Asha Patel
Technical Manager, Regulatory Applications
Regulatory Affairs

Tel: 416-495-5642
Email: Asha.Patel@enbridge.com
EGIRegulatoryProceedings@enbridge.com

Enbridge Gas Inc.
500 Consumers Road
North York, Ontario
M2J 1P8

VIA RESS and EMAIL

July 20, 2021

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

Dear Christine 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)
Reply Submission on Interim Decision for 2022 DSM Program Year Plan

In accordance with the OEB's Procedural Order No. 1, dated June 21, 2021, enclosed please find Enbridge Gas's reply submission with respect to the interim decision on its 2022 DSM program year plan 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
Digitally signed by Asha Patel
Date: 2021.07.20 16:35:29 -04'00'

Asha Patel
Technical Manager, Regulatory Applications

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

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.

REPLY SUBMISSION OF ENBRIDGE GAS INC. IN RESPECT OF DSM ACTIVITIES FOR THE 2022 DSM PROGRAM YEAR

AIRD & BERLIS LLP
Barristers and Solicitors
Brookfield Place
Suite 1800, Box 754
181 Bay Street
Toronto, Ontario
M5J 2T9

Dennis M. O'Leary
Email: doleary@airdberlis.com
Tel (416) 863-1500
Fax (416) 863-1515

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1. Introduction

Pursuant to Procedural Order No. 1 dated June 21, 2021 ("**PO #1**"), the OEB stated that the first priority in this proceeding is to consider the request by Enbridge Gas Inc. ("**Enbridge Gas**" or the "**Company**") for interim approval of its 2022 DSM program year. The OEB noted in PO #1 that this is appropriate to ensure program continuity, limit market disruption and confusion amongst potential participants and vendors. The OEB set July 6th as the date for interveners and OEB Staff to file written submissions and July 20th as the date for the Company to file its Reply. The OEB reminded parties to focus their submissions to Enbridge Gas's request for interim approval of its 2022 DSM program year and avoid submissions related to other aspects of the Application. This is the Reply Submission of Enbridge Gas.

2. Preliminary Comments

Despite the OEB's request that parties focus their submissions on the request for interim approval of the 2022 program year and avoid submissions related to other aspects of the Application, a number of the interveners did not abide by this direction. There are numerous examples of this disregard and while Enbridge Gas is hesitant to respond to same given the OEB's directive, it feels compelled to identify several items to highlight they clearly relate to other aspects of the Application. While the Company has not specifically responded to all such submissions in this Reply, it should not be assumed by the Company's silence in responding to out of scope submissions that it agrees with or is ambivalent towards the comments made.

Examples of parties going beyond the scope of submissions requested by the OEB are those of Environmental Defense ("ED"), Green Energy Coalition ("GEC") and Pollution Probe. It should be recalled that the Government of Ontario in its November 27, 2020 letter to the OEB made a clear statement of its policies in respect of DSM which included recognition of the OEB's need to balance ratepayer interests regarding bill impacts with the level of natural gas savings and the Government's support for DSM programming remaining available without interruption.[1] Subsequently, the OEB issued its December 1, 2020 Letter of Direction wherein it specifically stated that it anticipated modest budget increases. Despite this direction these parties have already launched their campaigns advocating that DSM budgets for future years should be materially increased and thus the submissions which go well beyond Enbridge Gas's request for interim approval of

[1] MC-994-2020-1084, Minister of Energy, Northern Development and Mines and the Minister of the Environment, Conservation and Parks Letter to the Ontario Energy Board (November 27, 2020), p 2. https://www.oeb.ca/sites/default/files/ENDM-MECP-letter-to-OEB-20201127.pdf

DSM program activities for 2022 and the OEB's acknowledgement of the importance of ensuring program continuity, and limiting market disruption and confusion amongst potential participants and vendors. GEC and ED also questioned the incentive structure proposed in Enbridge Gas's 2022-2027 DSM Plan with ED even specifically making submissions about alternative DSM plan options for the 2023-2027 period.[2]

GEC at pages 2 and 3 of its submission asks the OEB to direct the Company "at this time" to: provide alternative targets and budgets; provide additional analysis; offer alternative program designs; alter program offerings; and, increase the 2022 budget by 18%. In addition to the fact that there is no evidence of the results that a further 18% increase in budget would generate in 2022, GEC seems to be asking the OEB to require Enbridge Gas to withdraw and refile material portions of its Application before there has been any consideration of same. And it is doing so as part of the OEB's consideration of a request for interim approval to ensure program continuity.

Pollution Probe attached a substantial amount of superfluous materials most of which relates to the Company's separate Integrated Resource Planning ("IRP") filing. Such materials are clearly out of scope but they do suggest that parties may be viewing this proceeding as a venue to continue the IRP debate notwithstanding that no decision has yet been issued by the OEB in respect of the Company's IRP filing. Certainly IRP has absolutely no relevance to the request for interim approval for 2022 DSM activities.

[2] EB-2021-0002, Submissions of Environmental Defence (July 6, 2021), p. 12.

3. Unanimous Support for the Continuation of DSM Programs in 2022

No stakeholder has taken the position that the Company should discontinue undertaking DSM program offerings in 2022. While some expressed concern about a few perceived "new" program offerings and others made comments about who should assume the risk of continuing program offerings prior to a final decision from the OEB, it is clear that there is unchallenged support for the continuation of a comprehensive suite of program offerings in 2022. School Energy Coalition ("SEC") specifically notes at page one of its submission that all stakeholders support the continuation of DSM into 2022 and this is consistent with the policy of the Government of Ontario as stated in the letter from the two Ministers to the OEB referenced above.

In addition, no party specifically opposes the integration of the program offerings which were undertaken by the legacy utilities, Enbridge Gas Distribution Inc. ("**EGD**") and Union Gas Inc. ("**Union**"). While the differences which existed between the legacy utility programs meant that with integration, some changes were needed, as noted by OEB Staff at page 2: "The proposed programs are largely the same as those approved for the 2021 program year albeit with some proposed changes which Enbridge Gas believes will improve and enhance its overall suite of programs."[3] The Company believes that it is therefore fair to say that there is broad support for the continuation of program offerings in 2022 appropriately integrated with suitable evolutionary changes based on the learnings and successes from the legacy program offerings. This is consistent with the

[3] EB-2021-0002, OEB Staff Submission on Enbridge Gas Inc.'s Request for Interim Approval of its 2022 Natural Gas Demand Side Management Program Year (July 6, 2021), p. 2.

expectation of continuous improvements and the flexibility afforded in current and historical practice.

More specifically, OEB Staff support the continuation of program offerings (with the exception of three programs described as “new”), and the budgets for these programs[4]. Building Owners and Managers Association, Industrial Gas Users Association, Low Income Energy Network (“LIEN”), Ontario Greenhouse Vegetable Growers and Vulnerable Energy Consumers Coalition (at least in respect of low income program offerings), were also clear in their support of the continuation of program offerings into 2022. Several parties however suggested that these program offerings should be undertaken under the current existing DSM framework (the “Existing Framework”).[5] We address this and several of the positions taken by the parties in respect of the risk exposure to the Company and the operation of perceived “new” program offerings further below. The important conclusion to be drawn by the OEB is that there is broad and unanimous support for the continuation of DSM. Before turning to a number of the specific issues raised by parties, it is first appropriate to highlight the relief sought by the Company in respect of 2022.

4. Relief Sought for 2022

Enbridge Gas has requested interim approval from the OEB for the DSM Plan filed for 2022. For DSM programming to continue in 2022, Enbridge Gas requires interim approval for the amounts to support DSM activities beginning January 1, 2022, including amounts that will be paid to participating natural gas customers as incentives, the costs

[4] EB-2021-0002, OEB Staff Submission on Enbridge Gas Inc.’s Request for Interim Approval of its 2022 Natural Gas Demand Side Management Program Year (July 6, 2021), pp. 2-3.
[5] EB-2014-0134, Demand Side Management Framework for Natural Gas Distributors (2015-2020) (December 22, 2014).

that the Company will incur in managing, marketing and delivering programs, undertaking evaluation activities, and continuing research, development and investigations into support of current and future DSM activities. The Company also expects that it will have access to the DSMVA for the purposes of ensuring the successful continuance of DSM programs in 2022, and the ability to access an additional 15% of the budget for successful programs. The DSMVA is also an important account for the recording of various costs and future obligations in respect of multi-year program offerings. This list of DSM activities and the framework under which they are undertaken is not intended to be exhaustive but rather to simply highlight the fact that while it has always been the Company's expectation that the OEB may require changes to program details, targets, scorecards and the proposed shareholder incentive in its final decision, it requires an interim approval which allows it to in incur the costs as noted above and to undertake the work necessary to successfully manage, document and promote DSM activities, in accordance with appropriate operating principles. In other words, the Company requires approval of the proposed 2022 DSM Plan on an interim basis.

Enbridge Gas seeks interim approval before August 31, 2021 for the purposes of ensuring program continuity and market certainty. Prospective DSM program participants need time to consider their participation and the availability of any needed budget. If there is uncertainty about the continuation of program offerings to support conservation activities, there will be a sharp drop off in participants as a result. More broadly, the planning efforts of all DSM related stakeholders, including vendors, business partners and contractors are impacted if timely certainty of future DSM activities cannot be provided. No party disputes this reality and the objectives of ensuring program continuity and avoiding confusion in the marketplace were specifically identified as being appropriate by the OEB in its December 1, 2020 Letter of Direction.

Enbridge Gas also requested by July 31, 2021 final approval from the OEB for its base level budget envelope for 2022 and proposed escalation methodology. While Enbridge Gas included a budget figure for 2022, which represented an approximately 3% increase over the OEB's approved 2021 DSM budget, it specifically noted in its Application materials that this figure could be the subject of change in the OEB's final decision but it sought an acknowledgement from the OEB that the overall budget envelope proposed was in the range of what was contemplated by the OEB's December 1, 2020 Letter of Direction where it stated that the Company was expected to propose "**<u>modest"</u>** budget increases (emphasis added).

Pursuant to Procedural Order No. 2 ("**PO #2**") dated June 22, 2021, the OEB determined that it would not render an early decision in respect of the budget envelope or what it considers modest budget increases. Enbridge Gas submits that PO #2 however does not restrict the OEB from approving an overall budget envelope for 2022 on an interim basis. SEC at page 2 of its submission and OEB Staff, at least in respect of what it referred to as the "previously approved programs" which are identified in its submission on page 3, agree that interim approval of the 2022 budget is appropriate and as a practical matter necessary.

What interim relief has been requested?

Enbridge Gas has not requested that the OEB restrict the review or comprehensiveness of the consideration of the multi-year DSM plan including the 2022 DSM program year plan. The Company understood that the OEB's final decision could very well approve budgets, targets, scorecards and an incentive mechanism which may be different than that proposed in this Application. This is also true of the 2022 program year.

The Company was specifically required by the OEB in its December 1, 2020 Letter of Direction to "specify in its DSM Plan application by when approval of its 2022 DSM Plan would be required in order to ensure program continuity."[6] In so doing, the Company did seek assurance from the OEB that with an interim approval, it was reasonable for Enbridge Gas to commence with the DSM plan proposed for 2022 before a final decision was received from the OEB because the OEB will have determined, for the purposes of the interim approval, that it is reasonable for Enbridge Gas to undertake the 2022 DSM Plan activities beginning January 1, 2022.

Enbridge Gas simply asked the OEB to clearly confirm that changes required by its final decision (requested not later than the end of February 2022) would not be applied retroactively to the Company's DSM plan proposal such that it would put the Company at risk of not recovering the expenditures incurred in respect of those activities which are the subject of the interim approval and for which the OEB has determined that it is reasonable to undertake same in 2022 prior to any final decision. This, the Company submits is not only fair – it is consistent with sound rate making principles; a utility is entitled to recover reasonably incurred costs. It should be recalled that even with an interim approval as sought by the Company herein, the 2022 DSM program year will undergo a future annual third-party evaluation review under the direction of OEB Staff and corresponding Clearance Application. If program offerings were not operated as

[6] EB-2019-0003, OEB Letter of Direction (December 1, 2020), p. 5.

proposed in this Application, then parties may take the position that the interim approval does not apply to unjustified deviations.

On June 30, 2021, Enbridge Gas filed a Rate Adjustment Application seeking approval for rates effective January 1, 2022 (EB-2021-0147) (the "**Rate Adjustment Proceeding**"). It should be recalled that under the rate setting mechanism approved by the OEB in the MAADs application which dealt with the merger of the two legacy utilities (EB-2017-0306/0307), DSM costs are treated as a Y factor. In the Rate Adjustment Proceeding, DSM costs are dealt with specifically in the pre-filed evidence at pages 7 through 10 of Exhibit B, Tab 1, Schedule 1. Paragraph 15 states that for rate setting purposes, Enbridge Gas proposes to maintain the 2021 DSM budget of $67.8 million for the EGD rate zone and $64.3 million for the Union rate zones in 2022 rates. The aggregate of these two amounts is $132.1 million.

Should the OEB approve the Rate Adjustment Application in respect of the DSM costs which have been included in it, or such other amount for DSM costs which the OEB deems just and reasonable, Enbridge Gas will have approval for the recovery of the approved amounts. Stated differently, the rate order required to recover DSM costs equal to $132.1 million (or such other amount as is approved by the OEB) is expected to be received in the Rate Adjustment Proceeding. It should be noted that should the OEB approve the 2022 DSM Plan on an interim basis in the near future, it may be appropriate for the Company to adjust the DSM "Y" factor included in the Rate Adjustment Proceeding to reflect the interim approval and the proposed budget of $136 million. Whether this can be done depends upon the timing of the decision on the interim approval and extent to which the Rate Adjustment Proceeding has been advanced procedurally.

What the Company is looking for in respect of 2022 is interim approval for the DSM plan activities that it is proposing for 2022 and interim approval to spend such amounts as are set out in this Application on these activities prior to the final decision of the OEB and to undertake the activities contemplated in the 2022 DSM Plan pursuant to it. As the total budget envelope proposed by the Company for 2022 in this application is $136 million, which is $3.9 million more that the amount that is proposed to be recovered in rates in the Rate Adjustment Proceeding, Enbridge Gas seeks interim approval confirming that the costs incurred in respect of the proposed 2022 DSM Plan are reasonable and at the amounts contemplated prior to the final decision of the OEB and up to 120 days thereafter.

Enbridge Gas is aware of a similar situation existing in 2011 when the OEB was asked for interim approval by Union in respect of certain programs proposed for 2012 in the event that a timely OEB decision could not be released in respect of the 2012-2014 Union DSM Plan (EB-2011-0327). One question that arose was whether Union was seeking an interim order or a partial order. In its letter of October 21, 2011, the OEB stated that: "Partial approval is different in that those specific elements, within the larger application, that receive approval through a partial decision will not be subject to change in the final decision."[7] The OEB in the same letter stated that an interim approval is an approval that remains in place until the OEB renders its final decision and the interim approval remains subject to change in the final decision. In the end, the OEB determined that it was not necessary for it to grant the interim approval sought by Union in light of a recently accepted Settlement Agreement in Union's 2012 rates proceeding (EB-2011-0025). The OEB noted that Union was able to continue to collect its existing rates related to DSM

[7] EB-2011-0327, OEB Clarification Letter (October 21, 2011), p. 1.

programs until a final decision was issued by the OEB in the DSM proceeding (EB-2011-0327).

One difference from this proceeding and the Union 2012-2014 DSM Proceeding (EB-2011-0327) is that the OEB is being asked for interim approval here before August 31, 2021 in a situation where it is unlikely that the Rate Adjustment Proceeding will have concluded prior to this date. Seeking interim approval as requested therefore seems appropriate.

Given the recognition by the Company that the OEB may in its final decision require Enbridge Gas to amend or discontinue program offerings that have been undertaken in 2022 on a prospective basis, Enbridge Gas did not seek to limit the OEB's jurisdiction by means of a partial approval of the proposed 2022 program offerings. Some parties would undoubtedly have expressed concern that a partial approval did precisely that, limit the OEB's ability to find that certain program offerings should be amended or discontinued. While it may be possible for a partial approval to be given by the OEB that is effective only to a specific date, namely the date of the OEB's final decision which would the allow the OEB to order amendments or the discontinuance of program offerings thereafter, there are no DSM precedents for such. This being said, the use of a partial approval for the 2022 DSM Plan appears to be an option which the OEB may wish to consider.

Enbridge Gas therefore seeks interim approval to undertake the activities set out in its 2022 DSM Plan prior to a final decision by the OEB and that it is reasonable for the Company to do so and incur the forecast costs. Enbridge Gas does not believe that it should be at financial risk during the interim period for such reasonably incurred costs.

It should be made clear that the Company will only expend funds on those DSM activities for which approval to proceed with same has been obtained from the OEB in this proceeding.

2022 Rate Impacts

OEB Staff at page 4 of its submission raises the issue of rate impacts in 2022 and asks Enbridge Gas to confirm OEB Staff's assumptions in its reply.

The pre-filed evidence in the Rate Adjustment Proceeding notes that in respect to the EGD rate zone, Enbridge Gas has set 2022 DSM budget costs and rate class allocations equal to 2021 DSM budget costs and allocations in 2021 rates with the exception of certain measures which will affect Rates 110, 145 and 300. These measures are proposed to address declines in the forecast for Rate 145 due to the migration to Rate 110 and the forecast decline for Rate 300. The Company proposes to shift certain costs as a result to Rate 110.

In respect of the Union rate zones, Enbridge Gas has set 2022 budget costs and rate class allocations equal to 2021 DSM budget costs and allocations in 2021 rates. However, to address customer transitions from Rate M5 to Rate M4, it proposes to pool the Rate M4 and Rate M5 DSM costs and reallocate the pooled costs in proportion to 2022 forecast volumes.

Accordingly, with exception for the proposed changes to the cost allocation to the rate classes identified above, unless the Rate Adjustment Proceeding is updated to include the proposed budget of $136 million as the DSM "Y" factor, the vast majority of ratepayers will not see any impact to their rates in 2022 as a result of decisions made by the OEB in this proceeding. Any variance between the amounts recovered in rates in 2022 from the amounts actually spent by the Company will be captured using the DSMVA (the DSMVA outlined in the framework proposed in this Application (the "Proposed Framework") has been proposed to continue as per the Existing Framework) and will be the subject of a future clearance application.

The 120 day period to discontinue/implement changes due to a final decision

OEB Staff stated in its submission that the 120-day period proposed by Enbridge Gas to discontinue or amend program offerings following a final decision from the OEB should be the subject of review during the proceeding. Enbridge Gas agrees that parties should be entitled to ask questions about the need for a wind-down/implementation of amendments period during the proceeding to determine what program offerings might require this time. The 120-day period was never intended to mean that the Company would in all instances continue DSM activities as is for 120 days following a final decision by the OEB. The 120 day period was intended only to indicate that this is the amount of time that the Company may require to wind-down some of its activities and program offerings including addressing commitments to customers, vendors and business partners and/or to implement changes as required.

No one can doubt that changes to program offerings or the discontinuance of same may require some time to implement. 120 days is proposed as the period following the final decision of the OEB that costs could be incurred by the Company in respect of the program offerings in question so that thoughtful and participant appropriate changes could be implemented. Without a reasonable period to wind-down or undertake changes, the Company would be left in a situation of uncertainty as to whether or not it could rollout on an appropriate basis, changes to program offerings and to discontinue others with due notice to both already committed and prospective program participants and affected stakeholders.

5. Risks Assumed by Enbridge Gas

In its pre-filed evidence, Enbridge Gas acknowledges that it assumes the risk of the OEB making a final decision which may not approve all facets of its 2022-2027 DSM plan including the suite of program offerings, targets, scorecards and shareholder incentives as proposed. Given the anticipated time required to undertake the full hearing process, Enbridge Gas appropriately requested interim approval for its 2022 DSM Plan proposal ahead of an anticipated final decision in 2022, and confirmation that the final decision in this matter would be not be applied retroactively to activities undertaken in 2022 prior to the OEB's final decision being made. Accordingly, consistent with the Company's submissions in respect of the draft Issues List as requested by the OEB in Procedural Order No. 2, it is the Company's view that while intervenors may ask questions and make submissions about the details of the 2022 DSM Plan which Enbridge Gas has proposed, for the purposes of necessary changes after a final decision is made, it should not be open to any party to question the reasonableness of Enbridge Gas undertaking the 2022 DSM Plan which is the subject of the interim order up until the date of the final decision and some appropriate wind-down/implementation period thereafter as necessary. Enbridge Gas should not be at any financial risk in respect of its spending on 2022 DSM Plan activities that are the subject of the interim approval.

In respect of the other issues that are before the OEB in this proceeding, Enbridge Gas acknowledges that there is risk that its proposed program offerings, targets, scorecards and shareholder incentive mechanisms may not be approved as filed. Enbridge Gas was prepared to accept these risks in a scenario where the final decision of the OEB was expected, in a worst case scenario, no later than late February 2022. Stated differently, the Company was prepared to operate the DSM portfolio and accept the risk that certain parties may argue that the targets, scorecards and shareholder incentive mechanisms should be set at levels which would as a practical matter put at risk Enbridge Gas's shareholder incentive opportunity as a result of the OEB's final decision. This risk was deemed acceptable so long as the OEB's final decision could be made early in the year, and not later than the end of February 2022.

As certain parties, including OEB Staff, note in their submissions, it appears there is a belief that a final decision in this proceeding may not be available until the middle of 2022.[8] If this were to occur, it would result in an unprecedented and extremely problematic situation. While the Company believes that it can manage around targets, scorecards etc. being finalized by the end of February 2022 in a final decision, it is unreasonable to assume that Enbridge Gas, or any business for that matter, can operate successfully when it has no certainty about key metrics and governance expectations until half way or later into a financial year which in this case is 2022.

As an example, targets will be finalized by the OEB in its final decision. If there is a material change from those included in the 2022 DSM Plan as filed, it is not reasonable to expect that the Company can undertake changes to its DSM Plan to achieve the finalized targets with only several months left in the year. If the new level of targets are not met in 2022 it would be most unfair to suggest that this is related to the efforts of

[8] EB-2021-0002, OEB Staff Submission on Enbridge Gas Inc.'s Request for Interim Approval of its 2022 Natural Gas Demand Side Management Program Year (July 6, 2021), p 4.

Enbridge Gas. The Company also submits that it is not reasonable to take the position that it should be put at risk of earning no shareholder incentive whatsoever not only in respect of the six months or more in 2022 prior to a final decision, but to also put at risk the success of the entire year because fundamental performance metrics were not made clear or approved until the mid-point of the performance period.

The OEB has supported DSM programming for several decades as a means of substantially meeting its statutory objectives which includes promoting energy conservation and energy efficiency. Given the scope of proposed DSM programming, at greater than $130 million per year, there is a clear need for appropriate governance on expenditures on behalf of ratepayers. Under both the Existing Framework and the Proposed Framework which use a shareholder incentive model, budget weightings, scorecards and performance metrics (hereafter referred to as “framework and performance metrics”) are a key part of the overall governance structure. The OEB’s determination of framework and performance metrics provides direction as to key operating parameters, defining how successful DSM Programs should be both operated and evaluated. Framework and performance metrics are not used solely to determine the shareholder incentive after the program year in question is over. If metrics are changed materially midway through the year, there can be little hope that the priorities sought by the changes can be successfully implemented on anything other than a prospective basis after a reasonable transition period.

The Company is unaware of a single precedent, in any industry, where a line of business of the scale proposed for the 2022 DSM Plan would not have the framework and performance metrics in place early in the operating period, or more likely prior to the start of the period. This is compounded by the fact that the very framework the Company is expected to be operating under is also under consideration at the same time as the 2022 DSM Plan. The Company believes this level of uncertainty on how to govern DSM Plan expenditures should concern all stakeholders and particularly the OEB.

Beginning with some of its earliest consideration of DSM activities proposed to be undertaken by the legacy utilities on a material scale, the OEB has acknowledged the need and appropriateness for a shareholder incentive to attract management's attention and to incent the utilities to aggressively pursue DSM activities and generate results consistent with the approved framework and performance metrics. This is undoubtedly because it is counter-intuitive to put an entity at risk of earning absolutely nothing to operate a suite of program offerings which will benefit ratepayers and society generally. The legacy utilities, EGD and Union, have a long and successful history of delivering cost effective DSM results, a fact evidenced by the broad government and stakeholder support for the continuation of the natural gas conservation portfolio. This is by no means an accident. It is inextricably related to the fact that the OEB approved, on a timely basis, various DSM incentive methodologies with frameworks and performance metrics that provided both clear operational guidance and appropriate opportunity for the legacy utilities to earn a shareholder incentive based upon the generation of reasonable results.

The Company does not believe it to be appropriate to operate well into 2022 without clear guidance on the framework and performance metrics which would provide initial guidance and governance over DSM expenditures. Although it was expected that changes to the proposed DSM Plan would be ultimately approved by the OEB, this was contingent upon that decision being made no later than February 2022. If the decision is significantly delayed it is unclear how material changes would be evaluated and what guidance the various parties, such as OEB Staff, the Evaluation Contractor and the Evaluation and

Audit Committee might need to adequately evaluate and report publicly on the interim period. This guidance will be required from the OEB and should form part of the Transition and Implementation issue which was suggested as a new issue in Enbridge Gas's reply submission in respect of PO #2. Such guidance is required so that there is certainty about the methodologies used to evaluate results so that confusion is avoided and resulting disputes not left to contentious proceedings requiring adjudication at the applicable Clearance Application.

Additionally, the risk which the Company is prepared to assume is that the DSM plan as proposed may not be approved entirely as filed. It accepts that the budgets, targets, scorecards and shareholder incentives as outlined in the proposed DSM Plan may be adjusted by the OEB in its final determination, but it does not accept that the Company should bear the risk of not earning any incentive for a significant portion of 2022, perhaps all of it, because of the timing of this proceeding and by not knowing until well into the year, how performance will be assessed. There could be no greater disincentive for Enbridge Gas in respect of its proposed 2022 DSM Plan than to put it squarely at risk of not earning any incentive during the first half or more of 2022.

As a result, the Company is of the view that if the OEB has not considered it appropriate to approve the interim order as requested for 2022 confirming the reasonableness of undertaking the proposed 2022 DSM Plan and to incur such costs, and if the OEB cannot confirm that a final decision in this proceeding will be issued by the end of February 2022 as an absolute deadline, Enbridge Gas requests that the OEB provide clarity about what budget, framework, shareholder incentive model, scorecard weightings and performance targets the Company should operate under until such time that a final decision is issued.

Enbridge Gas notes that the Transition and Implementation issue will need to deal with the question of how and on what basis the future annual third-party evaluation review, under the direction of OEB Staff, and corresponding Clearance Application for the 2022 DSM program year will be evaluated and conducted. For example, if material changes to the budget, Proposed Framework, shareholder incentive model, scorecard weightings and performance targets are made in the final decision, it may be appropriate to undertake a separate evaluation of the activities undertaken during the interim period and those undertaken following a final decision from the OEB.

6. Why No Rollover from 2021 into 2022?

As stated in the pre-filed evidence there are a number of reasons why Enbridge Gas did not propose a straight rollover from 2021 into 2022. In its December 1 Letter of Direction, the OEB stated:

> Enbridge Gas may consider it necessary to maintain some elements from its 2021 DSM plan as part of its proposed 2022 DSM Plan to potentially act as a transition to the next multi-year DSM plan. Enbridge Gas should specify in its DSM Plan Application by when approval of its 2022 Plan would be required in order to ensure program continuity. Alternatively, Enbridge Gas may file a separate Application for 2022.[9]

With the merger of EGD and Union, it has been the expectation of stakeholders that the merger will result in the integration of the DSM program offerings of the two legacy utilities. This will facilitate the marketing of DSM programs by eliminating remaining dissimilarities between program offerings in the various rate zones. While certain program offerings

[9] EB-2019-0003, OEB Letter of Direction (December 1, 2020), p. 5.

had similarities across rate zones, many had material differences in terms of customer incentives, targets and operational characteristics. To facilitate the integration of DSM program offerings, the Company has proposed, beginning in 2022, an integrated suite of program offerings, budgets and operating processes that will be applied across all of Enbridge Gas's rate zones. To integrate program offerings, it has been necessary to standardize a number of the operational details including eligibility criteria, budget allocations, thresholds etc. It was not possible and the Company did not simply combine the budgets of former similar program offerings for the purposes of this proceeding. A lot of thought went into the development of these integrated programs and the necessary integration of all operational elements not just customer facing elements.

If Enbridge Gas had proposed a rollover of 2021 into 2022, it would have been necessary to continue to adhere to the operation of the same legacy utility program offerings as existed in 2021 (and 2020) in the several rate zones, notwithstanding all attempts to align programming from a customer facing point of view. This would not have advanced the integration of program offerings in the merged entity.

Enbridge Gas notes that certain efficiencies will necessarily flow from its proposed full integration of program offerings, including some incremental streamlining in terms of the administration and operation of program offerings. It eliminates the need for the evaluation measurement and verification of a separate suite of program offerings. There will only be one set of figures that the OEB and parties need to consider for the purposes of the future applicable clearance Application. For some participants with facilities in multiple rate zones, full integration eliminates any existing program differences that increase the complexity of planning and executing on conservation activities. With a rollover, these differences will continue. The integration of the DSM portfolio will result in clear and obvious advantages that would not occur if Enbridge Gas had proposed a simple rollover of the legacy programs.

Enbridge Gas could have proposed a rollover as it did in respect of 2021 however the rollover of 2020 into 2021 was proposed out of necessity for the specific purpose of allowing sufficient time for the OEB and parties to complete the DSM consultative (EB-2019-0003) and hopefully deal with fundamental matters such as the new DSM framework, the amortization of DSM costs and the always contentious issue of what is an appropriate ceiling or maximum budget envelope for future DSM budgets. Other than the expectations outlined in the OEB's December 1, 2020 Letter of Direction, Enbridge Gas is now in a situation where there is no approved new DSM framework, no clear parameters set in respect of budget envelopes (notwithstanding the OEB's expectation for modest budget increases) and no determination about the appropriateness of continuing traditional cost recovery vs. potentially amortizing DSM costs. Given this, it is more than a little surprising that some parties felt it appropriate to be critical of Enbridge Gas for not filing a plan earlier. Enbridge Gas objects to such unfounded criticism.

7. Budget for 2022

It should be recalled that the OEB's December 1, 2020 Letter of Direction made clear expectations that Enbridge Gas would propose modest budget increases.[10] While Enbridge Gas always expected a debate about what constitutes "modest" several parties have attempted to wordsmith the OEB's directive to suggest that this is not what the OEB indicated at all. The fact is that in the language immediately preceding the OEB's expectation, in the same paragraph, the OEB referred to the fact that annual OEB

[10] EB-2019-0003, OEB Letter of Direction (December 1, 2020), p. 3.

approved natural gas conservation budgets have doubled in the 2015-2020 term from the levels approved for 2012-2014. The OEB then specifically references the COVD-19 financial hardships faced by customers and stated that it therefore anticipates modest budget increases to be proposed by Enbridge Gas.

Enbridge Gas submits that it was clear, given the OEB's context preceding its direction about modest budget increases, that it believed that there should not be a material increase in DSM budgets and that modest budget increases were warranted in the face of the COVID-19 financial hardships and budgetary increases in recent years.

ED, GEC and Pollution Probe all support increasing the 2022 DSM budget by at least $30 million beyond the Company's proposed 2022 budget envelope, and it remains to be seen by what escalation methodology these parties will advocate that the increased base should adjusted in future years. They support the $30 million increase on the basis of the $2.00 per month cap for residential ratepayers which was the direction given to the legacy utilities under the Existing Framework. It should first be recalled that the $2.00 a month cap was precisely that, a cap. It was not a directive to the utilities to propose budgets which equalled this cap but rather it was given as a ceiling which the OEB did not want the utilities to exceed, inclusive of all DSM related spending (including allowance for a 15% budget overspend after reaching performance objectives and shareholder incentives).

This cap should be seen as only historical context. It should not be interpreted as something that overrides the OEB's December 1, 2021 direction to the Company to propose modest budget increases. Had the OEB wanted Enbridge Gas to propose its budget for 2022 purely based on the $2.00 per month cap on residential customers, it could easily have been stated such in its December 1, 2020 Letter of Direction. It did not. It instead referenced actual budget increases that occurred in the 2015-2020 period as a reason for directing the Company to propose modest budget increases in this filing. No matter how one views things, a $30 million increase, which is more than 22%, to the 2022 proposed budget is not “modest”.

Perhaps most importantly, the OEB made it clear at page 2 of PO #2 that a determination about the budget envelope proposed by the Company was premature given that the OEB requires a more comprehensive review of the multi-year plan before making a determination on budgets. GEC, ED and Pollution Probe are asking the OEB in effect to disregard this decision which it made in PO #2 just one month ago and to approve a material increase in the budget for 2022 without the increase being tested by other stakeholders and the OEB as against appropriate framework criteria.

It should be recalled that under both the Existing and Proposed Frameworks, the Company has access to the DSMVA in appropriate circumstances which allows it to spend an additional 15% of approved budget on successful programs. The Company therefore has the ability to look to the DSMVA to further fund successful programs in 2022 by an additional $20 million. This is in addition to the base budget proposed for 2022 of $136 million.

Enbridge Gas submits that it is of no help to the OEB to compare 2019 audited totals which included DSMVA amounts to the proposed base budget of $136 million for 2022. The correct approach is to use the 2021 approved DSM budget before DSMVA and shareholder incentive amounts for the purposes of proposing a modest increase for the 2022 DSM budget.

8. Overheads

ED and GEC have suggested an increase in program and portfolio overhead costs. They point to the fact that, as a percentage relative to the prior year, overheads have increased somewhat more in percentage terms than the proposed increase in spending on program costs. It appears to the Company that the concern raised is not necessarily about the need for such overhead costs but rather that, based on untested calculations, they appear to be rising faster than program costs. This is not the case as can be simply explained.

The Company in the application stated, "It should be noted that Union and EGD (the legacy utilities) did not account for DSM Plan costs in a like manner, particularly with respect to the allocation of DSM related compensation costs. Enbridge Gas has now aligned budgeting methodologies, and this Application and the budget details provided are a reflection of this integrated approach."[11] Enbridge Gas does not necessarily agree with the overhead calculations as performed by interested parties and has doubts about their characterization of overhead costs, but believes this is beyond the scope of this submission on the interim approval sought. The issue of overheads should be addressed as part of the larger proceeding dealing with the rest of the Application.

9. Primary Objective: Restricting Enbridge Gas's Observance of the Primary Objective

ED and GEC take great exception to the fact that Enbridge Gas has proposed program offerings which include the involvement of natural gas fired heat pumps and hybrid heating, or new construction offerings whereby participation requires buildings with a

[11] EB-2021-0002, EGI Multi-Year Demand Side Management Plan (2022-2026) Application (May 3, 2021), Exhibit D, Tab 1, Schedule 1, page 17.

natural gas line. These parties appear to want the OEB to restrict the Company's ability to market such offerings even where these activities result in a reduction in customer bills, natural gas usage and carbon emissions. To be clear, GEC at page 6 of its submissions asks the OEB to reject programs and program components which seek to entrench gas use.

It is appropriate to remind GEC and ED of the primary objective set by the OEB in respect of DSM. It is also prudent that Enbridge Gas request that the OEB confirm, for the benefit of all interested stakeholders, that the Company's interpretation of the OEB's primary objective is accurate.

At page 2 of the OEB's December 1, 2020 Letter of Direction, the OEB stated:

> <u>Objectives and Costs of Ratepayer-Funded Natural Gas DSM</u>
>
> As part of Phase 1 of the OEB's consultation, the OEB received written comments from 25 stakeholders regarding the goals and objectives of ratepayer-funded DSM. **Following its review and consideration of the submissions, 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**. (emphasis added)

It follows, based on Enbridge Gas's interpretation of the OEB's primary objective, as not requiring natural gas ratepayers to subsidize non-natural gas customers. Aside from cross-subsidization issues, and the undoubted natural concern that natural gas customers would have about their natural gas rates being used to support non-natural gas participants, it is clear from the primary objective set by the OEB that DSM participants should be natural gas ratepayers, i.e. Enbridge Gas customers. Thus the use by the OEB of the word “customers”.

Enbridge Gas notes that the OEB’s primary objective appears consistent with the policies of the Government of Ontario. In the November 27, 2020 letter to the OEB from the two Ministers, at page 2, the letter stresses the importance of ensuring that DSM programming remains available to **natural gas customers** (emphasis added). The letter does not direct the OEB to start requiring natural gas customers to subsidize persons and businesses that are not natural gas customers.

The Company asks that the OEB specifically respond to and dismiss GEC’s request that the OEB reject programs and program components which seek to entrench gas use.

10. Use of the Existing Framework in 2022

ED and LIEN request that the OEB maintain most of the Existing Framework for 2022. Pollution Probe identifies this as its option 2(b) at page 7 of its submission but it does not advocate what option should be adopted by the OEB.

Enbridge Gas submits that the Proposed Framework includes, in large part, the same concepts and approaches that were contained in the Existing Framework. Enbridge Gas therefore believes that there is no benefit in the OEB making reliance upon the Existing Framework a condition of its interim approval. Indeed, it is expected that stakeholders will ask interrogatories and make submissions about the appropriateness of the Proposed Framework and that the OEB will ultimately approve a new framework (the “Final Framework”) which will be based upon the Application and the submissions of the parties.

In its December 1, 2020 Letter of Direction, the OEB has already made clear the fundamental objectives underpinning natural gas ratepayer funded DSM, which Enbridge Gas acknowledged as the basis of the Proposed Framework. The Company expects that the Final Framework will be deemed operational as of January 1, 2022 regardless of the date of the OEB's final decision. It is expected that ultimately, DSM targets, scorecards and the shareholder incentive will all be based upon the Final Framework as approved by the OEB is its final decision. Since the approval sought by Enbridge Gas on an interim basis is to allow the Company to undertake the activities contemplated in the 2022 DSM Plan as proposed, based upon the budgets as proposed for 2022 up to the date of the OEB's final decision and during a reasonable wind-down period thereafter, the Company submits that there is no benefit in requiring the Existing Framework to continue during the interim approval period. While no party seemed to contemplate the consequences of what they have proposed, it follows that if the Existing Framework is used for the interim period and the Final Framework approved by the OEB in this proceeding is used thereafter, this would require two rounds of evaluations: one under the Existing Framework and another under the Final Framework. Administratively this will be costly and unworkable. The results of the interim 2022 DSM activities undertaken by the Company, assuming a final decision of the OEB is made by the end of February 2022, would be based on the Final Framework. Enbridge Gas accepts this risk.

If however there is a risk that a final decision will not be issued by this date, as stated earlier, Enbridge Gas has great concern about the risk it is being asked to bear and requests in the event that the interim approval as sought is not granted, that the OEB provide clarity on what framework and performance metrics the 2022 DSM program year should be operated and evaluated under starting January 1, 2022 until such time a final decision is issued.

11. Low Income Program Offerings

The Company wishes to address a particular comment wherein LIEN expressed concern in respect of several program offerings proposed for the low income sector. Enbridge Gas indicated in the Application that low income programming may include "no or low cost" to participants. LIEN at page 6 of its submission recommended that the OEB require Enbridge Gas to offer all measures to be installed at no cost to both a single family and multi-unit low income resident. Enbridge Gas confirms that there are currently no measures or actions contemplated in respect of the programming proposed for the low income sector which contemplate any costs being borne by the low income residents. The inclusion of the words "low cost" in the program description for the single-family program offerings was intended to allow for the possible inclusion of measures or programming that might be proposed in an expanded offering in future years. To be clear, DSM program offerings designed for low income customers as currently envisioned will require no upfront costs to the low income consumer.

The Company confirms, as highlighted by LIEN that if, in future, it believes it appropriate to include programming that contemplates some level of upfront costs directly from the low income resident, it commits to explain the benefits of any such approach and outline the rationale as part of its commitment to consultation with appropriate stakeholders over the course of the new multi-year DSM Plan.

12. New Program Offerings In 2022

Enbridge Gas has proposed program offerings that some parties describe as "new" in 2022 that have in the aggregate a budget of approximately $10.5 million. This represents only 8.9% of the proposed total 2022 DSM programs budget ($118 million). This value is similar to what has been approved previously for the aggregate legacy utilities in respect of Market Transformation ("MT") and Performance Based ("PB") programs. Though the Low Carbon Transition Program is being newly introduced, the Company believes the proposed program offerings geared to the new construction sector comprising the Building Beyond Code Program, as well as the Energy Performance Program are not a large departure from previously approved programs, and certainly the risk is significantly smaller than portrayed by parties.

The sections below explain the rationale as to: (1) why commencing and operating these programs as part of the interim decision on 2022 by the OEB benefits ratepayers and the conservation market; (2) how these programs are evolutions of existing programs or are responsive to evolving policies and/or market-based needs; and, (3) why the actual risk is minimal if a final decision is rendered early in 2022. The Company notes that it will not comment on the specific targets of the program offerings, as these are expected to be fully reviewed and dealt with in the final decision.

Building Beyond Code program

The Building Beyond Code program is proposed at $6.18 million for 2022, which is 5.2% of the proposed total programs budget.

The Company has long supported new construction practices in order to avoid lost conservation opportunities, and it is important to have continuity in market support for the building community, consistent with government and OEB stated expectations of ensuring program continuity across all sectors.

Although some parties have categorized this program as “new”, the vast majority of the design elements are integrated versions based on the best components of the legacy utility offerings, indeed program offerings that have been highly successful and very well received by the building community. Again, Enbridge Gas understood that all parties supported the filing of a fully integrated DSM plan with integrated program offerings.

There are only two truly “new” aspects in the proposed program, again excluding any scorecard targets that will be part of the final decision. First is the addition of a new, higher tier of support, intended to influence builders to achieve greater efficiency levels aligned with the steps outlined in the new NBC/NECB National Step Code which is anticipated to be adopted beyond the current OBC requirements. It is entirely appropriate for the Company to adapt to evolving codes and standards for conservation programming, and in fact it is expected to occur through regular delivery and evolution of program offerings, even within a plan term. Second is the addition of a Commercial Air Tightness Testing offering, which is proposed at less than $500,000 for the entire 2022 program year and is intended to address an identified market gap and provides an opportunity to encourage best practices in the Commercial new construction sector.

These changes are necessary and reasonable to satisfy the expectation of the OEB and stakeholders towards making continuous improvements in programming. It is important to point out that if the Building Beyond Code program is not approved, on an interim basis, there will be no program offerings for the new construction sector specifically to support builders interested in exploring the potential to design, plan and build their project to significantly higher levels of energy efficiency than required by code, which in turn will lead to lost opportunities. This gap will then exist not because of submissions made about specific concerns with the program offering but rather simply due to the concern of some that the plan will not have been fully reviewed in this proceeding before being implemented on January 1, 2022 for the interim period. This alternative the Company submits would not be in keeping with the direction received from the OEB nor from the Ontario government.

The outcome of a final decision is that there may be adjustments to the proposed budgets and targets, and potentially to some program offering details, but it is unlikely that the outcome of any decision would lead to no conservation programming at all for the new construction sector. Once a final decision is rendered, the Company will be able to adapt to the details of that decision with an appropriate transition. This it submits is a far better alternative than dropping support from the new construction market in the interim.

Low Carbon Transition program

The Low Carbon Transition program is proposed at $3.09 million for 2022, which is 2.6% of the proposed total programs budget.

The Low Carbon Transition program, as noted in the pre-filed evidence in Exhibit E, Tab 3, Schedule 1, is designed to support the Pan-Canadian Framework and the NRCan Roadmap for market transformation needs for space and water heating to reduce energy use through next generation technologies as outlined in, "*Paving the Road to 2030 and Beyond: Market transformation road map for energy efficient equipment in the building sector: Supporting the transition to a low-carbon economy*."[12] As noted in this report, it is important to start addressing key market barriers identified by NRCan to ensure that Ontarians have access to a suite of energy efficient equipment options that allow

[12] Paving the Road to 2030 and Beyond: Market transformation road map for energy efficient equipment in the building sector, Energy and Mines Misters Conference, NRCan (August 2018), p. 3.

achievement of the Federal and Provincial emission policy goals that are fully expected to be implemented. Although the program is new to Enbridge Gas, it is a response to the extensive stakeholdering conducted by NRCan across Canada that went into the generation of this report.

It is important to note that monies spent on preparing the Ontario market to adapt to new requirements will provide benefits to ratepayers, and that the amount to be spent during the interim approval period would be small, so the risk to ratepayers of what is being proposed is necessarily small. The benefits will exist even in the unlikely event that the program offering is required by the OEB to be discontinued. The Company also notes that there are several letters of support from manufacturers included in the pre-filed evidence (Exhibit E, Tab 3, Schedule 1, Attachment 1) that demonstrate the need for market support and continuity in the development cycle of products to serve Ontario's future needs. The Company again notes that the proposed scorecards and targets associated with this program are expected to be fully reviewed prior to any determination of shareholder incentives, so this is not a risk to ratepayers.

Energy Performance program

The Energy Performance program is proposed at $1.22 million for 2022, which is 1.0% of the proposed total programs budget.

As stated in the pre-filed evidence, the proposed Whole Building P4P offering integrates learnings from the earlier legacy utility energy performance initiatives and applies a holistic, multi-year approach to energy management designed to engage and support customers in driving deeper savings. The offering leverages metered and building data to establish building baselines, set performance targets to achieve 20% above the baseline, and assesses all capital, operational and/or behavioural opportunities within a building over a defined period. This approach is not entirely new, as this program offering is proposed based on learnings from whole building energy management approaches explored in the current plan and pilot programs undertaken specifically with the school community in the last two years. The Company believes that it is appropriate for the OEB to approve it on an interim basis as the risk in the interim period would be small at the scale being initially proposed. Any changes to the program offering details in the final decision should be able to be incorporated within a short period of time. Again, the proposed targets and shareholder incentives would be subject to the final decision.

Given that the Building Beyond Code, Low Carbon Transition and Energy Performance programs have in the aggregate a proposed budget of only $10.5 million over the entirety of 2022, the comments by SEC at page 3 and 4 of its submission that approval of these program offerings on an interim basis would result in the Company having carte blanche for 4 to 6 months in respect of $70 to $80 million in spending makes no sense. To be clear, should the OEB approve the interim relief sought, Enbridge Gas does not have carte blanche even in respect of the program offerings that are not “new” being integrated continuations of legacy program offerings. The Company will be required to operate these program offerings as stated in the Application and pursuant to the interim approval. If the Company does not, this could become an issue when the 2022 program year is subject to the OEB Staff directed evaluation review and subsequent clearance application. The Company does not have carte blanche.

Enbridge Gas submits that it is important for parties to understand that by operating the Building Beyond Code, Low Carbon Transition and Energy Performance programs in 2022, it gives it an opportunity to learn from the operation of these programs. While the OEB may determine that these “new” program offerings should be discontinued, in which case they will, in the more likely event that the OEB concludes that they should continue as proposed or as amended, by not permitting the Company to operate these programs during the interim period, the benefits of the program offerings will not have been generated and the experience that would have been gained will have been missed. Ratepayers will miss these benefits.

Enbridge Gas acknowledges that interim approval to commence programs cannot be taken as an indication of the OEB's intention to ultimately approve same. Enbridge Gas notes that the most common concern expressed about these particular program offerings is the fact that they will not have been subject to a full and comprehensive review as part of this Application before they are undertaken. The OEB and parties should take some comfort from the fact that in large part there is a material overlap between these program offerings and prior program offerings as noted above. As well, Enbridge Gas notes that there were no specific concerns expressed about these "new" program offerings (aside from the concern expressed by ED and GEC in respect of natural gas heat pumps). In other words, there has been no specific problem identified about these program offerings. Enbridge Gas submits that the parties have not articulated any basis for the OEB to conclude that the operation of these program offerings on an interim basis could harm ratepayers, even after having ample time to review the pre-filed evidence.

13. Consultation with Stakeholders

Several stakeholders including Anwaatin, FRPO, and Pollution Probe suggested in their submissions that Enbridge Gas has undertaken inadequate or no (Pollution Probe) consultation in respect of the multi-year plan as filed and this includes the 2022 DSM Plan and for this reason, interim approval as sought should be denied. Pollution Probe goes as far as saying that the Company could have consulted over the past 5 years.[13]

The fact is that customer and broader stakeholder consultation has indeed occurred over the entirety of the previous plan right up to the Company's 2022-2027 DSM Plan application. There has been ongoing informal consultation with many stakeholders including parties who represent specific customer groups.

As well, parties are surely aware of the fact that the OEB initiated a stakeholder consultative by a letter dated May 21, 2019.[14] This OEB structured consultation included a Phase 1 stakeholder meeting on June 13, 2019 to receive input on the scope of the consultation and its goals and objectives[15] followed by a request for written submissions on objectives and guiding principles for DSM. Phase 2 of the consultative was commenced with an OEB letter dated December 19, 2019 which included a draft consultation plan identifying topics for discussion. The OEB then held a Phase 2 stakeholder meeting on January 28, 2020 to seek input on the consultation plan and the general framework ideas. On July 16, 2020, the OEB issued a decision and order approving a one year extension for Enbridge Gas to continue delivering DSM programs under the Existing Framework throughout 2021.[16] This rollover of 2020 into 2021 was proposed by Enbridge Gas because it was clear that there remained insufficient time to complete the Post 2020 DSM Framework consultation in time for Enbridge Gas to file a plan for 2021 that would have had any chance of allowing it to continue delivering DSM in 2021.

[13] EB-2021-0002, Pollution Probe Submission (July 6, 2021), p. 6.
[14] EB-2019-0003, OEB Letter of Direction (December 1, 2020), p. 1.
[15] Ibid.
[16] Ibid, pp. 1-2.

The OEB stated in its Letter of Direction of December 1, 2020 that it had decided to conclude the stakeholder consultation process in favour of an adjudicative process and it directed Enbridge Gas to file a comprehensive multi-year DSM plan post-2021.[17] The OEB noted that the 2015-2020 Existing Framework was set to expire on December 31, 2020 (subject to its rollover and use in 2021). It was therefore clear that any multi-year filing by the Company would also need to include a new framework appropriately updated and amended to reflect lessons learned from the Existing Framework period. The OEB directed Enbridge Gas to file its multi-year plan by May 1, 2021 and for the plan to have been informed in part by the consultation that had been undertaken in the 19 months prior to the December 1, 2020 letter.[18] In other words, there was consultation and the Company was directed to consider it which, as noted in this Application, it has done.

Enbridge Gas submits that it is not reasonable for parties to suggest that there was sufficient time to both generate a new multi-year plan and framework and undertake additional comprehensive consultation, beyond and in addition to the stakeholder engagement summarized in evidence, before filing the Application on May 3, 2021. Indeed, it is apparent from the OEB's December 1, 2020 Letter of Direction that it intended this hearing as the venue for parties to undertake a detailed review and comprehensive analysis of the filing in order to assess the value and merit of all proposals related to ratepayer-funded DSM programs.[19] The comments of several parties about inadequate consultation are therefore factually incorrect and unjustified.

[17] EB-2019-0003, OEB Letter of Direction (December 1, 2020), p. 2.
[18] Ibid.
[19] Ibid.

Finally, Enbridge Gas notes that Anwaatin asked the OEB to reject the request for interim approval for 2022 in favour of some other unstated process that will facilitate the full engagement of all stakeholders including the Company's indigenous customers. Enbridge Gas respectfully notes that it is unfortunate that Anwaatin did not participate in the stakeholder consultative (EB-2019-0003) and did not offer an explanation for this in its submission. For this reason alone, its position in respect of the interim approval sought should not be considered. A party's complaint about a lack of consultation is inappropriate where the party itself has failed to take advantage of public processes (and receive funding for such participation) in proceedings such as the OEB initiated Post-2020 DSM consultative (EB-2019-0003).

14. Timing of this Application

CME, Pollution Probe and SEC all suggested that Enbridge Gas could have or should have filed this Application earlier. None referenced the fact that Enbridge Gas was involved in the 19 month stakeholder consultative up until December 2020 (EB-2019-0003) and was then given less than 5 months including Christmas to prepare a comprehensive multi-year filing and new DSM framework. Enbridge Gas submits that parties made no reference to the consultative in their submissions deliberately as referencing same would discredit any suggestion that the Company has not proceeded on a timely basis. Any suggestion that Enbridge Gas should, in effect, be penalized as a result of the filing of this Application on the date directed by the OEB should be disregarded.

15. Conclusion

For the reasons set out in this submission and with the support of the pre-filed evidence, the Company respectfully requests that the OEB approve the 2022 DSM Plan as filed on an interim basis. The Company requests that the OEB's interim approval specifically make a determination that it is reasonable for Enbridge Gas to undertake the activities contemplated in the 2022 DSM Plan and to incur the forecast costs set out therein until a final decision in this proceeding is issued by the OEB and for such further wind down/implementation period as is deemed appropriate by the OEB.

In the alternative and in consideration of the fact that the OEB is unlikely to issue a final decision in respect of the Rate Adjustment Proceeding prior to August 31, 2021, the Company requests that the OEB consider approving the 2022 DSM Plan pursuant to a partial order effective until a final decision in this proceeding is issued by the OEB and for such further wind down/implementation period as is deemed appropriate by the OEB.

Finally, in the event that the OEB does not believe that it can issue a final decision in this proceeding before the end of February 2022, the Company requests that the OEB provide clarity on the framework and performance metrics under which the Company should operate the 2022 DSM Plan until such a time that the OEB issues its final decision.

All of which is respectfully submitted this Tuesday July 20, 2021.

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