

Ms. Christine Long
OEB Registrar
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

October 22, 2021

**Re: EB-2021-0002 Enbridge Multi-Year Demand Side Management Plan
Pollution Probe Interrogatories to Applicant**

Dear Ms. Long:

In accordance with Procedural Order No. 3, please find attached Pollution Probe's interrogatories to the applicant.

Respectfully submitted on behalf of Pollution Probe.



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cc: Enbridge (email via EGIRegulatoryProceedings@enbridge.com)
Dennis O'Leary, Aird & Berlis (via email)
All Parties (via email)
Richard Carlson, Pollution Probe (via email)

ONTARIO ENERGY BOARD

Enbridge 2022-2027 DSM Plan and DSM Framework

POLLUTION PROBE INTERROGATORIES

October 22, 2021

Submitted by: Michael Brophy
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Consultant for Pollution Probe

Note: Format below is (ISSUE #).(PARTY ACRONYM).(IR#) per OEB Staff request.

1.PP.1

- a) Please provide a list of all recommendations and requirements applicable to the 2022-2027 DSM Plan and Framework resulting from the following:
- OEB DSM Mid-term Report
 - OEB Directives
 - OEB Decisions (inclusive of DSM, Rates, Generic proceedings, Facility applications, etc.)

1.PP.2

- a) Please provide a copy of the OEB Directive, directing the OEB to pursue all cost-effective DSM.
- b) Please confirm that the OEB Directive to pursue all cost-effective DSM is still in effect or if it has been rescinded, please provide a copy of the document rescinding that Directive.

1.PP.3

Please provide a table showing annual data by year related to the 2015-2020 year DSM plans including:

- DSM Budget
- Amount Spend (forecast or actuals if available)
- DSMVA available
- DSMVA used
- Savings in m3
- % of target achieved (actuals or expected)
- Shareholder Incentive (actuals or expected)
- Budget for program development
- Spending on program development (actuals or expected)
- Audit and evaluation budget
- Audit and evaluation costs (actuals or expected)

1.PP.4

Enbridge references throughout its updated 2023-2027 evidence the DSM letter it received from the OEB December 1, 2020. Now that the OEB has issued a Decision related to the 2022 Plan and provided new direction for a more robust 2023-2027 DSM assessment, please explain why Enbridge believe that the old DSM letter is still valid and over-rides the more current direction from the OEB.

1.PP.5

- a) Please provide details on how Enbridge has included DSM analysis and options into infrastructure project assessments since the OEB EB-2020-0192 Decision.
- b) Has Enbridge included detailed DSM option analysis and alternatives for all pipeline project filed with the OEB (e.g. Leave to Construct and ICM Applications) since the EB-2020-0192 Decision. If not, why not. If yes, please provide a list and references to where the DSM analysis was provided.

2.PP.1

- a) Please confirm that Enbridge has committed to be net-zero by 2050 and provide a copy of that commitment.
- b) Will achieving net-zero for Enbridge require incremental spending and activities beyond what Enbridge is doing today? Please explain.
- c) Is Enbridge on track to meet its commitment to be net-zero?
- d) Please indicate what activities in Ontario are planned by Enbridge to support its net-zero GHG commitment.

2.PP.3

- a) Is Enbridge aware of any other organizations (private or public) that has committed to net-zero GHG goals? If yes, please provide a list and details.
- b) What role does Enbridge expect DSM to play in helping organizations to reach their net-zero emission goals?

2.PP.4

- a) Does Enbridge consider GHG emission reductions a benefits of its DSM programs? Please explain.
- b) Does Enbridge consider customer operational efficiency a benefit of its DSM programs. Please explain.
- c) Are Enbridge's customers heterogeneous and driven by a variety of behavioral decision factors or are they all homogeneous? Please explain.
- d) Do operational efficiency and GHG emission reductions incent some customers to participate in DSM activities? Please explain.

2.PP.5

- a) If Enbridge's request for its 2023-2027 DSM Plan is approved as filed and targets are met at the 100% level for each year, please identify what quantity (m3 and percent) of the potential identified in the Achievable Potential Study¹ will be delivered in aggregate for the years 2023-2027. Please provide calculations.
- b) If Enbridge's request for its 2023-2027 DSM Plan is approved as filed and targets are met at the 100% level for each year, please identify what quantity (m3 and percent) of the potential identified in the Achievable Potential Study² will be delivered in each of those five years. Please provide calculations.
- c) Please provide a budget estimate and related calculations to achieve all cost-effective DSM identified in the 2019 Potential Study.

¹ <http://www.ieso.ca/2019-conservation-achievable-potential-study>

² <http://www.ieso.ca/2019-conservation-achievable-potential-study>

2.PP.6

- a) If Enbridge's request for its 2023-2027 DSM Plan is approved as filed and targets are met at the 100% level each year, please identify what quantity (m3 and percent) of the DSM identified in the Ontario Environment Plan³ will be delivered in aggregate for the years 2023-2027. Please provide calculations.
- b) If Enbridge's request for its 2023-2027 DSM Plan is approved as filed and targets are met at the 100% level for each year, please identify what quantity (m3 and percent) of DSM identified in the Ontario Environment Plan⁴ will be delivered in each of those five years. Please provide calculations.
- c) Please provide a budget estimate and related calculations to achieve all DSM identified in the Ontario Environment Plan⁵.

2.PP.7

Reference: Enbridge Gas proposes a five-year DSM Plan that provides for regulatory efficiency and is supportive of government policy but is also flexible to adapt to policy changes that may occur during the plan term.

Please provide a list of all government (municipal, provincial and federal) policy that was assessed in development of the five-year DSM Plan.

2.PP.8

Reference: The government intends for approximately \$130 million in ratepayer funded financial support to expand natural gas distribution in Ontario⁶. As part of its review the OEB indicated that it expects existing rate-regulated natural gas distributors with DSM programs to offer access to DSM programs to any new natural gas customers.

- a) Please indicate what work Enbridge has undertaken or plans to undertake to ensure that DSM programs are offered to all new customers (prior to selecting new equipment) and that DSM results are maximized.

³ <https://www.ontario.ca/page/made-in-ontario-environment-plan>

⁴ <https://www.ontario.ca/page/made-in-ontario-environment-plan>

⁵ <https://www.ontario.ca/page/made-in-ontario-environment-plan>

⁶ <https://www.oeb.ca/sites/default/files/ltr-final-guidelines-gas-expansion-20200305.pdf>

- b) Please a copy of all policies and procedures that Enbridge has to ensure that DSM is included as an integrated component of planning and execution for all new system expansion projects.
- c) Please provide a copy of all system expansion consumer-facing materials Enbridge uses to highlight a potential customer's ability to leverage energy (or cost) saving from the DSM programs.

3.PP.1

References:

EB-2021-0002, Exhibit D, Tab 1, Schedule 3, Page 1 of 12 and;

Reference: EB-2021-0002, Exhibit D, Tab 1, Schedule 3, Page 11 of 12.

Please provide all jurisdictional scans to determine how key program elements compared with similar jurisdictions;

4.PP.1

Please indicate how many years Enbridge has been delivering multi-year DSM plans approved by the OEB.

5.PP.1

Reference: Deferred Participant Costs

- a) Please explain when Enbridge started the practice of deferring participant costs and why that approach is better than realizing costs when they are paid.
- b) Please explain what happens if participant costs are deferred and that program is cancelled before the results can be counted.

5.PP.2

Enbridge's Framework proposal indicates that Enbridge should be able to reallocated up to 30% of its DSM budget (estimated to be approximately \$43 million in 2023) without additional OEB approval. However, Enbridge indicates that "Any requisite re-allocation of costs amounting to \$1,000,000 or more in a given year will require Enbridge Gas to file for an adjustment to the DSM Plan." Please reconcile the apparent discrepancy in determining a dollar threshold for what is material.

5.PP.3

Enbridge filed its initial evidence May 3, 2021 and filed updated evidence September 29, 2021. Pollution Probe has been assumed that the updated evidence replaces the original evidence filed in whole. Please confirm that this is correct and if it is not correct, please indicate what portions of the Enbridge evidence filed May 3, 2021 are still valid.

5.PP.4

Figure 1 [Exhibit D, Tab 1, Schedule 1, Page 19 of 26] indicates 160 DSM FTEs, but Table 11 [Exhibit D, Tab 1, Schedule 1, Page 18 of 26] indicates 169 DSM FTEs.

Please reconcile the discrepancy.

5.PP.5

The Building Beyond Code Program is approximately half the size (by budget) compared to the Low Carbon Transition Program. Based on this, please explain why the FTE count for the Building Beyond Code Program more than double the Low Carbon Transition Program.

6.PP.1

Please provide the rate impacts for each year (2023-2027) based on the DSM Plan proposed by Enbridge.

6.PP.2

- a) Please provide a summary of all DSM program and overhead efficiencies (actual or forecasted) for the Enbridge DSM portfolio since merging Union Gas into Enbridge that will provide benefits in 2022-2027. For each item, please identify the cost savings or incremental results expected to be achieved due to the efficiency implemented.

8.PP.1

Reference: EB-2021-0002, Exhibit D, Tab 1, Schedule 2, Page 2 of 16

Enbridge indicates that the “Shareholder incentives (DSMI) align the Company with ratepayer interests”. Absent the DSMI, does Enbridge’s interest not align with ratepayers/consumers? Please explain.

8.PP.2

- a) Shareholder incentives for DSM are typically based on outcomes achieved for consumers or Ontario at large. Please specify what specific consumer outcomes will be achieved against each amount proposed under the Long Term Shareholder Incentive Amounts.
- b) How would the Net Benefits Shared Savings (schedule and amounts) be impacted if TRC Plus benefits for a year were based on the updated carbon price (i.e. increasing by \$15/tonne each year to \$170 per tonne in 2030)?

8.PP.3

Is the Long Term GHG Reduction target (measured and paid to Enbridge) at the end of the five-year term just a sum of the GHG savings related to the m3 gas savings over the five years? Please explain how these are different outcomes for Ontario and not just incenting the same activity/outcome in a different manner.

9.PP.1

- a) How many residential customers does Enbridge have?
- b) What portion of the Enbridge residential customers could be eligible for an air source heat pump under the Low Carbon program?
- c) How many commercial customers does Enbridge have?
- d) What portion of the Enbridge commercial customers could be eligible for an air source heat pump under the Low Carbon program?

9.PP.2

- a) Please provide the annual estimated natural gas savings, electricity savings and TRC Plus test results/calculations based on achieving the 2023-24 target of 2123 residential air source heat pump installations.
- b) Please provide the annual estimated natural gas savings, electricity savings and TRC Plus test results/calculations based on achieving the 2023-24 target of 86 commercial air source heat pump installations.
- c) Based on Enbridge's proposal, when would the OEB review and approve Low Carbon program scorecard metrics and specific budgets for 2024-2027?

9.PP.3

Reference: Municipal Engagement Budget - Exhibit E, Tab 4, Schedule 1, Page 5 of 5

- a) Please provide the actions and outcomes proposed for each of the budget amounts outlined in the municipal engagement budget.

9.PP.4

Please provide a copy of the final (actual or forecast) Enbridge DSM scorecard results for 2015 to 2021.

10.PP.1

- a) Please provide all materials, options and analysis Enbridge has considered to increase DSM funding beyond current levels (i.e. 2021/2022 budget levels)
- b) Please provide a list of all options to increase DSM results in Ontario over the 2023-2027 period.

10.PP.2

Below is a list of some potential options to increase DSM results in Ontario during the 2023-2027 period. Please identify all of the options that are not possible during the 2023-2027 period and explain why.

- Increased DSM program budgets
- Increased DSM incentives for Ontario consumers or communities
- Increased DSM programs
- Increased Enbridge program efficiency
- Increased partnering with industry stakeholders (e.g. IESO, municipalities, etc.)
- Increased stacking of incentives with other program funders
- Others as identified by Enbridge

10.PP.3

Please confirm that increased DSM results (i.e. reduced natural gas consumption) results in decreased energy costs for a consumer. If not, please explain.

10.PP.4

Reference: Exhibit E, Tab 3, Schedule 1, Page 6 of 9:

“The objective of the Commercial Heat Pump offering is to accelerate the adoption of natural gas heat pumps ...”.

Are only natural gas heat pumps eligible for the Low Carbon Commercial Heat pump program? If yes, why not electric like the residential version of the program?

10.PP.5

- a) Does Enbridge believe that the implementation of air source heat pumps is cost effective? If not why not. If yes, please provide the best available current assumptions and TRC Plus test, including calculations.
- b) Please calculate the TRC Plus benefits for each proposed Low Carbon Transition Program and show the calculations.

10.PP.6

Please explain what happens to the Low Carbon Transition Program and Building Beyond Code Program after the first two years (i.e. does it continue with the same metrics and budget escalation or do the metrics change to resource acquisition metrics).

10.PP.7

- a) Please provide a comprehensive list of programs, resources and other support Enbridge proposes to provide Ontario municipalities over the 2023-2027 DSM Plan. Please indicate which items are incremental to the 2022 OEB approved DSM plan.
- b) Please provide a list and description of all 2023-2027 DSM budget elements to support municipal energy and emission plan implementation?

11.PP.1

Reference: Research and Innovation Fund

- a) Please provide a list of outcomes from the 2015 to 2020 research and innovation spending outcomes that have been reflected as enhancement in the 2023-2027 plan.
- b) How does Enbridge propose to demonstrate value for money for each year of research and innovation fund spending from 2023-2027?

11.PP.2

Please provide a summary table showing the budget and actual spending by years for each year from 2015 to 2020 for the following:

- Portfolio Administration
- Evaluation
- Research & Development

12.PP.1

- a) Please describe the split in responsibility between Enbridge and the OEB Evaluation Advisory Committee (EAC) for development or assessment of input assumptions for programs and measures.

12.PP.2

Please provide any recommendations that Enbridge has to improve the Evaluation, Measurement, & Verification (EM&V) process and/or Evaluation Advisory Committee (EAC).

13.PP.1

- a) Please provide the TRC Plus test results for the proposed DSM programs and portfolio based on an updated carbon price increasing from \$65 per tonne in 2023 by \$15 per year to \$170 per tonne CO₂e in 2030 and future years.

	2023	2024	2025	2026	2027	2028	2029	2030
Carbon Price (\$/tonne CO₂e)	\$65	\$80	\$95	\$110	\$125	\$140	\$155	\$170

- b) Please provide the TRC Plus test results for the proposed DSM programs and portfolio based on application of an average program spill-over of 10% applied to the net-to-gross ratio across all programs.

13.PP.2

- a) Please provide all studies Enbridge has available related to potential spill-over impacts for each sector (which have not already been filed), including the study conducted by Summit Blue for Enbridge.
- b) Why has Enbridge not applied spill-over enhancements over the current DSM Framework and related DSM programs.
- c) In Enbridge's opinion, what would be the best approach to maximize DSM program spill-over from energy and emission results in Ontario municipalities?

15.PP.1

Enbridge's Framework proposal indicates that "If the impact of an IRP Plan or the cumulative impact of multiple IRP Plans is projected to reduce DSM Plan results of any single DSM scorecard by more than 10% in a given year, Enbridge Gas will be required to file an application to adjust the DSM Plan targets accordingly".

- a) Given that Enbridge's DSM programs are broad and that IRP is geo-targeted, what evidence exists to suggest that there will be any overlap in programs results.
- b) What mechanism or test would be needed to validate that DSM results are truly separate or duplicative of the IRP programs, or vice-versa?
- c) What mechanism does Enbridge suggest to ensure that results are not double counted in both and IRP and DSM program?
- d) When does Enbridge expect to file its first IRP project request and will it include DSM elements? Please provide details.
- e) What is the deadline for Enbridge to file its first IRP plan? Is Enbridge on track to meet that deadline?
- f) What is the deadline for Enbridge to launch its first IRP pilot project?

15.PP.2

With the potential overlap between DSM and IRP highlighted by Enbridge, how should the DSM audit assess potential overlap and spending allocation issues?

15.PP.3

If the OEB were to capitalize DSM spending starting in 2023, would that more closely align DSM with IRP capital treatment? If not, why not?

16.PP.1

Please provide a list of all current partnerships that Enbridge has and segment by the following categories:

- Funding partner
- Delivery partner
- Co-program Partner (e.g. joint program or co-branding)
- Marketing partnership
- Other categories as Enbridge deems appropriate

16.PP.2

- a) Please provide a summary of all DSM partnerships planned for 2023-2027.
- b) Please provide a table of all DSM programs proposed for 2023-2027 and beside each program, please provide a list of the partners (including for funding or delivery) that will be leveraged.

16.PP.3

Please provide a list of all new incremental (i.e. did not exist previously) partnerships and programs Enbridge intends to pursue for 2023-2027, including IESO coordination, leveraging climate change program funding, etc.

17.PP.1

- a) Please provide a summary of all stakeholder consultation conducted in development of the proposed 2023-2027 DSM Plan.
- b) Please provide a list of all municipalities consulted in development of the 2023-2027 DSM Plan and a copy of their input.

17.PP.2

- a) What DSM stakeholder consultation does Enbridge plan to undertake in 2023-2027?
- b) In the EB-2020-0091 Decision, the OEB directed Enbridge to develop a website to enhance stakeholder engagement and share information related to stakeholdering efforts. Could the same website be used for DSM or would it require a different stakeholder consultation website? Please explain.
- c) Is Enbridge willing to re-establish the DSM Consultative in 2023 if stakeholders were interested? If not, please indicate why.

18.PP.1

- a) Once there is clarity on direction for the 2023-2027 DSM Plan and related Framework, is there value in Enbridge to take action in advance of January 1, 2023, including working with industry partners and soft-launching program initiatives that are not currently in the 2022 DSM plan? If not, why not?
- b) Does Enbridge already have flexibility in its OEB approved 2022 DSM budget to initiate preparation or soft-launch of 2023 incremental program activities or would incremental funding be required for 2022?