SMALL BUSINESS UTILITY ALLIANCE (SBUA)

Answers to Interrogatories from
Ontario Energy Board Staff

10c.OEB Staff.1.SBUA.1

Reference: Exhibit L.SBUA.1, p.4
Exhibit L.SBUA.1, p.18
The report recommends that a sub-group of commercial customers called microbusinesses, those that use less than approximately 25,000 m3 per year, be highlighted for program delivery. The report also notes that it appears commercial customers will not be able to access the residential program.

a) Please discuss if your analysis and experience in other jurisdictions has found that the smallest of business customers can participate in the residential efficiency programs, or solely business programs.

Response:

In our experience there are a few factors that can contribute to what program small and micro businesses have access to.

First, we believe it is important to differentiate between a "residential program" and "residential equipment". A "residential program" is a program that is designed to serve the residential housing market and will have marketing, program delivery, incentives, and EM&V that are designed to serve that market. "Residential equipment', on the other hand, is generally determined by appliance standards and usually, for gas measures, tied to the input size of the equipment.

Often, small, and micro businesses may not need to be served by a residential program, but they do need to access residential sized equipment. Enbridge's proposed design makes it so the small and micro business will not have access to incentives for residential-sized equipment.[1]

Ultimately, the customer does not care whether a program is designated "residential" or not. They just want to participate. Some "residential" programs do this automatically. For example, most efficient lighting programs offer midstream incentives and do not track account number for participants. The program administrator may do some surveys on the back end to assign savings to different segments, but the customer's experience, whether they are a doctor's office or a homemaker, are the same. In some cases, the customer might not even be part of the program administrator's rate base.

[1] Enbridge response to 10.EGI.SBUA.1: "No. Residential Program Offerings are open to residential customers, subject to individual offering eligibility as outlined in Exhibit E, Tab 1, Schedule 2."

Other programs require a customer to verify that they are eligible to receive an incentive by providing their account number or other information. Again, the customer does not really care if the program is designated “residential” or not, they just want to participate. There a few ways a program administrator can handle this. They can:

1) Require that a certain measure or intervention is only eligible for customers with a residential rate class or in a residential dwelling and deny the application from a small or micro business.
2) Still require either a residential account or dwelling but refer the small or microbusiness to the separate application for the “business” program that has the measure they are looking for.
3) Have the same application for the measure, regardless of customer type, and assign savings on the back-end to the appropriate program’s budget and savings.

The best case for the customer is option 3. Whether option three requires a separate “residential” and “business” program from the program administrator’s (or regulator’s) perspective is less important and there are as many ways to do this as there are program administrators.

Provided by: Francis Wyatt, Theodore Love (GEEG)

10c.OEB Staff.2.SBUA.1

Reference: Exhibit L.SBUA.1, p.11
As part of the overview of best practices, offering financing at zero interest and including the ability for on-bill repayment to encourage comprehensive retrofits and deeper savings was discussed.
a) Please provide references and discuss the program parameters of those jurisdictions that offer this feature in its commercial program.

Response:

While we have not performed a detailed study on jurisdictions that offer zero interest financing for commercial programs, we are familiar with two important examples:

California
Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and Southern California Gas (SoCalGas) offer an on-bill financing option for non-residential customers. These offerings usually require the customer to participate in an incentive program and then let them finance the balance of the project through their utility bill at zero interest. Loan terms are generally calculated to offset the bill savings from the energy efficiency project and be bill neutral. The loans are sourced from a revolving loan fund.

New Jersey
Public Service Enterprise Group (PSEG), the largest electric and gas utility in New Jersey, offers a zero percent financing option for participants in several of its non-residential programs, including the Direct Install and Engineered Solutions programs. The loans are for up to the amount of the project not covered by an incentive with a 3 to 5 year term.

Provided by: Francis Wyatt, Theodore Love (GEEG)

10c.OEB Staff.3.SBUA.1

Reference: Exhibit L.SBUA.1, p.15
When reviewing other small business DSM strategies, FortisBC was highlighted. The report notes that its savings are projected to increase from 6.0 m3 in 2018 to 21.6 m3 in 2022. The report notes that part of FortisBC's program includes identifying inefficiencies at participant facilities and conducting an on-site walkthrough.

a) Please discuss if your research found any causes for the significant increase in savings projections in 2022 compared to 2018 – was this due to increased funding, a change in approach, the type of customers targeted, certain measures being highlighted?

b) Please discuss if the FortisBC program relies on participants self-enrolling or if FortisBC takes a more proactive approach and reaches out directly to customers with higher savings potential.

Response:

a) Based on an assessment of FortisBC's annual DSM reports and 2021-2022 DSM Plan., FortisBC has made major overhauls to its small business strategy from 2018 to its projected activity in 2022. In 2018, the main program focused on small business, the Commercial Energy Assessment program, had fallen well short of its goals for the 2014-2018 DSM program period. This initiated an effort to redesign the program specifically with small and medium business customers in mind for the 2019-2022 period. This redesign included an updated assessment process tied to a suite of redesigned prescriptive rebates. In 2019, FortisBC had not yet relaunched the redesigned Commercial Assessment program yet, but did rework their commercial offerings into the following three pathways:

- Prescriptive
- Performance – New Buildings
- Performance – Existing buildings

In 2020, FortisBC added new measures to its prescriptive commercial offerings, including adaptive thermostats, domestic hot water recirculation controls and hydronic additives. They also relaunched their updated Commercial Energy Assessment program under the performance – Existing Buildings pathway.

It is also worth noting that FortisBC runs a program called the Rental Apartment Efficiency Program that specifically addresses non-owner occupied multifamily properties and has steadily increased its participation in this program over the same time period.

b) We are not familiar enough with FortisBC's small business sales funnel to provide any meaningful insight into the split between self-signups or customers who are targeted for higher savings potential.

Provided by: Francis Wyatt, Theodore Love (GEEG)

10c.OEB Staff.4.SBUA.1

Reference: Exhibit L.SBUA, p.17 & 21

When discussing optimal program design, you note that the prescriptive measure list is too restrictive and does not include many measures that would help a large percentage of small businesses, such as adaptive thermostats. A list of recommended measures is included on p. 21.

a) Please discuss the optimal incentive level that should be provided for all prescriptive measures, including those currently proposed to be included in Enbridge Gas's program and the additional measures listed on p. 21. Please reference incentive levels from other leading jurisdictions where available.

Response:

Before offering incentives for any additional prescriptive measures, Enbridge should first confirm that the measures are cost effective with Enbridge's avoided costs and Ontario's heat loads or building characteristics. If a measure is cost effective the incentive should be set to cover the majority of the incremental cost above baseline equipment, so as to decrease the first cost barrier.

Provided by: Francis Wyatt, Theodore Love (GEEG)