



Ontario | Commission
Energy | de l'énergie
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BY EMAIL

March 7, 2024

Ms. Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
Registrar@oeb.ca

Dear Ms. Marconi:

**Re: Ontario Energy Board Staff Comments
Enbridge Gas Inc.
2021 Demand Side Management Deferral and Variance Account Disposition
Application
OEB File Number: EB-2023-0062**

Please find attached OEB staff's comments in the above referenced proceeding, pursuant to Procedural Order No. 2.

Yours truly,

Alexander Di Ilio
Application Policy & Conservation

Encl.

cc: All parties in EB-2023-0062

Background and Application Summary

Enbridge Gas Inc. (Enbridge Gas) filed an application with the Ontario Energy Board (OEB) on April 28, 2023, under section 36 of the *Ontario Energy Board Act, 1998*, seeking approval to clear balances recorded in certain deferral and variance accounts (DVAs) related to its delivery of natural gas conservation and energy efficiency programs for the 2021 program year.

In its application, Enbridge Gas requested approval of the 2021 shareholder incentive and lost revenue account balances as shown in Table 1 below. The balances below do not reflect carrying charges nor the updated calculations of the Evaluation Contractor (EC).¹

Table 1 Requested 2021 Enbridge Gas DSMIDA & LRAMVA Balances

Account	Enbridge Gas Distribution (EGD) Rate Zone	Union Rate Zones
DSM Incentive Deferral Account (DSMIDA)*	\$4,961,553	\$1,469,503
Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)*	\$37,476	\$697,467

*Balances are to be collected from customers.

Process Summary

A Notice of Hearing was issued on May 12, 2023. Procedural Order No. 1 was issued on June 9, 2023. On September 13, 2023, the OEB requested that Enbridge Gas file updated evidence relating to the application of adjustments documented in the eTools Boiler Tool Validation Study (eTools validation study)² to its 2021 program year demand side management (DSM) DVAs. On September 20, 2023, Enbridge Gas identified the challenges to applying the requested adjustments.

Procedural Order No. 2 was issued on October 18, 2023, whereby the OEB directed Enbridge Gas to provide the OEB's EC with the data required to update the 2021 cumulative natural gas volume savings and 2021 program year DSM shareholder incentive and lost revenue account balances to incorporate the eTools validation study findings. Procedural Order No. 2 also directed Enbridge Gas to file the EC's updated calculations with the OEB, upon receipt from the EC.

The EC produced updated 2021 program year account balances, which included the

¹ The EC, on behalf of the OEB, conducts the annual verification of energy conservation programs offered by Enbridge Gas and funded by ratepayers. This includes a third-party opinion on the achieved natural gas savings, lost revenue, shareholder incentive, and cost effectiveness of these energy conservation programs.

² EB-2015-0245, eTools Boiler Validation Study, March 17, 2023

results of the eTools validation study, and distributed to Enbridge Gas a memorandum documenting the updated 2021 cumulative volume savings and account balances on February 9, 2024. Enbridge Gas filed this updated evidence with the OEB on March 5, 2024.

OEB Staff Comments

OEB staff has reviewed the revised 2021 program year DSMIDA and LRAMVA balances, which reflect the recommendations made in the eTools validation study.³

To determine the correct eTools study realization rates, the EC reviewed a random sample of eTools custom boiler project files to determine the baseline efficiency used by Enbridge Gas. The EC's analysis focused on whether Enbridge Gas had applied the main eTools study recommendation.⁴ The EC's methodology calculated realization rates based on a weighted average of the adjustments outlined in the eTools study.⁵

Before proceeding with its analysis, the EC shared its methodology with the Evaluation Advisory Committee (EAC), including Enbridge Gas, for comment and discussion.⁶ The EAC was supportive of the approach proposed by the EC.⁷

Based on the results of this analysis, the EC calculated an aggregate adjustment factor to apply to the affected projects for the 2021 program year. The EC determined that a realization rate of 72.37% should be applied to 2021 eTools boiler savings. Applying this updated realization rate, the EC calculated updated DSMIDA and LRAMVA balances as shown in Table 2 below.

Table 2 2021 Enbridge Gas DSMIDA & LRAMVA Balances Comparison

	EGD Rate Zone		Union Rate Zone	
	DSMIDA*	LRAMVA*	DSMIDA*	LRAMVA*
EGI Requested Balances	\$ 4,961,553	\$ 37,476	\$ 1,469,503	\$ 697,467
EC Updated Balances	\$ 4,533,800	\$ 37,239	\$ 1,409,209	\$ 696,954
Change	\$ (427,753)	\$ (237)	\$ (60,294)	\$ (513)

*Balances are to be collected from customers.

After incorporating the eTools validation study recommendations, the total difference in

³ EB-2023-0062, Annual Verification eTools Adjustment Memo, February 9, 2024

⁴ eTools Boiler Tool Validation Study, January 31, 2023, p. 2: Recommendation 1(a): eTools advancement projects should not utilize the current 73% thermal efficiency default value, rather site-specific values (supported by documentation) should be utilized. If documented site-specific values are not available, the efficiency values identified in this study, 80.1% for space heating and 81.8% for domestic hot-water heating, should be utilized by implementers and evaluators.

⁵ EB-2023-0062, Annual Verification eTools Adjustment Memo, February 9, 2024, p. 4, Section 4 - Methodology

⁶ The EAC, of which Enbridge Gas is a member, has been established to provide input and advice, as required, throughout the DSM evaluation process. (OEB Letter, EB-2015-0245, August 21, 2015)

⁷ EAC Meeting Notes – Meeting #6, October 24, 2023

the DSMIDA and LRAMVA is a reduction of \$488,047 and \$750, respectively.

OEB staff supports the methodology employed by the EC in producing updated 2021 cumulative natural gas savings volumes, DSMIDA, and LRAMVA balances to incorporate the results of the eTools validation study. The EC followed an approach that incorporated the recommendations in the eTools validation study and developed an appropriate methodology, with input from the EAC, to apply those recommendations. Further, OEB staff continues to support the application of the findings from the eTools validation study to Enbridge Gas' 2021 DSM shareholder incentive and lost revenue account balances for the EGD and Union rate zones.⁸

~All of which is respectfully submitted~

⁸ EB-2023-0062, OEB Staff Submission, August 1, 2023