

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B, as amended;

AND IN THE MATTER OF an application by Enbridge Gas Inc. pursuant to Section 36(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, for an order or orders approving its Demand Side Management Plan for 2022-2027.

INTERROGATORIES OF THE

SCHOOL ENERGY COALITION

TO OPTIMAL ENERGY

[The allocation of interrogatories to specific issues is not intended to limit the meaning of the questions or their scope, and such allocation should not be used to interpret the intent of the questions. Most interrogatories relate to multiple issues.]

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?

3.SEC.1.OEBStaff.1

[Ex. L.OEBStaff.1, p. iv, 37] Please comment on whether a multi-year target and budget approach as set out in Recommendation 1 could be coupled with a continuous rolling verification system rather than annual verifications as described in Recommendation 2.

5. Is Enbridge Gas's proposed DSM policy framework, including guiding principles and guidance related to budgets, targets, programs, evaluation, and accounting treatment appropriate?

5.SEC.2.OEBStaff

[Ex. L.OEBStaff.1, p. 1, 20, 35] Please comment on whether the conflicting goals of Enbridge and other IOUs – increasing load and rate base vs. reducing load through energy efficiency – are a barrier to success in Enbridge DSM programs. Please provide the expert's view on whether

- a) assigning responsibility for delivery of DSM programs to an independent entity that has no incentive to increase load or rate base, or
- b) leaving DSM program delivery with Enbridge but creating an independent supervisory body to whom the Enbridge DSM group would report,

could improve the effectiveness of DSM programs in Ontario. Please provide examples of this type of structure with which the expert has experience in other jurisdictions. Please comment on the extent, if any, to which such a structure necessarily must include both gas and electric conservation, as in some U.S. structures.

5.SEC.3.OEBStaff

[Ex. L.OEBStaff.1, p. 18-20] Other than anecdotal evidence from utility managers agreeing that they like shareholder incentives, what empirical evidence can the experts provide as to the level of shareholder incentives necessary to overcome the natural utility incentive to increase load and build rate base?

5.SEC.4.OEBStaff

[Ex. L.OEBStaff.1, p. 19, 25] Please provide the expert's view on whether it is appropriate to make shareholder incentives conditional on actual measured reductions in natural gas use in Ontario, and if so

- a) Whether any such requirement should apply by rate class or grouping of customers,
- b) Whether any such requirement should be weather normalized, or measured by average use per customer, or normalized for variations in Gross Domestic Product, or adjusted for any other reason.

Without limiting the generality of the above, please provide the expert's view on making the shareholder incentive otherwise allocable to any rate class conditional on the average gas use per customer in that rate class declining on a weather normalized basis (as a further threshold in addition to the proposed 75% of scorecard objectives).

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.

6.SEC.5.OEBStaff

[Ex. L.OEBStaff.2, p. 1] Please advise the extent, if any, that the expert, in comparing Enbridge costs per cubic meter and targets to other jurisdictions, took into account the long history of Enbridge DSM programs, and the level of existing efficiency already in place in Ontario vs. the other jurisdictions named.

6.SEC.6.OEBStaff

[Ex. L.OEBStaff.1, p. 1, 4] Please confirm that, unless efficiency investments earn a rate of return equivalent to supply side investments, or are equally compensated in profits through some other mechanism, it will always be in the economic interests of the utility to prefer the latter. Please comment on the extent, if any, to which the "existential threat" to gas utilities due to the move to a lower carbon future either increases this effect (i.e. more incentive to increase load now) or decreases this effect (i.e. more incentive to diversify profits away from gas rate base).

6.SEC.7.OEBStaff

[Ex. L.OEBStaff.1, p. 5] Please confirm that, in the current interest rate environment, most homeowners can borrow long term for home renovations such as energy efficiency at lower interest rates than the utility's weighted average cost of capital (about 7-8%).

6.SEC.8.OEBStaff

[Ex. L.OEBStaff.1, p. 6,15] Please confirm that the primary difference between Full Cost Recovery and Amortized Cost Recovery is that in the first case, the customers pay DSM costs immediately as they arise, whereas in the second case the customers effectively borrow the money from the utility's shareholders to pay the costs, and pay interest on that borrowing until it is paid off.

6.SEC.9.OEBStaff

[Ex. L.OEBStaff.1, p. 8] Please confirm that the discrete loans vs. cumulative loans approaches have the same net effect if incentives are not integrated into their design.

6.SEC.10.OEBStaff

[Ex. L.OEBStaff.1, p. 10] Please provide evidence that longer mortgage terms are generally the result of implicit discount rates applied by individuals, rather than the result of affordability concerns in the higher monthly payments from shorter terms. Please confirm that, in general, customers would prefer amortization of DSM budgets only if the result is a reduction in their current gas bills.

6.SEC.11.OEBStaff

[Ex. L.OEBStaff.1, p. 14] For each of the comparators discussed, please provide the most recent DSM spending per customer and compare to Enbridge DSM spending per customer.

8. Are Enbridge Gas' proposed shareholder incentives appropriate?

8.SEC.12.OEBStaff

[Ex. L.OEBStaff.1, p. 39] Please provide a more detailed explanation of the advantages and disadvantages of using the TRC+ or Societal Cost Test to measure benefits, vs. the PAC (plus carbon) test.

8.SEC.13.OEBStaff

[Ex. L.OEBStaff.1, p. 42] Please confirm that an intended effect of setting the maximum incentive based on target results rather than actual is to incent the utility to aim high in their planning.