

Evidence on Small Business in Enbridge Gas '23-'27 DSM Plan (EB-2021-0002)

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Retained by Small Business Utility Alliance



Relevant Small Business Definitions



EGI Small Volume customers use less than 100,000 m³ of gas per year



SBUA particularly interested in “microbusiness”

Usually, 10 or less employees

Using less than 25,000 m³ per year

Importance of Small Business in Canada

- ✓ Small Business (less than 100 employees) make up 69% of the labor force¹
- ✓ Microbusiness makes up 73% of all business entities in Canada²
- ✓ Almost 100% of First Nation business are microbusinesses³

1. https://www.ic.gc.ca/eic/site/061.nsf/eng/h_03126.html#4.2

2. Innovation, Science and Economic Development Canada 2020

3. <https://www150.statcan.gc.ca/n1/pub/18-001-x/18-001-x2019002-eng.htm>

Ontario's Five Pillars for Small Business*

1. Lower Costs
2. Increase Exports
3. Accelerate Technology Adoption
4. Develop Talent
5. Encourage Entrepreneurship, Succession Planning, and Diversity

*DSM targeted at Small Business
lowers costs, invests in growth in the green economy,
and increases diversity*

ACEEE Report on Best Practices for Small Business and DSM*

Barriers to Participation

- Time and money constraints
- Organization size
- Lack of awareness
- Split incentives (landlord/tenant)
- Relatively small energy bills
- Perceived disruption potential

Best Practices

- Offer wide set of eligible measures
- Provide streamlined Installation and coordinate with gas and electric services
- Offer financing and encourage comprehensive projects
- Segment the market and provide custom approaches
- Target marketing and communications
- Provide dedicated project Process managers
- Establish partnerships

* Nowak, Seth. November 2016. *Big Opportunities for Small Business: Successful Practices of Utility Small Commercial Energy Efficiency Programs*. Washington, DC: ACEEE. aceee.org/research-report/u1608

Small Business in Enbridge Plan

Projected Program Spending and Savings

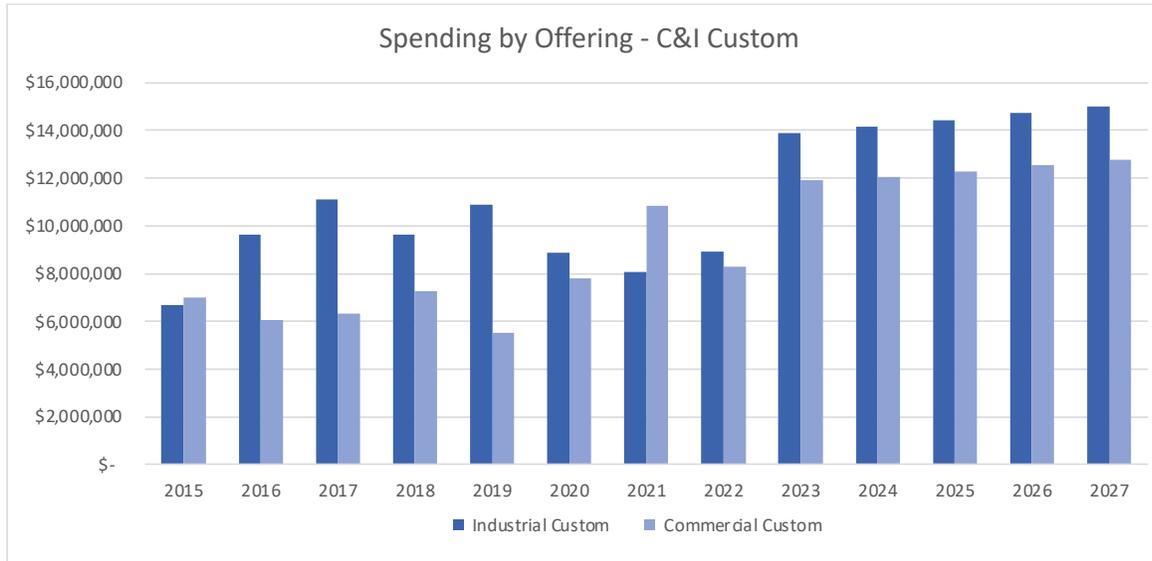
Program	2023 Budget		2023 Net Annual gas Savings	
	CAD\$	%	m ³	%
Commercial Custom	\$11,895,830	47%	17,051,254	70%
Prescriptive Downstream	\$2,436,237	10%	1,734,187	7%
Prescriptive Midstream	\$2,421,117	10%	2,027,759	8%
Direct Install	\$4,765,983	19%	3,542,144	15%
Commercial Admin Costs	\$3,743,608	15%	-	0%
Commercial Total	\$25,262,775	100%	24,355,344	100%

Most Relevant Programs

Performance Target

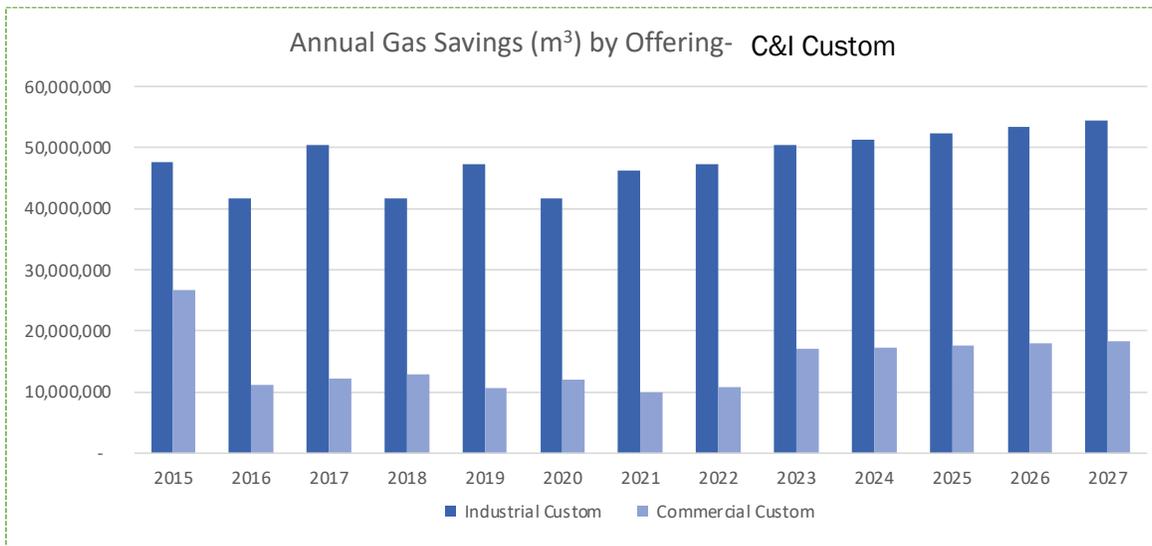
Commercial	2023 Net Annual m ³ (100% Target)	%
Large Volume (>100k m ³)	15,441,281	63%
Small Volume (<=100k m ³)	8,914,062	37%

EGI Proposed Commercial Custom Offering



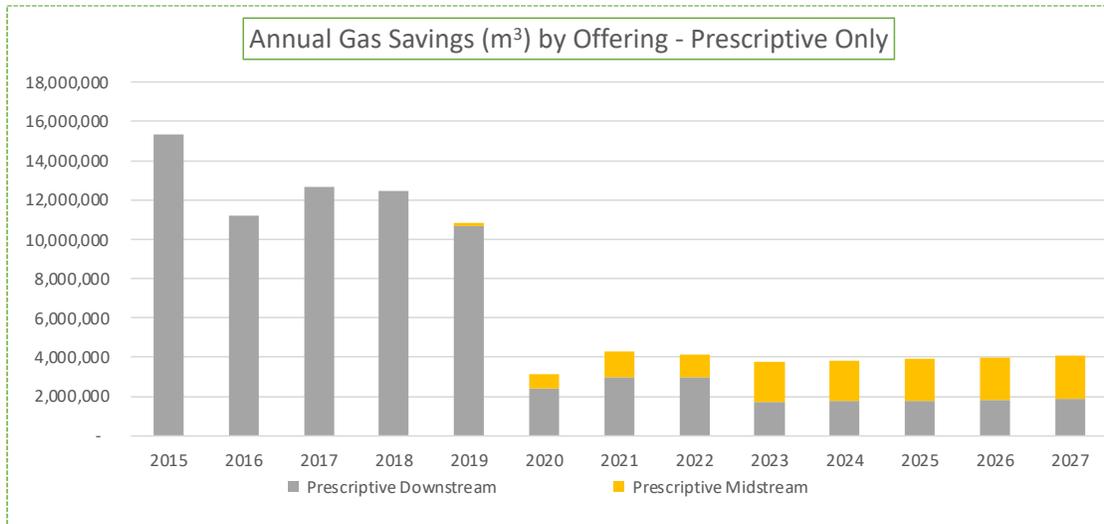
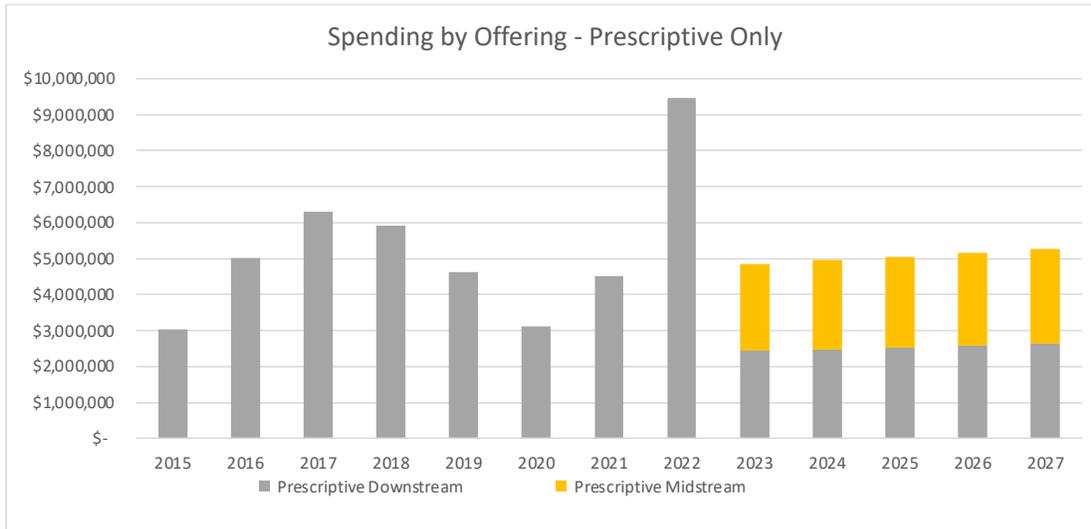
2023 TRC+ Net Benefits of \$91.3 million w/ 8.48 BCR

Weighted Average Incentive as a percent of customer incremental cost – 51%



Burdensome for microbusiness
 Focus for small and microbusiness through Prescriptive and Direct Install offerings

EGI Proposed C&I Prescriptive Offering



2023 Projected TRC+ Results

Program	Net Benefits (\$M)	BCR
Prescriptive Downstream	\$5.1	2.41
Prescriptive Midstream	\$1.2	1.21

Weighted average incentive as a percent of customer incremental cost:
 Prescriptive Downstream - **34%**
 Prescriptive Midstream - **11%**

Confusion for Residential Type Equipment

- Often used by microbusiness
 - Residential sized space and water heating equipment
 - Smart thermostats
 - Residential building shell measures
- Unclear on how microbusiness can easily access incentives if under commercial account
 - Only prescriptive rebate is tankless water heater
 - Potential access through Custom offering for other measures

Summary of End-uses in Commercial Prescriptive Offering

Well Covered

- Ventilation
- Commercial Kitchen

NOT Well Covered

- Heating Systems
- HVAC Controls
- Building Envelope
- Water Heating

Summary of Prescriptive Offerings

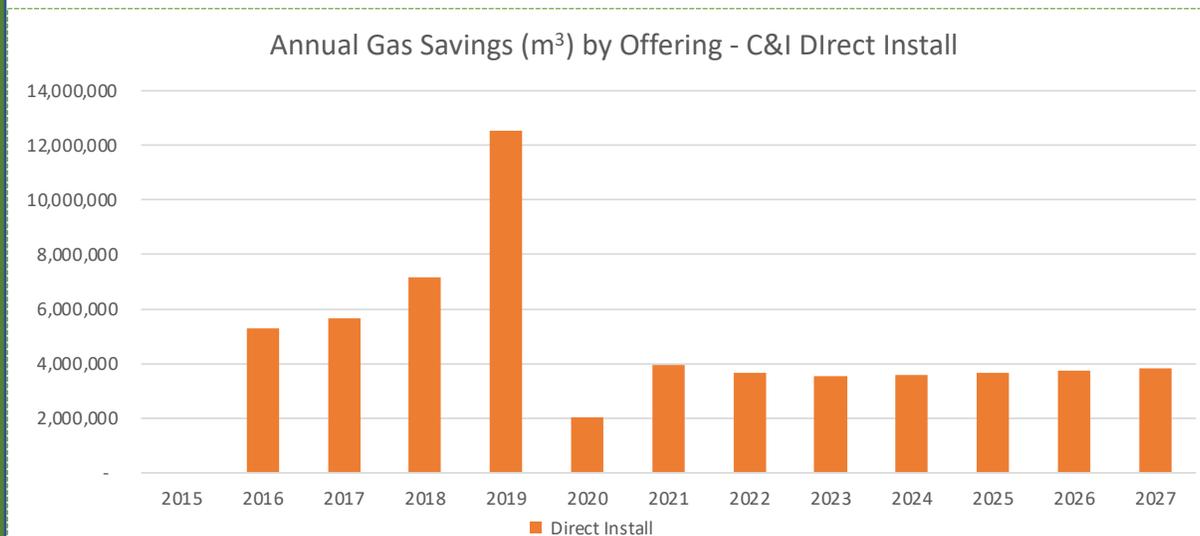
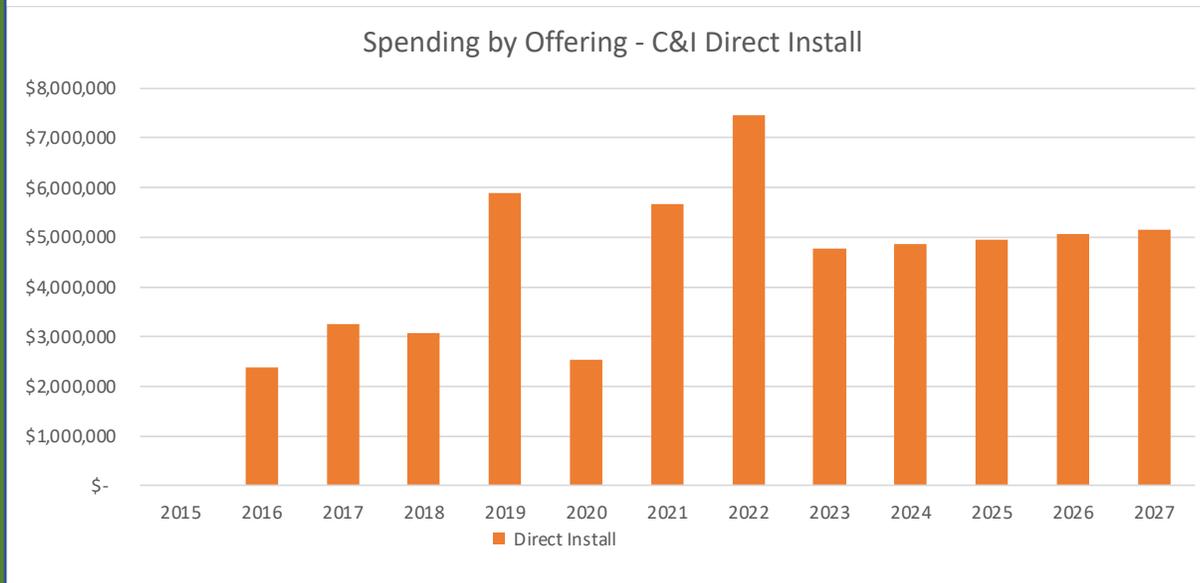
Good

- Going to the midstream for incentives
- Targeting commercial kitchens and ventilation

Recommendations for Improvement

- Target marketing towards additional small business segments
- Expand list of measures
- Increase incentives to get higher small business participation
- Allow access to residential type equipment

EGI Proposed C&I Direct Install Offering



2023 TRC+ Net Benefits of \$8.7 million w/ 2.51 BCR

Weighted Average Incentive as a percent of incremental Cost – 77%

- Initial Measures
 - Air Curtains – Shipping Doors
 - Dock Door Seals
 - Demand Control Kitchen Ventilation
- Expanded
 - Destratification fans
 - Pedestrian-door air curtains
 - Add-on ventilation measures.

Small Business Direct Install Best Practices

- Go to a “turnkey” approach to identify and address all opportunities
 - Used by leading Mass Save program
 - Streamline decision making and reduce upfront cost as much as possible
- Provide support for all cost-effective opportunities, especially measures with wider application, such as:
 - Adaptive thermostats
 - Boiler tune-ups
 - Simple water heating measures (low-flow aerators, pre-rinse spray valves, pipe wrap, etc.)

Summary of Direct Install

Good

- Providing a direct install program
- Covering most of the cost of limited measures offered

Recommendations for Improvement

- Expand on limited set of measures to reach a larger amount and wider variety of customers
- Full turnkey approach similar to Mass Save

Improve Reporting

Small volume customer savings is not enough

- Expand to include
 - First year and lifetime savings
 - Number of participants
 - Allocated spending
- Break out microbusiness (25k or less m³ annual usage)
- Notify small business stakeholders in advance of commercial program changes

Other Recommendations

- Require coordination with IESO CDM when performing energy assessments
 - Collect information about all energy saving opportunities (gas and electric)
 - Share costs for customer acquisition
- Promote a fuel-neutral approach in the Low Carbon Transition Program that includes electric technologies and maximizes carbon reductions.
- Cap performance incentive amount at 8% of efficiency portfolio budget.

Enbridge's Response from Undertaking Tr: 106

Evidence	Referenced Page	Topic/Sector/ Program	Expert's Recommendation	Enbridge Gas Response
SBUA - Green Energy Economics Group	Page 1	Commercial - Small Business	1. Offer a wider array of measures and provide as streamlined a way as possible for small business customers to access them.	This recommendation is in line with Enbridge Gas's objective to provide DSM participation opportunities for all customers including ensuring small commercial customers are appropriately served.

- Open to exploring suggested program improvements but no commitments
- Tentative agreement on reporting

Summary of Recommendations

1. Commercial Prescriptive Programs
 - a. Expand eligible measures, including access to residential type equipment
 - b. Increase incentive levels
 - c. Target marketing towards additional small business segments
2. Commercial Direct Install Program
 - a. Go to a turnkey approach that covers all cost-effective measures to reach more and varied customers
3. Improve reporting for small and microbusinesses
4. Coordinate with IESO, including shared energy assessments
5. Promote a fuel neutral approach in the Low Carbon Transition Program
6. Cap performance incentive at 8% of overall DSM spend

Appendix

Prescriptive measure in offering VS. not in offering
by end-use.

Space Heating Measures

Currently Included by EGI

- Condensing unit heaters (*M*)
- Condensing make-up air unit
- Destratification fans

Not Included

- Condensing boiler
- Infrared heaters
- Turbulators for commercial boiler
- Modulating burner replacement for commercial boiler
- Pipe insulation - hydronic heat
- Hydronic additives
- Boiler/furnace tune-ups
- Steam traps survey
- Steam traps replacement

HVAC Controls

Currently Included by EGI

- None

Not Included

- Connected/Wi-Fi (adaptive) thermostat
- HVAC controls
- Boiler reset control
- Boiler cut-out control
- Stack damper for commercial boiler
- Linkageless boiler controls
- Stack economizer

Water Heating Measures

Currently Included by EGI

- Condensing water heaters (*M*)
- Ozone laundry

Not Included

- Faucet aerators
- Showerheads
- Low flow spray valve
- Pipe and tank insulation
- Domestic hot water recirculation controls
- Vortex deaerators

Building Envelope

Currently Included by EGI

- Condensing water heaters (*M*)
- Ozone laundry

Not Included

- Roof insulation
- Green garage doors hinge
- Thermal curtains in greenhouses