

November 28, 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-2021-0002
Multi-Year Demand Side Management Plan (2022-2027)
Enbridge Gas Comments on Decision Schedule A and C and
Draft Accounting Order**

In accordance with the OEB Decision and Order for the Multi-Year Demand Side Management Plan (2022-2027), and in response to the OEB's findings "that it is reasonable to allow Enbridge Gas an opportunity to review the OEB's findings, specifically with respect to the calculation of updated budget figures and revised targets"¹, there are two items detailed below that Enbridge Gas would like to bring to the OEB's attention:

- 1) The revised 2023 Residential Program Net Annual Gas Savings Scorecard Targets presented in the table entitled "OEB-Approved DSM Program Scorecards, Metrics and Targets" in Schedule C (currently stated as **22,135,911** m³ at the 2023 100% Target) to reflect the incremental \$29.4M budget in the Residential Program appears to have been inaccurately calculated based on filed evidence. On February 18, 2022, Enbridge Gas filed an update to the evidence clarifying the calculation of the Residential Program target. In that filing the Company explained:²

Upon review of the underlying assumptions that were used to establish targets outlined in Enbridge Gas's updated DSM plan application filed on September 29, 2021, Enbridge Gas has discovered that the forecast net annual savings (m³) target for the Residential Program does not reflect a required adjustment factor. Historically, an adjustment factor has been applied to gross annual savings (m³) to account for uninstalled units of smart thermostats incented through the retail delivered portion of the Smart Home program offering. Most recently, this adjustment factor was applied to verified 2020 results and the same adjustment should have been similarly applied in the filing beginning with the 2023 gas savings target forecast attributable to the Smart Home program offering and reflected in the Residential Program metric."

¹ Decision and Order, p. 93.

² Multi-Year Demand Side Management Plan (2022-2027) Interrogatory Responses on Reply Evidence and Updated Evidence, February 28, 2022, p. 2.

This adjustment resulted in a corrected 2023 Annual Scorecard 100% Net Annual Gas Savings Target for the Residential Program of **13,637,865 m³** (Updated 2022-02-18, EB2021-0002, Exhibit D, Tab 1, Schedule 3, page 4 of 12).

The Decision and Order states that “the OEB is of the view that it is reasonable to increase the Residential Program natural gas savings target by 50% for 2023”.³ Therefore, the Company believes that calculation, applying the correct base target, should be $13,637,865 \text{ m}^3 * 1.5 = \mathbf{20,456,798 \text{ m}^3}$.

- 2) Included in the table entitled “OEB-Approved DSM Program Scorecards, Metrics and Targets” in Schedule C of the Decision, the OEB has proposed 2025 Targets for the Number of Participants metric for the Whole Building Pay For Performance program offering (P4P) in the Energy Performance Program Scorecard. The 2025 100% target included by the OEB is 50 participants vs. 25 participants which was proposed and approved for the 2024 program year. Enbridge Gas notes that the Decision did not approve any associated budget increase (save for inflationary increases) from 2024 to 2025. Please see Exhibit D, Tab 1, Schedule 1, pages 11-13, Tables 4-6. More specifically, the budget for the P4P program offering as approved increases from \$1.117 million in 2023 to \$1.140 million in 2025, an increase of only \$23 thousand.

The Company was surprised by this target increase for 2025 as the OEB stated in the Decision in respect of the P4P program offering: “that it is not appropriate to approve an expanded version of this program at this time.”⁴ Enbridge Gas then undertook a review of the interrogatory response (IRR) that it filed in response to GEC 6 which the OEB referenced in its Decision (Exhibit I.5.EGI.GEC.6, Attachment 1, page 6) as the basis for the 2025 targets. Enbridge Gas has now realized that several of the targets in this IRR for the P4P program offering were inconsistent with the prefiled evidence. For 2022, the IRR includes a participant target of 0 when the prefiled evidence⁵ provided for a target of 25.⁶ The same IRR erroneously included a target for participants in 2025 of 50 when it should have been 25 consistent with the prefiled evidence as noted below.

It should be recalled that the original filing on May 3, 2021 contemplated a start date for the plan in 2022. With the OEB’s decision that 2022 be treated as a roll over from 2021, the Company filed an updated plan on September 29, 2021 removing proposals in respect of the 2022 program year and, in the case of the P4P program offering, in effect rolling the start date for the program offering forward by one year. The prefiled evidence filed on May 3, 2021 at Exhibit D,

³ EB, 2021-0002, Decision and Order, p.33.

⁴ Decision and Order, p. 46.

⁵ EB-2021-0002 (May 3, 2021).

⁶ This figure was used in the IRR given that by the time the IRR was filed, the OEB had ordered a rollover of 2021 into 2022 and thus the P4P program would not commence that year.

Tab 1, Schedule 3, pages 3, 6-8, Tables 1 – 4, clearly notes program participants in years 1, 2 and 3 (originally 2022, 2023 and 2024) of 25 participants each year. No targets were provided for 2025 in the prefiled evidence as these had been proposed to be considered and set as part of the mid-term review. With the rollover of 2021 into 2022, the first year of the P4P becomes 2023 and thus the participant target that the Company proposed in each of the first three years (2023, 2024 and 2025) is 25.

The Decision stated at page 46 that: “The OEB approves the proposed Energy Performance Program as filed including the Whole Building P4P offering”. Unfortunately, the IRR to GEC 6 had errors for P4P participant metric targets which did not line up with the updated prefiled evidence.

Accordingly, as a result of the errors made in the IRR, the Company respectfully requests that the OEB adjust the participant target for the P4P program offering for 2025 to 25 participants at the 100% level. This is consistent with the OEB approving the program offering as filed and noted above. The fact is that it is not possible to double the 100% participant target in one year with only inflationary increases to the approved budget, particularly in respect of the P4P program offering which requires a substantial financial commitment per participant. The Company submits that the evidence and the Decision supports a mathematical revision to set the 100% target for participants for the 2025 P4P program year at 25.

In addition, Enbridge Gas is filing a Draft Accounting Order as requested in the OEB Decision. Please see Attachment 1. Enbridge Gas would like to note that the Draft Accounting Order relating to the first four accounts in Attachment 1 (DSMVA, LRAMVA, CDMDA, and DSMIDA) were filed as part of the Rebasing Application on October 31, 2022 (EB-2022-0200) and have been provided here for completeness.

In the event that you have any questions on the above or would like to discuss in more detail, please do not hesitate to contact me.

Sincerely,

Asha Patel
Technical Manager, Regulatory Applications

cc.: D. O'Leary, Aird & Berlis - Via Email
EB-2021-0002 Intervenors - Via Email

ENBRIDGE GAS INC.

**Accounting Entries for
Demand Side Management (DSM) Variance Account
Account No. 179-313**

This account records the difference between the actual DSM spending for the fiscal year and the budgeted amount included within rates. Amounts determined to be over or under the budget included within Allowed Revenue will be recorded in the DSMVA. In addition, any further variance in DSM spending and results, beyond the budget included within rates, which occur as a result of OEB decisions in ongoing or upcoming DSM proceedings, will be included within this account.

This account also tracks forecast commitments for customer incentive payments and program costs for future periods. Due to the multi-year aspect of several program offerings, incentive and program dollars committed in the current year may not be payable until they become due in future years. This account will track and carry forward the forecasted cumulative customer incentive and program dollar commitments net of payments made (in relation to incentive or program payments made in the current year, or in relation to incentives or program dollars paid that became due in the current year in relation to commitments made in prior years). Any amount not paid out will be returned to ratepayers in the year following its last potential commitment date, or at such other time as directed by the OEB.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-313 DSM Variance Account
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Credit	-	Account No. 728 General Expense
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To record, as a debit/(credit) in the account, the difference between the actual DSM spending for the fiscal year and the budgeted amount included in rates.

Debit	-	Account No. 179-313 DSM Variance Account
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Credit	-	Account No. 323 Other Interest Expense
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To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

**Accounting Entries for
Lost Revenue Adjustment Mechanism (LRAM) Variance Account
Account No. 179-314**

This account records the amount of distribution margin gained or lost when the Company's DSM programs are less or more successful than budgeted in the fiscal year.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-314 LRAM Variance Account
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Credit	-	Account No. 529 Other Sales
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To record, as a debit/(credit) in the account, the amount of distribution margin gained or lost when the Company's DSM programs are less or more successful than budgeted in the fiscal year.

Debit	-	Account No. 179-314 LRAM Variance Account
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Credit	-	Account No. 323 Other Interest Expense
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To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

ENBRIDGE GAS INC.

**Accounting Entries for
Conservation Demand Management (CDM) Deferral Account
Account No. 179-315**

This account records the ratepayer share of all net revenues generated by Demand Side Management (DSM) services provided for CDM activities. The ratepayer share is 50% of net revenues, using fully allocated costs.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 312 Non-Gas Operating Revenue
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Credit	-	Account No. 179-315 CDM Deferral Account
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To record, as a (credit) in the account, 50% of the actual net revenues generated from the CDM program.

Debit	-	Account No. 323 Other Interest Expense
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Credit	-	Account No. 179-315 CDM Deferral Account
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To record, as a (credit) in the account, interest on the opening monthly balance.

ENBRIDGE GAS INC.

**Accounting Entries for
Demand Side Management (DSM) Incentive Deferral Account
Account No. 179-316**

This account records the actual amount of shareholder incentive earned by Enbridge Gas resulting from its DSM programs. The criteria and formula used to determine the amount of any shareholder incentive, to be recorded in the account, will be in accordance with the DSM Framework in effect for the fiscal year.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-316 DSM Incentive Deferral Account
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Credit	-	Account No. 319 Other Income
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To record, as a debit in the account, the shareholder incentive earned by the Company in relation to its DSM programs.

Debit	-	Account No. 179-316 DSM Incentive Deferral Account
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Credit	-	Account No. 323 Other Interest Expense
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To record, as a debit in the account, interest on the opening monthly balance.

ENBRIDGE GAS INC.

**Accounting Entries for
Natural Gas Reduction Incentive Deferral Account
Account No. 179-327**

This account records the actual end-of-term shareholder incentive amount earned by Enbridge Gas if its DSM programs result in the achievement of specific targeted natural gas sales reductions over the 2023 through 2025 DSM plan term.

If, at the end of the 3-year term, the 2025 total weather normalized volume of natural gas sold to Enbridge Gas's Ontario customers is at least 1.5% less than the total weather normalized volume of natural gas that was sold to Ontario customers in 2022, Enbridge Gas will be eligible for a \$30 million incentive (over and above the maximum shareholder incentive related to program scorecards). If however the 2025 total weather normalized volume of natural gas sold to Enbridge Gas's Ontario customers is not at least 1.5% less than the total weather normalized volume of natural gas that was sold to Ontario customers in 2022, but is at least 1.125% (75% of the 1.5% target) less than the total weather normalized volume of natural gas that was sold to Ontario customers in 2022, Enbridge Gas will be eligible for a \$15 million incentive (over and above the maximum shareholder incentive related to program scorecards).

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

Debit	-	Account No. 179-327
		Natural Gas Reduction Incentive Deferral Account
Credit	-	Account No. 319
		Other Income

To record, as a debit in the account, the shareholder incentive earned by the Company in relation to its DSM programs achieving end-of-term gas reduction targets.

Debit	-	Account No. 179-327
		Natural Gas Reduction Incentive Deferral Account
Credit	-	Account No. 323
		Other Interest Expense

To record, as a debit in the account, interest on the opening monthly balance.