertaken, what implications will this have to the application submitted by Enbridge Gas?

#### **2. General Issues**

- 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)?
- Does Enbridge Gas's 2022-2027 DSM Framework and DSM Plan support energy conservation and energy efficiency in accordance with the policies of the Government of Ontario?
- Does Enbridge Gas's 2022-2027 DSM plan reflect learnings and current best practices in Ontario and other similar comparable jurisdictions including in Canada for example, Fortis BC?
- Acknowledging that Enbridge Gas was asked to submit its application prior to the OEB issuing a decision on an IRP framework, does Enbridge Gas's proposed 2022-2027 DSM Framework and Plan require any changes to be consistent with the anticipated OEB's decision and guidance regarding Enbridge Gas's Integrated Resource Planning proposal (EB-2020-0091)?

#### **3. The Proposed Framework**

- Is Enbridge Gas's proposed DSM policy framework, including guiding principles and guidance related to budgets, targets, programs, evaluation, and accounting treatment appropriate?
- Are Enbridge Gas's proposed changes to the OEB's evaluation, measurement and verification process appropriate, including the proposed Terms of Reference?
- Are Enbridge Gas's proposed updates to the treatment of input assumptions, cost-effectiveness screening, and avoided costs appropriate?
- Is Enbridge Gas's proposed accounting treatment, including the function of various deferral and variance accounts appropriate?

#### **4. DSM Term**

- Is Enbridge Gas's proposed DSM Plan term of 2022-2027 appropriate?

## **5. DSM Budgets**

- Is Enbridge Gas's proposed 2022 base budget envelope of \$136 million appropriate and align with OEB and Ontario government guidance for "modest budget increases" and "having regard to consumers' economic circumstance"?
- Is the proposed Annual Escalation Methodology for 2023-2027 appropriate?
- Does Enbridge Gas's proposed budget, including program and portfolio costs result in reasonable rate impacts while addressing the OEB's stated DSM objectives in its letter issued on December 1, 2020?

## **6. DSM Plan Program Offerings**

- Does Enbridge Gas's proposed DSM Plan appropriately address the OEB's stated objectives in its letter issued on December 1, 2020 including consideration for maximizing gas savings and providing value for rate payers?
- Are Enbridge Gas's proposed program offers appropriate for their respective customer groups?
- Should there be any other program offerings included in addition to or to replace those proposed by Enbridge Gas?
- Does Enbridge Gas's plan outline how it will endeavor to coordinate the delivery of DSM programs with electricity CDM programs and other energy conservation programs happening in its service territory where possible?

## **7. Shareholder Incentive Mechanisms**

- Are Enbridge Gas's proposed shareholder incentives appropriate?
  - Is Enbridge Gas's proposed annual maximum shareholder incentive, including structure, and amount appropriate?
  - Is Enbridge Gas's proposed Long-Term shareholder incentives appropriate?
  - Is Enbridge Gas's Annual Net Benefits Shared Savings proposal appropriate?
  - Are there any other incentive mechanisms that should be included in addition to or to replace those proposed by Enbridge Gas?

## **8. Scorecards/Metrics/Targets**

- Are Enbridge Gas's proposed scorecards, including targets and performance metrics, appropriate?
- Is Enbridge Gas's proposed annual target adjustment mechanism appropriate?
- Is Enbridge Gas's proposed Long Term Greenhouse Gas Reduction target appropriate?
- Should there be any other scorecards, targets and/or metrics included in addition to or to replace those proposed by Enbridge Gas?

## **9. Other**

- Are Enbridge Gas's proposed research and development activities appropriate?
- Is Enbridge Gas's stakeholder engagement proposal reasonable?



## **10. Transition and Implementation**

- What transition and implementation steps are appropriate as a result of the OEB's interim decision on the 2022 DSM Plan and its final decision and order?

Appendix 2.

OEB Staff's Draft Issues List	Enbridge Comments	Proposed Topic Category
<b>General Issues</b>		
<p>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?</p>	<p>Suggest separating and addressing "regard to consumers' economic circumstances" as part of the budget discussion:</p> <ul style="list-style-type: none"> <li>• 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)?</li> <li>• Does Enbridge Gas's 2022-2027 DSM Framework and DSM Plan support energy conservation and energy efficiency in accordance with the policies of the Government of Ontario?</li> </ul>	<p>General Issues</p> <p>General Issues</p>
<p>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?</p>	<p>Any such comparison/review is a preliminary issue that should be addressed upfront. In so doing, Enbridge Gas has concerns with the impact to timelines depending on the nature/intention of such a review. Enbridge Gas also requests clarity on the intention of this review - is it to inform policy? Framework? Budget? Program details? All of the above? Enbridge Gas further requests explanation regarding the rationale for the suggested states put forth by OEB Staff. The determination of best practices is somewhat subjective and highly dependent on regional policy and circumstances and therefore not all practices deemed "best" are</p>	

	necessarily appropriate for Ontario. Suggest: <ul style="list-style-type: none"> <li>• Does Enbridge Gas's 2022-2027 DSM plan reflect learnings and current best practices in Ontario and other similar jurisdictions including in Canada for example, Fortis BC?</li> </ul>	Preliminary Matters
3. Is Enbridge Gas's proposed DSM Plan term of 2022-2027 appropriate?	No Comment/Suggested Edits	DSM Plan Term
<b>Specific Issues within Enbridge Gas' 2022-2027 DSM Application</b>		
4. Is Enbridge Gas's proposed DSM policy framework, including guiding principles and guidance related to budgets, targets, programs, evaluation, and accounting treatment appropriate?	No Comment/Suggested Edits	Proposed Framework
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?	Enbridge Gas believes consideration of cost recovery approach should be separated and dealt with as a Preliminary Matter. As P.O. #2 indicates that OEB Staff has commenced with developing expert evidence related to amortizing energy efficiency costs (including the relationship to performance incentives), any consideration of any such alternatives should be dealt with in this proceeding first as a preliminary matter. Any such change would be a fundamental framework issues and would therefore impact the relevance of consideration of a number of issues related to Enbridge Gas's evidence. Suggest instead: <ul style="list-style-type: none"> <li>• Does Enbridge Gas's proposed budget, including program and portfolio costs result in reasonable rate impacts while addressing the OEB's stated</li> </ul>	DSM Budget

	<p>DSM objectives in its letter issued on December 1, 2020?</p> <ul style="list-style-type: none"> <li>• Is Enbridge Gas's proposed cost recovery approach result in reasonable rate impacts while addressing the OEB's stated objectives in its letter issued on December 1, 2020?</li> </ul>	<p>Preliminary Matters</p>
<p>6. Are Enbridge Gas's proposed shareholder incentives appropriate?</p> <p>a. Is Enbridge Gas's proposed annual maximum shareholder incentive, including structure, and amount appropriate?</p> <p>b. Is Enbridge Gas's proposed Long Term shareholder incentives appropriate?</p> <p>c. Is Enbridge Gas's Annual Net Benefits Shared Savings proposal appropriate?</p> <p>d. Are there any other incentive mechanisms that should be included in addition to or to replace those proposed by Enbridge Gas?</p>	<p>No suggested edits to this proposed Issue however, if the OEB determines that fundamentally an alternate cost recovery approach is appropriate (i.e. amortization of DSM costs as is being explored by OEB Staff), Enbridge Gas suggests that that Enbridge Gas's proposal regarding shareholder incentives will likely no longer be subject to consideration as submitted and any such proposal would need to be reconsidered.</p>	<p>Shareholder Incentives</p>
<p>7. Are Enbridge Gas's proposed targets and scorecards appropriate?</p> <p>a. Is Enbridge Gas's proposed annual target adjustment mechanism appropriate and result in annual targets that will ensure progressively greater performance?</p> <p>b. Is Enbridge Gas's proposed Residential Program Scorecard, including targets and performance metrics appropriate?</p> <p>c. Is Enbridge Gas's proposed Low Income Program Scorecard, including targets and performance metrics appropriate?</p> <p>d. Is Enbridge Gas's proposed Commercial Program</p>	<p>Suggest these could be grouped more simply as follows:</p> <ul style="list-style-type: none"> <li>• Are Enbridge Gas's proposed scorecards, including targets and performance metrics, appropriate? The language at the end of issue 7a has been removed as this should be a topic of discussion not a previously determined set objective.</li> <li>• Is Enbridge Gas's proposed annual target adjustment mechanism appropriate?</li> <li>• Is Enbridge Gas's proposed Long Term Greenhouse Gas Reduction target appropriate?</li> </ul>	<p>Scorecards/Metrics/Targets</p> <p>Scorecards/Metrics/Targets</p> <p>Scorecards/Metrics/Targets</p>



<p>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?</p> <p>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?        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?</p>	<p>Enbridge Gas believes the assessment of the program offerings should be in relation to the OEB December 1<sup>st</sup> letter. Suggest:</p> <ul style="list-style-type: none"> <li>• Does Enbridge Gas's proposed DSM Plan appropriately address the OEB's stated objectives in its letter issued on December 1, 2020 including consideration for maximizing gas savings and providing value for rate payers?</li> <li>• Are Enbridge Gas's proposed program offerings appropriate for their respective customer groups?</li> <li>• Should there be any other program offerings included in addition to or to replace those proposed by Enbridge Gas?</li> </ul>	<p>DSM Plan Program Offerings</p> <p>DSM Plan Program Offerings</p> <p>DSM Plan Program Offerings</p>
<p>9. Are Enbridge Gas's proposed research and development activities appropriate?</p>	<p>No Comment/Suggested Edits</p>	<p>Other</p>

<p>10. Are Enbridge Gas's proposed changes to the OEB's evaluation, measurement and verification process appropriate, including the proposed Terms of Reference?</p>	<p>No Comments/Suggested Edits</p>	<p>Proposed Framework</p>
<p>11. Are Enbridge Gas's proposed updates to the treatment of input assumptions, cost-effectiveness screening, and avoided costs appropriate?</p>	<p>No Comments/Suggested Edits</p>	<p>Proposed Framework</p>
<p>12. Is Enbridge Gas's proposed accounting treatment, including the function of various deferral and variance accounts appropriate?</p>	<p>No Comments/Suggested Edits</p>	<p>Proposed Framework</p>
<p>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)?</p>	<p>Suggest:</p> <ul style="list-style-type: none"> <li>• Acknowledging that Enbridge Gas was asked to submit its application prior to the OEB issuing a decision on an IRP framework, does Enbridge Gas's proposed 2022-2027 DSM Framework and Plan require any changes to be consistent with the anticipated OEB's decision and guidance regarding Enbridge Gas's Integrated Resource Planning proposal (EB-2020-0091)?</li> </ul>	<p>General Issues</p>
<p>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?</p>	<p>Suggest the wording should align with the guidance provided by the OEB in its December 1<sup>st</sup> letter as follows:</p> <ul style="list-style-type: none"> <li>• Does Enbridge Gas's plan outline how it will endeavor to coordinate the delivery of DSM programs with electricity CDM programs and other energy conservation programs happening in its service territory where possible?</li> </ul>	<p>DSM Plan Program Offerings</p>
<p>15. Is Enbridge Gas's stakeholder engagement proposal reasonable?</p>	<p>No Comments/Suggested Edits</p>	<p>Other</p>

	<p><b>NEW:</b></p> <ul style="list-style-type: none"><li>• Is Enbridge Gas’s proposed 2022 base budget envelope of \$136 million appropriate and align with OEB and Ontario government guidance for “modest budget increases” and “having regard to consumers’ economic circumstance”?</li><li>• Is the proposed Annual Escalation Methodology for 2023-2027 appropriate?</li></ul> <p>Enbridge Gas notes that the current draft issues list does not include as an issue matters relating to Transition and Implementation and as such suggests the following:</p> <ul style="list-style-type: none"><li>• What transition and implementation steps are appropriate as a result of the OEB’s interim decision on the 2022 DSM Plan and its final decision and order?</li></ul>	<p>DSM Budgets</p> <p>DSM Budgets</p> <p>Transition and Implementation</p>
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