

September 20, 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 or the Company)
Ontario Energy Board (OEB) File No.: EB-2023-0062
2021 Demand Side Management (DSM) Deferral and Variance Account
Disposition Application - OEB Information Request – eTools
Enbridge Gas Reply Submission**

This letter is in response to the OEB's letter of September 13, 2023 (Letter) requesting that Enbridge Gas provide additional detailed data and information in respect of the 2021 projects that are potentially impacted by the e-tools boiler tool validation study results. Before responding to the extent that is possible at this time to the OEB's request, Enbridge Gas believes it is appropriate to provide a chronology of the steps taken and events that have transpired to provide context and a background to the current reality.

Date	Milestone	Details
November 2020	eTools Boiler Tool Validation Study Launched ("Study")	DNV commences its review of applicable projects in the 2014 to 2018 program years.
March 2021	Final Phase 1 Scope of Work for Study Finalized	
October 2021	Study Phase I Draft Results and Recommendations	This deliverable did not include the realization rate or implementation recommendations.
November 2021	Phase II Scope of Work for Study Finalized	
January 2022	Study Phase I Final Results and Recommendations	This deliverable did not include the realization rate or implementation recommendations.
April 1, 2022	Submission of Enbridge Gas's 2021 Draft Annual Report	

Date	Milestone	Details
July 2022	Study Phase II Draft Results and Baseline Recommendations	This is the first appearance of draft implementation recommendations including increased site-specific documentation and new default efficiency values. No final realization rates were specified in this draft.
September 19, 2022	Draft 2021 Annual Verification Report	
November 1, 2022	Final 2021 Annual Verification Report	
January 2023	Study Phase II Final Results and Baseline Recommendations	This is the first appearance of the final realization rate and implementation recommendations.

With the delivery of the Study's Phase II draft results in July 2022, the Company took steps to ensure that all applicable DSM staff were made aware of the draft results and the potential need going forward to generate and consider site specific data and documentation. While such documentation was generated in respect of a subset of specific projects prior to this, there was no process and methodology in place which would allow the Company to easily identify which of the more than 500 applicable projects generated and utilized such site specific documentation. Historically, the Auditor would review select samples of such projects which would provide a representative indication of how the projects were operated and results measured. This means that the Auditor was not required to devote the significant resources that would be required to evaluate individually all 500 or so projects in a given year.

With this background, Enbridge Gas now turns to the additional information and data requested by the OEB in its Letter. The Letter requested the following three items:

- 1. Confirmation whether Enbridge Gas Inc. applied the two eTools adjustments noted above during 2021 program implementation.*

Enbridge Gas did not apply the two eTools adjustments during 2021 program implementation and operations. As illustrated in the chronology above, the first appearance of draft adjustment recommendations including increased site-specific documentation and default efficiency values was in the Phase II Draft Results and Baseline Recommendations, which Enbridge Gas received in July 2022, six months following the close of the 2021 program year. For additional context, Enbridge Gas submitted its 2021 Draft Annual Report to the EAC on April 1, 2022, as is required by

the Guidelines¹, prior to the Study's Phase II Draft Results and Baseline Recommendations.

2. *Confirmation whether Enbridge Gas Inc. applied the two recommendations noted above to all applicable 2021 projects when calculating the impacts included in its interrogatory response to SEC.1*

Enbridge Gas did not apply the two recommendations to all applicable 2021 projects when calculating the impacts included in its interrogatory response to SEC.1. As described in detail below, this process would have been incredibly onerous, estimated to consume greater than 500 hours of work and would not have been feasible to complete in time for the interrogatory response. Further, as noted in the interrogatory response to SEC.1, "Note that these values have not been verified by the Evaluation Contractor and there are outstanding questions about the application of these values that are expected to be confirmed in the 2022 audit."²

3. *If Enbridge Gas Inc. has incorporated the two recommendations noted above, provide the date when Enbridge Gas Inc. incorporated the recommendations as part of its program implementation.*

Enbridge Gas incorporated the two recommendations noted above following the receipt of the Final eTools Boiler Validation Study in January 2023. This is consistent with the historical practice of implementing or otherwise addressing the auditor's recommendations upon receipt of their final report that has been followed over the past decade.

Given the fact that the first appearance of draft implementation recommendations including increased site-specific documentation and new default efficiency values was July 2022, it should not be surprising that such recommendations were not implemented in 2021. However, Enbridge Gas does improve project documentation and substantiation over time and it should be noted that project documentation and substantiation in 2021 would be materially different than in the years examined as part of the Study. It is expected that the percentage of projects in 2021 that still relied upon the existing default thermal efficiency of 73% would be significantly reduced.

Lastly, the OEB stated that "If the recommended adjustments were not applied to all 2021 applicable projects when calculating the updated shareholder incentive amounts and claimed natural gas volume savings as part of the SEC.1 interrogatory response, the OEB requires Enbridge Gas Inc. to file updated calculations that incorporate the recommended eTools adjustments."

¹ EB-2014-0134, Filing Guidelines to the DSM Framework for Natural Gas Distributors (2015-2020), December 22, 2014, Section 7.1.2, p. 17.

² Exhibit I.SEC.1.

Enbridge Gas does not have the resources required to apply the recommended adjustments to all 2021 applicable projects. For context, in 2021, there were 546 boiler projects that used eTools to support savings calculations. The steps required in order to apply the recommended adjustments would require the following:

1. Determine the thermal efficiency and controls or setback values used in the calculation of savings for each project. For context, as noted earlier, this is not housed in a convenient location such as an excel file.
2. Individually review the supporting project documentation, which could be an email, report, and/or photograph to determine whether there is sufficient site-specific documentation to verify the values used in the calculation.
3. In the event that there is not enough site-specific documentation, revisit the calculation to update the thermal efficiency default or other inputs, if necessary.
4. Re-calculate and input the savings.

It is estimated that, on average, this work would take approximately one hour per project, resulting in approximately 546 +/- hours in total.

As noted above, Enbridge Gas does not have the resources to complete this project. Trying to complete this work now would impact 2023 program results, as resources would have to be sourced from program delivery and technical services staff in order to facilitate the request.

Enbridge Gas continues to be of the view that it is contrary to the verification and evaluation approach mandated by the OEB for the results reviewed and approved by the EC to be challenged post-audit by applying realization rates which the EC has not reviewed and considered. This concern is in part due to the confusion and potentially significant delays that will necessarily result from such post audit activities. Enbridge Gas therefore believes that Study results should not be applied to 2021.

If however the OEB does not agree, Enbridge Gas submits that the best alternate solution is for the Evaluation Contractor (EC) to conduct an appropriate representative sampling of 2021 projects which could be reviewed and the results applied to the balance of applicable projects in 2021.

The 2022 audit is in progress and nearing completion. Enbridge Gas has received draft calculations, which include a single realization rate applied to all eTools boilers in a similar manner to Enbridge Gas's methodology in its interrogatory response to SEC.1.³ While there has been no indication that the EC is intending to review all or a significant sample of files to verify the implementation of the two recommendations, Enbridge Gas believes that it should be left to the determination of the EC as to the appropriateness and extent of the evaluation and verification steps that are necessary to complete the audit. As part of its consideration of the extent that a review of projects should be undertaken, the EC will have to consider and discuss with OEB Staff the time, effort and

³ Exhibit I.SEC.1.

cost that will be incurred to undertake a project by project review of all relevant 2022 projects. The EC would similarly face the same need for resources as would the Company.

If you have any questions, please contact the undersigned.

Sincerely,

Asha Patel
Technical Manager, Regulatory Applications

cc.: D. O'Leary (Aird & Berlis)
EB-2023-0062 (Intervenors)