

### Undertaking Response JT 3.7

#### 2022-2027 Demand Side Management Framework and Plan Application

Enbridge Gas Inc.  
EB-2021-0002

March 17, 2022

Undertaking No. JT3.7: On a best-efforts basis, to provide incremental scorecard metrics, programs, targets or budgets that the OEB could consider to add for the 2023-2027 DSM decision; if the information cannot be provided, to state as such; to identify the kind of budget increase that would be necessary, and ultimately the number of participants you would anticipate will be generated additional, incremental as a result of that budget.

#### **Response:**

##### **I INTRODUCTION**

The list of recommendation presented in Section XI of our evidence have been combined into groups and associated targets, metrics, budget, participation, and saving impacts estimated on a best effort basis. The following two recommendations were general in nature, but provide guiding principles that can be applied to specific program improvement recommendations discussed later:

1. Offer a wider array of measures and provide as streamlined a way as possible for small business customers to access them.
2. Designing efficiency programs that focus on small businesses will also help indigenous businesses.

Given time and budget constraints it was not feasible for Green Energy Economics Group to develop a full cost-effectiveness model for all recommended measures and as well as for individual Enbridge programs. Enbridge is in a better position to develop a bottom up approach at the measure level.

See the attached workbook for the sources and calculations used to derive the gas savings and budget numbers.

## II PRESCRIPTIVE PROGRAM

**GEEG Recommendation:** Offer all typically cost-effective measures as prescriptive measures, with incentives that cover most of the incremental measure costs, including residential type equipment.

To estimate the increases in savings and budgets, we started with EGI's proposed Prescriptive Downstream and Prescriptive Midstream program gas savings and incentives.<sup>1</sup> We then assumed that incentives would be increased to cover 60% of the incremental costs on average for both prescriptive programs. EGI's proposed programs would offer 34% and 11% average incentives for the Prescriptive Downstream and Prescriptive Midstream programs, respectively. Increasing the incentives would increase participation and therefore gas savings. We used payback acceptance curves to estimate the participation rates with the lower and higher incentives and increased the participation accordingly.<sup>2</sup> These revisions provided higher incentive dollars and higher gas savings from simply increasing the incentives for the measures proposed by EGI in its prescriptive programs. Based on the EGI commercial scorecard target savings we assumed that 37% of the prescriptive program savings would be for small commercial customers (<100,000 m3 per year).

To account for the additional savings from including additional measures as well as increasing the incentives, we assumed that the commercial prescriptive programs would achieve 104% more savings than what EGI proposed. This was based on a comparison of the EGD Rate 6 annual savings as percent of sales (0.54%)<sup>3</sup> compared to the 2019 Potential Study Medium Achievable Scenario of 1.1% for the commercial sector.<sup>4</sup> We then applied the incentive dollars per m3 saved based on providing an average 60% incentive as percent of incremental cost to the higher total gas savings. We again assumed that 37% of the prescriptive program savings would come from small commercial customers.

**Target:** 1,297,786 m3 net annual gas savings for small commercial customers in the Prescriptive Downstream Program. 1,517,482 m3 net annual gas savings for small commercial customers in the Prescriptive Midstream Program.

**Metric:** Achieve the target savings.

**Participation Impact:** Without doing a bottom-up analysis, the best estimate is that the increase in participation is proportional to the increase in m3 savings.

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<sup>1</sup> Source of savings: I.5.EGI.GEC.6\_Attachment 1. Source of incentives: I.6.EGI.STAFF.13\_Attachment 1.

<sup>2</sup> Source: 2019 Integrated Ontario Electricity and Natural Gas Achievable Potential Study. Navigant. December 10, 2019, page F-3.

<sup>3</sup> EGI projected savings in 2023 for EGD Rate 6 from EB-2021-0002, Exhibit I.5.EGI.GEC.5, Attachment 1, filed 2021-11-15.

<sup>4</sup> Achievable savings for the commercial sector from 2019 Integrated Ontario Electricity and Natural Gas Achievable Potential Study, Navigant, 2019-12-10, p. H-4. The High Achievable Scenario projected 1.6% annual savings as percent of sales for the commercial sector.

**Savings Impact:** 663,000 m3 additional net annual gas savings for the Prescriptive Downstream Program.  
775,000 m3 additional net annual gas savings for the Prescriptive Midstream Program.

**Budget Impact:** \$2,038,000 Increase in budget for the Prescriptive Downstream Program.  
\$1,900,000 increase in budget for the Prescriptive Midstream Program.

### III DIRECT INSTALL PROGRAM

#### III.A Turnkey Pathway

**GEEG recommendation:** Follow Massachusetts' lead by offering a "turnkey" pathway for small business customers to seamlessly participate in a direct install program followed up by a custom measure package. Include additional direct install measures such as adaptive thermostats, boiler tune-ups, and water heating measures.

To estimate the increases in savings and budgets, we started with EGI's proposed Direct Install Program savings from its limited set of measures. We assumed that a Massachusetts' type turnkey program could provide 104% more savings. This was based on a comparison of the EGD Rate 6 annual savings as percent of sales (0.54%)<sup>5</sup> compared to the 2019 Potential Study Medium Achievable Scenario of 1.1% for the commercial sector.<sup>6</sup>

We then based the cost to achieve those savings on the Massachusetts' Direct Install Program results from 2018, with adjustments for US to Canadian dollars, inflation to 2023, and providing incentives that cover 77% of the installed measure costs rather than Massachusetts' 100% of installed cost. The 77% is based on EGI's proposed incentives and incremental equipment costs for the Direct Install Program.<sup>7</sup>

**Target:** 7,242,554 m3 net annual gas savings from the Direct Install Program in 2023.

**Metric:** Achieve the target savings.

**Participation Impact:** Without doing a bottom-up analysis, the best estimate is that the increase in participation is proportional to the increase in m3 savings.

**Savings Impact:** 3,700,000 m3 additional net annual gas savings

**Budget Impact:** \$13,310,000 Increase in budget

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<sup>5</sup> EGI projected savings in 2023 for EGD Rate 6 from EB-2021-0002, Exhibit I.5.EGI.GEC.5, Attachment 1, filed 2021-11-15.

<sup>6</sup> Achievable savings for the commercial sector from 2019 Integrated Ontario Electricity and Natural Gas Achievable Potential Study, Navigant, 2019-12-10, p. H-4.

<sup>7</sup> EB-2021-0002, Exhibit I.5.EGI.GEC.7, Attachment 1, filed 2021-11-15.

### **III.B Remove Participation Restriction**

**GEEG Recommendation:** Allow small businesses to participate in DSM programs more than once. Do not limit participation in DSM programs if previously participated in a DSM program.

**Target:** N/A

**Metric:** Remove the participation restriction.

**Participation Impact:** Expected small increase.

**Savings Impact:** Difficult to estimate separately but is subsumed in the estimated increases in savings for the Prescriptive and Direct Install Programs.

**Budget Impact:** Difficult to estimate separately but is subsumed in the estimated increases in budgets for the Prescriptive and Direct Install Programs.

### **IV CUSTOM PROGRAM**

**GEEG Recommendation:** Provide incentives for all the identified efficiency measures that cover most of the incremental measure costs.

The increase in savings and budgets is accounted for in the estimates for the enhanced Direct Install Program.

**Target:** N/A

**Metric:** N/A

**Participation Impact:** N/A

**Savings Impact:** N/A

**Budget Impact:** N/A

### **V LOW CARBON TRANSITION PROGRAM**

**GEEG Recommendation:** Promote a fuel-neutral approach in the Low Carbon Transition Program that includes electric technologies and maximizes carbon reductions.

**Target:** Provide costs, savings and carbon emissions information for gas and electric alternatives for customers contemplating new space and water heating equipment.

**Metric:** N/A

**Participation Impact:** N/A

**Savings Impact:** N/A

**Budget Impact:** Minimal

## VI COORDINATED ASSESSMENT

**GEEG Recommendation:** Coordinate with IESO CDM when performing energy assessments for commercial buildings to treat the building as a whole and identify natural gas and electric savings opportunities at the same time.

**Target:** Require Enbridge gas to coordinate energy assessments with IESO CDM.

**Metric:** Implementation date of coordination audit activities.

**Participation Impact:** We do not have enough information to provide an estimate of the participation impact, but coordination of audits should feasibly allow for Enbridge to have access to projects that may only have had electric savings, and could therefore increase entity participation counts for similar budget amounts.

**Savings Impact:** We do not have enough information to provide an estimate of the savings impact, but would likely have an overall positive effect on achieved savings if the cost per m3 is decreased.

**Budget Impact:** Neutral to negative. The cost to set up coordination should be offset by cost sharing for audits and lower customer acquisition costs.

## VII PERFORMANCE INCENTIVE

**GEEG Recommendation:** Reduce the potential dollar amount eligible for shareholder incentives and base the shareholder incentives on lifetime natural gas savings, rather than annual natural gas savings.

In subsequent response to interrogatory 8-ED-2-SBUA.1, we stated that a shareholder incentive should not exceed 8% of the efficiency portfolio budget.

**Target:** Available performance incentive capped at 8% of total investment

**Metric:** Lifetime gas savings in net m3

**Participation Impact:** N/A

**Savings Impact:** N/A

**Budget Impact:** The proposed maximum incentive is \$13,260,000 for 2023, which is 9.3% of the total maximum budget envelope of 142,260,000. A cap of 8% would be \$11,380,000, which is a reduction of \$1,879,000.

## **VIII REPORTING**

### **VIII.A Improve Annual Reporting**

**GEEG Recommendation:** Provide annual reporting on small business DSM spending, participation, and natural gas savings.

**Target:** N/A

**Metric:**

As part of any annual report include a table that provides the following details for commercial customers using less than 100,000 m3 of natural gas:

- First year and Lifetime Savings
- Number of participants
- Allocated spending

As part of any annual report include a table that provides the following details for commercial customers using less than 25,000 m3 of natural gas:

- First year and Lifetime Savings
- Number of participants
- Allocated spending

**Participation Impact:** N/A

**Savings Impact:** N/A

**Budget Impact:** Minimal incremental cost to develop. Report from tracking database.

### **VIII.B Small Business Notification**

**GEEG Recommendation:** Notify small business stakeholders in advance of commercial program changes.

**Target:** N/A

**Metric:** Require Enbridge to create a list of parties related to small business, such as SBUA, and provide information via email to these parties for any commercial program updates that may affect them.

**Participation Impact:** N/A

**Savings Impact:** N/A

**Budget Impact:** Minimal