



Asha Patel
Technical Manager
Regulatory Applications
Regulatory Affairs

Office: 416-495-5642
Email: Asha.Patel@enbridge.com
EGIRegulatoryProceedings@enbridge.com

Enbridge Gas Inc.
500 Consumers Road
North York, Ontario, M2J 1P8
Canada

January 24, 2023

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
2022-2027 Multi-Year DSM Plan Application
Enbridge Gas Draft Rate Order - Reply Submission**

In accordance with the OEB's revised Decision and Order, dated December 16 2022, enclosed please find attached the Reply submission of Enbridge Gas. The Reply submission includes an Appendix C which is in addition to Appendix A and B filed on January 12, 2023 as part of the Draft Rate Order.

If you have any questions, please contact the undersigned.

Sincerely,

Asha Patel
Technical Manager, Regulatory Applications

cc: D. O'Leary, Aird & Berlis – VIA email
EB-2022-0002 Intervenors – VIA email

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15 (Sched. B);

AND IN THE MATTER OF an application by Enbridge Gas Inc. pursuant to Section 36(1) of the Act, for an order or orders approving its Demand Side Management Plan for 2022-2027 (the Application).

REPLY SUBMISSION OF ENBRIDGE GAS INC.

1. Pursuant to the revised OEB Decision and Order on December 16, 2022, this is the Reply Submission of Enbridge Gas Inc. (Enbridge Gas) to the submissions filed by OEB Staff and Schools Energy Coalition (SEC) in the matter of Enbridge Gas's Draft Rate Order (DRO) filed on January 12, 2023, in the above noted proceeding.

OEB Staff

2. OEB Staff submits that Enbridge Gas's proposal is generally reasonable however has made several suggestions that Enbridge Gas responds to below.
3. OEB Staff have suggested that Enbridge Gas update Appendix B to compare 2023 DSM budgets currently approved in 2023 rates with the approved 2023 DSM budget.¹ Enbridge Gas adopts this suggestion and has attached as Appendix C such a comparison.
4. Enbridge Gas would like to note that the 2023 DSM budget in rates and the approved 2023 DSM budget, in Appendix C, are based on the same allocation methodology used to set 2023 rates. Enbridge Gas will utilize the DSMVA and the applicable clearance proceeding to true up costs between 2023 actual DSM spend and the 2023 DSM budget in 2023 rates.
5. OEB Staff also suggested that Enbridge Gas indicate how it expects to dispose of the variance between DSM amounts currently approved in rates and those that

¹ OEB Staff Submission, p. 1.

were approved as part of this proceeding that will be recorded in the DSMVA.² Specifically it asked Enbridge Gas to “confirm whether it intends to dispose of this balance as part of its 2023 DSM deferral and variance account clearance application (i.e., after final 2023 DSM spending and results are known, such that the 2023 DSMVA disposition would address variance between the 2023 DSM budget already approved in 2023 rates and actual 2023 DSM spending, for factors including, but not limited to, the updated 2023 DSM budget approved in this proceeding), or in an earlier application.”³

6. Enbridge Gas confirms that it intends to dispose of the 2023 DSMVA balance, which would capture the variance between the 2023 DSM budget in 2023 approved rates and the actual 2023 DSM spending for factors such as the updated 2023 DSM budget approved in this proceeding, as part of a standalone 2023 DSM deferral and variance account clearance application. Consistent with recent historical practice, this will occur after final 2023 DSM spending and results are known.
7. OEB Staff further asked Enbridge Gas to clarify why it did not consider collecting the variance between the 2023 DSM budget already approved in 2023 rates and the approved 2023 DSM budget through a billing adjustment as part of its next Quarterly Adjustment Mechanism (QRAM) application as was done as part of the 2015 DSM Decision and Order.⁴
8. Enbridge Gas submits that the circumstances are different this time. 2023 rates were established and approved on a final basis, effective January 1, 2023, as part of the 2023 Rates proceeding⁵ using a 2023 DSM budget of \$142.3 million. Ultimately a 2023 DSM budget of \$167.2 million was approved,⁶ which is approximately a 17% increase.
9. In contrast, in the Decision and Order in respect of EGD’s 2016 Rates proceeding (EB-2015-0114), 2016 rates were set on an interim basis and stated “The OEB expects that the final rates for 2016 will be set after the 2016 DSM budget is established by the OEB in proceeding EB-2015-0049.”⁷

² *Ibid*, p. 2.

³ OEB Staff Submission, p. 2.

⁴ *Ibid*

⁵ EB-2022-0133, Decision on Settlement Proposal and Rate Order, 2023 Rates (November 3, 2022).

⁶ EB-2021-0002, Decision and Order (November 15, 2022).

⁷ EB-2015-0114, Decision and Interim Order, p. 6.

10. As part of the 2016 Rate Adjustment Settlement Proposal, parties to the Settlement asked the OEB to declare 2016 rates interim as of January 1, 2016 until final 2016 rates could be set following the OEB's Decision in the DSM case.
11. Setting rates on an interim basis made sense as the difference being contemplated between the 2016 DSM budget in 2016 rates of \$35 million versus the 2016 DSM Budget as proposed in EB-2015-0049 of \$63.5, was an 81% increase.
12. Enbridge Gas would like to emphasize that 2023 Rates were approved on a final basis. In addition, the percentage increase between the DSM amount approved in 2023 Rates and the 2023 DSM budget approved in this proceeding is not as significant as it was in 2016.
13. For these reasons Enbridge Gas did not propose to collect the variance between the 2023 DSM budget approved in 2023 rates and the approved 2023 DSM budget through a billing adjustment as part of its next QRAM application. Enbridge Gas has a DSMVA which captures any variance in budget versus actual spend (including factors such as an increase in approved budget) and a standalone DSM deferral and variance account clearance application to dispose of the balance.
14. Lastly, OEB Staff noted that in the Decision and Order, "the OEB expects that Enbridge Gas will implement the recovery of DSM costs from residential customers across Ontario on a uniform basis during the term of the DSM plan as soon as practical."⁸
15. OEB Staff submitted that Enbridge Gas did not address this in its DRO.
16. Enbridge Gas submits that there is currently a Rebasing proceeding in front of the OEB (EB-2022-0200) which includes proposed changes to rate design and a rate harmonization plan. These proposals, if approved, would be effective during the term of the multi-year DSM plan as required by the OEB in its Decision and Order. The Rebasing proceeding is in fact the earliest opportunity for such harmonization proposals to be considered by all parties and for consideration by the OEB. Absent such approvals being in place, Enbridge Gas cannot implement recovery from ratepayers on any basis other than pursuant to existing approvals.
17. More specifically, the rate harmonization plan and rate design proposals in Enbridge Gas's Rebasing proceeding include a proposal to harmonize general service customers into two new rate classes, Rate E01 and Rate E02, beginning April 1, 2025. If approved, the vast majority of residential customers in Enbridge

⁸ EB-2021-0002, Decision and Order (November 15, 2022), p. 32.

Gas's service area will take service under Rate E01 and will pay uniform DSM rates within the rate class.⁹

SEC

18. SEC has submitted that in its Final Argument it put forward the issue of rate recovery of costs of the DSM Plan. Specifically, the issue of rate recovery of costs for residential programs be modified to prevent an alleged "large" subsidy of those programs by non-residential customers.¹⁰ Enbridge Gas notes that there is no evidence which establishes that any material subsidy occurs, but in any event, the DRO stage of a proceeding is not the appropriate time to request changes to rate design in one or several rate zones which favour one group of ratepayers over another.
19. SEC notes that in the OEB Decision and Order dated November 15, 2022, the OEB did not address SEC's argument, nor does the Decision include any approval of the rate recovery proposal of Enbridge Gas.¹¹ SEC erroneously sees this as an opening to repeat its argument as part of the DRO process and notes that Enbridge Gas did not address this in its draft DRO. It is of course trite to note that where specific relief sought by a party is not approved in whole or in part by the OEB in a Decision and Order, there is no legal basis for the relief sought to be the subject of a rate order. The DRO process is not an invitation to repeat each parties' requests for the relief they sought for which OEB approval was not granted.
20. Enbridge Gas submits that the fact that the OEB did not address the specific relief sought by SEC means that the recovery as proposed by Enbridge Gas is the approved rate recovery method.
21. Enbridge Gas would like to highlight that this same issue was raised in interrogatories by SEC as part of the 2020 DSM deferral and variance clearance application.¹² The response provide at that time was:

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

⁹ EB-2022-0200, Application and Evidence (November 30, 2022), Exhibit 8, Tab 2, Schedule 3.

¹⁰ SEC Submission, p. 1.

¹¹ *Ibid*, p.1.

¹² EB-2022-0007, Exhibit I.SEC.3.

classes, recovery of DSM program costs, and other cost allocation and rate design considerations, as part of its rebasing application in 2024.¹³

22. Enbridge Gas is now in the midst of its Rebasing proceeding¹⁴ where it has made proposals for rate harmonization and rate design. Enbridge Gas submits that if SEC has concerns about the rate harmonization and rate design proposals, that these concerns should be raised as part of the Rebasing proceeding when all parties are able to weigh in on the issue.

Other

23. In the DSM Decision and Order it stated:

The OEB approves the continuation of the proposed Large Volume Program with some modifications. The OEB is of the view that the price signals and legislated requirements currently in place are a significant driver in ensuring that gas-fired generators are addressing energy efficiency in a sufficient manner. Therefore, the OEB finds that gas-fired generators should be exempt from the Large Volume Program. Although the OEB is exempting gas-fired generators from the Large Volume program, no changes will be made to the budget or program scorecard target.¹⁵

The Decision further states:

Gas-fired generators in the Rate T2 and Rate 100 classes should not be subject to any DSM costs and will not be able to access any of the available Large Volume program funding. Enbridge Gas can work to ensure that manual adjustments to its billing system are applied for the eight gas-fired generators in the Rate T2 class and the single gas-fired generator in the Rate 100 class so that costs are appropriately administered beginning January 1, 2023.”¹⁶

24. Enbridge Gas would like to acknowledge this element of the Decision. Any actual versus budget spend from implementation of the above Decision of the OEB will be recorded in the DSMVA and disposed of as part of the 2023 DSM Deferral and Variance clearance proceeding.

¹³ EB-2022-0007, Exhibit I.SEC.3.

¹⁴ EB-2022-0200.

¹⁵ EB-2021-0002, Decision and Order (November 15, 2022), p. 43.

¹⁶ Ibid, p. 44.

All of which is respectfully submitted this 24th day of January 2024.

Asha Patel
Technical Manager, Regulatory Applications

ENBRIDGE GAS INC.
2023 - 2025 DSM Plan
2023 DSM Budget Bill Impacts

Line No.	Rate Class	2023 DSM Budget in 2023 Rates (1)	2023 Approved DSM Budget (2)	Change (%)	2023 Billing Units (10 ³ m ³)	2023 DSM Budget in 2023 Rates (cents/m ³)	2023 Approved DSM Budget (3) (cents/m ³)	Representative Annual Billing Units (m ³)	2023 DSM Amounts in Total Bill		2023 Budget Change Impact (\$ / customer)	April 2021 QRAM Total Bill (4) (\$)	2023 DSM Budget	
		(a)	(b)	(c)=(b-a)/(a)	(d)	(e)=(a/d)*100	(f)=(b/d)*100	(g)	Annual (\$)	Monthly (\$)	(j)=(f-e)*(g)/100	(k)	Total Bill (%)	Change Impact (%)
									(h)=(f*g)/100	(i)=(h/12)			(l)=(h/k)	(m)=(j/k)
<u>EGD Rate Zone</u>														
1	Rate 1	45,112	52,394	16%	5,045,468	0.8941	1.0384	2,400	24.92	2.08	3.46	1,069	2.3%	0.3%
2	Rate 6	23,823	28,042	18%	4,887,113	0.4875	0.5738	22,606	130	11	20	8,088	1.6%	0.2%
3	Rate 9	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Rate 100	-	-	-	28,090	-	-	339,188	0	0	-	99,893	0.0%	0.0%
5	Rate 110	2,531	3,045	20%	1,074,372	0.2356	0.2834	598,568	1,697	141	287	165,622	1.0%	0.2%
6	Rate 115	1,450	1,762	21%	386,039	0.3757	0.4564	4,471,609	20,409	1,701	3,609	1,145,755	1.8%	0.3%
7	Rate 125 (5)	166	162	-2%	111,124	0.1498	0.1461	-	40,599	3,383	(1,007)	-	-	-
8	Rate 135	287	348	21%	55,486	0.5169	0.6279	598,567	3,759	313	665	150,203	2.5%	0.4%
9	Rate 145	1,178	1,445	23%	15,331	7.6819	9.4269	598,568	56,426	4,702	10,445	173,251	32.6%	6.0%
10	Rate 170	2,362	2,898	23%	322,426	0.7325	0.8989	9,976,120	89,678	7,473	16,599	2,352,250	3.8%	0.7%
11	Rate 200 (5)	40	39	-2%	186,602	0.0216	0.0211	-	39,290	3,274	(975)	-	-	-
12	Rate 300 (5)	1	1	-2%	-	-	-	-	737	61	(18)	-	-	-
13	Total EGD	<u>76,949</u>	<u>90,137</u>											
<u>Union South Rate Zone</u>														
14	Rate M1	27,346	32,024	17%	3,063,170	0.8927	1.0455	2,200	23.00	1.92	3.36	880	2.6%	0.4%
15	Rate M2	11,257	13,605	21%	1,253,164	0.8983	1.0856	250,000	2,714	226	468	67,744	4.0%	0.7%
16	Rate M4 (6)	5,025	6,259	25%	632,129	0.7950	0.9902	875,000	8,664	722	1,708	238,244	3.6%	0.7%
17	Rate M5 (6)	524	459	-12%	65,971	0.7950	0.6956	6,500,000	45,216	3,768	(6,456)	1,585,878	2.9%	-0.4%
18	Rate M7	2,214	2,698	22%	765,093	0.2894	0.3527	36,000,000	126,968	10,581	22,792	8,445,804	1.5%	0.3%
19	Rate M9	17	16	-2%	90,073	0.0187	0.0183	6,950,000	1,271	106	(32)	1,119,963	0.1%	0.0%
20	Rate M10	0	0	-2%	329	0.0503	0.0491	94,500	46	4	(1)	20,105	0.2%	0.0%
21	Rate T1	1,634	1,962	20%	434,564	0.3759	0.4515	11,565,938	52,221	4,352	8,739	2,721,662	1.9%	0.3%
22	Rate T2	4,783	5,656	18%	5,353,212	0.0893	0.1057	197,789,850	208,984	17,415	32,273	43,934,364	0.5%	0.1%
23	Rate T3	106	104	-2%	249,200	0.0426	0.0416	272,712,000	113,457	9,455	(2,814)	42,468,987	0.3%	0.0%
24	Total Union South	<u>52,906</u>	<u>62,784</u>											
<u>Union North Rate Zone</u>														
25	Rate 01	6,030	6,733	12%	1,012,937	0.5953	0.6647	2,200	14.62	1.22	1.53	1,140	1.3%	0.1%
26	Rate 10	3,264	3,912	20%	358,834	0.9095	1.0901	250,000	2,725	227	451	86,150	3.2%	0.5%
27	Rate 20	1,852	2,212	19%	841,059	0.2202	0.2630	15,000,000	39,456	3,288	6,426	3,837,257	1.0%	0.2%
28	Rate 25	75	73	-2%	260,373	0.0289	0.0282	2,275,000	642	53	(16)	579,929	0.1%	0.0%
29	Rate 100	1,184	1,391	17%	1,036,696	0.1142	0.1342	240,000,000	321,964	26,830	47,777	65,692,840	0.5%	0.1%
30	Total Union North	<u>12,405</u>	<u>14,322</u>											
31	Total EGI	<u>142,260</u>	<u>167,243</u>											

Notes:

- (1) The 2023 DSM Budget included in approved 2023 Rates (EB-2022-0133, Exhibit D, Tab 1, Rate Order, Working Papers, Schedule 8; and Exhibit D, Tab 2, Rate Order, Working Papers, Schedule 10).
- (2) Rate Order, Appendix A.
- (3) The 2023 DSM budget included in 2023 rates (EB-2022-0133), effective January 1, 2023, was approved by the OEB on November 3, 2022 and will not match the DSM unit rate shown due to the difference in budget amounts and rate design approach.
- (4) Total sales service bill based on EB-2021-0070 (April 2021 QRAM) excluding cost/price adjustments. Total bill for Rate M9, Rate M10 and Rate T3 excludes the federal carbon charge.
- (5) Annual bill impact amounts for EGD Rate 125, Rate 200, and Rate 300 are for average customers in each rate class.
- (6) Rate M4 and Rate M5 DSM costs are pooled and reallocated in proportion to forecast volumes. Forecast volumes are updated through the annual rate setting proceedings.