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By EMAIL and RESS

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Our File: EB20230062

Ontario Energy Board
2300 Yonge Street
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Toronto, Ontario
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Attn: Nancy Marconi, Registrar

Dear Ms. Marconi:

Re: EB-2023-0062 – Enbridge 2021 DSM Clearances – SEC Submissions

We are counsel to the School Energy Coalition ("SEC"). Pursuant to Procedural Order #1, this letter constitutes SEC's Submissions in this matter.

Background

We have reviewed the OEB Staff Submission, which contains a good description of the context of the Application and many of the salient details.

We also note that SEC's counsel was a member of the Evaluation Advisory Committee at all times during the audit process for 2021, and had ample opportunity to provide input throughout. The audit process, overseen by OEB Staff, was thorough and independent.

With one exception, SEC agrees with the Submission of OEB Staff, and supports clearance of the DSM accounts as OEB Staff has suggested, including reducing the savings calculated by e-Tools in line with the recommendations of the Evaluation Contractor.

The one exception to our adoption of OEB Staff's Submission is the calculation of the e-Tools adjustment.

Analysis

SEC has two concerns about the calculation of the e-Tools adjustment.

First, the actual recommendation of the Evaluation Contractor with respect to the continuing use of e-Tools to calculate boiler savings is as follows:

> *"<u>After implementation of list items 1.a. and 1.b.</u>, the recommended realization rate from this study (84%), can be applied to evaluate aggregate eTools boiler gross savings. This recommended realization rate uses that described in 1a) above as well as incorporates the findings from EGI's study of non-participant natural gas consumption trends (APPENDIX A), explained in Section 3.11."[1] [emphasis added]*

The underlined section refers to recommendations of the Evaluation Contractor that the boiler savings be recalculated to a) replace the 73% default thermal efficiency with 80.1% for space heating and 81.8% for water heating, and b) assume control settings are the same as the replaced system, unless there is documented evidence to the contrary.

It is not clear from the response to I.SEC.1 that Enbridge has made those adjustments in calculating the impact of adjusting e-Tools. The 84% adjustment factor is only correct if it is applied AFTER those adjustments are made.

This is not a small difference. The initial estimate by the Evaluation Contractor was that the adjustment factor (the "realization rate", or "RR"), would increase from 55% to 79% once those changes were made[2]. (It then would increase a further 5% to reflect an underlying usage trend detected in a separate, Enbridge-run study, which is how it gets to 84%).

The Applicant may have made these corrections, and just not referred to them in I.SEC.1, Attachment 2, the calculation of the e-Tools adjustment impacts. If so, they should be required to provide the full details of those adjustments, prior to the OEB accepting their calculation of the impacts. If they have not made these corrections, then the adjustment factor used should be 0.60 (0.55 plus 0.05 usage trend) rather than 0.84, consistent with the findings in the EC's report.

Second, e-Tools boiler savings have historically been about 25% of reported and claimed lifetime cubic meters saved[3]. In their calculation of the impacts for 2021, the Applicant has used total e-Tools savings of 185.4 million CCM out of 1,707.5 million CCM total, which is 10.9%, less than half the historical average.

This could, of course, be the result of changes in program or project mix, more project specific calculation methods, or other factors like that. However, given the fact that the historical average would be about 427 million CCM, SEC believes that the OEB should require the Applicant to explain the difference, and demonstrate through additional evidence that the 185.4 million CCM figure is accurate. This is especially important since I.SEC.1, Attachment 2 came in an interrogatory response, so it has never been tested or subject to any form of discovery.

If both of these matters had to be changed, the reduction in the shareholder incentive amount could easily be more than two million, rather than the $282,391 calculated by the Applicant.

<u>Conclusion</u>

SEC therefore submits that the Application should be dealt with in line with the Submission of OEB Staff, subject to:

1. The Applicant demonstrating that it has made the corrections in recommendations 1 a and b of the Evaluation Contractor's report on e-Tools, or, if it has not, to use an adjustment

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[1] Ex. I.SEC.1, Attach. 1, p. 44.
[2] Ibid., p. 5.
[3] Ibid., p. 4.

factor (realization rate) of 0.60 rather than the 0.84 it has used to reduce the e-Tools savings calculations.

2. The Applicant should demonstrate that the savings calculated by e-Tools were 185.4 million CCM, well below past years, failing which the historical average of 25% of total savings claimed, or 427 million CCM, should be used in the calculation of impacts.

Once these steps have been taken, the OEB Staff recommendation that full calculations of the impacts on the DVA accounts be filed with the DRO is, in SEC's submission, appropriate.

All of which is respectfully submitted.

Yours very truly,
Shepherd Rubenstein Professional Corporation

Jay Shepherd

cc: Brian McKay, SEC (by email)