EB-2021-0002

ENBRIDGE GAS INC.

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

INTERROGATORIES OF ENERGY PROBE

A. Questions to Board Staff/Optimal Energy Inc.

7 EP-1-OEB Staff.1

Ref: Exhibit L.OEB Staff.1, page ii Table 5

Preamble: Amortization Consideration Option 1"We therefore recommend that the interest rate be set at the utility cost for borrowing money, or the short-term carrying costof debt".

a) Has Optimal estimated the annual DSM Portfolio Cost, using 2022 budget base for the costs, using
   i) EGI Weighted Average Cost of Debt (WACC) and
   ii) The OEB approved cost of short term debt?

   If so please provide the calculations preferably in Excel Format. If not please perform this calculation (Excel)
b) In terms of precedents, please list those jurisdictions where the regulator uses WACC and those that use ST debt rates,
c) In particular, please indicate what other Canadian regulators using, such, as the Energir and Gazifere DSM Programs in Quebec.

7 EP-1-OEB Staff.2

Ref: Exhibit L.OEB Staff.1, page iii)

Preamble: Amortization Consideration 2: Loan term – the loan term should be set in a straightforward manner and ideally align program costs with program benefits. We suggest using the same loan term for all programs and sectors and basing it on a fixed number of years, approximately representing the average measure life of a typical efficiency portfolio.

a) What loan terms has Optimal examined?
b) Is a term longer than 5 years reasonable, given potential for
   i) Discontinuation of DSM programs
   ii) Inter-generational inequity

   Please discuss in detail

8 EP-1-OEB Staff.3

Ref: Exhibit L.OEB Staff.1, page iv

Preamble: Target Adjustment Mechanism: Recommendation 3: We recommend considering that instead of the proposed Target Adjustment Mechanism (TAM), structure the performance incentive as a true 5-year target withannual milestones and a true-up process in the final year. If this approach is not taken, the TAM should still be eliminated, in favor of setting fixed annual targets for each year of the plan.

Is Optimal's recommendation because the TAM is complex, or is replacement for other reasons. Please discuss.

8 EP-1-OEB Staff.4

Ref: Exhibit L.OEB Staff.1, page iii)
Preamble: Recommendation 7: We recommend simplifying the performance incentive structure using a main metric based on net benefits for 70% of the incentive amount. Specifically, we recommend adapting Program Administrator Cost (PAC) net benefits, plus carbon, to avoid the potentially contentious challenges of estimating participant costs and benefits as can be the case when using Total Resource Cost (TRC)-Plus net benefits[3].

a) Does Optimal agree that PAC costs and benefits are difficult to track and calculate?
b) If so, why not use a different test either instead or as well as PAC, for example the Rate Impact Test. If not, please justify this recommendation based on precedents in other jurisdictions.
c) Please discuss the above in detail

8 EP-1-OEB Staff.5

Ref: Exhibit L.OEB Staff.1, page vi)
Preamble: Threshold and Cap: Recommendation 13: Enbridge Gas proposes to start earning the performance incentives at 50% of the goal, an extremely low threshold compared to other utilities. We recommend raisingthis, consistent with past OEB approvals, so Enbridge Gas starts earning only at 75% of a target. This approach provides a much stronger incentive to continue to increase savings once the threshold is crossed and provides greater protection to ratepayers.

Does Optimal suggest that with the proposed Threshold and Cap. the Scale of rewards should remain as at present or be increased; i.e. more reward for 110% achievement etc.? Please discuss and provide examples.

B. Energy Probe Interrogatories to GEC/ED/Energy Futures Group

10-EP-1-GEC/ED.1
Ref: Ex. L.GEC/ED.1 page 5
Preamble: Enbridge's proposed plan will actually produce lower average annual savings than the Company achieved between 2017 and 2019.

a) Please provide the Comparison that this statement is based upon.
b) Does EFG agree that in most Sectors, particularly the residential sector, the ratio of savings (m3/$) are declining? Discuss the reasons for this.

c) Does EFG suggest the answer is to ramp up DSM budgets? If so what additional programs/measures for the residential sector would EFG propose e.g. exterior insulation wrap for older homes? Estimate the annual and 5-year cost for each proposed program/measure addition.

10-EP-1-GEC/ED.2

Ref: Ex. L.GEC/ED.1 page 5 Figure 1 and Figure 2
Preamble: As Figure 1 shows, that is lower than the average savings captured from 2017-2019 of 112.7 million m^3.[1] Moreover, none of the projected annual savings from 2023 through 2027 is expected to exceed the savings achieved in 2019.

a) Please provide a version of Figures 1 and 2 for the Residential sector.
b) Please provide a chart that shows the ratio of historic DSM budget spend, to savings for the Residential Sector.
c) Please provide a projection based on the 2022-2027 EGI DSM Plan.
d) Does this indicate to EFG that the "low hanging fruit" in the residential sector has been "picked"? Please discuss, including potential solutions with associated costs and benefits.

10-EP-1-GEC/ED.3

Reference: R-4169-2021 Energir/HQD Bi-Energie Program Quebec
Preamble: The proposed Energir/HQD Bi-Energie Program is a gas/electric fuel Substitution Program in Quebec.

a) Does EFG know of similar programs in other jurisdictions? If so provide a list and references.
b) Is gas/electric energy substitution an option for Ontario? Please discuss, including potential costs and benefits.