

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.

INTERROGATORIES

OF THE

SCHOOL ENERGY COALITION

[The allocation of interrogatories to specific issues is not intended to limit the meaning of the questions or their scope, and such allocation should not be used to interpret the intent of the questions. Most interrogatories relate to multiple issues.]

1. Does Enbridge Gas's 2023-2027 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)?

1.SEC.1

[Ex. B/1/1, p. 8] Please provide details of the Applicant's "longer term natural gas savings reduction target" including, without limiting the generality of the foregoing:

- a) The Applicant's current twenty year forecast of natural gas throughput, by year and by rate class, before the impact of any DSM programs,
- b) The economic growth, carbon price, and other key assumptions used in that forecast,
- c) The impact of DSM programs, by year and by rate class, on total natural gas throughput, and
- d) The net twenty year forecast of natural gas throughput, by year and by rate class, after the impact of any DSM programs.

Please provide all reports, memoranda, presentations or other documents in the possession of the Applicant relating to its current or immediately preceding "longer term natural gas savings reduction targets".

3. Is Enbridge Gas's 2023-2027 DSM plan consistent with energy conservation industry best practices in Ontario and other relevant Canadian and U.S. jurisdictions?

3.SEC.2

[Ex. A/3/1] With respect to the Glossary of Terms, please confirm that:

- a) The Adjustment Factor is the inverse of the reduction from the savings claimed to the amount verified, and is specifically not the savings claimed.
- b) A Base Case or Baseline is intended to reflect what would have happened if the measure had not been implemented.
- c) Free ridership refers to the portion of gross savings not influenced by the utility program being evaluated.
- d) National accounts would include school boards with multiple schools.
- e) Natural replacement can include failure/burnout, but can also include obsolescence, replacement as part of modernization or other non-efficiency related causes, and other replacements that are not advancements.
- f) Spillover can include a) non-program measures implemented by a customer at the same site as a program measure, b) measures implemented by a customer at a difference site, including program measures that do not participate in the program, and c) measures implemented by non-participants influenced by utility actions.
- g) The Applicant is using the term “program” throughout the Application to refer only to the eight broad areas of DSM activity in the proposed portfolio listed in this definition, and each individual initiative within a program is referred to as an “offering”. Please further confirm that an “offering” can include one or more measures. Please provide a complete list of all programs, the offerings within each program, and the measures within each offering, as currently proposed, or advise where such a comprehensive list can be found.

3.SEC.3

[Ex. B/1/1, p. 4-5] Please describe, with examples, how the Applicant has managed the tradeoffs between the primary objective listed and the secondary objective of lowering overall annual natural gas use. In which programs or offerings, if any, has the Applicant proposed to pursue the primary objective despite the expectation that the result will be an increase natural gas use over time.

3.SEC.4

With respect to governance of the Applicant’s DSM programs:

- a) Please provide a summary of the reporting structure for DSM within the Applicant, including the different types of reporting (operations, financial, policy development, strategic, etc.), and how the DSM activities and reporting are integrated into the broader organization.

- b) Please provide a list of all KPIs or other performance metrics applicable to DSM within Enbridge, or applicable to the senior executives who have executive responsibility for DSM.
- c) Please provide a detailed description of how DSM activities are co-ordinated, if at all, with integrated resource planning, the utility's low carbon transition efforts, new business ventures, gas supply planning, system planning, and any other major activity of Enbridge Gas or its parent companies where there is a material co-ordination activity.
- d) Please advise if there is any committee, working group, or other body – whether advisory or decision-making – that reviews the plans, programs, offerings or results (financial or otherwise) of the DSM programs. If there is, please provide details.
- e) Please confirm that at no time does the DSM group or its executives report to an independent advisory or governance body that includes customers and other stakeholders from outside of the utility (other than the EAC). If the Board were to create such a supervisory body, for example to review new offerings or assess the operational approach to programs, what suggestions would the Applicant have for how that should be structured and mandated?
- f) What steps, if any, does the Applicant take to ensure that its normal corporate incentives to increase revenues through increasing gas usage in Ontario do not have a negative impact on the design, implementation, or success of the Applicant's DSM programs?

5. *Is Enbridge Gas's proposed DSM policy framework, including guiding principles and guidance related to budgets, targets, programs, evaluation, and accounting treatment appropriate?*

5.SEC.5

[Ex. B/1/1, p. 9, C/1/1, p. 8] Please confirm that, under the current DSM Framework, and under the Framework being proposed by the Applicant, the utility is not exposed to any financial risk as a result of its DSM activities, as all costs are reimbursed through rates, and all lost revenues are reimbursed through LRAMVA or other adjustments.

5.SEC.6

[Ex. B/1/1, p. 9] Please explain the rationale for proposing that the DSM Framework have no end date. Please confirm the Applicant is proposing that the DSM Framework continue unchanged after 2023 unless and until the Applicant proposes changes to it.

5.SEC.7

[Ex. C/1/1, p. 6] Please confirm that, implicit in the second guiding principle, is the assumption that the costs allocated to each group of customers to whom DSM opportunities are provided should be commensurate with the benefits available to that group of customers from the programs and offerings.

5.SEC.8

[Ex. C/1/1, p. 7] Does the Applicant agree that it is obligated to co-ordinate all of its DSM offerings with electricity CDM efforts, with the only exceptions being those situations in which there is a barrier to that co-ordination that cannot be overcome with reasonable effort?

5.SEC.9

[Ex. C/1/1, p. 8] Please explain why only part of the shareholder incentive should be “directly related to the achievement of net benefits”. Why is it not more appropriate that the entire shareholder incentive be dependent on achieving net benefits?

5.SEC.10

[Ex. C/1/1, p. 11] Please confirm that the Applicant proposed a 50% lower bound to earn a shareholder incentive in the last DSM Plan, and the Board rejected that proposal, instead implementing a 75% lower bound, i.e. no incentive unless the Applicant reaches 75% of target. What has changed since that time to warrant a change in the Board’s decision?

5.SEC.11

[Ex. C/1/1, p. 12] Please provide a chart covering 2015-2021 showing the TAM calculations and the resulting targets for each metric for each year. In every case in which the TAM resulted in a reduced target, please explain the rationale for the reduced target. Please provide explanations of every example of a target that was adjusted from the TAM-generated number, if any.

5.SEC.12

[Ex. C/1/1, p. 14] Please confirm that the Applicant is proposing to index the maximum shareholder incentive, not starting in 2023, but starting in 2022. Please confirm that the effect of this is to increase the maximum incentive available by about \$2.4 million over five years.

5.SEC.13

[Ex. C/1/1, p. 15] Please provide details of all offerings in the proposed Plan that involve fuel switching away from natural gas.

5.SEC.14

[Ex. C/1/1, p. 17] Please explain why free ridership for all low income programs should be zero. Please confirm that many low income program participants, including social housing agencies and private landlords, have other reasons for implementing energy efficiency measures besides the influence of the Applicant’s programs.

5.SEC.15

[Ex. C/1/1, p. 20] Please provide a comprehensive list of all pilot and test programs from 2018 to 2021, including a description of the program, the cost (with a breakdown), the results, and the tangible benefits to the ratepayers of the program. Please provide a similar list

of all pilot and test programs currently planned for 2022 to 2027, with forecasts of the same details.

5.SEC.16

[Ex. C/1/1, p. 24] Please provide an example of how the proposed integration of IRP activities and DSM activities would work in practice, and the impacts on DSM budgets, targets, LRAM, and incentives.

5.SEC.17

[Ex. C/1/1, p. 26] Please confirm the Applicant is proposing that

- a) The Applicant will have the right to measure gross savings in any manner it sees fit, and
- b) Impact evaluations will have to use the same method to measure results.

5.SEC.18

[Ex. C/1/1, p. 26] Please provide a chart showing, for each metric in each offering, the gross measurement approach the Applicant is proposing. Please confirm that the Applicant is seeking approval of those approaches, and that if the Applicant during the plan wishes to change any of those approaches, it will do so by Application to the Board for an amended approval.

5.SEC.19

[Ex. C/1/1, p. 27] Please describe the value of reporting gross savings in the Annual Report. Please explain how gross savings relate to the results of the Applicant's programs, if at all, and how readers of the Report would be informed by the reporting of gross savings.

5.SEC.20

[Ex. C/1/1, p. 30] Please explain why it is not appropriate to have process evaluation carried out by independent experts, much like impact evaluation, overseen by an independent group like the EAC that includes the utility.

5.SEC.21

[Ex. C/1/1, p. 36] If the Applicant's proposal to delay application of certain new or modified input assumptions until the Applicant has an opportunity to adjust its operations for those changes, how should the Applicant report results prior to the change that it knows are incorrect, but are being presented to the public? To what extent, if any, should public reporting include a warning or disclaimer or other wording to alert readers to the fact that the reported figures are not correct?

5.SEC.22

[Ex. C/1/1, p. 38] Please confirm that the Applicant is proposing no cost-effectiveness testing of individual offerings, however significant, and that no restrictions should be placed on

the Applicant's ability to initiate or continue offerings that would, if tested, be found not to be cost effective.

5.SEC.23

[Ex. C/1/1, p. 42] Please confirm that the Applicant does not propose to allocate any costs (other than specific customer incentives) to offerings, but only to programs. If that is not the case, please describe how costs will be allocated as between offerings, programs, and portfolio.

5.SEC.24

[Ex. C/1/1, p. 49] Please identify all capital assets in the proposed 2023 budget. If there are none, where are the costs associated with capital assets used in the DSM activities? How are the costs associated with capital assets used by the DSM group allocated to that group and included in the DSM budgets?

5.SEC.25

[Ex. C/1/1, p. 51] Please confirm that the 15% rule is intended to apply at the program level, meaning for example that the Applicant cannot access additional funds for Residential unless and until it has achieved an overall 100% success on the Residential scorecard, no matter how successful any individual offering might be.

5.SEC.26

[Ex. C/1/1, p. 51-2] Please discuss the merits of having a separate deferral account for deferred participant costs, rather than including it in the DSMVA.

5.SEC.27

[Ex. C/1/1, p. 56] Please confirm that the advocacy prohibition applies equally to the utility representatives on the EAC.

5.SEC.28

[Ex. C/1/1, p. 60] Please advise where the roles and accountabilities of the independent experts are included in the proposed ToR. Are those the same as the Stakeholder Members?

5.SEC.29

[Ex. C/1/1, p. 64] Please confirm that:

- a) Non-final materials can be shared with the permission of OEB Staff, and each EAC member does not have a veto over such permission.
- b) This ToR is proposing the OEB Staff are members of the EAC, rather than external to it.

- c) The obligation of EAC members to sign the Declaration and Undertaking does not apply to OEB Staff.
- d) The rules relating to conflicts of interest apply to the utility members of the EAC as well as the other members. In this regard, please provide a list of all conflict disclosures by utility members of the EAC since the EAC was formed.

5.SEC.30

[Ex. C/1/1, p. 65] Please explain why the ToR stipulates the rules for cost claims, which are normally the sole responsibility of the OEB.

6. Does Enbridge Gas's proposed budget, including program costs and portfolio costs 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

6.SEC.31

[Ex. B/1/1, p. 12] Please explain why it is proposed that the budget escalate by CPI, when all other inflation indices used by the Board use non-CPI metrics. Please provide a rationale for using CPI rather than the inflation factors currently being discussed in EB-2021-0212, or the inflation factor currently applicable to the Applicant's annual rate adjustment (GDP IPI FDD).

6.SEC.32

[Ex. B/1/1, p. 13] Please confirm that the Applicant is proposing a budget over five years of more than \$780 million, which is \$120 million (18.2%) more than the current approved budget.

6.SEC.33

[Ex. B/1/1, p. 13] Please provide an estimate of the total potential cost of DSM to ratepayers under the Applicant's proposal if approved by the Board, including budgets, shareholder incentives of all types proposed, LRAMVA reimbursements, and incremental spending using the DSMVA mechanism. Please detail all of your assumptions in this estimate.

6.SEC.34

[Ex. D/1/1, p. 9] Please add columns for 2020 actuals and 2021 and 2022 forecast, to Table 2.

6.SEC.35

[Ex. D/1/1, p. 11] Please add tables, similar in form and detail to Table 4, for 2020 actuals and 2021 and 2022 forecasts.

6.SEC.36

[Ex. D/1/1, p. 16] Please identify the full five year budget for the Low Carbon Transition Program, and provide the full multi-year plan for that program. Please provide a detailed breakdown of that budget by year and by type of expense. Please provide any internal memoranda, presentations, reports, or other documents providing details of the budgets for the Low Carbon Transition Program for any or all of the period 2023-2027.

6.SEC.37

[Ex. D/1/1, p. 19] Please identify how many FTEs from each area in the Figure also have responsibilities in other areas, such as IRP, Energy Transition, New Business, Marketing, etc., that are not covered by the DSM budgets.

6.SEC.38

[Ex. D/1/1, p. 25] Please confirm that the two new resources for the Low Carbon Transition Program will not be delivering any offerings to customers who do not use natural gas as their heat source.

8. Are Enbridge Gas's proposed shareholder incentives appropriate?

8b. Is Enbridge Gas's proposed Long Term shareholder incentives appropriate?

8b.SEC.39

[Ex. D/1/2, p. 14-5] Please calculate how many tonnes of GHGs would be saved in 2023 and 2024 if these metrics are met, and the cost per tonne of the program including the incentive.

8b.SEC.40

[Ex. D/1/2, p. 16] Please provide the reference for the 242,805,492 cubic meters listed. Please confirm the Applicant's proposal that, having spent its \$780 million budget or more, it expects to get an additional \$5 million incentive if that results in 2.6 million tonnes of GHG savings over five years. Please confirm that the average cost of those GHGs (budget only) would be \$300 per tonne, plus an additional \$2 per tonne for the incentive.

8c. Is Enbridge Gas's Annual Net Benefits Shared Savings proposal appropriate?

8c.SEC.41

[Ex. D/1/2, p. 12] Please explain the basis for the \$100 million initial threshold, and the ranges above that. On what basis were these calculated, and what other options were considered? Did the Applicant consider making the initial threshold equal to the total amounts being charged to ratepayers for budgets, other incentives, and LRAMVA? Please provide any modeling done of the potential incentives that could be earned by Enbridge using this or any other ranges or thresholds.

8c.SEC.42

[Ex. D/1/2, p. 13] Please confirm that the Applicant is proposing to escalate the maximum shared savings to CPI starting in 2022, but is not proposing to escalate the threshold and ranges.

9. Are Enbridge Gas's proposed scorecards, including performance metrics, metric weightings, and targets appropriate?

9.SEC.43

[Ex. D/1/2, p. 7] Please add tables, similar in form and detail to Table 5, for 2020 and 2021 actual scorecards and 2022 forecast scorecards.

9.SEC.44

[Ex. D/1/3, p. 1, 11] Please provide the jurisdictional scans referred to.

9.SEC.45

[Ex. D/1/3, p. 4] Please add tables, similar in form and detail to Table 2, for 2020 and 2021 actual scorecards and 2022 forecast scorecards.

9.SEC.46

[Ex. D/1/3, p. 5] Please confirm the Applicant is proposing that, if a NTG study shows that Enbridge is not influencing customers as much as it had planned or expected, its scorecard targets should be reduced by the difference.

9.SEC.47

[Ex. D/1/3, p. 11] Please provide details of the heat pump experience referred to.

10 j. Is Enbridge Gas's proposed low carbon transition program appropriate?

10j.SEC.48

[Ex. E/3/1] Please confirm that the Low Carbon Transition Program would, if approved, provide Enbridge with a budget to support natural gas heat pumps in a competitive market against electric air source and electric ground source heat pumps. Please justify the insertion of Enbridge, using ratepayer funds, into that competitive market. Please explain how Enbridge proposes to ensure that its incentives and involvement will not skew the market and result in customers making less efficient choices of heating equipment than they would otherwise make.

10j.SEC.49

[Ex. E/3/1, p. 1] Please confirm that the reference in para. 2 to "heat pump technologies" refers to natural gas heat pumps.

10j.SEC.50

[Ex. E/3/1, p. 2] Please explain how "Engaging industry, municipalities, and other influential stakeholders that could support efficiency policy progression and equipment standard advancement" is different from lobbying.

10j.SEC.51

[Ex. E/3/1, p. 3] Please provide a more precise estimate of hybrid heating system efficiencies, with references. Please calculate the efficiency impact of a hybrid heating system at that efficiency compared to a high efficiency furnace, and show that it is a cost effective efficiency option.

10j.SEC.52

[Ex. E/3/1p. 3] Please provide a more precise estimate of gas heat pump efficiencies, with references. Please calculate the efficiency impact of a gas heat pump at that efficiency compared to a high efficiency furnace, and show that it is a cost effective efficiency option.

10j.SEC.53

[Ex. E/3/1p. 3] Please provide a comparison of the efficiency and lifecycle cost of a hybrid heating system, a gas heat pump, an electric air source heat pump, and a ground source (or geothermal) heat pump, with references, and assuming the cost of carbon currently forecast by the federal government and a detached home in Ottawa.

10j.SEC.54

[Ex. E/3/1p. 5] Please explain why the incentive for this program is not based on lifetime cubic meters saved, like all other residential programs.

10j.SEC.55

[Ex. E/3/1p. 5] Please confirm that the annual GHGs produced in Ottawa for a detached home with

- a) A high efficiency furnace is about 5 tonnes
- b) A natural gas heat pump is about 4 tonnes, and
- c) A ground source heat pump is about 0.5 tonnes.

10j.SEC.56

[Ex. E/3/1p. 5] Please explain how the fact that a program is new is a reason for the Board to order that it should not be subject to evaluation, verification or any other scrutiny.