



Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

July 19, 2021

Ms. Christine E. Long  
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Ontario Energy Board  
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Dear Ms. Long:

**Re: Ontario Energy Board (OEB) Staff Reply Comments on the Submissions of Other Parties on Draft Issues List  
Enbridge Gas Inc. – 2022 to 2027 Natural Gas Demand Side Management Plan  
OEB File Number: EB-2021-0002**

In accordance with Procedural Order No. 2, please find attached the OEB staff reply submission on the Draft Issues List. The attached document has been forwarded to Enbridge Gas Inc. and to all other parties to this proceeding.

Yours truly,

Josh Wasylyk  
Project Advisor, Application Policy & Conservation

Encl.



# **ONTARIO ENERGY BOARD**

## **OEB Staff Reply Submission on Draft Issues List**

**Enbridge Gas Inc.**

**2022 to 2027 Natural Gas Demand Side Management Plan**

**EB-2021-0002**

**July 19, 2021**

## Background

Enbridge Gas Inc. (Enbridge Gas) filed an application with the OEB, requesting that the OEB approve a new natural gas DSM policy framework and a new multi-year natural gas DSM plan that includes its proposed budget and annual escalation methodology, programs and targets. Enbridge Gas has proposed that its DSM plan would be in place from January 1, 2021 to December 31, 2027.

In [Procedural Order No. 2](#), issued June 22, 2021, the OEB included a draft issues list (Draft Issues List) prepared by OEB staff, and initiated a two-stage process to seek input in finalizing the issues list (Issues List). Enbridge Gas and approved intervenors were invited to file written submissions on the Draft Issues List by July 12, 2021, and all parties (including Enbridge Gas and OEB staff) were invited to file any additional comments in regards to the submissions of other parties by July 19, 2021.

The following parties made written submissions on the Draft Issues List:

- Anwaatin Inc. (Anwaatin)
- Association of Power Producers of Ontario (APPRO)
- Building Owners and Managers Association, Greater Toronto (BOMA)
- Consumers Council of Canada (CCC)
- Environmental Defence
- Enbridge Gas Inc. (Enbridge Gas)
- Energy Probe Research Foundation (Energy Probe)
- Federation of Rental-housing Providers of Ontario (FRPO)
- Green Energy Coalition (GEC)
- Industrial Gas Users Association (IGUA)
- Low-Income Energy Network (LIEN)
- London Property Management Association (LPMA)
- Ontario Greenhouse Vegetable Growers (OGVG)
- Ontario Sustainable Energy Association (OSEA)
- Pollution Probe
- School Energy Coalition (SEC)
- Small Business Utility Alliance (SBUA)
- Vulnerable Energy Consumers Coalition (VECC)

OEB staff has reviewed these submissions and provides the following comments in reply. OEB staff notes that BOMA, CCC, Energy Probe, Environmental Defence, GEC, LPMA, OSEA and VECC supported the Draft Issues List and did not recommend any changes or additions.

OEB staff supports several minor wording changes and restructuring to increase clarity

and ensure all potential issues are captured. OEB staff has provided comments on the submissions of other parties. Further, an updated draft issues list that reflects proposed changes supported by OEB staff is provided in Appendix A.

### **Enbridge Gas's Suggestion for Preliminary Issues**

Enbridge Gas has suggested that the OEB address Issues 2 and 5 in the Draft Issues List as preliminary issues that should be dealt with before addressing the specific proposals of its application. While OEB staff is supportive of some of Enbridge Gas's suggested edits for these two issues, as explained below, staff does not agree that either should be treated as preliminary issues as that would likely lengthen the time to hear this application. Instead, these topics should be included as general or specific issues in the final Issues List as they should be explored and addressed by parties and the OEB at the same time that consideration is given to the details of the proposed DSM plan and its components.

### **Draft Issue 2 – Industry Best Practice (now Issue 3 in Appendix A)**

Issue 2 in the Draft Issues List (“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) allows parties the ability to seek further information and gain a better understanding of what lessons learned and best practices Enbridge Gas has considered and incorporated into its proposed plan. This is critical to determining if ratepayer funds will be used as effectively as possible. The states listed in the Draft Issues List have longstanding conservation portfolios and were examples of jurisdictions that can be used to seek direction on enhancements and program improvements that increase savings opportunities and reach more customers.

Enbridge Gas indicated that it has concerns including this kind of review/comparison as best practices can be subjective and addressing as a preliminary issue will add time to the proceeding. Enbridge Gas suggested that Issue 2 be re-worded as “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?”

OEB staff is of the view that it is important to maintain this issue for the reasons noted above. OEB staff is amenable to a slight rewording of the issue to incorporate Enbridge Gas's suggestion to “Does Enbridge Gas’s 2022-2027 DSM plan reflect learnings and current best practices in other similar jurisdictions including in Canada (for example, Fortis BC) and the United States (for example, Massachusetts)?” As noted above, OEB staff's view is this issue does not need to be addressed as a preliminary issue, rather, it is practical for parties to ask questions and make submissions based on Enbridge Gas's evidence on how its proposed programs have been influenced by other program administrators that are achieving high gas savings, reaching a large number of

customers and delivering innovative programs.

### **Draft Issue 5 – Budget and Cost Recovery (now Issues 6 & 7 in Appendix A)**

Issue 5 in the Draft Issues List (“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?”) addresses the costs of the proposed plan. Enbridge Gas indicated that consideration of cost recovery approaches should be dealt with the OEB as a separate issue heard as a preliminary matter. OEB staff does not think this is necessary. OEB staff intends to file expert evidence that will provide more information about cost recovery models, primarily amortization, so that the OEB, Enbridge Gas and other parties can consider the benefits and limitations, including cost impacts on customers and total program budgets. Ideally this will allow parties to consider if, how, and when it may be appropriate to transition DSM cost recovery to an alternate model.

As part of the OEB’s post-2020 DSM framework policy consultation, the OEB indicated that cost recovery was one of the components within scope.<sup>1</sup> OEB staff is of the view that if any changes are made to the cost recovery approach, the transition to a new cost recovery model would need to be phased in and a number of factors would need to be considered before doing so.

Enbridge Gas suggested to split the Draft Issue 5 into two issues so that the budget proposal will be considered alone and cost recovery approaches in a separate issue. OEB staff supports this change with one modification to remove the reference to rate impacts from the separate issue related to the reasonableness of the proposed cost recovery approach.

LIEN also suggested that Issue 5 be revised to “Does Enbridge Gas’s proposed budget for each of the years 2022-2027 (inclusive), including program 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?” OEB staff is of the view that the issue as included in the Draft Issues List captures each year of the DSM plan as well as the cumulative budget, however does not object if the OEB sees value in making this clearer.

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<sup>1</sup> EB-2019-0003, OEB Letter, September 16, 2019

## **Other Recommended Changes to Draft Issues List**

### **Draft Issue 1 – Response to OEB and Government Direction (now Issues 1 & 2 in Appendix A)**

Issue 1 in the Draft Issues list addresses Enbridge Gas's plan as a whole and asks if it adequately responds to OEB and government direction. Enbridge Gas suggested that the issue be separated so that direction from the OEB and government can be addressed on their own. Enbridge Gas also suggested addressing "regard to consumers' economic circumstances" which is currently included in Issue 1, as part of Issue 5 that addresses budgets. OEB staff supports these changes and has included this revision in Appendix A. The separate issues for OEB and government direction will assist with clarity. Assessing consumers' economic circumstances as part of the budget discussion is appropriate.

### **Draft Issue 4 – DSM Framework (now Issue 5 in Appendix A)**

Issue 4 in the Draft Issues List ("Is Enbridge Gas's proposed DSM policy framework, including guiding principles and guidance related to budgets, targets, programs, evaluation, and accounting treatment appropriate?") addresses key elements of Enbridge Gas's proposed DSM Framework. LIEN has suggested to slightly revise Issue 4 to add "stakeholder engagement". OEB staff is of the view that Issue 15 already considers stakeholder engagement and is sufficient to address any related concerns.

### **Draft Issue 7 – Targets (now Issue 9 in Appendix A)**

Enbridge Gas suggested that Issue 7 related to targets and scorecards be revised to remove "...that will ensure progressively greater performance?" Enbridge Gas indicated that this should be a topic of discussion not a previously determined set objective. OEB staff is amenable to this revision but proposes a revision so that the scorecards are more accurately described in the issue. This will provide additional clarity on what specific outcomes each program is working towards and allow the OEB to assess reasonability.

Pollution Probe suggested to add the word "budget" to Draft Issues 7 (b)-(j). OEB staff does not think this is necessary as Issue 7 is addressing Enbridge Gas's proposed targets and scorecards whereas Issue 5 in the Draft Issues List addresses the budget.

### **Draft Issue 8 – Programs (now Issue 10 in Appendix A)**

Anwaatin, APPRO, Enbridge Gas, FRPO, OGVG, and SBUA all made suggestions to address specific issues to their constituents.

Anwaatin recommended adding a new sub-issue to Issue 8 “Are Enbridge Gas’s proposed program offerings for Indigenous customers appropriate?” Although there are no programs specific to Indigenous customers, Enbridge Gas has offered programs focused on Indigenous customers in the past. In this application, Enbridge Gas notes that on and off-Reserve customers are eligible to participate in residential low-income programs and has indicated it will be monitoring the IESO’s stakeholding process related to an on-reserve electricity Conservation and Demand Side Management (CDM) program for commercial and institutional buildings owned and operated by Band-Council. Issues related to any programs not currently included in Enbridge Gas’s application can be addressed as part of Issue 8(i) in the Draft Issues list that asks if there should be any other programs offered. However, OEB staff does not object to including a specific issue related to Indigenous customers and has included proposed wording in Appendix A below.

APPrO suggested revising Issue 8(e) related to programs for large volume customers to include considerations for gas-fired generators. APPrO suggested the following changes: “Are Enbridge Gas’s proposed offerings for large volume customers, including gas-fired generators (GFGs), appropriate and do they account for the numerous and overlapping climate change, emissions reduction and low-carbon fuels policies and programs that already apply to GFGs?” Issue 8(e) in the Draft Issues List was intended to include gas-fired generators within the category of large volume customers, but due to their unique nature, OEB staff does not oppose to including reference to gas-fired generators as part of the issue and has included this revision in Appendix A. However, OEB staff is of the view that including the latter portion of APPrO’s suggested revision related to accounting for various climate change and low-carbon policies is not necessary and can be addressed within the issue as drafted.

Enbridge Gas suggested that Issue 8 be revised to be consistent with the OEB’s December 1, 2020 letter “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 ratepayers.” Although, Enbridge Gas’s proposed revision maintains some of the components of the draft issue, including maximizing gas savings and providing value for ratepayers, OEB staff is of the view that the Draft Issue 1 allows the OEB to assess if Enbridge Gas’s plan addresses past direction and guidance from the OEB. Draft Issue 8 is focused on programs. It is important to ensure that Enbridge Gas’s approved DSM plan is comprised of the right mix of programs and that they will deliver the best value given that the OEB will not be reviewing the plan as a whole until the next application for new programs for another six years if the proposed term is accepted.

FRPO suggested that the issues list include a new issue that relates to the eligibility criteria for low-income participants. FRPO highlighted past efforts by Enbridge Gas and

a number of parties to develop eligibility criteria and access strategies for low-income programs. Enbridge Gas has proposed potential changes to eligibility criteria in its 2022-2027 DSM Plan. OEB staff is of the view that Issue 8(b) in the Draft Issues List would allow parties to explore any changes to eligibility criteria, however, OEB staff supports highlighting this important component of the proposed low-income program as part of Issue 8(b) and has included this revision in Appendix A.

OGVG suggested that a distinct issue related to maximizing participation by all of Enbridge Gas's customers. This was an area that was touched upon during Enbridge Gas's 2021 DSM plan application proceeding and discussed by the OEB in its Decision.<sup>2</sup> OGVG suggested that either a new issue "Does Enbridge Gas's proposed DSM Plan appropriately address the need to identify and reach as many new participants as possible?" be added or the OEB to confirm that this can be addressed under the series of sub-issues under Issue 8 of the Draft Issues List. OEB staff is of the view that OGVG's suggestion can be addressed through the broad program-related issues included in Issue 8 of the Draft Issues List, however, supports including this issue as it is an important area that addresses equity and value of ratepayer funding and has included this revision in Appendix A.

SBUA suggested that Issue 8(c) of the Draft Issues List that relates to commercial customers be broken out into two separate issues, one to address large commercial customers and the other to address small and medium commercial customers. OEB staff is of the view that the current Issue 8(c) is sufficiently broad so that SBUA's concerns related to the different sizes of commercial customers, however, OEB staff is not opposed to this issue being broken out to make this more explicit if the OEB decides that would be helpful.

### **Draft Issue 9 – Research & Development (now Issue 11 in Appendix A)**

Pollution Probe suggested that Issue 9 in the Draft Issues List related to research and development be re-worded to make it clear that the issue considers all topics related to research and development, including budgets to undertake this work. OEB staff is of the view that no changes are needed as the issue is drafted broadly to include all items, including budget.

### **Draft Issue 13 – Integrated Resource Planning (now Issue 15 in Appendix A)**

Issue 13 in the Draft Issues List addressed the pending OEB Decision related to Enbridge Gas's proposed Integrated Resource Planning (IRP) framework. A decision from the OEB is expected in the near future.

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<sup>2</sup> EB-2019-0271



Enbridge Gas suggested that the issue be revised slightly to acknowledge that it was asked to submit its DSM application prior to the OEB issuing a decision on an IRP framework. LIEN and Pollution Probe also suggested revisions to ensure alignment between the IRP decision and the proposed DSM plan. OEB staff supports the minor changes proposed by Enbridge Gas. OEB staff is of the view that the suggestions from LIEN and Pollution Probe can be adequately addressed in the revised issue.

#### **Draft Issue 14 – Coordination (now Issue 16 in Appendix A)**

IGUA suggested a change to Issue 14 in the Draft Issues List to include other relevant considerations Enbridge Gas and the OEB need to be mindful of when assessing the appropriateness of Enbridge Gas’s approach to coordinating its DSM programs with other programs. OEB staff supports IGUA’s suggested change and has included this revision in Appendix A.

#### **Draft Issue 15 – Stakeholder Engagement (now Issue 17 in Appendix A)**

Anwaatin suggested to add a new sub-issue to Issue 15 of the Draft Issues List that relates to stakeholder engagement. Anwaatin suggested that the sub-issue address meaningful engagement with Indigenous customers. OEB staff supports this suggestion and proposes that it be included as a revision to Issue 15 of the Draft Issues List.

#### **Other Submissions**

Enbridge Gas suggested that the OEB consolidate and group similar issues to reduce the overall length of the issues list. If accepted, this would collapse the sub-issues related to scorecards and targets as well as program offerings into one broad issue. OEB staff submits that the OEB should maintain the discrete sub-issues. They will make it easy for parties and the OEB to reference evidence and address specific issues relevant to specific program offerings which will help with clarity in the final decision. If all sub-issues are consolidated, it will be more difficult to ensure that all the components of Enbridge Gas’s proposal are adequately addressed.

Enbridge Gas also suggested a new issue “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 circumstances?” Enbridge Gas also suggested that a new issue “Is the proposed annual escalation methodology for 2023-2027 appropriate?” OEB staff does not agree with these proposed new issues. Parties can address the reasonableness of the 2022 budget, including the proposed annual escalation methodology, as part of the issue related to budgets (Issue 5 of the Draft Issues list, now Issue 6 in the revised draft issues list in Appendix A).

Enbridge Gas also suggested that a new issue to address matters relating to transition and implementation be included. Enbridge Gas suggested “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?” OEB staff supports including this as an additional issue and has included a new Issue 18 in the revised draft issues list in Appendix A.

While supportive of the Draft Issues List, SEC asked for the OEB to clarify that several issues are included within the current issues in the Draft Issues List. OEB staff is of the view that the issues highlighted by SEC are sufficiently broad to allow SEC and other parties to explore the topics raised by SEC. Specifically, SEC seeks the OEB’s confirmation that the following issues are included and within scope:

1. Reduced use of natural gas and it’s link to available shareholder incentive amounts. SEC believes that Issue 1 addresses reductions in natural gas usage. OEB staff agrees. SEC believes that Issues 6 and 7 (now issues 8 and 9 in the revised draft issues list in Appendix A) address links to the shareholder incentive. OEB staff agrees.
2. Changes to Enbridge Gas’s plan during the 2022 to 2027 term, including program modifications and budget transfers across approved programs. SEC believes these issues can be addressed in Issues 4, 12 and 15 (now issues 5, 14 and 17 in the revised draft issues list in Appendix A). OEB staff agrees.
3. SEC would like to explore issues of governance and the role of advisory committees to better understand whether more independent oversight of the design, delivery and (program) evaluation of DSM programs can take place. SEC believes that issues of governance and advisory paradigms may be included in Issues 1, 13 and 15 (now issues 1, 15 and 17 in the revised draft issues list in Appendix A). OEB staff agrees and notes that issues related to program evaluation parameters, including process evaluations and the OEB’s Evaluation Advisory Committee can be addressed under Issue 10 of the Draft Issues List (now issue 12 in the revised draft issues list in Appendix A).

All of which is respectfully submitted.

## Appendix A

### OEB Staff Proposed Revisions to the Draft Issues List

#### Enbridge Gas's 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. 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, including having regard to consumers' economic circumstances?
3. ~~Is~~ Does Enbridge Gas's 2022-2027 DSM plan ~~consistent with energy conservation reflect learnings and current industry best practices in Ontario and other jurisdictions, other similar jurisdictions including in Canada (for example, IESO and Fortis BC) and the United States (for example, California, Massachusetts, Vermont and Michigan)?~~
4. Is Enbridge Gas's proposed DSM Plan term of 2022-2027 appropriate?

##### Specific Issues within Enbridge Gas's 2022-2027 DSM Application

5. Is Enbridge Gas's proposed DSM policy framework, including guiding principles and guidance related to budgets, targets, programs, evaluation, and accounting treatment appropriate?
6. Does Enbridge Gas's proposed budget, including program ~~and 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, including having regard to consumers' economic circumstances?
7. Is Enbridge Gas's proposed cost recovery approach reasonable while addressing the OEB's stated objectives in its letter issued on December 1, 2020?

8. 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?
9. Are Enbridge Gas's proposed ~~targets and~~ scorecards, including performance metrics, metric weightings, and targets 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?
10. Has Enbridge Gas proposed an optimal suite of program offerings that will maximize natural gas savings and provide the best value for ratepayer funding, including addressing the need to reach as many new participants as possible?
- a. Are Enbridge Gas's proposed program offers for residential customers appropriate?
  - b. Are Enbridge Gas's proposed program offerings for low-income customers, including eligibility criteria, 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, including gas-fired generators, 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. Are Enbridge Gas's proposed program offerings appropriate for Indigenous customers?
  - j. Should there be any other program offerings included in addition to or to replace those proposed by Enbridge Gas?
11. Are Enbridge Gas's proposed research and development activities appropriate?
12. Are Enbridge Gas's proposed changes to the OEB's evaluation, measurement, and verification process appropriate, including the proposed Terms of Reference?

13. Are Enbridge Gas's proposed updates to the treatment of input assumptions, cost-effectiveness screening, and avoided costs appropriate?
14. Is Enbridge Gas's proposed accounting treatment, including the function of various deferral and variance accounts appropriate?
15. 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)?<sup>3</sup>
16. Has Enbridge Gas proposed a reasonable approach to ensure natural gas DSM programs are effectively coordinated with electricity conservation and programs and other energy conservation and greenhouse gas reduction programs or requirements happening or applicable in its service territory?
17. Is Enbridge Gas's stakeholder engagement proposal reasonable, including its proposed engagement with Indigenous customers?
18. 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?

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<sup>3</sup> EB-2020-0091. An OEB decision regarding Enbridge Gas's Integrated Resource Planning proposal is expected to be issued in the near future.