

December 17, 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 2022-27 DSM – GEC IRs on Intervenor Evidence

Please find attached GEC's interrogatories pertaining to the evidence of Optimal Energy.

Sincerely,

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

Cc: All parties

7.GEC.STAFF.1

1. Regarding Table E1 on p. ii of Staff.1:
 - a. How many years of DSM programs were analyzed? Since non-amortized costs (red) extend out 40 years, that would seem to imply that the analysis looks at 40 years of DSM. Is that the case?
 - b. Over how many years was a given year of DSM expenditure amortized?
 - c. Is the 10% discount rate a real rate (i.e., with inflation removed) or nominal rate (i.e., including inflation)?
 - d. What perspective is the 10% discount rate intended to reflect? The perspective of any individual ratepayer?
 - e. Ontario has historically used a 4% real discount rate – equal to a 6.08% nominal discount rate – for cost-effectiveness analyses of DSM programs. Please replicate this graph with a 6.08% nominal discount rate.
 - f. In their testimony for GEC and ED, Mr. Neme and Ms. Sherwood suggest a societal real discount rate of 0.5% be used. That equates to a nominal discount rate of 1.0251%. Please replicate the graph with that nominal rate.
 - g. Would Optimal agree that regulators and other policy-makers who consider the economic merits of DSM from a more societal view (e.g., including consideration of climate impacts) could also reasonably consider the cumulative effects of rate impacts from a societal view (rather than from a typical individual customer view)? If not, why not?

7.GEC.STAFF.2

2. Regarding Table 1 on p. 9 of Staff.1:
 - a. How is the 30% tax rate used in the calculations used to create the graph?
 - b. If the loan term was 15 years instead of 10, which would be more in line with the average measure life of Enbridge's proposed DSM savings, what would be the first year in which amortized costs exceed unamortized costs?
 - c. If DSM spending increased at 10% per year for ten years and grew at the rate of inflation in years 11 and beyond, what would be the first year in which amortized costs exceed unamortized costs?
 - d. Please provide the Excel file with the calculations underpinning the creation of this graph.

9.GEC.STAFF.3

3. On p. 40 of Staff.1, Optimal states that Enbridge's proposed Savings by Design and Low Carbon Transition program performance metrics be modified to "savings metrics" (rather than participation and trade ally training metrics) "to allow the OEB and stakeholders assurance that these programs are contributing to the overall objectives of DSM."
 - a. Is Optimal suggesting that there still be separate performance metrics for these programs, but that they just be modified to be savings metrics?
 - b. If the answer to part "a" is "yes", why does Optimal believe it would be appropriate to retain any separate performance metrics for these programs? Why not simply let the results of these programs be captured in the primary net benefits metric Optimal has proposed?

8.GEC.STAFF.4

4. On p. 42 of Staff.1, Optimal proposes that the maximum incentive for a given DSM plan period be tied to economic net benefits.
 - a. Would Optimal agree that this would create a disincentive to develop plans that include substantial investment in efficiency measures and programs that, though cost-effective, are much less cost-effective than average (e.g., measures/programs with a benefit-cost ratio of, say, 1.3 to 1, compared to a portfolio average of 3 to 1)? If not, why not? Wouldn't the increase in total incentive be too small to encourage the company to propose significant investment in such programs?
 - b. Would Optimal agree that this approach could also discourage investment in programs that target low income customers and others market segments that are harder to reach? If not, why not?
 - c. If the answer to either "a" or "b" is yes, is there an alternative structure or modification to the structure proposed by Optimal for establishing the maximum incentive that could mitigate against these potential concerns?

10.a.GEC.STAFF.5

5. On p. 3 of Staff.2, Optimal states that "if Enbridge Gas brought residential costs to halfway between where they currently are and what is achieved by Illinois...savings would increase by 0.23% of load."
 - a. Would Optimal agree that the average cost of savings could potentially be reduced one of two ways: (1) adding spending addressing lower cost savings; and/or (2) shifting spending from higher cost savings such as whole building retrofits to lower cost programs?
 - b. Which of the two approaches in "a" is Optimal recommending?

10.j.GEC.STAFF.6

6. On pp. 34-35 of Staff.2, Optimal critiques Enbridge's proposed Low Carbon Transition program. Among other things, Optimal states raises questions about why gas heat pumps should be promoted, states that "a best practices low-carbon program would be fuel-agnostic", and suggests that there is a lack of integration between Enbridge's gas efficiency programs and IESO electric programs. Optimal also provides two examples – in Massachusetts and Oregon – for how electric and gas efficiency programs can be integrated. However, unlike for other parts of Enbridge's program portfolio, Optimal does not make specific recommendations for changes to the Low Carbon Transition program.
 - a. Would Optimal recommend that Enbridge not promote gas heat pumps – or at least not through any special market transformation type of program? If not, why not?
 - b. Would Optimal recommend that Enbridge not offer a stand-alone, gas ratepayer funded low carbon transition program because of its inherent lack of fuel neutrality? If not, why not?
 - c. Would Optimal recommend that Enbridge co-fund a fuel-neutral low carbon transition program run by an independent third party empowered to determine the most appropriate mix of low carbon technologies? If not, why not?
 - d. What other specific recommendations does Optimal have for this program?