

SMALL BUSINESS UTILITY ALLIANCE (SBUA)

Answers to Interrogatories from
Enbridge Gas Inc.

9-EGI-1-SBUA.1

Reference:

Exhibit L.SBUA.1, page 4

Preamble:

"While we do not provide a strict definition for what comprises a "small business", we generally accept that Enbridge's definition for small commercial customers, those customers using less than 100,000 m3 of natural gas per year generally covers this group of customers."

Question:

a) Please provide any examples of utility scorecards in other jurisdictions that specifically include a differentiated metric aligned with small business customers so as to clearly align utility attention with performance incentives that reflect an objective of focusing DSM efforts on this market segment.

b) What evidence does SBUA rely upon which supports the conclusion that the take up of DSM offerings to small businesses will improve materially based upon the recommendation of SBUA.

Response:

a) The following are some examples of some jurisdictions including small business metrics tied to performance incentives.

Connecticut

DSM Administrators, including gas utilities, are held to a number of small business-related metrics for their performance incentive. These include meeting Small Business program savings and the direction to:

"Develop and implement comprehensive offerings. Offerings will consist of a tailored combination of measure and service bundles, energy management, and financing where appropriate (especially for high-cost, long payback measures). Calculated as signed projects that included comprehensive offerings at time of offering/all signed projects (excluding rebates). Comprehensive shall be defined as including more than one end use with SEM [strategic energy management] counting as an end use. Based on 2020 Actual Results plus 5%."¹

¹ <https://portal.ct.gov/-/media/DEEP/energy/ConserLoadMgmt/FINAL-2021-Plan-Update-Filed-10302020.pdf>. Pg.

Vermont

Vermont Gas (VGS) has a performance indicator for 30% of its commercial measure installations to be for its small commercial rate class (G1 or G2) that use 600 Mcf (16,990 m3) per year or less.²

Massachusetts

During the 2019 to 2021 program period the Program Administrators (PA) were directed to conduct tailored evaluations that addressed participation levels and potential unaddressed barriers for small business.³ This effort has led to the proposal of an “equity component” that contributes to \$15.0 million of the \$38.2 million available for natural gas performance incentives.⁴ While the exact details of the equity component are not yet defined, the PAs have already committed to performing 2,100 small business weatherization projects over the 3 year plan term.⁵

Michigan

SEMCO Gas has a performance indicator tied to the “Development and implementation of a strategic plan for C&I customers”⁶ Presumably this would include small business customers.

b) As described in Section IV of the GEEG’s evidence, these recommendations are based on a comparison of Enbridge’s proposed plan offering to leading administrators in the United States and Canada, along with industry best practices as summarized in the American Council for an Energy Efficiency Economy Report titled “Big Opportunities for Small Business: Successful Practices of Utility Small Commercial Energy Efficiency Programs”.

Provided by: Francis Wyatt, Theodore Love (GEEG)

² <https://epuc.vermont.gov/?q=downloadfile/236775/27316>

³ <https://ma-eeac.org/wp-content/uploads/Term-Sheet-10-19-18-Final.pdf>

⁴ <https://ma-eeac.org/wp-content/uploads/Exhibit-1-Three-Year-Plan-2022-2024-11-1-21-w-App-1.pdf>, pg. 218

⁵ Ibid, pg. 606

⁶ <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t0000000wiWzAAI>, pg. 8

Issue 10c

10c-EGI-2-SBUA.1

Reference:

Exhibit L.SBUA.1, page 3

Preamble:

For example, giving 75% of the target incentive amount immediately upon reaching 75% of target.

Question:

Based on information requested by the OEB from SBUA regarding its constituents, members include retail stores, beauty salons, yoga studios, coffee shops and the like. With consideration for DSM programming, please detail which of SBUA's 50 members own (as opposed to rent/lease) their business facilities and how many/which are therefore the decision makers regarding investment in energy efficient equipment in their business locations.

Response:

Enbridge should ideally design a program that addresses all ownership or metering scenarios. There might be some situations where the business leases its premises but is still responsible for equipment. Or renters may encourage the owner to make the premise more energy efficient in exchange for higher rent. Owners are not necessarily the only decision makers.

Renters pose a classic barrier to efficiency investments referred to as a split incentive. One means of overcoming this barrier is to remove the cost difference for choosing the higher efficiency option by giving an incentive that makes the purchaser indifferent to the choice. That's one of the reasons we are asking for the incentives to be increased for small businesses — whether they own or lease.

In any event, our understanding is that SBUA does not collect or track information from its members as to whether they rent or own the building from which they operate, and that in any event SBUA advocates for interests of small businesses writ large, regardless of whether they rent or own.

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10c-EGI-3-SBUA.1

Reference:

Exhibit L.SBUA.1, page 10, Table 2

Preamble:

“A very high percentage of small businesses lease space, and many leases are short term. Consequently, while tenants are responsible for paying utility costs, they are not generally in control of the building energy systems (HVAC, building envelope, etc.).” The table further indicates that small commercial customers have “Relatively Small Energy Bills – Thus, a relatively small dollar saving potential”.

Question:

a) For microbusinesses such as yoga studios that are primarily leased facilities, where the business pays the energy bills however has little to no control over capital equipment, would SBUA agree that natural gas savings opportunities would be limited to low cost and savings measures such as pipe wrap, faucet aerators and adaptive thermostats? Note: lighting upgrades do not impact natural gas consumption and would therefore not be an eligible measure for DSM programming.

Response:

Whether the business owns or leases premises does not determine whether there are cost-effective savings opportunities or whether measures can only be limited to low cost and savings measures. It does make it more difficult to convince the decision maker to make high cost investments in efficiency if the landlord will not benefit directly from investment. That’s why it’s important to provide higher incentives, so as to overcome this reluctance. Even in those instances where the landlord is not paying the monthly natural gas bill, the landlord will still benefit by having a more valuable building that might command a higher rent due to its lower energy costs.

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