

October 22, 2021

Christine Long
Registrar
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms Long:

EB-2021-0002 – Enbridge Gas Inc. – Demand Side Management Plan – 2022-2027

We are representing the Consumers Council of Canada (“Council”) in the above-referenced proceeding. Please find, attached, interrogatories for Enbridge Gas Inc. from the Council.

Please feel free to contact the undersigned with any questions.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All parties

INTERROGATORIES FOR ENBRIDGE GAS INC.

FROM THE CONSUMERS COUNCIL OF CANADA

RE: MULTI-YEAR DEMAND SIDE MANAGEMENT PLAN (2022-2027)

EB-2021-0002

General Issues

1. Response to OEB Direction and Guidance

1-CCC-1

Please describe, in detail, the process EGD undertook to develop its DSM Framework and DSM Plan. Please provide a timeline. Please provide all materials provided to EGI's Board of Directors regarding the proposed DSM Framework and DSM Plan.

1-CCC-2

Re: Ex. B/T1/S1/p. 4

In its December 1, 2020, DSM Letter the OEB set out primary and secondary objectives related to ratepayer funded natural gas DSM. One of the secondary objectives is to "help lower overall average annual natural gas usage." Please indicate, specifically, how the DSM Plan will help to lower overall average annual natural gas usage over the term of the plan. Please provide a forecast of the expected overall natural gas usage reduction for the plan term (2022-2027).

1-CCC-3

Re: Ex. B/T1/S1/p. 6

The DSM Letter states that the level of natural gas savings achieved through DSM programs for each dollar spent has been decreasing. Please set out the level of natural gas savings achieved through DSM for the years 2011-2021. What is the expected level of natural gas savings for each dollar spent for the proposed plan?

2. Government Policies

2-CCC-4

Re: Ex. B/T1/S1/p. 2

Reference is made to the joint letter from the Ministry of Energy and the Ministry of Environment, Conservation and Parks to the OEB confirming the government's continuing support for gas utility delivered natural gas conservation programs, acknowledging their important role in helping to achieve provincial greenhouse gas emissions. Please indicate the extent to which EGI has met with these two Ministries, specifically with respect to the proposed

framework and plan. Please provide all correspondence EGI has had with the government of Ontario regarding the proposed framework and proposed plan. Please include all correspondence EGI has had with the government of Ontario regarding EGI's role in reducing greenhouse gas emissions.

Specific Issues

5. DSM Policy Framework

5-CCC-5

Re: Ex. D/T1/S1/pp. 4-6

EGI is proposing a limited mid-point assessment to provide an opportunity to determine if any additional program offerings merit introduction, or if changing market factors/government policy necessitate some reconsideration in program design or delivery. EGI proposes that the mid-point assessment take the form of an application made by the Company to the OEB in 2024 outlining the DSM programs and supporting details for the second three-year period 2025-2027 with a description of any changes that EGI proposes:

- a. When does EGI specifically intend to file the application?
- b. What type of stakeholdering does EGI intend to do in advance of its application?
- c. What would be the timing of that stakeholder process?
- d. Is EGI seeking approval of that process through this current application? If so, please provide EGI's proposed scope for this review.

6. DSM Budgets

6-CCC-6

For each year 2022-2027 please provide the overall annual DSM cost for an average residential consumer in both the EGD and Union Gas rate zones. Please include Program Costs, Portfolio Costs, and the maximum available shareholder incentive amounts.

6-CCC-7

Re: Ex. B/T1/S1/p. 12

Please provide a Table in the same format as Table 1:2022-2027 Six-Year Budget Envelope for the 2015-2021 period.

6-CCC-8

Re: Ex. B/T1/S1/p. 11

The evidence states that 2% is the proxy for future inflation through the DSM Plan. The inflation factor will be adjusted as part of the annual rates proceeding in accordance with the Consumer Price Index. How will the CPI number for each year be determined? Why did EGI decide to use CPI as the inflation factor/escalator? What other options were considered?

6-CCC-9

Re: Ex. B/T1/S1/p. 12

Please recast Table 1: 2022-2027 Six-Year DSM Budget Envelope and include the projected maximum shareholder incentive payment amounts for each year.

6-CCC-10

Re: Ex. D/T1/S1/pp. 8-15

The evidence sets out detailed budgets for each of the years of the plan:

- a. Please describe, in detail, how the program budgets for each sector were developed.
- b. How did EGI determine how much to allocate to each sector?
- c. Please explain how the forecast Administration Costs, Evaluation and Regulatory Costs and Research and Development Costs were derived.

6-CCC-11

Re: Ex. D/T1/S1/p. 9

EGI is proposing to spend approximately \$40 million to \$44 million per year on the Residential Program. Please indicate what factors would cause EGI to spend more on the Residential Program during the Plan Term. Please indicate what factors would cause EGI to spend less on the Residential Program.

6-CCC-12

Re: Ex. D/T1/S1/p. 18 Table 11

For each year 2022-2027 please provide a schedule in the same level of detail as Table 3 – 2022 DSM Plan Budget that sets out total compensation costs by program and portfolio.

6-CCC-13

Re: Ex. E/T4/S1

Please explain how the Portfolio Costs – Administration, System Maintenance & Improvements, and Municipal Engagement – are allocated to each of the rate classes.

6-CCC-14

Re: Ex. E/T4/S1

Please provide a breakdown of the \$8.4 million Portfolio Administration Costs. Please provide a schedule setting out the detailed forecast of these costs for the period 2015-2021. Please provide the actual amounts incurred for the period 2015-2021.

6-CCC-15

Please provide a complete list of all external reports prepared during the development of the DSM Framework and DSM Plan, and in support of this application. Please indicate for each engagement whether the work was subject to an RFP process. Please provide the total cost of each engagement and how those costs are to be recovered.

8. Shareholder Incentives

8-CCC-16

Re: Ex. D/T1/S2

The maximum annual shareholder incentive amount is approximately \$20 million per year for the period 2022-2027. Please explain to what extent EGI undertook research regarding alternative approaches to shareholder incentives. Please provide any studies or reports that were produced regarding this research. Is EGI aware of any other jurisdictions where the level of shareholder incentives is comparable to that being proposed by EGI? If so, please provide detailed descriptions of those incentive mechanisms.

8-CCC-17

Re: Ex. D/T1/S2

For each year 2011-2021 please set out the maximum level of shareholder incentive available to both the former Union Gas Limited and the former Enbridge Gas Distribution Inc. and the actual incentive paid out. Please provide the totals for each year and at the program level.

8-CCC-18

Re: Ex. D/T1/S2

Please explain the rationale for rewarding EGI's shareholders for performance at 50% of a proposed target. If only 50% of the target is achieved, should this not be considered a failure of the program?

8-CCC-19

Re: Ex. D/T1/S2/pp. 6-11

Please explain how the DSM Incentive allocations (by program) were derived. Why not base these allocations on projected natural gas savings?

8-CCC-20

Re: Ex. D/T1/S2/p. 16

EGI is proposing a Long Term GHG reduction target with a total shareholder incentive over the plan term of \$6,000,000. Please explain how this amount will be allocated to the various customer classes.

8-CCC-21

Re: Ex. D/T1/S2/pp. 6-11

EGI has set its Annual Scorecards by Program, which includes the maximum DSM Incentive payment amounts by Program. For each of those programs please identify which rate classes will be allocated the incentive payments. For example, are the residential classes responsible for 30% of the Building Beyond Code Program shareholder incentive amount?

8-CCC-22

Please explain the extent to which EGI has undertaken consumer engagement with respect to its DSM shareholder incentive mechanisms. If no consumer engagement has been undertaken, please explain why.

9. Scorecards

9-CCC-23

Re: Ex. D/T1/S3/p. 1

The evidence indicates that the DSM Plan annual scorecard targets were informed by a number of inputs including jurisdictional scans to determine how key program elements compared with similar jurisdictions. Please file all of the jurisdictional scans that have not been included in the evidence.

9-CCC-24

Re: Ex. D/T1/S3/p. 1

The evidence indicates that the DSM Plan annual scorecard targets were informed by a number of inputs including market research with customers to further understand opportunities and barriers. Please explain why type of market research was done and file all documents produced as a result of that market research.

9-CCC-25

Re: Ex. D/T1/S3/p. 3 Table 1

For the period 2015-2021 please provide the scorecard targets and the actual results in the same format as Table 1.

9-CCC-26

Re: Ex. D/T1/S3

Please provide a detailed description as to how the annual scorecard targets were determined for each program and how the weightings were determined.

9a-CCC-27

Ex. C/T1/S1/p. 13

EGI is continuing to employ a Target Adjustment Mechanism to establish metric targets for years subsequent to the metric targets approved for the first year of the plan. Did EGI consider other methodologies for establishing the targets? If not, why not? If so, please identify the options considered. Please explain why the alternative approaches were rejected.

10. Program Offerings

10a. Residential Offerings

10a-CCC-28

Re: Ex E/T1/S2

The Council is interested in historical costs and participation rates for the residential home audit and retrofit programs undertaken by EGD and Union Gas Limited over the last 10 years. With respect to the previous residential home audit and retrofit programs undertaken by EGD and Union Gas for the period 2011-2021 please provide the following for each year:

- a. Total program costs, allocated administration/portfolio costs, shareholder incentive payments, DSMVA (in effect, all costs related to the programs);
- b. Projected participation rates and actual participation rates;
- c. Average incentive payments per customer;
- d. Total incentives paid out by measure;
- e. Projected annual natural gas savings and actual natural gas savings achieved.

10a-CCC-29

Re: Ex. E/T1/S2/p. 3

The evidence states that EGI is of the view that allowing flexibility in the design and delivery of the Residential program will best support all stakeholders and allow for coordinate and responsive DSM programming that can adapt with external efforts. Please explain this statement. What type of flexibility is EGI seeking with respect to the Residential program?

10a-CCC-30

Re: Ex. E/T1/S2/p. 3

How does EGI intend to ensure that Whole Home participants will not also be getting funding for the same measures through the Greener Home Grant Program?

10a-CCC-31

Re: Ex. E/T1/S2/p. 12

Please explain, in detail, how the incentive amounts for the Whole Home Program determined. Please explain why, as a part of the Whole Home offering bonus incentives are required. What is the rationale for still including furnaces in the program given the changes to the residential furnace baseline?

10a-CCC-32

Re: Ex. E/T1/S2/p. 13

For each year 2022-2027 for each of the residential programs please provide the projected number of participants and the average incentive payments forecast per customer.

10a- CCC-33

Re: Ex. E/T1/S2/p. 13

Will participants in the Whole Home offering also be eligible for the Smart Home offering? Will participants in the Single Measure program also be eligible for the Smart Home Offering?

10a-CCC-34

Re: Ex. E/T1/S2/p. 13

As part of the Whole Home offering participants receive \$550 for completing the pre and post energy audits. What is the total cost of the audit?

10a-CCC-35

As part of the Single Measure offering no energy audit is required. How will EGI ensure that the measure was actually installed? What type of arrangements will EGI have with participating contractors?

10a-CCC-36

Re: Ex. E/T1/S2/p. 2 and 22

The evidence states that EGI is exploring efforts to support moderate income customers in coordination with the IESO by way of providing increased support with some residential programming. This is part of the Smart Home offering. Is EGI paying for the full cost of this offering or will the costs be shared with the IESO? How will the attribution of savings be dealt with?

10a-CCC-37

Re: Ex. E/T1/S2

Did EGI consider implementing any other residential programs? If so, what are those programs and why were they rejected. If not, why not?

10a-CCC-38

Re: Ex. E/T1/S2

Please provide the cost-effective screening results for each of the residential offerings – Whole Home, Single Measure and Smart Home.

10a-CCC-39

Re: Ex. E/T1/S2

Please provide EGI's projected commodity cost forecast for the Plan Term (2022-2027) which was used in the development of the plan. What would be the impact on the residential program offerings if commodity costs were to increase at levels which exceed the current forecast?

10i. Low Carbon Transition Program

10i-CCC-40

Re: Ex. E/T3/S1/p. 3

Please provide the cost-effectiveness screening for the Residential Heat Pump Program Offering. Please explain why the OEB should approve a program offering at this time when the technology is currently not available in North America. Why should the OEB approve a program that will not be subject to impact evaluation and verification?

11. Research and Development Activities

11-CCC-41**Re: Ex. E/T4/S3/p. 2**

For the period 2015-2021 please a description and cost for all activities funded by the Research, Pilot and Collaboration and Innovation Funds. Please indicate how these initiatives benefited the ratepayers. Please provide a complete list of the activities and related costs planned for the 2022-2027 period. If the full amount of these funds is not utilized does this flow through the DSMVA?

16. Coordination with Conservation Programs and Greenhouse Gas Reduction Programs**16-CCC-42****Re: Ex. E/T1/S2/pp. 3, 8-9 and Ex. C/T1/S1/pp. 22-23**

In May 2021 the Federal Government through Natural Resources Canada launched the Canada Greener Home Grant Program. The \$2.6 billion program is proving grants of to \$5000 for 700,000 homeowners to assist in facilitating energy retrofits. In addition, homeowners will have access to EnerGuide evaluations (worth up to \$600).

In addition, the Federal Government announced an allocation of \$4.4 billion to the Canada Mortgage and Housing Corporation (CMHC) to help homeowners complete deep home retrofits through interest loans worth up to \$40,000.

The evidence states that EGI anticipates opportunities to coordinate with external parties in support of these efforts through coordinated approaches with in-market DSM offerings. EGI's residential program is focussed on energy retrofits. The overall budget for the plan term is over \$250 million.

- a. Please describe how EGI has been, or intends to, specifically coordinate with Natural Resources Canada and CMHC regarding its Whole Home Program;
- b. In light of the amount of money available from the federal government for retrofits did EGI consider reducing its proposed budget for the Whole Home Program. If not, why not?
- c. Has EGI entered into any partnership agreements with the federal government regarding its proposed residential programs? If not, why not? If so, please provide those agreements. Please explain how the attribution of natural gas savings will be determined with respect to those partnerships.