

October 22, 2021

Ontario Energy Board  
By electronic filing and e-mail

Attn: Christine E. Long, Registrar and Board Secretary

Dear Ms Long:

**Re: EB-2021-0002, EGI 2023-27 DSM – GEC Interrogatories to Enbridge Gas**

Pursuant to P.O.3 in this case, please find attached GEC's IRs to EGI.

Sincerely,

A handwritten signature in black ink, appearing to read "David Poch", with a stylized flourish at the end.

Cc: All Parties

**EB-2021-0002 - GEC Interrogatories on Enbridge Revised 2023-2027 DSM Plan****Issue #2: General Issues – Ontario Government Policy****#2.GEC.1**

Please provide all communications, documents or presentations prepared by or for the company or its parent company in the last 3 years that discuss or interpret the impacts of Provincial government climate policy (i.e. GHG related policy) on gas use. Please include all communications with the provincial government in this regard.

**Issue #4: Plan Term****#4.GEC.1**

Does the company agree that a mechanism to accommodate an early update to the plan may be appropriate given the advent of the Federal government's Greener Homes program?

**Issue #5: Savings Targets and Budget****5.GEC.1**

Please provide a table, both in PDF and Excel formats, with the following annual information regarding Enbridge's historic years (each year from 2015 through 2020) and forecast current and future years (each year from 2021 through 2027) gas throughput/sales by rate class, as well as in total for all rate classes combined:

- Annual m<sup>3</sup> throughput/sales volumes
- Number of customers
- Description of the types of customers in the rate class
- Identification of which rate classes have been and are expected in the future to be covered by the Company's DSM programs.

For historic information, please include both Enbridge and Union information. To the extent that separate Enbridge and Union rate classes have been combined into a single rate class following the companies' merger, please indicate how historic rate classes would map onto current or future rate classes.

Note that this information could also be helpful in addressing issue #6 regarding rate impacts.

**5.GEC.2**

Please provide a table, both in PDF and Excel formats, with the annual information regarding Enbridge's historic (each year from 2015 through 2020) and forecast current and future year (each year from 2021 through 2027) gas costs by rate class, as well as in total for all rate classes combined. By gas costs, we mean total expenditures for commodity, distribution system costs (variable and fixed), carbon taxes, other taxes and any other costs included in customer bills. To the extent that Enbridge does not have all such information, please provide the Company's best estimates for any component of gas bills for which it does not have direct information, including a description of how the estimates were developed.

Note that this information could also be helpful in addressing issue #6 regarding rate impacts.

**5.GEC.3**

Please provide a table, both in PDF and Excel formats, with the following annual information regarding Enbridge's historic (2015-2020) and forecast current and future year (2021 through 2027) DSM program participation, gas savings and spending by rate class, as well as in total for all rate classes combined:

- Number of Unique customers participating
- Annual m<sup>3</sup> savings
- Lifetime/cumulative m<sup>3</sup> savings
- Spending (past years) or budget (current and future years)

To the extent that current and/or future participation, savings and/or spending have not been estimated at the rate class level of disaggregation, please provide the information in as granular a level as is possible.

**5.GEC.4**

Please provide a table, both in PDF and Excel formats, with the following annual information regarding Enbridge's historic (2015-2020) and forecast current and future year (2021 through 2027) DSM program participation, gas savings and spending by program, as well as for all programs combined:

- Number of unique customers participating
- Annual m<sup>3</sup> savings
- Lifetime/cumulative m<sup>3</sup> savings
- Spending (past years) or budget (current and future years)

Please provide the information for past and future programs that are the same or similar to each other on the same row of the table.

Note that use the term “program” to refer to each of the program components shown in Table 4 (Sch. 1, p. 11) of the Company’s revised plan filing. For example, please provide the information requested separately for not just the “Residential Program”, but for the Residential Whole Home, Residential Single Measure, and Residential Smart Home initiatives or program components.

#### **5.GEC.5**

Please provide an Excel spreadsheet, with formulae intact, that shows Enbridge’s estimated annual savings and rebate spending by measure, program and for the DSM program portfolio as a whole, for each year from 2023 through 2027. Please include in the spreadsheet for each efficiency measure:

- number of forecast participants;
- average per measure gross savings;
- average per measure incremental cost;
- average per measure rebate;
- net-to-gross (or free ridership) assumptions;
- any other adjustments used to estimate savings; and
- average savings life.

If there are programs for which Enbridge has estimated participation, savings and costs only for measure bundles (and not for individual measures), please provide the requested values for such bundles. If there are programs for which Enbridge has estimated participation, savings and costs only at the program level (and not for individual measures or measure bundles), please provide the requested values at the program level.

Note that this information will also be helpful in addressing Issue #9 on scorecards and metrics and Issue #10 on programs.

#### **5.GEC.6**

To the extent not provided in response to the above IRs (5.GEC.4 and .5), please provide all assumptions, down to the measure level wherever available, and calculations underpinning all of the incentive costs and delivery costs shown in Tables 4 through 9 in Exh. D, Tab 1, Schedule 1, pp. 11-16. Please provide the requested information in an Excel file with formulae intact.

**5.GEC.7**

Please provide Enbridge's annual DSM results calculator, fully unlocked and with all formulas intact, for each of the years 2018, 2019 and 2020. This should be the calculator that contains measure level data for all offerings and is used to calculate annual draft DSM results and is provided to the OEB's Evaluation Contractor for comparison to the EC's Annual Verification Calculator in the annual verification process. The 2018 and 2019 versions should be the updated versions to reflect any changes made by the evaluator.

**Issue #6: Rate Impacts****6.GEC.1**

Regarding Exhibit F, Tab 1, Schedule 3:

- a) Please provide this table in an Excel file with formulae intact.
- b) What is the number of customers in each rate class shown in the Exhibit table?
- c) What is the source of the numbers of 2021 billing units in column (d)?
- d) Was the number of 2021 billing units in column (d) weather-normalized? If not, what would the weather-normalized values be for each rate class listed?
- e) What is Enbridge's current forecast of billing units (thousands of m3) for each year from 2023 through 2027 for each rate class? Please provide such estimates in a table in both PDF form and in an Excel file.
- f) What is Enbridge's forecast DSM budget by rate class (analogous to column (b) in the Exhibit) for each year from 2024 through 2027? Please provide a table of such values in both PDF form and in an Excel file.

**6.GEC.2**

Ref.: Exhibit E, Tab 4, Schedule 2, Page 1, Regulatory and Stakeholdering Costs

- a. Please break out the \$0.71M budget for Regulatory and Stakeholdering Costs as between stakeholder costs, OEB (i.e. Board) costs and EGI external legal costs.
- b. Please break out the estimated costs of the current proceeding as above.

**Issue #8: Shareholder Incentives****8.GEC.1**

Exhibit D, Tab 1, Schedule 2

Please provide all communications, documents or presentations prepared by or for the company or its parent company that discuss DSM impacts on the short-term or long-term profitability of the company or its parent. Please include any communications, documents or presentations that reference the adequacy of shareholder incentives to offset long-term loss of business impacts to the company or its parent and related corporations due to DSM.

#### **8.GEC.2**

- a. Does the company agree that its proposed shareholder incentive structure is intended to incent performance relative to the plan targets and is not designed to incent the company to propose higher targets?
- b. Does the company agree that the proposed incentive structure creates an incentive to set lower more easily achievable targets?

#### **Issue #9: Scorecards and Metrics**

##### **9.GEC.1**

Regarding Table 2 in Exh. D, Tab 1, Schedule 3, p. 4:

- a) To the extent not provided in response to 5.GEC.6, please provide all assumptions, down to the measure level wherever available, underpinning each of the 100% targets for each of the performance metrics. Please provide the requested information in an Excel file with formulae intact.
- b) Are the 100% targets for savings and other metrics tied to exactly the same number of participants for each measure and program as was assumed in developing the budget presented in Table 4 in Exhibit D, Tab 1, Schedule 1, p. 11? If not, please explain both differences in participation assumptions by measure or program and the rationale for such differences.
- c) For each metric for which performance is measured in net annual gas savings (m3), please provide the 100% metric if it was instead expressed in net lifetime gas savings (m3).

##### **9.GEC.2**

On p. 12 of Exh. D, Tab 1, Schedule 2, Enbridge states that the Company developed a shared savings performance metric “in response to stakeholder feedback”.

- a) To which stakeholder(s) is Enbridge referring?
- b) What was the specific feedback to which Enbridge is referring?

- c) How did Enbridge determine what the appropriate shared savings percentages should be for each tier of net benefits?

### 9.GEC.3

On p. 15 of Exhibit D, Tab 1, Schedule 2, Enbridge states that its long-term GHG reduction incentive would be tied to the “summation of annual gross natural gas savings targeted in the first year of the DSM plan with an additional 15% stretch target.” In table 14 on p. 16 the Company appears to suggest that 100% of the allocated performance payment be provided if the Company achieves 100% of the target.

- a) Why is Enbridge proposing that the metric be based on gross savings rather than net savings, particularly since all of its other metrics are based on net savings? What is the rationale for this metric being different?
- b) What is the basis for the 15% “stretch” adder to 2022?
- c) Why has the Company suggested that 100% of the payment be earned for just reaching the target when it has proposed that it only earn its full incentive for other metrics for significantly exceeding the target? Why should this metric be different?

### 9.GEC.4

Please provide all communications, documents or presentations prepared by or for the company or its parent company in the last 3 years that discuss or interpret the impacts of *Federal* government climate policy (i.e. GHG related policy) on gas use. Please include all communications with the Federal government in this regard.

## Issue #10: Programs

### 10.GEC.1

In its description of its Whole Home offering (Exh. E, Tab 1, Sch. 2, pp. 10-15), Enbridge explains that participation requires two major measures – or three major measures if one of the measures is a furnace.

- a) Please confirm that the Company considers air sealing with at least a 10% reduction in air leakage to be one such major measure.
- b) Would the Company agree that it is often possible to achieve a 10% reduction in air leakage simply by installing an insulation measure over leakage points and/or installing a new directly-vented furnace to replace an older atmospherically-vented or power-vented furnace. In other words, is it fairly common to achieve 10% air leakage reduction

without any purely air sealing measures? If the Company does not agree, please explain why.

- c) Please provide an Excel file that provides the following information for what each participant (separate row, with customer information anonymized, in its 2020 whole home retrofit program:
- a. Pre-project m3 consumption
  - b. Post-project m3 consumption
  - c. M3 savings
  - d. % savings
  - e. Whether the project included attic insulation upgrades
  - f. Whether the project included wall insulation upgrades
  - g. Whether the project included basement wall or ceiling upgrades
  - h. Whether the project included air sealing upgrades
  - i. What the % reduction in measured air leakage was
  - j. Whether the project included a heating system upgrade
  - k. Whether the project included a water heater upgrade
  - l. Whether the project included window/door upgrades
  - m. The total incremental cost of the project

Note that GEC is seeking information akin to that provided by the Company in the attachments to its response to I.GEC.1 in EB-2019-0271.

## 10.GEC.2

On p. 3 of Exhibit E, Tab 1, Schedule 2, Enbridge makes reference to the federal government's new Greener Homes Initiative and CMHC's new interest-free loans to support residential deep retrofits. The Company then states that the existence of such non-utility programs suggests "flexibility in the design and delivery of (Enbridge's) Residential program" is needed and that the Company "...is confident in its abilities to coordinate with external parties in the delivery of future residential programming..."

- a) How has the design of Enbridge's three proposed residential programs – Whole Home, Single Measure and Smart Home – been structured in light of the Greener Homes Initiative in particular?
- b) What specific changes has Enbridge made to any of the following to optimize its residential programs in the context of the details of the Greener Home Initiative offerings:
  - i. List of eligible efficiency measures – has Enbridge added or eliminated any measures from its programs in light of the federal program offer? If so, which measures?



- ii. incentive levels for each eligible measure – has Enbridge modified its proposed incentives for any measures or services in light of the federal program offer? If so, which incentives were changed, how were they changed and what was the rationale for the change?
  - iii. Customer outreach or marketing strategy – has Enbridge modified its proposed approach to marketing its programs to its customers in light of the federal program? If so, how?
  - iv. Budget – has Enbridge modified its proposed program budget in any way (e.g., to reflect the potential for the federal program to drive up participation in Enbridge’s program)?
  - v. Savings – has Enbridge increased its estimated savings from its program (e.g., to reflect the potential for the federal program to drive up participation in Enbridge’s program)?
- c) Does Enbridge believe that the federal Greener Home Initiative rebate offerings could reduce the level of rebates it needs to offer for any measures? If so, which measures and by how much? If not, why not?
- d) Does Enbridge believe that the simultaneous presence of the federal Greener Home Initiative and its own residential programs could lead to greater participation – and therefore greater budgetary resource requirements – than if the Greener Home Initiative had not been offered? If so, is such greater participation reflected in Enbridge’s plan budget? If not, why not?
- e) The Company’s proposed attribution rules (Exhibit C, Tab 1, Schedule 1, pp. 22-23) suggest that it will need to establish a “partnership agreement” with the federal government to allocate savings between its residential programs and the Greener Home Initiative.
  - i. Has such an agreement been developed? If so, please provide it.
  - ii. If such an agreement has not yet been developed, what is the Company’s expectation regarding when it will be available?
  - iii. Has the Company developed such agreements with the federal government in the past? If so, please provide the three most recent examples.
  - iv. Is the potential need to “share” savings between the Company and the federal government reflected in the Company’s estimated savings from its residential programs and its related shareholder incentive performance metrics? If so, please explain how.
- f) If Enbridge has not yet made any changes to its proposed residential programs in response to the federal Greener Home Initiative, but plans to do so in the future, why would it be appropriate for the Board to approve the Company’s current plan program mix, budget and savings targets if that plan is not reflective of the actual programs the Company will offer, the cost of those programs and the savings they will produce?

**Issue #13: Assumptions, Cost-Effectiveness and Avoided Costs****13.GEC.1**

On p. 6 of Exhibit E, Tab 5, Schedule 1, Enbridge states that the avoided carbon cost that it includes in its cost-effectiveness analyses is “based on the Federal Carbon Charge, applied by rate class, weighted by the customer volume forecast subject to the Federal Carbon Charge.”

- a) Please provide an Excel file, with formulae intact, that show how this weighted average carbon tax was developed.
- b) What is the rationale for not including the value of avoided federal carbon charge for some customers?
- c) Please clarify what “applied by rate class” means in this statement. Is the Company assessing cost-effectiveness of different programs using different carbon tax rates based on the expected differences in rate classes of customers who will participate in each program? Or has the Company simply developed a single Company-wide weighted average carbon tax that it applies uniformly to all of its programs?
- d) If the Company is using a single weighted average carbon tax rate for cost-effectiveness assessment of all programs, wouldn’t that under-value the cost-effectiveness of residential and small commercial programs if all gas sales to residential and small commercial customers are subject to the full federal carbon tax? If not, why not?
- e) If the Company is using a single weighted average carbon tax rate for cost-effectiveness assessment of all programs, would that over-value the cost-effectiveness of programs that disproportionately serve larger customers not subject to the tax? If not, why not?

**13.GEC.2**

Regarding pages 1 and 3 of Exhibit E, Tab 5, Schedule 1, Attachment 3:

- a) Are all of the rate classes listed eligible to participate in Enbridge’s DSM programs? If not, which rate classes are not eligible?
- b) How did Enbridge estimate the fraction of sales to each customer class that are not subject to the federal carbon tax?
- c) Please provide the “weights” Enbridge used for each rate class in calculating the residential, commercial/industrial and large volume weighted averages in Tables B and D.

**13.GEC.3**

Ref: Exhibit E, Tab 3, Schedule 1, Page 3 of 9

Please provide all analyses the company is aware of that compare the cost-effectiveness of electric versus gas air source heat pumps.