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March 29, 2022

VIA RESS AND EMAIL

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Nancy Marconi:

**Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (OEB) File No.: EB-2022-0007
2020 Demand Side Management (DSM) Deferral and Variance Account
Disposition Application - Interrogatory Responses**

In accordance with the OEB's Procedural Order No. 1, enclosed please find the interrogatory responses of Enbridge Gas.

If you have any questions, please contact the undersigned.

Sincerely,

(Original Digitally Signed)

Asha Patel
Technical Manager, Regulatory Applications

cc.: D. O'Leary (Aird & Berlis)
EB-2022-0007 - Intervenors

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

Interrogatory

Reference:

DNV 2020 Evaluation Report

- Table 11-21 EGD Count of individual measures; Table 11-21 Union Count of individual measures
- Appendix N Table 11-154. Enbridge 2020 approved and spent budget* Table 11-155. Union 2020 approved and spent budget*

Preamble:

Energy Probe wishes to understand better the impact of the Pandemic on the delivery of, and budget for the Residential Program in 2020.

Question(s):

- Please confirm the 2019 and 2020 Residential Program (Home Energy Conservation and Adaptive Thermostats) Budgets and actuals and DSMVA amounts.
- Please complete the following Table for each Rate Zone

Measure	2019 # Installed		2020# Installed		Difference		Comments
	Homes	Measures	Homes	Measures	Homes	Measures	
Adaptive Thermostats							
Attic Insulation							
Air sealing							
Basement Insulation							
Exterior Wall Insulation							
Furnace Boiler Upgrade							

- Please provide the budget plan and actual and DSMVA estimates for the Residential Program for each rate zone for 2021
- Please discuss if the pandemic has/has not reduced residential DSM achievement in 2020 and 2021, What is the future outlook for customers adopting EGI-delivered

DSM measures. Take the Federal Greener Homes Canada Program into consideration in your answer.

- e) Why is EGI proposing a Single Measure in the updated Home Energy Program. Does this include Furnace upgrade or adaptive thermostat only or furnace or AT plus one or more other measures. Please provide answer considering potential participation rates.

Response:

- a) For 2019 Residential Program Budgets and actual spend, see EB-2021-0072, Exhibit A, Tab 4, Schedule 1, pages 68 and 77. For 2020 Residential Program Budgets and actuals, see Exhibit A, Tab 4, Schedule 1, pages 71 and 79 of the evidence in this proceeding.
- b) As noted in Procedural Order No 1 for this application “The OEB also notes that the balances in the DSM Incentive Deferral Account and the LRAM Variance Account have been reviewed by the Evaluation Contractor as part of OEB-coordinated evaluation, measurement and verification process and as such, the OEB expects its review of these accounts to be a mechanistic process.” EGI is unclear on how this question relates to the review of the mechanistic process of these accounts, but in an effort to be responsive has provide the following response:

See Tables 1 and 2 below. Please note there is no distinction between “homes” and “measures”, i.e. the figure represents the numbers of homes that took up the measure. Water heater and window/door measures were added to the list to be comprehensive.

Table 1 – EGD Rate Zone

Measure	2019 # Installed	2020 # Installed	Difference
	Homes/Measures	Homes/Measures	Homes/Measures
Adaptive Thermostats	15,077	21,553	6,476
Attic Insulation	4,468	9,359	4,891
Air sealing	13,288	13,362	74
Basement Insulation	3,232	859	(2,373)
Exterior Wall Insulation	437	344	(93)
Furnace/Boiler Upgrade	14,508	9,043	(5,465)
Water Heater	2,658	2,123	(535)
Windows/Doors	2,254	1,535	(719)

Table 2 – Union Rate Zones

Measure	2019 # Installed	2020 # Installed	Difference
	Homes/Measures	Homes/Measures	Homes/Measures
Adaptive Thermostats	3,805	8,587	4,782
Attic Insulation	2,868	4,764	1,896
Air sealing	9,049	7,128	(1,921)
Basement Insulation	2,793	1,400	(1,393)
Exterior Wall Insulation	977	887	(90)
Furnace/Boiler Upgrade	9,109	4,581	(4,528)
Water Heater	1,109	1,101	(8)
Windows/Doors	2,786	2,248	(538)

- c) 2021 is not in scope for this application.
- d) While the pandemic has impacted Enbridge Gas's residential DSM achievement in 2020, it is very difficult to quantify. Various shutdowns, partial shutdowns and policy restrictions had mixed impacts. For example as outlined in Exhibit A, Tab 4, Schedule 1, pages 32 and 50, Enbridge Gas suspended the program for a period of time which would have negatively impacted results. However, many customers staying at home enhanced focus on home improvement projects resulting in increased participation.

Enbridge cannot comment on impacts the pandemic had on 2021 as it is not in scope for this proceeding. In addition the Greener Homes program launched in 2021 and therefore is also not in scope for this proceeding.

- e) The proposal of a single measure offering is part of Enbridge Gas's application for a Multi-Year Natural Gas Demand Side Management Plan. As noted in Procedural Order No 1¹ for this application, "With respect to the scope of this proceeding, the OEB will not consider any issues related to future DSM programs or plans as they are being addressed as part of Enbridge Gas's application for Multi-Year Natural Gas Demand Side Management Plan 2022 to 2027, EB-2021-0002"

¹ EB-2022-0007, OEB Procedural Order No.1

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

Interrogatory

Reference:

DNV 2020 Verification Report Residential Sector: Table 11-168 PAC Results; Table 11-172 TRC+ Results

Preamble:

Energy Probe wishes to compare the 2020 PAC and TRC to 2019 and the 2012-2019 Averages for both rate zones.

Question(s):

- a) Please provide the similar 2019 PAC and TRC+ results for Residential Adaptive Thermostats and for Residential Home Energy Programs
- b) Please provide the similar 2012-2019 average PAC and TRC+ results for Residential Adaptive Thermostats and for Residential Home Energy Program.
- c) Please provide the annual net savings m3 and the program level general admin costs in dollars and as % of net savings for 2012 -2020
- d) Please discuss the trend in admin costs as a % of net savings.

Response:

a) and b)

As noted in Procedural Order No 1 for this application "The OEB also notes that the balances in the DSM Incentive Deferral Account and the LRAM Variance Account have been reviewed by the Evaluation Contractor as part of OEB-coordinated evaluation, measurement and verification process and as such, the OEB expects its review of these accounts to be a mechanistic process." EGI is unclear on how this question relates to the review of the mechanistic process of these accounts, but in an effort to be responsive has provide the following response:

Enbridge Gas is providing information from 2016 onwards, as 2016 was first year of the current DSM Plan. Note that the residential adaptive thermostat offering did not exist in the Union Rate Zones prior to 2019, and as such results for those years are not provided.

Since it is not clear which specific averages are being requested (as there are several PAC and TRC+ results in the tables referenced) Enbridge Gas is providing the references to all 2016-2019 PAC and TRC+ results for the requested offerings.

For 2019, refer to DNV's 2019 Natural Gas Demand-Side Management Annual Verification Report (<https://www.oeb.ca/sites/default/files/2019-Natural-Gas-Demand-Side-Management-Annual-Verification-Report.pdf>):

- Table 11-168 on page 220 for EGD Rate Zone PAC
- Table 11-172 on page 222 for EGD Rate Zone TRC+
- Table 11-176 on page 224 for Union Rate Zones PAC
- Table 11-180 on page 225 for Union Rate Zones TRC+

For 2018, refer to DNV's 2018 Natural Gas Demand-Side Management Annual Verification Report (<https://www.oeb.ca/sites/default/files/2018-DSM-Annual-Verification-Report.pdf>):

- Table 6-164 on page 259 for EGD Rate Zone PAC
- Table 6-169 on page 261 for EGD Rate Zone TRC+
- Table 6-174 on page 263 for Union Rate Zones PAC
- Table 6-177 on page 265 for Union Rate Zones TRC+

For 2017, refer to DNV's 2017 Natural Gas Demand-Side Management Annual Verification Report (<https://www.oeb.ca/sites/default/files/2017-DSM-Annual-Verification-Report.pdf>):

- Table 6-160 on page 255 for EGD Rate Zone PAC
- Table 6-165 on page 257 for EGD Rate Zone TRC+
- Table 6-170 on page 259 for Union Rate Zones PAC
- Table 6-173 on page 261 for Union Rate Zones TRC+

For 2016, refer to DNV's 2016 Natural Gas Demand-Side Management Annual Verification Report (<https://www.oeb.ca/sites/default/files/OEB-2016-Natural-Gas-DSM-Annual-Verification-Report-20181030-2.pdf>):

- Table 251 on page 243 for EGD Rate Zone PAC
- Table 256 on page 247 for EGD Rate Zone TRC+
- Table 261 on page 251 for Union Rate Zones PAC
- Table 264 on page 253 for Union Rate Zones TRC+

As per the OEB's current DSM Framework, TRC+ is assessed at the program level – in this case the Residential program – rather than at the Home Efficiency Rebate and Adaptive Thermostat offering levels. Similarly, Enbridge Gas does not track spends at the offering level.

The breakout of Residential “program level general admin costs” into HER and Adaptive Thermostat offering levels was loosely estimated by DNV using the ratio of cumulative gas savings of each offering. As such, it is an approximation used by the auditor for general reporting but should not be used for deeper analysis.

- c) As noted in Procedural Order No 1 for this application “The OEB also notes that the balances in the DSM Incentive Deferral Account and the LRAM Variance Account have been reviewed by the Evaluation Contractor as part of OEB-coordinated evaluation, measurement and verification process and as such, the OEB expects its review of these accounts to be a mechanistic process.” EGI is unclear on how this question relates to the review of the mechanistic process of these accounts, but in an effort to be responsive has provide the following response:

Enbridge Gas is providing information from 2016 onwards, as 2016 was first year of the current DSM Plan. Note that the residential adaptive thermostat offering did not exist in the Union Rate Zones prior to 2019, and as such results for those years are not provided.

Sources for annual net m3 savings and “program level general admin costs” for 2016-2019 are the same sources as provided in parts a) and b). The source for 2020 is DNV's 2020 Natural Gas Demand-Side Management Annual Verification Report (<https://www.oeb.ca/sites/default/files/2020-Natural-Gas-Demand-Side-Management-Annual-Verification-Report.pdf>)

- Table 11-168 on page 191 for EGD Rate Zone
- Table 11-175 on page 195 for Union Rate Zones

The question asks for a % of dollars vs an annual net savings in m3. These are different units of measures and as such one cannot be measured as percentage of the other.

Table 1: EGD Rate Zone Savings and “Program Level General Admin Costs”, Home Efficiency Rebate Offering

Year	Annual Net m3 Savings	Program Level General Admin Costs (\$)
2016	14,988,260	2,781,000
2017	6,157,000	6,808,000
2018	6,318,000	2,694,000
2019	8,815,000	2,877,000
2020	6,957,000	2,315,000

Table 2: EGD Rate Zone Savings and “Program Level General Admin Costs”, Residential Adaptive Thermostat Offering

Year	Annual Net m3 Savings	Program Level General Admin Costs (\$)
2016	3,024,528	42,000
2017	2,538,000	409,000
2018	2,888,000	581,000
2019	2,347,000	472,000
2020	3,128,000	770,000

Table 3: Union Rate Zones Savings and “Program Level General Admin Costs”, Home Efficiency Rebate Offering

Year	Annual Net m3 Savings	Program Level General Admin Costs (\$)
2016	4,778,732	2,807,206
2017	7,785,000	4,552,000
2018	8,206,000	5,926,000
2019	6,190,000	3,886,000
2020	5,008,000	2,655,000

Table 4: Union Rate Zones Savings and “Program Level General Admin Costs”,
Residential Adaptive Thermostat Offering

Year	Annual Net m3 Savings	Program Level General Admin Costs (\$)
2016	N/A	N/A
2017	N/A	N/A
2018	N/A	N/A
2019	561,000	352,000
2020	1,250,000	481,000

As per the OEB’s current DSM Framework, TRC+ is assessed at the program level – in this case the Residential program – rather than at the Home Efficiency Rebate and Adaptive Thermostat offering levels. Similarly, Enbridge Gas does not track spend at the offering level.

The breakout of Residential “program level general admin costs” into HER and Adaptive Thermostat offering levels was loosely estimated by DNV using the ratio of cumulative gas savings of each offering. As such, it is an approximation used by the auditor for general reporting but should not be used for deeper analysis.

d) Please see the response to Part c.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

Interrogatory

Reference:

Exhibit A Tab 4 Schedule 1

Preamble:

The Budget Underspend in the EGD and Union Rate Zones is different

Question(s):

- a) Please confirm the underspend in the Union Gas 2020 Budget is larger than the EGD 2020 DSM budget
- b) Please provide a breakdown of underspends for each rate zone and the contributory factors including Covid-19 and other factors.
- c) Based on the 2020 experience, did 2021 also exhibit similar underspends. And is this to continue in 2022? Please Discuss..

Response:

- a) EGI believes the question was intended to read:
“Please confirm the underspend in the Union Gas 2020 Budget is larger than **the underspend in the** EGD 2020 DSM budget.”

If so, confirmed. If not, not confirmed.
- b) Please see the response at Exhibit I.PP.3.
- c) 2021 and 2022 are not in scope for this proceeding.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

Interrogatory

Reference:

Exhibit A Tab 4 Schedule 1 Pages 17-21 Tables 3.1-3.6: Pages tables

Preamble:

Energy Probe requests DSM cost effectiveness metrics for the residential ratepayers of EGD and Union from 2007-2013 [period 1] and 2013-2020 [period 2]

Question(s):

- a) **For Rate 1** please provide in tabular format the following cost effectiveness metrics for each period
- Total DSM costs allocated to Rate 1
 - Total DSM Savings (Assume programs)
 - Gross cost effectiveness \$/m3
 - Total Cost per customer
 - Total Shareholder Incentive allocation (\$million)
- b) For Rate M1 please provide in tabular format the following cost effectiveness metrics for each period
- Total DSM costs allocated to Rate M1
 - Total DSM Savings (Assume programs)
 - Gross cost effectiveness \$/m3
 - Total Cost per customer
 - Total Shareholder Incentive allocation (\$million)

Response:

As noted in Procedural Order No 1 for this application “The OEB also notes that the balances in the DSM Incentive Deferral Account and the LRAM Variance Account have been reviewed by the Evaluation Contractor as part of OEB-coordinated evaluation, measurement and verification process and as such, the OEB expects its review of these accounts to be a mechanistic process.” EGI is unclear on how this question relates to

the review of the mechanistic process of these accounts, but in an effort to be responsive has provide the following response:

Enbridge is providing information from 2016 onwards, as 2016 was the first year of the current DSM Plan. Note that the savings values provided are net savings, not gross savings.

Table 1 - EGD Rate Zone - Rate 1

	2016	2017	2018	2019	2020
DSM Cost Allocated ¹	\$ 42,390,914	\$ 44,205,934	\$ 50,047,814	\$ 54,977,304	\$ 47,996,769
Total DSM Savings ²	303,878,405	211,579,449	217,259,492	283,196,583	247,553,835
Cost Effectiveness \$/M3 ³	0.14	0.21	0.23	0.19	0.19
Total Cost per Customer ⁴	\$ 21.63	\$ 22.21	\$ 24.81	\$ 26.94	\$ 23.25
Total DSMI Allocation ⁵	\$ 4,351,434	\$ 1,453,433	\$ 2,842,053	\$ 4,641,770	\$ 2,526,454

Table 2 - Union Rate Zones - Rate 01

	2016	2017	2018	2019	2020
DSM Cost Allocated ¹	\$ 4,689,095	\$ 6,209,183	\$ 7,403,314	\$ 6,695,510	\$ 4,321,492
Total DSM Savings ²	35,973,643	55,848,593	52,656,343	58,910,128	30,998,363
Cost Effectiveness \$/M3 ³	0.13	0.11	0.14	0.11	0.14
Total Cost per Customer ⁴	\$ 13.82	\$ 18.03	\$ 21.19	\$ 18.93	\$ 12.08
Total DSMI Allocation ⁵	\$ 336,435	\$ 432,147	\$ 548,003	\$ 684,784	\$ 110,555

Table 3 - Union Rate Zones - Rate M1

	2016	2017	2018	2019	2020
DSM Cost Allocated ¹	\$ 24,594,768	\$ 37,203,558	\$ 41,948,338	\$ 37,848,934	\$ 28,950,292
Total DSM Savings ²	199,525,959	285,003,163	313,088,818	284,194,387	174,510,196
Cost Effectiveness \$/M3 ³	0.12	0.13	0.13	0.13	0.17
Total Cost per Customer ⁴	\$ 22.42	\$ 33.47	\$ 37.21	\$ 33.16	\$ 25.07
Total DSMI Allocation ⁵	\$ 2,020,574	\$ 3,109,031	\$ 3,831,473	\$ 3,412,976	\$ 1,393,908

Notes:

¹ Figures include all DSM spend, shareholder incentive, and lost distribution revenue, as per Exhibit A, Tab 4, Schedule 1, Tables 3.1 and 4.1

² Cumulative natural gas savings in m3 - derived from respective year's audited results

³ DSM Cost Allocated/Total DSM Savings

⁴ DSM Cost Allocated/# of Customers per Exhibit A, Tab 4, Schedule 1, Tables 3.15 and 4.15

⁵ Per respective year's DSM deferral and variance account disposition proceeding

ENBRIDGE GAS INC.

Answer to Interrogatory from
Energy Probe (EP)

Interrogatory

Reference:

Exhibit A, Tab 4, Schedule 1, Page 32

Preamble:

Some of the impacts from COVID-19 included the following:

- Offering was halted in March 2020, due to the pandemic and local health restrictions which limited the ability for EA's to enter customer homes.
- The development and deployment of a Risk Management Plan to proactively mitigate the impacts of the pandemic and to develop a plan to help sustain achievement for 2021.
- The development of processes and procedures to help protect Energy Advisors (and associated Service Organizations and Delivery Agents) and homeowners to prevent the spread of COVID-19.
- Shared communications with SOs prior to restarting the program on June 15, 2020. While the restart process was smooth, some homeowners demonstrated hesitation for in-person visits. Enbridge Gas continues to investigate the alternatives to the in-person audit (i.e. remote or virtual) through 2021 and beyond.

Question(s):

- a) Confirm this refers to residential program. If not indicate which programs.
- b) Please provide a summary of the EGI Covid-19 Risk Management Plan.
- c) Please summarize the impacts on residential customer participation rates in 2020 and 2021 from restrictions on in-person visits by SOs.
- d) Please provide an update on alternatives to in-person audits such as HOTCAN simulations. Are these being tested?
- e) How is EGI proceeding with pre and post audits in 2022? Please discuss.

Response:

- a) The reference provided refers specifically to the Home Efficiency Rebate Offering which is part of the residential program. The Company notes that Covid impacts to other offerings are noted in the applicable sections of other offerings in the annual report.
- b) The COVID-19 Risk Management was an internal document the Company proactively drafted to identify and develop strategies to mitigate the risks introduced to the Residential program portfolio as a result of the COVID-19 pandemic. The intent of the document was to start internal conversations on the anticipated risks the COVID-19 Pandemic may have on the Residential program portfolio, assign a risk score (based on the likelihood and impact of the risk) and proactively develop mitigation strategies to minimize the impact. For example, the Company identified there would likely be disruptions to program operations based on public health advice.

To mitigate the impact, the Company identified controls to mitigate the identified risks. For example, in the case of disruptions to program operations, the Company determined there would be a need to increase communications with program stakeholders including Registered Energy Advisors' and homeowners on the status of the program, as well as make updates to processes and procedures in response to public health advice.

- c) Please see the response at Exhibit I.EP.1 d).
- d) 2021 is not in scope for this proceeding and as such no response has been given.
- e) 2022 is not in scope for this proceeding and as such no response has been given.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

ExB/T2/S1/p.5, Table 2; ExC/T2/S1/p.10, Table 4.

Preamble:

In the EGD Rate Zone, the DSMVA balance allocation to Rate 100 customers includes \$68,078 of DSM costs not budgeted for.

In the Union Rate Zones, the DSMVA balance allocation includes DSM costs not budgeted for;

- (a) Rate M4 in the amount of \$1.287 million;
- (b) Rate M7 in the amount of \$2.793 million;
- (c) Rate 100 in the amount of \$49,264

In the Union Rate Zone, the DSMVA balance allocation also includes a credit relative to DSM costs budgeted to Rate T2 in the amount of \$1,189,621.

Question(s):

- (a) For each of Enbridge Rate 100 and Union Rates M4, M7 and 100, please provide, with references to the prefled materials as appropriate, an explanation of the material drivers for the incurrence of DSM costs not included in costs budgeted for.
- (b) For each of Enbridge Rate 100 and Union Rates M4, M7 and 100, please indicate which EGI DSM programs customers in these rate classes participated in during 2020.
- (c) For Union Rate T2, please provide, with references to the prefled materials as appropriate, an explanation of the material drivers for the credit to customers relative to DSM costs budgeted.

Response:

- (a) As described in evidence, with the exception of Low Income costs, actual DSM costs are allocated to rates classes based on the allocation of actual customer incentive costs between rate classes^{[1], [2]}. Therefore, the material driver for actual DSM costs exceeding budgeted costs is higher actual incentive payments to customers in these rate classes than was forecasted in the underlying budget assumptions used for the DSM costs included in rates.
- (b) During the 2020 program year, Enbridge Rate 100 customers participated in the EGD rate zone Custom Commercial/Industrial Offerings. Union M4 and M7 customers participated in the Union rate zone Commercial/Industrial Custom and Prescriptive offers. Union M4 customers also participated in the Union rate zone Strategic Energy Management offer. Union Rate 100 customers participated in the Union rate zone Large Volume Direct Access offering.
- (c) As indicated in response to part a, one of the material drivers for the credit to customers in this rate class is lower actual incentive payments to customers in the rate class than was forecasted in the underlying budget assumptions used for the DSM costs included in rates. Additionally, another material driver for the credit is lower Large Volume program administration spending compared to the OEB approved budget.

^[1] EB-2022-0007, Exhibit B, Tab 2, Schedule 1, page 1.

^[2] EB-2022-0007, Exhibit C, Tab 2, Schedule 1, page 1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Industrial Gas Users Association (IGUA)

Interrogatory

Reference:

ExA/T4/S1/pp. 60-61; ExA/T4/S1/p.78.

Preamble:

The evidence describes EGI's Large Volume Direct Access program for Union Rate T2 and Union Rate 100 customers. Also in evidence are the direct program costs of this program.

Question(s):

- (a) Please provide the total costs - budgeted and actual - attributable to or allocated to the Large Volume Direct Access Offering in 2020, broken down by major program cost elements (i.e. incentives, promotion, evaluation, administration, portfolio costs), but excluding low-income program costs allocated.
- (b) If possible, please break out the information provided in response to part (a) between Rate T2 and Rate 100 customers.

Response:

(a) & (b)

Program Cost Elements	Rate T2		Rate 100		Total	
	Budget	Actual	Budget	Actual	Budget	Actual
LV Program Incentives/ Promotion	\$ 2,545,247	\$ 2,159,336	\$ 604,753	\$ 762,312	\$ 3,150,000	\$ 2,921,648
LV Program Evaluation	\$ 50,905	\$ -	\$ 12,095	\$ -	\$ 63,000	\$ -
LV Program Administration	\$ 635,908	\$ 308,087	\$ 151,092	\$ 108,764	\$ 787,000	\$ 416,851
DSM Portfolio Overhead (1)	\$ 310,612	\$ 236,395	\$ 73,802	\$ 83,455	\$ 384,414	\$ 319,850
Total Costs (Excluding Low Income)	\$ 3,542,673	\$ 2,703,818	\$ 841,741	\$ 954,531	\$ 4,384,414	\$ 3,658,349

(1) - Inclusive of allocation of portfolio evaluation costs

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. A, T2, Sch. 1

Question:

Please confirm that without the DSMVA credits due to program underspending in 2020, the residual DSM account balances equate to a request for recovery from Ratepayers of \$7,452,097. If not correct, please explain.

Response:

Confirmed.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. A, T2, Sch. 1

Question:

Please confirm that 2020 was not a typical year for DSM program delivery and that the unusually large DSMVA credit was due to COVID-related factors in 2020. If not correct, please explain.

Response:

Confirmed that 2020 was not a typical year due to COVID-related factors. While there are multiple drivers that impacted 2020 program spending, COVID-related factors would be the single biggest driver for the large DSMVA credit in 2020.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. A, T2, Sch. 1

Question:

The legacy EGD 2020 DSM budget is larger than the legacy Union Gas 2020 DSM budget. Please explain why the underspend in the Union Gas 2020 DSM budget (i.e. DSMVA) is approximately three times greater than the EGD 2020 DSM budget (i.e. DSMVA). For example, was there factors beyond COVID impacts that affected the Union Gas DSM delivery more than the EGD DSM delivery.

Response:

The spending for the Union and Enbridge Gas rate zones is primarily driven by results achieved. The largest budgets are in Resource Acquisition, followed by Low Income. The results in Section 8 and 9 of Exhibit A, Tab 4, Schedule 1 show that overall there were stronger results in the Enbridge Gas rate zone.

There are many factors that impact results. Changes to the offers as well as lessons learned that include impacts from Covid can be found in Section 5 and 6 of the 2020 Demand Side Management Annual Report at Exhibit A, Tab 4 Schedule 1.

As noted in the response to Exhibit I.PP.2 COVID-related impacts were a significant impact in 2020. COVID-related impacts had a larger impact on Commercial and Industrial programs compared to residential programs. Commercial and Industrial programs make up a larger portion of the Union Gas 2020 DSM budget so this would be one key example that would result in a lower relative spend in the Union Gas rate zone.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. A, T3, Sch. 1

Question:

- a) Please provide the scope of work for the 2020 Natural Gas DSM Annual Verification Report and the scope of work for the third-party Evaluation Contractor ("EC").
- b) Please provide a summary of any 2020 DSM activities or costs not covered by the 2019 Natural Gas DSM Annual Verification Report.

Response:

- a) The Evaluation Contractor's 2020 annual verification plan provides a detailed scope of planned activities for the 2020 verification. Please see Attachment 1.
- b) EGI does not have insight into which specific activities the EC might have explored but did not include in its report. However, EGI can confirm all 2020 DSM programs and offerings within the EGD and Union rate zones' DSM Scorecards were addressed in the EC's verification report, in the manner described in Appendices A and B of the EC's report.¹

The EC noted it was unable to complete a planned study verifying the custom project savings (CPSV) during the 2019 and 2020 program years due to complications from the COVID-19 pandemic. Instead, the EC used the same adjustment factors resulting from custom projects implemented in the 2017 and 2018 program years, adjusted for the mix of projects installed in 2019 and 2020.²

The EC also does not verify spending figures or conduct a financial audit of EGI's 2020 DSM spend.³

¹ <https://www.oeb.ca/sites/default/files/2020-Natural-Gas-Demand-Side-Management-Annual-Verification-Report.pdf>, Appendices A and B.

² <https://www.oeb.ca/sites/default/files/2020-Natural-Gas-Demand-Side-Management-Annual-Verification-Report.pdf>, Footnote 30.

³ <https://www.oeb.ca/sites/default/files/2020-Natural-Gas-Demand-Side-Management-Annual-Verification-Report.pdf>, Page 25.

DNV·GL

2021-2022 Natural Gas Demand Side Management Evaluation, Measurement, and Verification (EM&V) Plan

submitted to the Ontario Energy Board

Date: February 4, 2021





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1 INTRODUCTION

This document has been prepared for the Ontario Energy Board (OEB) and outlines the Evaluation, Measurement & Verification (EM&V) plan related to Enbridge Gas Distribution Inc.'s (Enbridge) and Union Gas Limited's (Union) natural gas demand-side management (DSM) programs delivered in 2020 and 2021. Although Enbridge and Union amalgamated effective January 1, 2019, becoming Enbridge Gas Inc., the programs continued to be delivered to the various service territories of the legacy utilities to align with previous OEB approvals. The outcome of the exercise is a list of prioritized evaluation activities to be completed in 2021. The OEB approved a 2021 DSM plan for Enbridge Gas Inc. in July 2020.

The overall objectives of the evaluations are to:

- Assess portfolio impacts for the purpose of determining annual savings results, shareholder incentive and lost revenue amounts, and future year targets.
- Assess the effectiveness of energy efficiency programs on their participants and/or market, including results on various scorecard items.
- Identify ways in which programs can be changed or refined to improve their performance.

To date, the Evaluation Contractor (EC) team has completed evaluations of the 2015 through 2019 program years. Targeted studies have been implemented on custom commercial and industrial (C&I) measure life, custom and prescriptive C&I gross savings verification, spillover, and free ridership.

2 SCOPE

This evaluation plan addresses the DSM programs delivered in 2020 and 2021. Evaluations of the programs offered in 2015 through 2019 have already been completed, as shown in Table 1. The evaluation types in the plan include:

- **Annual Verification:** The verification of scorecard metrics and calculation of cost effectiveness, shareholder incentive, and lost revenue. This activity also covers the annual update of the technical resource manual (TRM).
- **Targeted Verification:** The verification of specific programs or projects, such as custom C&I, prescriptive C&I, and residential home retrofit.
- **Targeted Net-to-Gross:** The measurement of the influence of the program on the customers' decision to install the energy efficiency measure or project, resulting in net savings. Net savings are the input into the cost effectiveness, shareholder incentive, and lost revenue calculations; free ridership and spillover are components of net-to-gross.
- **Market assessment and market transformation:** The study of market conditions to determine standard practice or market movement. This category includes the measure life study, multi-year market impact study, and new construction market transformation evaluation.

3 BACKGROUND

Evaluation activities conducted for the last four program years are shown in the table below.

Table 1. Evaluation activities completed for 2015 to 2019 program years

Evaluation Activity	Program Year				
	2015	2016	2017	2018	2019
Annual Verification (Annual Report, Cost Effectiveness, Technical Resource Manual)*	✓	✓	✓	✓	✓
Custom Commercial and Industrial Savings (Verification)	✓	✓	✓	✓	
Custom Commercial and Industrial Savings (Free Ridership)	✓			✓	
Custom Commercial and Industrial Savings (Spillover)	✓				
Custom Commercial and Industrial (Measure Life Study)		✓			
Prescriptive Commercial and Industrial Savings (Verification and Net-to-Gross)			✓		

*The annual verification includes tracking certification of the C&I Prescriptive programs and desk reviews of projects installed under the whole home programs.

4 METHODOLOGY

Evaluation activities are identified and selected using input from three primary sources:

- **Evaluation Contractor:** At the start of the current DSM Framework, the Evaluation Contractor applied a value of information decision process to identify and prioritize a menu of evaluation activities for the DSM portfolio, presented in high, medium, and low priority categories. Those priorities were released in the [2016-2018 Natural Gas Demand Side Management Evaluation, Measurement, and Verification \(EM&V\) Plan](#). Most high priority evaluation activities have been completed. As the 2020 DSM programs are substantially similar to the 2016-2019 programs, the 2016-2018 EM&V plan priorities remain suitable.
- **Evaluation Advisory Committee:** The Evaluation Advisory Committee (EAC) provides advice on the scope and timing of possible evaluation activities. The EAC consists of representatives from OEB staff, the utilities, non-utility stakeholders, independent experts, and governmental observers.
- **Ontario Energy Board:** As the procurement agency for evaluation activities, the Staff at the Ontario Energy Board (OEB) provide input on the annual budget available for evaluation activities and which studies can be implemented in a given year.

The recommendations contained in this report are for consideration by the OEB based on the EC's review of the programs and evaluation work to date. The decision to proceed on any evaluation must be made by the OEB. For example, though the EC recommends a residential home retrofit evaluation, the OEB would need to determine whether to proceed with the study based on numerous factors such as anticipated changes to the program, target market, and EAC advice.

5 SUMMARY OF PLAN

Table 2 shows a list of the EC recommended evaluation activities in 2021 and 2022, including the rationale for each activity and the status of the effort at the time this document was finalized.

Table 2. Summary of evaluation plan by type of evaluation

Evaluation Activity	Rationale/Opportunities	Priority	Status
Annual Verification for 2020 & 2021 program years	This work produces the OEB's annual evaluation report, which is used to verify overall utility performance.	High	Status quo; Evaluation Contractor contract already established.
Custom Commercial and Industrial Savings Verification of eTools	This work will focus on validating and increasing the accuracy of energy modeling software.	High	Study approved; analysis method being finalized
Custom Commercial and Industrial Savings Verification	Depending on COVID-19 status, re-assess to determine whether traditional verification, including on-site visits, is appropriate.	Medium	Recommended by EC to consider alternate approaches
Custom Commercial and Industrial Free Ridership Study	This work will focus on estimating free ridership for the 2020 and/or 2021 program years.	Medium	Recommended by EC
Residential Home Retrofit	<p>This study may include verification of assumptions used in energy modelling software, billing analysis and/or the review of the manner in which the software is used. Analysis in these areas can help increase the accuracy of estimated savings, cost effectiveness and energy reductions in residential programs.</p> <p>OEB Staff is working with the EC and Evaluation Advisory Committee (EAC), including Enbridge, to understand what evaluation study would provide the most useful data to inform the program going forward, given the anticipated changes to program design.</p>	High	Recommended by EC. A competitive proposal process is being considered. The approach and value are being discussed with the EAC.
Multi-Year Market Impact Study	<p>This study would evaluate the overall influence that a long-standing program (or two) has had on the broader market. It will look at manufacturing, retail, and consumer trends, among others.</p> <p>It would provide valuable information for the new DSM policy framework and direction for future program design.</p>	Low	OEB Staff is in preliminary research and discussions with the EC and EAC.
New Construction Market Transformation Evaluation	This study would evaluate the current new construction market transformation program to understand how building practices have shifted because of the program.	Low	OEB Staff is in preliminary research and discussions with the EC and EAC.

6 KEY EVALUATION DESIGN CONSIDERATIONS AND RECOMMENDATIONS

The recommendations in Table 2 are consistent with the evaluation activities that have been conducted throughout the 2015-2020 DSM Framework; however, recently the EC and EAC have been discussing alternative approaches that could be considered. These include:

- **Residential Home Retrofit Program:** The residential home retrofit program has been central to the utility portfolio and is allocated a sizable portion of the overall budget and shareholder incentive. Although efforts have been taken in the past to complete an evaluation of the residential home retrofit programs, no evaluation has transpired.

EC RECOMMENDATION: The EC recommends that the residential home retrofit programs be studied. Considering key changes to the program, the nature and scope of the evaluation should be discussed further with the EAC to ensure the final scope and results will be useful. Evaluation options that should be considered include verification of assumptions used in energy modelling software, billing analysis, and/or the review of the manner in which the software is used. Studying these areas will help increase the accuracy of estimated savings, cost effectiveness and energy reductions in residential programs. If billing analysis is pursued, the EC recommends the 2018 residential home retrofit program provide the population for a billing analysis. By using the 2018 program, the evaluator will have a full year of billing data to analyze post measure installation.

OEB RESPONSE: The OEB agrees that it is important to study the home retrofit program, but that further discussions with the EC and EAC are required in order to ensure the final scope and results will be useful.

- **Custom C&I Verification (CPSV):** The annual CPSV process has historically included an extensive evaluation effort to verify the savings achieved by custom DSM programs in C&I facilities. While the level of evaluation is warranted due to the portion of the gross cumulative portfolio savings represented by these programs (50% in 2018), consistent year-over-year verification results have demonstrated that a less rigorous process could be employed to provide similar value. The adjustment factors for CPSV, shown in Table 3, have historically stayed within a relatively small band close to 100%.

Table 3. Historical CPSV and free ridership adjustment factors for Enbridge and Union

Evaluation Activity	Program Year			
	2015	2016*	2017†	2018
CPSV Adjustment Factors				
Enbridge C&I	95%	105%	109%	111%
Union C&I	98%	101%	91%	91%
Union Large Volume	135%	101%	90%	90%
Free Ridership Adjustment Factors				
Enbridge C&I	31%	29%	50%	53%
Union C&I	44%	35%	37%	37%
Union Large Volume	12%	9%	15%	15%

* 2016 free ridership values are based on the 2015 NTG study results, adjusted for the mix of projects installed in the 2016 program.

† 2017 free ridership values are based on the 2018 NTG study, which was completed at the same time as the 2017 evaluation. The 2018 study results were adjusted for the mix of projects installed in the 2017 program.

Aside from a 135% adjustment on the 2015 Union Large Volume program, the adjustment factors resulting from CPSV studies have ranged between 90% and 111%. Over the past three evaluations and within individual programs, the range of adjustments is even smaller, with the Union Large Volume program showing the largest band at 11%, from 90% to 101%. These relatively consistent results suggest two possible adjustments to the existing annual study:

- The cadence of CPSV studies could be decreased from the current one study per year to one study per 1.5 years or one study per two years.
- The sampling methodology could be changed to implement “rolling” samples that reduce the number of projects reviewed each year. In this methodology, the samples are combined across years to get a statistically precise adjustment factor. For example, if the most recent verification sampled 100 sites in 2019, a rolling analysis could limit the 2020 sample to 60 sites and combine them with several sites from 2019 to produce a 2020 adjustment factor. The 2021 year would also include 60 sites and be combined with the 2020 sample to produce 2021 results. (The numbers used in the example are for illustration purposes only.) A rolling sample can be implemented across any defined time frame; it does not only need to be over two years. A shorter rolling time period could be more effective until the new DSM framework is in place. A longer rolling time period will require fewer sites per year to achieve the same precision. A similar process is used in Massachusetts, where a three-year rolling average is used to estimate gross savings.

Both options will produce results at a lower cost and effort for a calculation input that has not varied significantly across the previous four program years.

EC RECOMMENDATION: The EC recommends that future evaluations implement a multi-year rolling sample methodology to determine custom C&I gross savings. Because of the ongoing COVID-19 pandemic, it’s difficult to know whether this methodology can be implemented with the 2020 program year evaluation, or whether the evaluation will be curtailed like 2019.

OEB RESPONSE: In an effort to use evaluation resources as effectively as possible, the OEB, with input from the EC and EAC, is considering alternative approaches to determine custom C&I gross savings, including reducing the frequency of site visits and conducting site assessments remotely.

- **Custom C&I Net-to-Gross (NTG):** The evaluation of free ridership is less expensive than CPSV and less time consuming, while having an important role in confirming net custom program savings. The free ridership adjustment factors, shown in Table 3, have historically been evaluated to fall around or below 50% and across a range of values from 9% to 53%. Even within programs, the range can be high, with the Enbridge C&I program ranging from 29% to 53%, a band of 24%. The larger range of adjustments suggest that free ridership studies could be conducted more frequently than the current cadence of one study every two years. With this change, the free ridership study could also be adjusted to a more real-time measurement scheme, with data collection undertaken as close to project installation as possible, which improves the quality of the final result.

EC RECOMMENDATION: The EC recommends annual free ridership measurement with data collection conducted in two rounds, starting in the 2020 program year. Annual measurement will increase the accuracy of the net savings used in the shareholder incentive and lost revenue calculations. Two rounds of data collection will ensure that data is collected closer to the time of project implementation, which is a best practice in free ridership studies.

OEB RESPONSE: The OEB will consider more frequent free ridership assessments in order to prioritize evaluation resources to areas that will help ensure final verified savings are as accurate as possible.



ABOUT DNV GL

Driven by our purpose of safeguarding life, property and the environment, DNV GL enables organizations to advance the safety and sustainability of their business. We provide classification and technical assurance along with software and independent expert advisory services to the maritime, oil and gas, and energy industries. We also provide certification services to customers across a wide range of industries. Operating in more than 100 countries, our 16,000 professionals are dedicated to helping our customers make the world safer, smarter and greener.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. A, T4, Sch. 1

Question:

Please provide a comparison for EGD and Union 2020 DSM results with the following information in a table.

- Budget over/under spend in \$ and percent terms
- Cubic meter results above/below target in an absolute (m3) value and as a percent of target

Response:

Table 1: Budget Over/Under Spend

	EGD Rate Zone	Union Rate Zones
2020 DSM Budget (1) (2)	\$67,757,376	\$64,349,541
2020 DSM Spend (1) (2)	\$64,548,153	\$54,488,582
Variance Above/(Below) Budget	\$(3,209,223)	\$(9,860,959)
% Variance Above/(Below) Budget	-4.7%	-15.3%

(1) Exhibit A, Tab 4, Schedule 1, Page 72 (for EGD Rate Zone)

(2) Exhibit A, Tab 4, Schedule 1, Page 80 (for Union Rate Zones)

Table 2: CCM Results Above/Below Total CCM Targets

	EGD Rate Zone	Union Rate Zones
Grand Total of all 2020 100% Target CCM Values (3) (4)	891,901,317	949,319,821
Grand Total of 2020 Actual CCM achievement (3) (4)	771,050,466	855,405,825
Variance Above/(Below) Grand Total of all 100% Target CCM Values	(120,850,851)	(93,913,996)
% Variance Above/(Below) Grand Total of all 100% Target CCM Values	-13.5%	-9.9%

(3) Exhibit A, Tab 4, Schedule 1, Pages 68-69 (for EGD Rate Zone)

(4) Exhibit A, Tab 4, Schedule 1, Pages 75-76 (for Union Rate Zones)

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. A, T4, Sch. 1

Question:

Please explain what led to the underspend on Evaluation of (\$1,358,388) out of the budget \$1,744,228.

Response:

The majority of evaluation spend consists of impact evaluation and verification activities from the OEB-led annual evaluation and verification process (described at Exhibit A, Tab 4, Schedule 1, page 62, Section 7.1), including cost awards for non-utility stakeholder members and independent expert members of the EAC.

Some additional evaluation spend consists of utility-led process evaluation activities, which are described at (described at Exhibit A, Tab 4, Schedule 1, page 62, Section 7.2).

Since the majority of evaluation activities are led by the OEB, Enbridge Gas cannot provide insight into reasons for the underspend.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Reference:

Ex. A, T4, Sch. 1

Question:

- a) Please explain what led to the underspend of approximately 5% for Collaboration and Innovation.
- b) Please provide what percent of the Enbridge Gas Technology Institute (“GTI”) Utilization Technology Development (“UTD”) is covered by DSM and what percent of the Collaboration and Innovation budget is used for that expense.
- c) Were any new partnerships developed as a result of the 2020 Collaboration and Innovation expenditure (or is it largely admin costs like memberships)? If yes, please provide a summary.
- d) Were any renewable energy technologies funded in 2020. If yes, please provide a summary.

Response:

- a) While the COVID pandemic affected operations across all markets in Ontario during 2020, Enbridge believes that a 5% underspend reflects a more than reasonable outcome for any actual spend vs budget. To be helpful, Enbridge has provided a couple of examples of Collaboration and Innovation projects affected by COVID mandates:
 - The AeroBarrier pilot experienced supply-chain issues that caused a shortage of supplies for the building process (including lumber). This resulted in some builders requiring delays in building their housing stock and installing AeroBarrier.

- The Power House Hybrid (“PHH”) Net Zero Energy (“NZE”) project was directly impacted by COVID. Purchase and installation of HVAC and M&V equipment was delayed because of lockdowns and our inability to enter homes to install equipment
- b) 50% of the UTD Membership is covered by DSM which equates to about 15% of the CIF Budget.
- c) As noted in Procedural Order No 1 for this application “The OEB also notes that the balances in the DSM Incentive Deferral Account and the LRAM Variance Account have been reviewed by the Evaluation Contractor as part of OEB-coordinated evaluation, measurement and verification process and as such, the OEB expects its review of these accounts to be a mechanistic process.” EGI is unclear on how this question relates to the review of the mechanistic process of these accounts, but in an effort to be responsive has provide the following response.

Generally, many of the projects undertaken within the Collaboration and Innovation fund result in the development of new partnerships. For instance:

- Our UTD membership funds are used to support the development of new energy efficient products in collaboration with other 20 members and other project sponsors such as US DOE and California Energy Commission.
 - The PHH project entailed a formal partnership between multiple parties including but not limited to: NRCAN, Alectra, City of Markham and Ryerson University
- d) Yes, renewable energy technologies such as solar panels are included in the Power House Hybrid (“PHH”) Net Zero Energy (“NZE”) project. With deployment in 10 Markham residential homes, the project, partially funded by Natural Resources Canada, aims to explore the benefits of decentralized hybrid energy generation. Homes are retrofitted with a set of controllable electrical and thermal technologies feeding into a Virtual Power Plant (VPP) platform. These technologies include:
- Hybrid heating (natural gas and electric)
 - Solar panels
 - Battery storage
 - Micro combined heat and power (CHP) systems, and
 - Electric vehicle chargers.

This equipment is controlled with an integrated smart controller that will enable customers to reduce greenhouse gas (GHG) emissions, have greater control over their energy costs, and enjoy increased comfort levels through automated controls.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

Ex. B/2/1, p. 3

Question:

Please confirm that the amount of \$7 million end of year balance in Table 1 is accounted for as a regulatory liability in the financial statements of the Applicant.

Response:

Confirmed.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

B/2/1, p.5 and Appendix A4

Question:

Please confirm that, in 2020, the Applicant underspent by \$4.8 million on programs funded through Rate 6. Please advise the amount originally included in rates for Rate 6 in 2020, and the percent underspend that \$4.8 million represents. Please identify and quantify all amounts that were reallocated from Rate 6 programs to programs paid for by other rate classes, including the programs and their amounts, and the rate classes to which the amounts were reallocated.

Response:

Not confirmed.

Enbridge is proposing to return to Rate 6 ratepayers \$4.8M as part of this proceeding, based on a lower allocation to Rate 6 of DSM program costs, as well as a portion of Low Income costs and a portion of portfolio costs than was included in rates.

Table 1 – Rate 6 Comparison

Actual 2020 DSM Costs allocated – Rate 6 (A)	\$16.3M
DSM Costs Included in 2020 Rates – Rate 6 (B)	\$21.1M
\$ Variance (C = A-B)	(\$4.8M)
% Variance (D = C/B)	(22.75%)

Enbridge defines “Programs” as “Resources Acquisition”, “Low Income”, and “Market Transformation” in the EGD rate zone. As Rate 6 is eligible to participate in all of these “Programs” a reallocation as described cannot be determined.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

B/3/1, Appendix A1 and C/3/1, Appendix A1

Question:

Please confirm that, for a typical school with 40,000 m³ annual volume,

- a) That school in the EGD rate zone will receive a single credit adjustment of \$34.12, but an identical school in the Union south rate zone will pay a single debit adjustment of about \$20.20, and the same school in Union north rate zone will receive a single credit adjustment of \$87.28;
- b) The programs available to those two identical schools in different rate zones are not materially different;
- c) The amounts built into rates for DSM programs for the school in the Union rate zones are significantly higher than the amounts built into rates for DSM programs for that identical school in the EGD rate zone; and
- d) Shifting additional funds to residential programs increases the costs borne by schools in the Union rate zones, but does not increase the costs borne by schools in the EGD rate zone.

Response:

- a) Not confirmed. The one-time adjustment amounts provided in the question are accurate with the exception of the Union North rate zone, where the one-time adjustment for a Rate 01 customer consuming 40,000 m³ per year is a refund of \$94.56.¹

¹ The Rate 01 one-time adjustment refund of \$94.56 is calculated based on the unit rate for disposition of (0.2364) cents/m³ multiplied by 40,000 m³. See Exhibit C, Tab 2, Schedule 1, Appendix A5 for proposed disposition unit rates for the Union rate zones.

- b) Not confirmed. Enbridge Gas has different program offerings available to the two typical schools in the different rate zones as part of the Market Transformation and Performance Based scorecards.
- c) Confirmed. The amount of DSM program costs included in the charges of a school with annual consumption 40,000 m³ a year in Union South Rate M1 is approximately \$317 which is approximately double that of a school with the same annual consumption in EGD Rate 6 at approximately \$174. The Company notes that the total annual bill of a school consuming 40,000 m³ annually is approximately \$14,650 as a Rate M1 customer in the Union South rate zone and \$16,800 as a Rate 6 customer in the EGD rate zone. The total DSM costs including disposition of deferral balances is approximately 1-2% of the customer's total annual bill.²

The difference in DSM disposition unit rates and impacts between EGD's Rate 6 and Union South Rates M1 and M2 is a function of differences in DSM cost allocation methodologies and rate design approved by the OEB that have existed for many years by the legacy Enbridge Gas Distribution and Union Gas Limited. Enbridge Gas will file its rate harmonization proposal, which will include, for example, harmonization of its customer classes, recovery of DSM program costs, and other cost allocation and rate design considerations, as part of its rebasing application in 2024.

- d) Confirmed.

² 1-2% calculated as DSM annual costs including the one-time deferral adjustment of \$140 (\$174 annual cost less \$34 one-time adjustment) and \$337 (\$317 annual cost plus + \$20 one-time adjustment) divided by total annual bill of \$16,800 and \$14,650 for a Rate 6 EGD rate zone customer and a Rate M1 Union South customer, respectively.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

C/2/1, p. 3 and Appendix A5

Question:

Please confirm that the \$894,000 incremental budget for Residential Adaptive Thermostats in the Union Rate zones is being charged to Rate 01 and Rate M1 at a unit rate of 0.0298 cents per cubic meter, increasing the cost for Rate M1 from 0.0207 cents per cubic meter to 0.0505 per cubic meter, and decreasing the credit for Rate 01 from 0.2662 cents per cubic meter to 0.2364 cents per cubic meter.

Response:

Not confirmed. Please see Table 1 for the Residential Adaptive Thermostat Offering unit rates of 0.0128 cents/m³ and 0.0256 cents/m³ for Rate 01 and Rate M1, respectively included in the 2020 DSM deferral and variance accounts unit rate for disposition. Table 1 also includes the 2020 DSM Deferral unit rate as filed and excluding the impact of the Residential Adaptive Thermostat Offering.

Table 1
Adaptive Thermostat Costs in 2020 DSM Deferral Unit Rates

Rate Class	2020 Actual Volume (1) (10 ³ m ³)	<u>Adaptive Thermostat Program</u>		<u>2020 DSM Deferral Unit Rate</u>	
		Program Costs (\$000s)	Program Unit Rate (cents / m ³)	As Filed (1) (cents / m ³)	Excluding Program (cents / m ³)
(a)	(b)	(c)	(d)=(c)/(b)x100	(e)	(f)=(e)-(d)
Rate 01	982,736	126	0.0128	(0.2364)	(0.2492)
Rate M1	3,003,878	768	0.0256	0.0505	0.0249
		894			

Notes

(1) Exhibit C, Tab 2, Schedule 1, Appendix A5.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Reference:

C/2/1, p.10 and Appendix A4

Question:

Please confirm that, in 2020, the Applicant underspent by \$2.4 million on programs funded through Rate 01. Please advise the amount originally included in rates for Rate 01 in 2020, and the percent underspend that \$2.4 million represents. Please identify and quantify all amounts that were reallocated from Rate 01 programs to programs paid for by other rate classes, including the programs and their amounts, and the rate classes to which the amounts were reallocated.

Response:

Not confirmed.

Enbridge is proposing to return to Rate 01 ratepayers \$2.4M as part of this proceeding, based on a lower allocation to Rate 01 of DSM program costs, as well as a portion of Low Income costs and a portion of portfolio costs than was included in rates.

Table 1 – Rate 01 Comparison

Actual 2020 DSM Costs allocated – Rate 01 (A)	\$4.2M
DSM Costs Included in 2020 Rates – Rate 01 (B)	\$6.6M
\$ Variance (C = A-B)	(\$2.4M)
% Variance (D = C/B)	(36.36%)

Enbridge defines "Programs" as "Residential", "Commercial/Industrial", "Low Income", "Large Volume", "Market Transformation" and "Performance Based" in the Union rate zones. As Rate 01 is eligible to participate in all of these "Programs" (other than Large Volume) a reallocation as described cannot be determined. Enbridge can confirm that no budget transfers occurred into the Large Volume program from other programs during 2020.