



Ontario
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BY EMAIL

September 15, 2021

Ms. Christine E. Long
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ms. Long:

**Re: Ontario Energy Board (OEB) Staff Description of Expert Evidence
Enbridge Gas Inc. – 2022-2027 Natural Gas Demand Side Management Plan
and Framework
OEB File Number: EB-2021-0002**

In accordance with Procedural Order No. 3, please find attached a description of the expert evidence that OEB staff intends to have produced and filed in this proceeding. Optimal Energy Inc. has been selected as the Vendor for this project. 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.

Description of Natural Gas Demand Side Management Research Reports

Purpose and Scope of DSM Reports

The purpose of the Natural Gas Demand Side Management (DSM) Research Reports (DSM Reports) are to contribute to the OEB's review of Enbridge Gas's proposed multi-year DSM plan and framework in the regulatory proceeding EB-2021-0002. Two separate reports will be produced and filed as evidence for the OEB and parties to consider in the proceeding.

The first report is related to Issue 7¹ and will generate expert analysis on energy efficiency cost recovery approaches and performance incentives in other jurisdictions (the Cost Recovery and Performance Incentive Report).

The second report is related to Issue 10² and will generate expert analysis on natural gas conservation program design and delivery strategies and concepts in other jurisdictions, including a review of program costs and natural gas savings (Program Review Report). The second report will include a comparison of Enbridge Gas's proposed programs, costs, and natural gas savings with leading programs in other jurisdictions.

The DSM Reports will provide insight into the key areas noted above and provide considerations for implementation in Ontario based on the jurisdictional analysis.

Research Methodology

The DSM Reports will be primarily based on documents in the public record as well as the knowledge and expertise of the Vendor's project team, including previous experience working with regulators and utilities in other jurisdictions.

General Summary of Cost Recovery and Performance Incentive Report

1. **Executive Summary:** This section will contain a summary of the objectives of the work, a description of the work conducted, key findings and considerations.
2. **Introduction:** This section will contain a description of the context for the work conducted, objectives and scope of work, and a description of the approach and methodology for the work conducted.
3. **Program Cost Recovery Overview:** This section will provide a brief summary of how conservation program costs have been treated historically and the link to mechanisms that allow program administrators to generate shareholder earnings.
4. **Cost Recovery Approaches:** This section will provide an overview of the traditional cost recovery approach where efficiency costs are treated as an expense that is recovered annually (or full contemporaneous cost recovery). Amortized cost recovery will also be discussed,

¹ Issue 7 – Is Enbridge Gas's proposed cost recovery approach appropriate while addressing the OEB's stated objectives in its letter issued on December 1, 2020?

² Issue 10 – Has Enbridge Gas proposed an optimal suite of program offerings that will maximize natural gas savings and provide the best value for rate payer funding?

including implementation details, rate impacts, and a review of amortization approaches in other jurisdictions. The section will review the current approach in Ontario and highlight the benefits and drawbacks to the different approaches.

5. **Cost Recovery Conclusions and Recommended Considerations:** This section will provide a summary of the analysis of cost recovery approaches, the Vendor's findings and the Vendor's recommended considerations to the OEB regarding how efficiency program costs are recovered.
6. **Performance Incentives Overview:** This section will provide a brief overview of performance incentive structures and policy approaches throughout North America.
7. **Discussion of Various Incentive Models:** This section will provide a detailed discussion regarding the different components to a performance incentive, including performance based incentives, levels of financial reward, penalties versus awards, whether or not the incentive is scalable, and how to consider and include multiple policy objectives and goals.
8. **Discussion of Performance Metrics:** This section will provide a detailed discussion of the various performance incentive metrics that can be included to allow certain objectives and goals to be measured. Among the metrics considered, annual savings, lifetime savings, gross benefits, net benefits, cost-effectiveness test net benefits, targeted policy-driven incentives, action-based incentives, non-programmatic metrics, and pay-for-performance metrics are discussed, highlighting various considerations for each.
9. **Jurisdictional Analysis and Examples:** This section will provide a detailed discussion and review of the performance incentives available in a variety of jurisdictions, including a description of the performance metrics used to assess success of the programs. The section will also include a review and discussion of the performance incentives in place in Ontario and those proposed by Enbridge Gas.
10. **Performance Incentive Conclusions and Recommended Considerations:** This section will provide a summary of the analysis of the various performance incentive options, the Vendor's findings, and the Vendor's recommended considerations to the OEB regarding future performance incentive design.

General Summary of Program Review Report

1. **Executive Summary:** This section will contain a summary of the objectives of the work, a description of the work conducted, key findings and recommendations.
2. **Introduction:** This section will contain a description of the context for the work conducted, objectives and scope of work, and a description of the approach and methodology for the work conducted.
3. **Program Review and Comparisons:** This section will include sub-sections for each program category proposed by Enbridge Gas, including: residential, low-income, commercial, industrial, large volume, new construction, low carbon transition (and electrification), and coordination with other programs and delivery agents. Each program sub-section will include an overview of the other jurisdictions/programs reviewed and highlight key program parameters used in the analysis. Enbridge Gas's proposed approach for each program will be discussed and considered, including the basic program logic, target market, delivery model and incentive structure. The sub-sections for each program will also focus on several key comparison elements of existing programs in other jurisdictions and compare with Enbridge Gas's proposed programs. Each program sub-section will also discuss new program ideas if other jurisdictions are considering or have implemented novel approaches. Each sub-section will include the Vendor's conclusions and

recommendations for any improvements to Enbridge Gas's proposed programs.

4. **Conclusion and Recommendations:** This section will provide a summary of the analysis, the Vendor's findings, and the Vendor's recommendations to the OEB regarding possible changes, improvements and/or enhancements to Enbridge Gas's proposed DSM programs.