

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

Theodore Love, Green Energy Economics Group, Inc.  
Francis Wyatt, Green Energy Economics Group, Inc.

*Retained by Small Business Utility Alliance*



# Relevant Small Business Definitions



EGI Small Volume customers use less than 100,000 m<sup>3</sup> of gas per year



SBUA particularly interested in “microbusiness”

Usually, 10 or less employees

Using less than 25,000 m<sup>3</sup> per year

# Importance of Small Business in Canada

- ✓ Small Business (less than 100 employees) make up 69% of the labor force<sup>1</sup>
- ✓ Microbusiness makes up 73% of all business entities in Canada<sup>2</sup>
- ✓ Almost 100% of First Nation business are microbusinesses<sup>3</sup>

1. [https://www.ic.gc.ca/eic/site/061.nsf/eng/h\\_03126.html#4.2](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](http://aceee.org/research-report/u1608)

# Small Business in Enbridge Plan

## *Projected Program Spending and Savings*

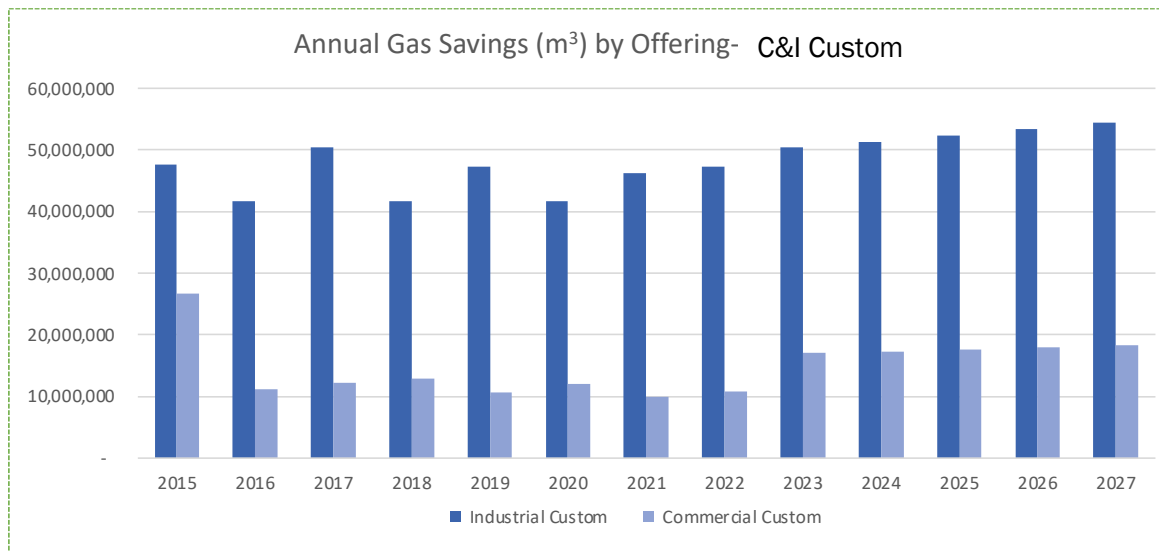
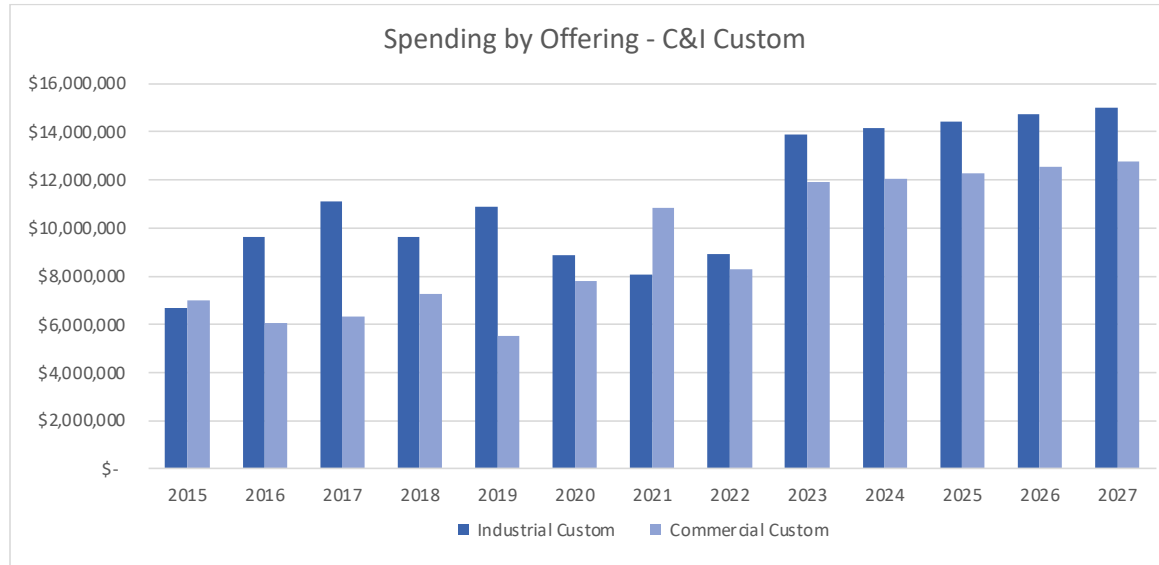
Program	2023 Budget		2023 Net Annual gas Savings	
	CAD\$	%	m <sup>3</sup>	%
Commercial Custom	\$11,895,830	47%	17,051,254	70%
Prescriptive Downstream	\$2,436,237	10%	1,734,187	7%
Prescriptive Midstream	\$2,421,117	10%	2,027,759	8%
Direct Install	\$4,765,983	19%	3,542,144	15%
Commercial Admin Costs	\$3,743,608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

Most  
Relevant  
Programs

## *Performance Target*

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

# EGI Proposed Commercial Custom Offering

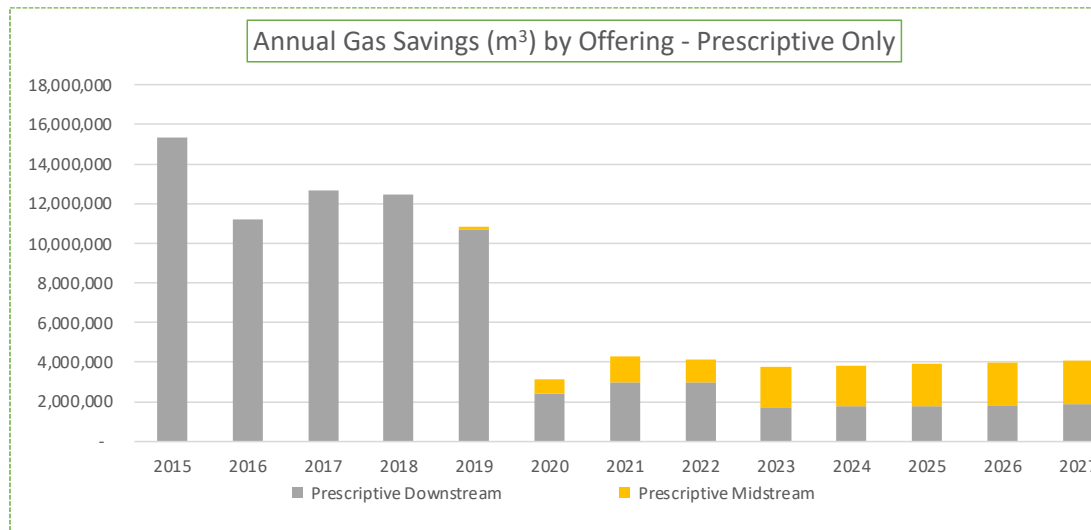
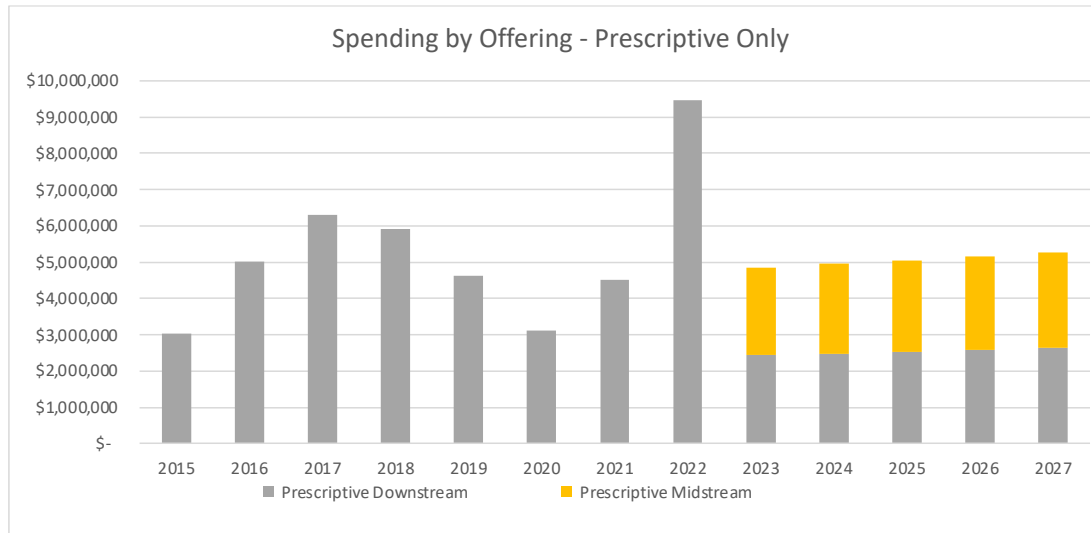


2023 TRC+ Net Benefits of  
\$91.3 million w/ 8.48 BCR

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

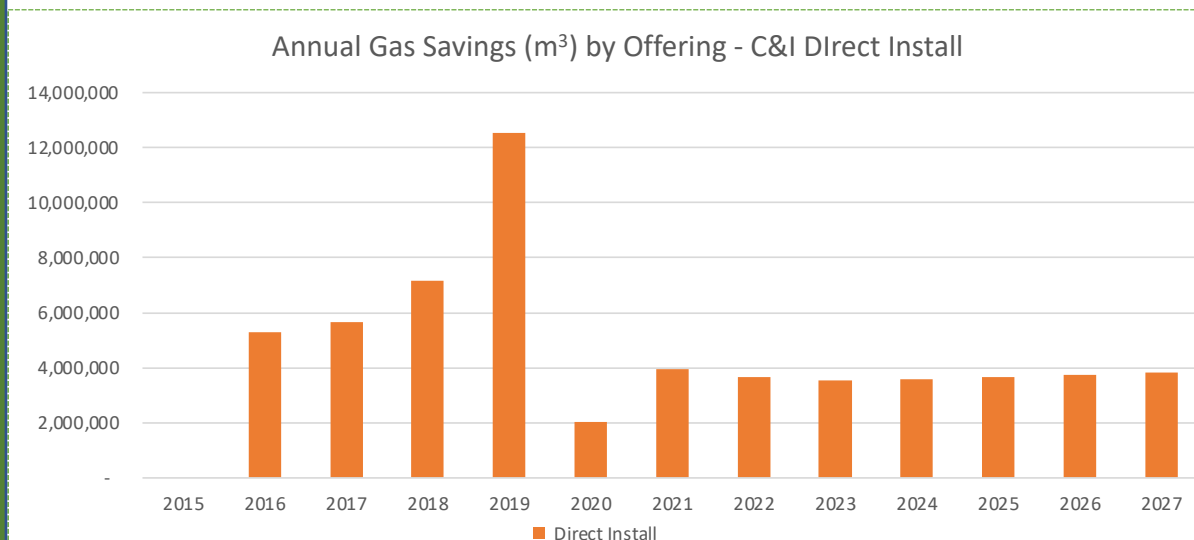
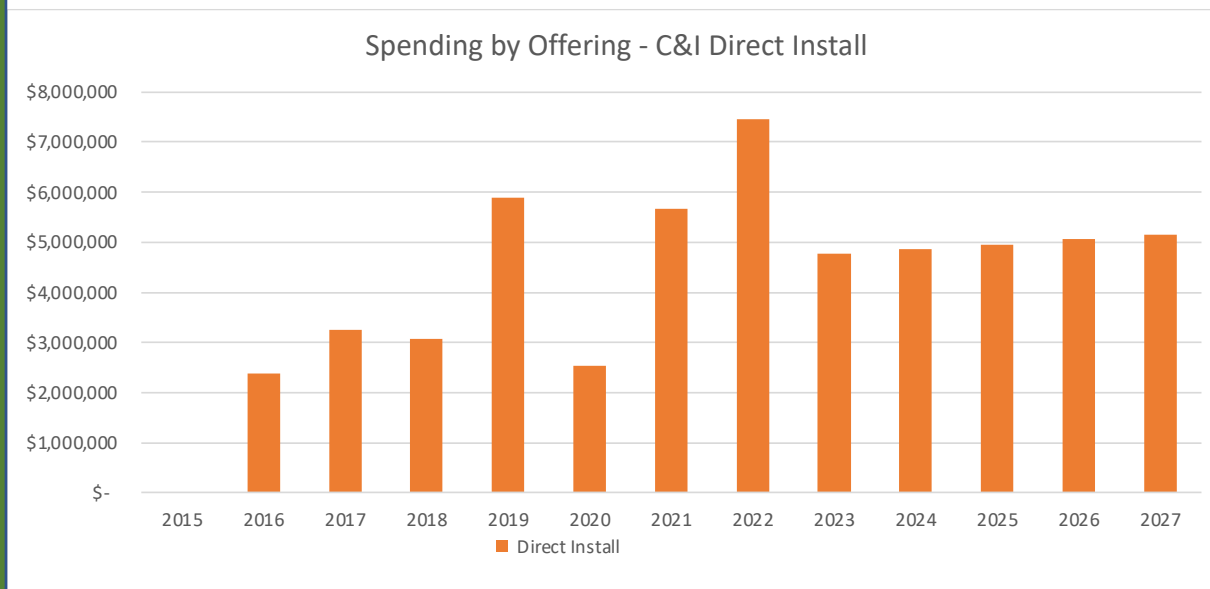
## Good

- 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 m<sup>3</sup> 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