



Ontario Energy Board Commission de l'énergie de l'Ontario

DECISION ON FILING INTERVENOR EVIDENCE

EB-2021-0002

ENBRIDGE GAS INC.

**Application for Multi-Year Natural Gas Demand Side Management
Plan (2022 to 2027)**

BEFORE: Michael Janigan
Presiding Commissioner

Anthony Zlahtic
Commissioner

Patrick Moran
Commissioner

October 22, 2021

1 INTRODUCTION AND SUMMARY

Enbridge Gas Inc. applied to the Ontario Energy Board (OEB) for approval of a new natural gas demand side management (DSM) policy framework, effective January 1, 2022, as well as approval of a new multi-year DSM plan, inclusive of budgets, programs and targets from January 1, 2022 to December 31, 2027.

The OEB issued [Procedural Order No. 1](#) on June 21, 2021, which among other things, set out a schedule for submissions related to Enbridge Gas's request for interim approval by August 31, 2021 of its 2022 DSM program year.

The OEB issued [Procedural Order No. 2](#) on June 22, 2021, which denied Enbridge Gas's request for early approval of its proposed 2022 to 2027 DSM budget and set out the schedule for the issues list process.

The OEB issued a [Decision and Order](#) on August 26, 2021, which approved the continuation of the OEB-approved 2015-2021 DSM plans for the 2022 program year.

The OEB issued a [Decision on Issues List and Procedural Order No. 3](#) on September 9, 2021, which approved the final Issues List and established a number of procedural steps, including a deadline for OEB staff and parties to file a letter with the OEB describing the nature of the proposed evidence. The final Issues List is attached as Appendix A for reference.

On September 15, 2021, OEB staff filed a letter describing the nature of the evidence it is proposing to file. Additionally, on September 15, 2021, Pollution Probe requested that the OEB extend the deadline for parties to advise the OEB of their intention to file evidence until October 11, 2021.

The OEB issued [Procedural Order No. 4](#) on September 20, 2021 extending to the date by which parties were to file a letter describing any proposed evidence from September 23, 2021 to October 4, 2021.

On October 4, 2021, Building Owners and Managers Association (BOMA), Environmental Defence, Pollution Probe and the Small Business Utility Alliance (SBUA) filed letters describing the nature of the evidence they are proposing to file. Environmental Defence proposed to file two separate reports, and indicated that one would be commissioned jointly in collaboration with the Green Energy Coalition (GEC).

This Decision provides the OEB's determinations on these proposed evidentiary filings.

2 PROPOSED INTERVENOR EVIDENCE

2.1 Descriptions of Proposed Evidence

OEB Staff

OEB staff has retained Optimal Energy Inc. to develop two separate expert reports to be filed in this proceeding. The first report is related to Issue 7 (Cost Recovery) 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 10 (Programs) 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.

Building Owners and Managers Association (BOMA)

BOMA's proposed evidence will address Issues 3 (Industry Best Practice) and 16 (Coordination). BOMA proposed to retain Mr. Ian Jarvis and Ms. Gillian Henderson of Enerlife Consulting.

The proposed evidence will focus on three specific areas of current practice in other jurisdictions including Canada, the United States, the United Kingdom, the European Union and Australia:

- Adoption and success of pay-for-performance (Performance-Based Conservation) natural gas DSM and electricity conservation and demand management (CDM) programming.
- Close coordination and integration of DSM and CDM and carbon reduction programming which focuses on outcomes and customer experience rather than individual utilities.

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- Successful community-led strategic energy management initiatives developed or supported by gas and electric utility companies which have achieved substantial, sustained energy and emissions reductions.

BOMA estimated a level of effort of \$55,000, including time required of counsel, and will prepare a more detailed project charter upon positive response from the OEB and consultation with the other interested parties. The cost for interrogatory responses, a technical conference, and hearing will be in addition to that amount and have not been estimated at this time.

Environmental Defence

Environmental Defence filed a letter that indicated its intention to retain Dr. Heather McDiarmid and evidence would cover the following:

- The cost-effectiveness of heat pump measures, including gas, electric, and hybrid heat pumps.
- An assessment of the forward-looking prospects for the elements included in the proposed Low Carbon Transition Program based on a review of existing literature.

The proposed evidence will focus primarily on heat pumps in the residential sector. This will include cost-effectiveness assessments specific to the Ontario context. The evidence will also discuss heat pumps in the commercial context, but only through a review of existing literature on the topic.

Dr. McDiarmid estimated that her report will cost \$17,000 to prepare. Some uncertainties for preparation and time were noted and it is estimated that the time for such additional steps beyond the preparation of evidence may add an additional 30% to the costs. It is estimated the incremental counsel costs required in relation to the preparation of Dr. McDiarmid's evidence will be between \$2,000 and \$4,000.

Environmental Defence and Green Energy Coalition

Environmental Defence filed a letter on behalf of itself and GEC stating that they propose to jointly commission evidence to file in this proceeding. Their letter stated that they propose to retain Mr. Chris Neme of the Energy Futures Group.

The letter indicated that the proposed evidence will focus on the following three questions:

1. What are the appropriate overall gas savings levels and DSM investment levels in light of the OEB's guidance? (Issues 6 (Budgets) & 9 (Scorecards and Targets))
2. Are specific adjustments to the proposed portfolio mix, program design, scorecards, and incentive structure appropriate, excluding topics to be addressed by OEB Staff's evidence? (Issues 5 (Policy Framework), 9 (Scorecards and Targets) & 10 (Programs))
3. Does Enbridge's proposed approach result in appropriate coordination between natural gas DSM programs, electricity conservation programs, and greenhouse gas (GHG) reduction programs? (Issue 16 (Coordination))

In addition, specific plan recommendations may be included to help to make Enbridge Gas's proposed DSM plan more effective. Finally, an additional perspective on coordination with electric and GHG reduction programming could lead to new approaches that will reduce customer costs, reduce DSM program costs, and improve accessibility.

Mr. Neme estimated that his expert report will cost \$48,000 to prepare. The cost for interrogatory responses, a technical conference, and hearing will be in addition to that amount. Some uncertainties for preparation and time were noted and it is estimated that the time for such additional steps beyond the preparation of evidence may add an additional 30% to the costs. It was estimated that the incremental counsel costs required in relation to the preparation of Mr. Neme's evidence will be between \$6,000 and \$10,000.

Pollution Probe

Pollution Probe filed a letter and indicated that after review of the updated Enbridge Gas evidence and discussions with stakeholders and experts, Pollution Probe believes that the experts being proposed by OEB Staff and intervenors are likely to provide sufficient expertise during the oral hearing and that best practice and related information can be supplemented through the proceeding without Pollution Probe commissioning specific additional experts.

Pollution Probe stated that it is coordinating with a large number of stakeholders on consumer and community issues related to DSM over the 2023-2027 period. The

information and materials being consolidated by Pollution Probe will relate to DSM issues defined by the OEB (e.g., need for incremental DSM for Ontario consumers and communities) and incremental DSM programs for the 2023-2027 period.

The letter indicated it is difficult to estimate the incremental time to coordinate this research, information and consolidated material. Pollution Probe stated that it may be able to file a portion of materials with its interrogatories to Enbridge Gas and will attempt to provide all materials no later than January 19, 2022. Pollution Probe believes this timing will be the most efficient to provide a fulsome picture prior to commencement of the oral hearing.

Pollution Probe stated that it is difficult to estimate the incremental time to coordinate the research, information and consolidated material, but an initial estimate is 40-60 incremental hours.

Small Business Utility Alliance

SBUA filed a letter and indicated that it proposes to retain Mr. Francis Wyatt and Mr. Theodore Love of Green Energy Economics Group, Inc. and submit evidence that is central to SBUA's interests in ensuring that the DSM programming that is selected benefits small businesses.

In a letter dated, October 19, 2021, the OEB requested additional information from SBUA. The additional information was provided by SBUA on October 21, 2021.

The evidence that they propose to cover is under Issues 2 (Alignment with Government Policy), 3 (Industry Best Practice), 6 (Budgets), 8 (Shareholder Incentive), 10 (Programs), 13 (Input Assumptions & Cost-Effectiveness), 16 (Coordination) and 17 (Stakeholder Engagement).

SBUA estimated that the cost of preparing evidence would be approximately \$30,000. SBUA noted some uncertainties for preparation and time and estimated that the additional expert costs associated with responding to interrogatories, preparing for and attending a technical conference and preparing for and attending the oral hearing will be \$18,000, assuming that the technical conference and oral hearing take place over videoconference. SBUA further estimated an incremental \$5,000 in counsel costs associated with presenting the proposed expert evidence.

2.2 Findings

The OEB acknowledges and accepts the proposals to file evidence submitted by OEB staff, BOMA, Environmental Defence and GEC, and SBUA.

The OEB finds the estimated costs for each of these evidentiary filings appear to be reasonable, though a final determination on the amount of eligible costs will not be made until the end of the proceeding. Some intervenors provided estimates of potential costs in addition to their estimate for the preparation of the expert evidence. Other intervenors stated that there would be incremental costs but that these were difficult to estimate. In either case, it is incumbent on every intervenor to ensure that costs are reasonably incurred. **Being eligible to apply for recovery of costs is not a guarantee of recovery of any costs claimed.** Parties are advised that they must notify the OEB as soon as possible if they become aware that the cost to produce the expert evidence will be greater than the estimate provided.

The OEB believes that Pollution Probe's request is more in the nature of a description of their intended intervenor participation which can be dealt within the ordinary cost award process. Pollution Probe is reminded that if it chooses to submit a compilation of documents for the purpose of cross-examinations, all reports must be submitted in advance of any cross-examination in this proceeding as required by the OEB's Rules of Practice and Procedure. As well, copies of those documents should be submitted along with any interrogatory that is posed in relation to the documents.

As set out in Procedural Order No. 3, parties accepted to file evidence shall file their evidence with the OEB by November 26, 2021.

DATED at Toronto October 22, 2021

ONTARIO ENERGY BOARD

Original Signed By

Christine E. Long
Registrar

Appendix A

Enbridge Gas Inc.

EB-2021-0002

2022-2027 DSM Framework and Plan Application

Issues List

Appendix A – Issues List

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General 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)?
2. Does Enbridge Gas's 2023-2027 DSM Framework and DSM Plan adequately support energy conservation and energy efficiency in accordance with the policies of the Government of Ontario, including having regard to consumers' economic circumstances?
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?
4. Is Enbridge Gas's proposed DSM Plan term of 2023-2027 appropriate?

Specific Issues within Enbridge Gas' 2022-2027 DSM Application

5. Is Enbridge Gas's proposed DSM policy framework, including guiding principles and guidance related to budgets, targets, programs, evaluation, and accounting treatment appropriate?
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?
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?
8. Are Enbridge Gas's proposed shareholder incentives appropriate?
 - a. Is Enbridge Gas's proposed annual maximum shareholder incentive, including structure, and amount appropriate?
 - b. Is Enbridge Gas's proposed Long Term shareholder incentives appropriate?
 - c. Is Enbridge Gas's Annual Net Benefits Shared Savings proposal appropriate?

- d. Are there any other incentive mechanisms that should be included in addition to or to replace those proposed by Enbridge Gas?
9. Are Enbridge Gas's proposed scorecards, including performance metrics, metric weightings, and targets appropriate?
- a. Is Enbridge Gas's proposed annual target adjustment mechanism appropriate?
 - b. Is Enbridge Gas's proposed Residential Program Scorecard, including targets and performance metrics appropriate?
 - c. Is Enbridge Gas's proposed Low Income Program Scorecard, including targets and performance metrics appropriate?
 - d. Is Enbridge Gas's proposed Commercial Program Scorecard, including targets and performance metrics appropriate?
 - e. Is Enbridge Gas's proposed Industrial Program Scorecard, including targets and performance metrics appropriate?
 - f. Is Enbridge Gas's proposed Large Volume Program Scorecard, including targets and performance metrics appropriate?
 - g. Is Enbridge Gas's proposed Energy Performance Program scorecard, including targets and performance metrics appropriate?
 - h. Is Enbridge Gas's proposed Building Beyond Code Program scorecard, including targets and performance metrics appropriate?
 - i. Is Enbridge Gas's proposed Low Carbon Transition Program scorecard, including targets and performance metrics appropriate?
 - j. Is Enbridge Gas's proposed Long Term Greenhouse Gas Reduction target appropriate?
 - k. Should there be any other scorecards, targets and/or metrics included in addition to or to replace those proposed by Enbridge Gas?
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?

- a. Are Enbridge Gas's proposed program offers for residential customers appropriate?
 - b. Are Enbridge Gas's proposed program offerings for low-income customers appropriate?
 - c. Are Enbridge Gas's proposed program offerings for commercial customers appropriate?
 - d. Are Enbridge Gas's proposed program offerings for industrial customers appropriate?
 - e. Are Enbridge Gas's proposed program offerings for large volume customers appropriate?
 - f. Are Enbridge Gas's proposed energy performance program offerings appropriate?
 - g. Are Enbridge Gas's proposed beyond building cost program offerings appropriate?
 - h. Should there be any other program offerings included in addition to or to replace those proposed by Enbridge Gas?
 - i. Are Enbridge Gas's proposed program offerings appropriate for customers in Indigenous communities?
 - j. Is Enbridge Gas's proposed low carbon transition program appropriate?
11. Are Enbridge Gas's proposed research and development activities appropriate?
12. Are Enbridge Gas's proposed changes to the OEB's evaluation, measurement and verification process appropriate, including the proposed Terms of Reference?
13. Are Enbridge Gas's proposed updates to the treatment of input assumptions, cost-effectiveness screening, and avoided costs appropriate?
14. Is Enbridge Gas's proposed accounting treatment, including the function of various deferral and variance accounts appropriate?
15. Does Enbridge Gas's proposed 2023-2027 DSM Plan require any changes to be consistent with the OEB's decision and guidance regarding Enbridge Gas's Integrated Resource Planning proposal (EB-2020-0091)?

16. Has Enbridge Gas proposed a reasonable approach to ensure natural gas DSM programs are effectively coordinated with electricity conservation programs and other energy conservation and greenhouse gas reduction programs applicable in its service territory?
17. Is Enbridge Gas's stakeholder engagement proposal reasonable, including its engagement with Indigenous communities?
18. What transition and implementation steps are appropriate as a result of the OEB's decision on the 2022 DSM Plan and its final decision and order?