

**ONTARIO ENERGY BOARD**

**Enbridge 2022-2027 DSM Plan and DSM Framework**

---

**POLLUTION PROBE INTERROGATORIES  
to  
OEB Staff  
(Optimal Energy)**

---

**December 17, 2021**

**Submitted by: Michael Brophy  
Michael Brophy Consulting Inc.  
Michael.brophy@rogers.com  
Phone: 647-330-1217  
28 Macnaughton Road  
Toronto, Ontario M4G 3H4**

**Consultant for Pollution Probe**

Note: Format below is (ISSUE #)-(PARTY ACRONYM)-(Evidence Party)-(IR#)

5-PP-OEB Staff-1

- a) Would amortizing DSM costs make them more comparable to OEB treatment of traditional pipeline capital investments? If no, why not.
- b) Would amortizing DSM costs make them more aligned with proposed IRP alternative treatment from the recent gas IRP Decision in EB-2020-0091? If not, why not.
- c) If the OEB decides that amortizing DSM costs makes sense, would it be better to use a proxy average measure life for the portfolio like is done for pipelines (e.g. pipeline amortization is typically 40 years even though specific pipeline life may be longer or shorter)?
- d) Is there a benefit to using the same amortization period for DSM costs and pipeline capital costs to promote a level playing field, remove disincentives and promote more innovative energy solutions? Please explain.

5-PP-OEB Staff-2

Reference: There are two main ways to recover efficiency program costs:

- Under full contemporaneous cost recovery, efficiency program costs are fully recovered in rates each year.
  - Under amortization, program costs are treated more akin to capital costs, and financed over a fixed loan term.
- a) What option is the best if a proponent wanted to maximize DSM value for Ontario consumers and communities?
  - b) What option aligns best with delivering the increased DSM results proposed in the Ontario Environment Plan and the Ontario DSM Potential Study?
  - c) What option aligns best with the outcomes outlined in the OEB's 2021 Mandate letter (Reference: EB-2021-0002 Procedural Order No. 6, Schedule A)

5-PP-OEB Staff-3

Reference:

Recommendation 4: We recommend a process to allow updates, or midterm modifications, of the targets during the 2023-2027 term.

Midterm assessments and adjustments have typically not been made by the OEB for DSM portfolios, even though they have been part of the process for decades. Which best practice recommendations are available to better enable midterm adjustments under the DSM Framework?

5-PP-OEB Staff-4

Reference:

Recommendation 6: We recommend that no automatic updates to savings targets be made in response to information from the OEB's EM&V process such as net-to-gross ratios.

Please confirm that any EM&V or other adjustments to target and savings for a year should be done symmetrically when they are applied (regardless if they are applied either retroactively or prospectively).

5-PP-OEB Staff-5

If adjustments to targets and actuals are made symmetrically on a prospective basis, why is the TRC Plus test not an objective metric of performance?

8-PP-OEB Staff-6

- a) When targets are significantly exceeded in early years, what incentive is there under a multi-year performance incentive to maintain high performance in the final years of the plan?
- b) What is best practice to mitigate this issue?

8-PP-OEB Staff-7

What is the best practices to incent an efficient DSM portfolio delivery (i.e. high results while managing fixed costs)?

8-PP-OEB Staff-8

For the jurisdictions that do not have a utility incentive, what tools do they put in place to ensure utility performance and/or reward performance excellence?

10-PP-OEB Staff-9

For Resource Acquisition programs, how does the incentive (variable) costs to fixed cost ratio for the proposed Enbridge portfolio compare to best practice DSM portfolios? What improvements would Optimal Energy recommend?

16-PP-OEB Staff-10

There has been a policy mandate in Ontario to promote gas DSM program development and delivery in partnership for well over a decade. Yet, it has failed to increase the level of DSM program co-development and partnerships. What best practice approaches are available to include in the DSM Framework or OEB decision to ensure that all applicable programs are designed and deliver in partnership with relevant stakeholders such as IESO?

16-PP-OEB Staff-11

Reference: Recommendation 22

Consider adding RCx/SEM/Energy Manager programs.

Other delivery agents such as IESO already support energy manager programs and supporting infrastructure. Please confirm that it is more cost-effective to co-design and partner with partners like IESO on these types of programs than to create additional stand-alone programs.