



Ontario Energy Board | Commission de l'énergie de l'Ontario

BY EMAIL

October 8, 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 (OEB) Staff Submission
Enbridge Gas Inc. (Enbridge Gas)
Integrated Resource Planning (IRP) Pilot Projects Application
OEB File Number: EB-2022-0335**

Please find attached OEB staff's submission in the above referenced proceeding, pursuant to Procedural Order No. 5.

Yours truly,

Stephanie Cheng
Application Policy & Conservation

Encl.

cc: All parties in EB-2022-0335



ONTARIO ENERGY BOARD

OEB Staff Submission

Enbridge Gas Inc.

IRP Pilot Projects Application

EB-2022-0335

October 8, 2024

Table of Contents

1	INTRODUCTION.....	1
1.1	Background on this Proceeding	1
1.2	Application Summary	2
1.3	Summary of OEB Staff Submission	3
2	OEB STAFF SUBMISSION.....	12
	Issue 1: Project Need	12
	Issue 2: Project Alternatives	15
	Issue 3: Proposed Project.....	17
	Issue 4: Project Cost and Economics	25
	Issue 5: Stakeholding	29
	Issue 6: Other	31
3	Next Steps	33

1 INTRODUCTION

1.1 Background on this Proceeding

Enbridge Gas Inc. (Enbridge Gas) is seeking approval from the OEB for the costs, and related accounting treatment of those costs, associated with its Integrated Resource Planning (IRP) Pilot Project in the community of Southern Lake Huron (SLH) – referred to here as the “SLH Pilot.” The SLH Pilot area covers the City of Sarnia and the Village of Point Edward, and the project is proposed for a 5-year term from 2023-2027.

IRP is a natural gas system planning process that identifies and evaluates the potential for integrated resource planning alternatives (IRPAs) – alternatives to traditional pipeline infrastructure – to meet natural gas system needs. A first-generation IRP Framework was established on July 22, 2021, to provide policy guidance on the OEB’s requirements for Enbridge Gas to consider IRP to meet its system needs. Under Appendix A of the IRP framework, *“Enbridge is expected to develop and implement two IRP Pilot Projects. The pilots are expected to be an effective approach to understand and evaluate how IRP can be implemented to avoid, delay or reduce facility projects.”*¹

On July 19, 2023, Enbridge Gas initially applied to the OEB seeking approval for two IRP Pilot Projects that, together, would have deployed a combination of demand-side and supply-side IRPAs to help meet two identified system needs². One project was proposed to be in the community of Parry Sound and the other was in the SLH area (which initially covered a portion of the City of Sarnia and the Town of Plympton-Wyoming). However, during the proceeding, the scope of the two IRP Pilot Projects changed. The application was first put in abeyance on November 10, 2023, pending the filing of updated evidence and interrogatory responses in response to a decision by Natural Resources Canada (NRCan) to close the application process for new entrants into the Canada Greener Homes Grant program in early 2024³. On December 21, 2023, Enbridge Gas filed the anticipated updates⁴ but requested that the proceeding remain in abeyance to assess the impacts of the OEB’s 2024 Rebasing Phase 1 Decision on the application⁵. The OEB granted Enbridge Gas’s request and on June 28, 2024, Enbridge Gas filed additional updates to its pre-filed evidence and interrogatory responses⁶. In this update, Enbridge Gas notes that the identified system needs and associated baseline facility projects for Parry Sound and SLH no longer fall in Enbridge Gas’s 10-year capital forecast. After consultation with the IRP technical working group (TWG), which was established to assist with IRP Framework implementation, Enbridge Gas decided to withdraw the Parry Sound Pilot Project and modify the location and scope of

¹ [EB-2020-0091](#), July 22, 2021, p.120 or Appendix A p.24

² [Application and Evidence](#) (original application), filed July 19, 2023

³ [Procedural Order No. 3](#) (notification of abeyance), filed November 27, 2023

⁴ [Application and Evidence](#), (updated application from NRCan impact), filed December 21, 2023

⁵ [OEB Letter granting abeyance extension](#), filed Jan 15, 2024

⁶ [Application and Evidence](#), (updated application from rebasing decision impact), filed June 28, 2024

the SLH Pilot.

The updated proposed SLH Pilot area encompasses the City of Sarnia and the Village of Point Edward. The proposed budget for the project is \$14.2M, of which \$12.4M is attributable to direct IRPA costs and \$1.8M is attributable to learning costs. The SLH Pilot design no longer includes supply-side alternatives such as the localized injection of compressed natural gas (CNG). Proposed demand-side alternatives include enhanced targeted energy efficiency (ETEE) measures (e.g., enhanced demand-side management (DSM)) and demand response (DR) programming. The proposed SLH Pilot IRPAs were also expanded to include limited electrification and advanced technologies offerings (originally proposed for the no-longer proposed Parry Sound pilot) to not miss out on these learning opportunities associated with deploying these IRPAs.

1.2 Application Summary

In this proceeding, Enbridge Gas applied to the OEB for an order or orders approving (i) the cost consequences of the IRP Pilot Project and (ii) the accounting treatment to record costs of the same in Enbridge Gas's IRP cost deferral accounts for later disposition and recovery⁷. Enbridge Gas's Argument-in-Chief (AIC) notes that Enbridge Gas is requesting OEB approval of the SLH Pilot scope, contents, costs, and proposed accounting treatment of costs, and clarifies that Enbridge Gas is also seeking the OEB's determination on whether the SLH Pilot scope and objectives satisfy the direction and requirements of the IRP Framework (considered under [Issue 1](#) noted below).

As this application is the first of its kind, the OEB developed a custom issues list that provides a comprehensive list of considerations that are in scope for this proceeding after considering submissions of all parties to this proceeding. An Amended Issues List was issued as part of Procedural Order No. 4 to reflect the evolution of Enbridge Gas's IRP Pilot Project proposal from its original filing⁸. The six issues set out in the Amended Issues List are:

- Issue 1: Project Need
- Issue 2: Project Alternatives
- Issue 3: Proposed Project
- Issue 4: Project Cost and Economics
- Issue 5: Stakeholding
- Issue 6: Other

OEB staff's submission (summarized in Section 1.3 and detailed in Section 2) follows the structure of the Amended Issues List. This aligns with Enbridge Gas's AIC which

⁷ [Application and Evidence](#), June 28, 2024, p.11. The two OEB-approved IRP cost deferral accounts are: IRP Operating Costs Deferral Account (179-385) and IRP Capital Costs Deferral Account (179-386).

⁸ [Amended Issues List and Procedural Order No. 4](#), August 13, 2024, pp.4-9

includes a summary of the SLH Pilot application with an Appendix A that responds to each issue in the Amended Issues List.

1.3 Summary of OEB Staff Submission

As requested by the OEB in Procedural Order No. 5,⁹ the OEB staff submission aligns with the Amended Issues List. OEB staff has considered updated evidence and responses to interrogatories filed by Enbridge Gas on June 28, 2024. Any findings from the technical conference and undertakings, as well as any relevant information from earlier stages in this proceeding, have also been considered.

It should also be noted that OEB staff is represented on the TWG and has had opportunities to provide input on the evolution of Enbridge Gas's IRP pilot proposal in that forum.

OEB staff makes the following submissions in response to Enbridge Gas's AIC. OEB staff is generally supportive of the proposed IRP pilot, with the following (minor) proposed changes:

- The combined forecast incentive budget for the three advanced technologies should be reduced from \$1,080,499 to \$332,896, matching the forecast incentive budget for the two limited electrification offerings (\$332,896). Enbridge Gas should also revise the associated advanced technologies' promotion/delivery and administrative budgets accordingly.
- Enbridge Gas should develop a detailed Pilot project plan (including of Enbridge Gas's marketing, stakeholdering, and EM&V efforts), update this project plan on a rolling basis, and file the project plan as part of the IRP annual report.
- Pilot costs should be allocated proportionally across all Enbridge Gas rate zones (not just to Union-South).

The rationale for these submissions is summarized below and described in more detail in [Section 2](#).

Project Need: Although there is no longer a near-term system need to be avoided, deferred, or reduced in the SLH Pilot area, OEB staff supports Enbridge Gas's decision to proceed with the SLH Pilot. This is because the SLH Pilot location and proposed SLH Pilot design will enable Enbridge Gas to incorporate a variety of demand-side IRPAs to achieve a primary goal of an IRP Pilot– to obtain IRPA learnings. Moreover, given the uncertainty as to the pace of the energy transition, forecast system needs may continue to change. As such, OEB staff believes a forecasted near-term system need should not be the primary factor in deciding the suitability of a proposed IRP pilot location.

By modifying the geographic scope of the SLH Pilot area to include the City of Sarnia

⁹ [Procedural Order No. 5](#), September 5, 2024

and the Village of Point Edward, Enbridge Gas can capitalize on a unique opportunity – hourly gas consumption measurements are currently available for 93% of these customers via already installed encoder receiver transmitters (ERTs)¹⁰. This avoids additional time and costs to procure and install incremental ERTs for residential and smaller commercial and industrial (C&I) customers. ERTs enable data collection, analysis, and evaluation of the demand-side IRPA's impact on peak hour flow/demand pre- and post-IRPA deployment. For further comments on the suitability and selection of the SLH Pilot, see [Issue 2](#).

The two objectives Enbridge Gas developed and used to help select a pilot area and design a pilot project are: to understand how to design, deploy, and evaluate ETEE and DR programs; and to understand how these programs impact peak hour flow/demand. Although the project will not address a near-term system need, these objectives are still met by the SLH Pilot, and the objectives will enable Enbridge Gas to meet the primary goal of obtaining IRPA learnings. This is because the IRPA design and deployment enables transferable learnings that are expected to help Enbridge Gas assess how IRPAs can be implemented to avoid, delay, or reduce facility projects in future IRP assessments.

The IRP Framework directed Enbridge Gas to bring forward two IRP pilot projects for learnings. Given the shift in forecasted system needs which required modifications to the pilot projects, Enbridge Gas requested in its AIC that the OEB also determine if the SLH Pilot Project scope and objectives, which include testing a variety of IRPAs, satisfy the requirement of deploying two pilot projects. OEB staff understands Enbridge Gas's view that by testing a variety of demand-side IRPAs in a single project area, it is effectively deploying multiple IRP pilots via the SLH Pilot. Moreover, a system pruning pilot is also proposed as part of Enbridge Gas's Phase 2 Rebasing proceeding. Therefore, OEB staff submits that at this time, a second IRP pilot project is not a time-bounded requirement for Enbridge Gas. However, Enbridge Gas should report back to the OEB within two years (e.g., as part of its 2025 IRP Annual Report) on whether it sees value in an additional IRP pilot. See [Section 2, Issue 1](#) for details on how the SLH Pilot satisfies the project need required by the IRP Framework and how it meets the complimentary objectives that have been developed by Enbridge Gas.

Project Alternatives: OEB staff submits that Enbridge Gas's pilot selection process, criteria, and consideration of unplanned impactful events that emerged during the proceeding were appropriate and reasonable, as was the decision to withdraw the Parry Sound Pilot and to proceed with the SLH Pilot. Mirroring much of the IRP assessment process noted in the IRP Framework decision (e.g., identification of constraints, binary screening criteria, and two-stage evaluation process), Enbridge Gas excluded some procedures less critical to a pilot project (e.g., execution of an enhanced DCF+ test) but

¹⁰[Undertaking Responses](#), Exhibit JT1.2, p.1

developed pilot-specific objectives, weighted criteria, and appropriately considered how best to achieve the intended IRP learnings without re-executing the IRP evaluation process partway through the application. OEB staff recognizes that the primary objective of a pilot is to learn how IRPAs affect peak hour flow/demand, and not only to address a system need. Therefore, OEB staff does not see value in Enbridge Gas re-executing the IRP evaluation process to try and identify two potential pilot projects that will provide the needed learnings and meet an existing system need. Instead, OEB staff supports Enbridge Gas's decision to refine the SLH Pilot to maximize IRP learnings and avoid further delays to the launch of an IRP Pilot (the OEB's original intent was for a pilot to be deployed by the end of 2022). See [Section 2, Issue 2](#) for details.

Proposed Project: In general, OEB staff submits that Enbridge Gas's justification of how the SLH Pilot meets the relevant guiding principles of reliability and safety, cost-effectiveness, public policy, optimized scoping, and risk management as required by the IRP Framework are reasonable and have been explicitly addressed in its application¹¹. Enbridge Gas's inclusion of limited electrification offerings is appropriate as it aligns with energy transition and regulatory advancements since the IRP Framework was issued in July 2021, which also expects an evolution in energy planning. As part of the Phase 1 Enbridge Gas Rebasing Proceeding, the electrification scenario was heavily discussed and the decision, issued in December 2023, also calls for electrification to be considered. This further justifies the relevance and inclusion of electrification IRPAs in the SLH Pilot.

OEB staff supports most of the **IRPA measures** Enbridge Gas proposed to include in the SLH Pilot. By definition, IRP considers supply-side and/or demand-side alternatives to traditional pipeline infrastructure to help meet system needs. Initially, Enbridge Gas considered using CNG as a supply-side bridging solution. However, testing of CNG (or any other supply-side alternatives) for learnings was understandably removed once the need to avoid, delay, or reduce the corresponding facility need was pushed outside of Enbridge Gas's 10-year capital forecast. Instead, Enbridge Gas is proposing a variety of demand-side IRPAs to try to maximize IRPA learnings in a pilot environment. However, the appropriateness of including limited advanced technologies is debatable. Enbridge Gas claims that advanced technologies are complementary to existing broad-based DSM programs¹². However, it could be seen as contrary to electrification options since advanced technologies use natural gas as a fuel source, whereas electrification options are powered by electricity. Enbridge Gas notes that offering a variety of IRPAs (including advanced technologies) increases customer choice and has the potential to provide learnings on customer preferences. However, educating customers on the functionality and potential savings of IRPAs is a key aspect of gaining uptake. If Enbridge Gas targets customer groups with marketing and outreach efforts for too many

¹¹ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit B, Tab 1, Schedule 2, p.1-4

¹² [Updated interrogatory responses](#), Exhibit I-Staff-11, p.22-23

different (and potentially contrary) IRPA options it could lead to customer confusion and/or information overload, potentially reducing participation. Therefore, IRPA offerings and their corresponding marketing and outreach efforts for each customer group should be cohesive and focused. OEB staff submits that spending on advanced technology offerings in the SLH Pilot should be reduced and this should be reflected in the allocation of spending (discussed under Issue 3.5 below). For more details on the appropriateness of each type of IRPA, particularly limited advanced technologies, refer to [Section 2, Issue 3](#).

OEB staff submits that Enbridge Gas's **spending allocation** among IRPAs for the SLH Pilot requires some reconsideration, particularly for the limited advanced technologies. Enbridge Gas notes there may be higher costs associated with advanced technology offerings as compared to enhanced DSM programs since they are net new measures in the early stages of adoption. Accordingly, the estimated cost per peak hour reduction of the three advanced technologies is higher than that for enhanced DSM and DR¹³, yet advanced technologies do not have the highest average peak reduction per participant¹⁴. Therefore, OEB staff submits that Enbridge Gas has not adequately justified the added costs associated with these technologies. Despite this, Enbridge Gas is proposing to spend more on advanced technologies than DR and electrification offerings (the planned marketing budget is \$23K for electrification versus \$45K for advanced technologies, while the total estimated budget for electrification is \$378K versus \$1.523M for advanced technologies¹⁵). The difference in Enbridge Gas's anticipated spending between advanced technologies and electrification is significant and arguably unjustified. OEB staff submits that the budget for limited advanced technologies should be reduced at the outset and throughout the SLH Pilot term to not exceed spending on electrification offerings. This is detailed in [Section 2, Issue 3](#) (Limited ETEE offerings section). Should the OEB approve the inclusion of limited advanced technologies and customer participation is less than anticipated, Enbridge Gas should not allocate more of its marketing budget towards increasing uptake of this initiative. In this situation, Enbridge Gas should instead focus on driving uptake of and gaining learnings from other IRPA offerings. OEB staff sees an opportunity for more funds to be allocated to DR based on the cost of potential peak savings between IRPAs and the current proposed budget. DR spending is comparatively the lowest among IRPA offerings and this is the first time Enbridge Gas will be deploying a program of this nature.

Enbridge Gas's general approach to the **program design** of each IRPA appears reasonable and appropriate. Enbridge Gas identified potential barriers to customer participation for each IRPA and aims to address them through incentives and planned

¹³ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit E, Tab 1, Schedule 1, pp.3-4

¹⁴ [Undertaking Responses](#), Exhibit JT1.4, p.2

¹⁵ [Undertaking Responses](#), Exhibit JT1.24, p.1

marketing/outreach efforts for each IRPA. For example, when selecting the enhanced DSM programs and determining their respective incentive levels, Enbridge Gas built on its existing knowledge of the corresponding DSM program effectiveness, participation, and customer behaviors. If the IRPA cost and/or complexity has been identified as a barrier, incentive levels are adjusted and custom/personalized programs are offered where appropriate (e.g., direct installation or use of an Energy Solutions Advisor (ESA)). The IRPA program design allows Enbridge Gas to test how different incentive levels will trigger uptake, all while sensibly capping the total incentive amount available to each customer, often at 100% of the cost of the measure. Refer to [Section 2, Issue 3](#) for OEB staff's detailed submissions on the appropriateness of each IRPA design.

The **sectors targeted** by the IRPAs appear reasonable to OEB staff as Enbridge Gas did not specifically exclude any customer groups. The SLH Pilot includes IRPA offerings to residential and both small and larger C&I customers. Although targeting larger C&I customers requires additional time and cost to procure and install customized hourly metering devices, OEB staff supports the decision to extend ETEE offerings to this sector so as to not miss out on potential learnings. Given the custom nature of ETEE for larger C&I customers, ETEE learnings from residential or smaller C&I customers are likely not transferrable. Moreover, Enbridge Gas only plans to install metering devices on larger C&I customers who express an interest in participating. OEB staff submits that this is a good approach to manage costs, but Enbridge Gas needs to start investigating and preparing for the procurement and installation of the metering devices with vendors as soon as possible to prevent further delay in the collection of baseline data to support IRPA learnings.

For the SLH Pilot, the simplified **attribution approach** between DSM and IRP proposed by Enbridge Gas appears to be reasonable. Enbridge Gas proposes that all enhanced DSM programming incentives contributed by Enbridge Gas as part of the SLH Pilot be funded by the SLH Pilot budget and not from Enbridge Gas's previously approved multi-year franchise-wide DSM Plan.¹⁶ Therefore, all results would be attributable to the SLH Pilot's enhanced ETEE program and not the DSM program. Consequently, results from the SLH Pilot would not affect the shareholder incentives Enbridge Gas is potentially eligible for under the DSM Plan. OEB staff notes that this approach to attribution is proposed by Enbridge Gas to apply to the SLH Pilot only and that it anticipates that a general policy on the approach to DSM-IRP attribution will be considered as part of the first stand-alone IRP Plan application. The approach used for attribution will become more important if enhanced DSM programming is more broadly and commonly deployed through multiple IRP Plans across Enbridge Gas's service territory for more accurate reporting on the effectiveness of the DSM and IRP programs. OEB staff therefore supports Enbridge Gas's proposal to include assessing enhanced DSM results from the SLH Pilot against broad-based DSM programming at an Enbridge Gas

¹⁶ [EB-2021-0002](#)

franchise scale as part of its evaluation plan.¹⁷ This information could help Enbridge Gas refine its attribution methodology, as well as improve its understanding of the overall value of enhanced DSM. OEB staff is not proposing that Enbridge Gas needs to wait on these pilot learnings before seeking adjudication on an attribution approach between IRP and DSM as part of the first non-pilot IRP plan, but rather that the approach to attribution may evolve over time based on these pilot learnings.

OEB staff submits that Enbridge Gas's **marketing and customer outreach** strategy for each IRPA should be carefully thought out and defined as part of its detailed project plan. As reiterated in its AIC, Enbridge Gas plans to explore various strategies to drive awareness and uptake of its IRPAs. Though this sounds promising, as noted throughout the technical conference during OEB staff's questioning, Enbridge Gas is in the early stages of designing the IRPAs and requires at least four months from OEB approval to implement the ETEE and DR programming into the market. It does not have a detailed project plan apart from a high-level quarterly project timeline submitted as part of its application¹⁸. Enbridge Gas mentions engaging vendors, speaking to relevant parties to ensure their strategies and joint efforts are aligned where possible, and reaching out to potential participants without specifying the communication channels or having set dates to accomplish these tasks. OEB staff is concerned about the level of planning that has gone into Enbridge Gas's go-to-market strategy for its IRPAs since customer uptake is key to getting the desired learnings from the SLH Pilot. OEB staff recommends that Enbridge Gas investigate, plan, and determine the specific tasks it needs to perform to prepare and deploy the IRPAs; determine the specific vendors/ stakeholders/ parties it needs to reach out to; set checkpoint meetings and milestones to accomplish key tasks; and confirm the method and timing of its marketing efforts. Once an IRPA is deployed, Enbridge Gas needs to define how and when to analyze the effectiveness of its marketing efforts and report on the results to the IRP TWG for potential modifications to its marketing plans. Should the OEB approve the SLH Pilot, OEB staff recommends that the OEB require Enbridge Gas to build and share a detailed project plan inclusive of its marketing plan with all stakeholders. Refer to [Section 2, Issue 3](#) for details.

Enbridge Gas's evaluation, measurement, and verification (**EM&V**) procedures in data collection/ monitoring and data analysis/ evaluation for each of its IRPAs appear to be reasonable. However, like the need for a detailed project plan that includes Enbridge Gas's marketing plan for its IRPAs, OEB staff suggests that Enbridge Gas could benefit from a more detailed EM&V plan than the high-level quarterly EM&V timelines currently outlined in its application, especially if it plans to engage a third-party consultant. EM&V procedures are critical to IRPA learnings. By obtaining timely and accurate results,

¹⁷ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit D, Tab 1, Schedule 3, p.8

¹⁸ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit D, Tab 1, Schedule 2, p.3

Enbridge Gas can determine the net impact of its ETEE and DR offerings which may provide insight on how to adjust its IRPA design for greater effectiveness. OEB staff recommends that Enbridge Gas build a detailed project plan that provides a timeline of when data will be collected (how and by whom), how the data will be analyzed and transformed into information and learnings to improve the SLH Pilot design (e.g. will this be done in-house, or will a third-party vendor be used? What output and reports will be generated and how often?), and when and how Enbridge Gas will communicate results to stakeholders (outside of the annual report) for input on how to potentially adjust the SLH Pilot design for greater learnings (e.g. shift allocation of spending or changes in marketing methodologies to improve uptake). Refer to [Section 2, Issue 3](#) for details.

The **timeframe** of the SLH Pilot is proposed to be a 5-year term running from 2023-2027. Assuming that the SLH Pilot is approved by the OEB, adjudicative timelines indicate that a decision will likely be issued by the end of 2024. However, there could be delays in Enbridge Gas's execution and deployment of some IRPAs since they are still in the early stages of planning. Enbridge Gas may also require further planning and coordination with third-party consultants and vendors for things like the installation of metering devices for larger C&I customers before the IRPAs are ready for deployment. As such, the IRPAs would likely be deployed between 2025 to 2027 for approximately 2-3 years of in-market ETEE and DR programming. This should provide adequate opportunities for Enbridge Gas to observe market responses while being responsive to learnings and feedback in adjusting its IRPA designs throughout the SLH Pilot term. Should further delays arise (particularly for the larger C&I ETEE programming), Enbridge Gas can apply for a pilot extension if it can prove that the continuation of certain aspects of the SLH Pilot would provide valuable learnings.

Project Costs and Economics: OEB staff submits that a \$14.2M **budget** for the SLH Pilot is appropriate (subject to proposed reductions for limited advanced technologies as detailed under Issue 3) since it has been designed to include 4 categories of IRPAs¹⁹: 1) enhanced DSM programs for residential, small, and larger C&I customers, 2) limited electrification measures (ccASHP and GSHP), 3) limited advanced technologies (simultaneous hybrid heating, natural gas heat pump, and thermal energy storage), and 4) DR program for residential customers. The IRPA with the largest spend is enhanced DSM programs, (77% of total demand-side IRPA spending) which is comprised of several subprograms from Enbridge Gas's residential, commercial, and industrial programs and offerings from its 2023-2025 DSM Plan. For each IRPA, most costs relate to incentives, promotion, and delivery since these drive customer participation and thereby enable greater potential learning²⁰. Effective data collection and analysis is also critical to maximize learning; therefore, OEB staff supports the use of a third-party

¹⁹ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit D, Tab 1, Schedule 2, p.5-33

²⁰ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit E, Tab 1, Schedule 1, p.3

consultant. Hiring a third-party consultant will enable Enbridge Gas to leverage the consultant's knowledge and expertise in transforming data into informative learnings and allow Enbridge Gas to develop the skills, techniques, and reporting it can use for future IRP projects. Spending on capital costs for metering is relatively low as there is ERT coverage in place for most customers in the SLH Pilot area.

Enbridge Gas did not perform an **economic test** for the SLH Pilot. The purpose of a pilot is to obtain IRP learnings through prudently incurred costs. OEB staff submits that the proposed SLH Pilot will do so. As such, the results of an economic test should not be determinative of whether the SLH Pilot should be approved. Enbridge Gas's exclusion of DCF+ results is not detrimental to the SLH Pilot, although it is a lost opportunity for the SLH Pilot to be used as testing grounds for the enhanced DCF+ test.

The \$14.2M in projected SLH Pilot costs have been appropriately allocated between the two OEB-approved **IRP Operating Cost and Capital Cost Deferral Accounts**²¹ as it is consistent with OEB staff's understanding of how the two accounts are intended to be used as directed under the IRP Framework²². Like leave to construct applications, Enbridge Gas is seeking approval in principle of the proposed project and its \$14.2M budget. The actual costs incurred will be captured in the respective IRP Capital Cost and Operating Cost Deferral Accounts, subject to OEB review at the time the deferral accounts are brought forth for clearance. OEB staff finds this to be reasonable since there is an opportunity through the DVA proceedings to assess whether costs have been prudently incurred in a manner consistent with the nature of the SLH Pilot approved by the OEB through this pilot application, should the OEB grant such approval. However, OEB staff submits that the **cost recovery** of SLH Pilot costs be allocated between all rate zones since the SLH Pilot is intended to help Enbridge Gas gain general IRP learnings that can be transferrable to communities outside the geographic scope of the SLH Pilot. The system needs in the community of SLH are no longer part of Enbridge Gas's 10-year capital forecast so the IRPAs will not help to avoid, delay, or reduce a system need. Therefore, OEB staff finds it most appropriate for all ratepayers to share the cost of an initiative that is intended to provide IRP learnings for all ratepayers. See [Section 2, Issue 4](#) for details.

Stakeholdering: OEB staff acknowledges that Enbridge Gas has engaged, or at least plans to engage with all relevant stakeholders concerning the SLH Pilot. However, OEB staff submits that the timing, type, and extent of engagement could be considered adequate in some respects and for some stakeholder groups but could be improved in others as noted below and detailed in [Section 2, Issue 5.0](#):

Regarding Enbridge Gas's engagement with the **IRP TWG**, some comments from TWG

²¹ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit E, Tab 1, Schedule 1, Attachment 1&2

²² [EB-2020-0091](#), July 22, 2021, p.119 or Appendix A p.23

members as shown in the 2021-2023 IRP annual reports, noted an inability to provide timely and useful feedback given the timing of discussion of certain aspects of the pilot projects and the level of detail in the materials Enbridge Gas shared with TWG members. Whether to seek input on IRPA design, implementation, and marketing/ outreach efforts or to share IRPA results and learnings, OEB staff suggests that Enbridge Gas define the topics and checkpoints of its engagement with the TWG as part of a detailed project plan and provide meeting materials further in advance. This ensures that the TWG and Enbridge Gas both have adequate time to prepare for the discussion and review any supplementary materials.

Regarding engagement with **local municipalities, local electricity distribution companies (LDCs), Hydro One, and the IESO**, Enbridge Gas conducted initial stakeholder engagement sessions through various means including an open house to reach a general community and more personal one-on-one sessions with municipalities and LDCs to discuss system constraints and potential program coordination on IRPAs. OEB staff supports Enbridge Gas’s plan to continue with these engagements and to take a variety of approaches to engagement sessions and outreach efforts to learn which are most effective at reaching different audiences. However, OEB staff submits that the timing of these continued engagements should be built into Enbridge Gas’s detailed project plan and shared with stakeholders to ensure they are being held at appropriate times and to secure the timeslots in respective parties’ calendars.

OEB staff supports the proposed plans for each of Enbridge Gas’s IRPAs. However, to ensure that an IRPA is deployed on time and can reach the anticipated uptake levels, it must define and assign tasks and set deadlines which include those to be completed by or coordinated with **external third-party contractors, vendors, or trade networks**. Without a defined project plan with both internal and external activity schedules, Enbridge Gas is at risk of experiencing further delays in deploying IRPAs which may reduce the opportunity for learnings. OEB staff recommends that Enbridge Gas reach out to external parties, consider what work lies ahead, and have a defined deployment plan in place, so Enbridge Gas is ready to execute upon the OEB’s issuance of a decision.

Other: Throughout the submission, OEB staff notes that a missing component to the SLH Pilot is a detailed project plan that expands on Enbridge Gas’s existing quarterly timelines and written descriptions of its planned approach for each of IRPA. Moreover, there are no defined metrics to hold Enbridge Gas to spending or to adjust their IRPA plans throughout the pilot term based on any adaptable learnings. An indirect assessment of Enbridge Gas’s approach to the SLH Pilot is done after the fact through the reporting of results in the IRP annual report and when actual pilot costs are brought forward for clearance at the annual non-commodity deferral account clearance proceeding. OEB staff recommends that Enbridge Gas create and share with stakeholders a detailed pilot project plan that explicitly sets out activities, tasks, and

deadlines regarding marketing and outreach efforts as well as EM&V of results. It should detail tasks internal to Enbridge Gas and tasks with external stakeholders, from the planning stages through to delivery and learnings. This provides both clarity and transparency on what lies ahead, thereby allowing stakeholders to assess whether the SLH Pilot is progressing as intended. Enbridge Gas should also regularly engage with the IRP TWG to provide updates on results and learnings. Regularly engaging with the TWG ensures that Enbridge Gas has adequate opportunities to leverage the expertise of the TWG to update the SLH Pilot in a timely and effective manner. Refer to [Section 2, Issue 6](#) for details.

2 OEB STAFF SUBMISSION

OEB staff makes the following submissions on the issues in this proceeding:

Issue 1: Project Need

1.1: Will the Pilot Project assist in understanding and evaluating how IRP can be implemented to avoid, delay or reduce facility projects?

1.2 Are the objectives developed for the Pilot Project appropriate?

Enbridge Gas's Proposal:

According to the IRP Framework, deploying two pilots was expected to be an effective approach for Enbridge Gas to understand and evaluate how IRP can be implemented to avoid, delay, or reduce facility projects²³. Enbridge Gas's initial IRP Pilot application was intended to address two identified system needs. Subsequent to the original IRP Pilot application, Enbridge Gas completed a system reinforcement plan (SRP) update and an energy transition adjustment update. As a result, the underlying system needs for both Parry Sound and SLH were pushed out of Enbridge Gas's 10-year capital forecast. Enbridge Gas consulted with the IRP TWG regarding how to proceed with the IRP Pilot application. The TWG generally supported Enbridge Gas's proposal to withdraw the Parry Sound Pilot but to proceed with the SLH Pilot given the unique opportunity for IRP learnings available via the SLH Pilot. Specifically, ERTs already deployed in the SLH Pilot area will enable an analysis of how demand-side IRPAs (ETEE and DR programs) impact peak-hour flow/demand. This will provide Enbridge Gas with learnings related to IRPA design, performance, and potential for scalability. It also enables Enbridge Gas, intervenors, and the OEB to better understand how IRPAs can be implemented to avoid, delay, or reduce facility projects (and the associated costs) in the future²⁴.

OEB Staff Submissions:

²³ [EB-2020-0091](#), July 22, 2021, Appendix A, p.24

²⁴ [Argument-in-Chief](#), p.22

Project Need: OEB staff submits that the proposed SLH Pilot addresses an important project need, that is to assist Enbridge Gas, intervenors, and the OEB in understanding and evaluating how IRPAs can be implemented to avoid, delay or reduce facility projects. OEB staff recognizes that IRP is a planning strategy and process intended to identify and implement alternatives to traditional pipeline infrastructure to help meet system needs. Although the baseline facility needs for Parry Sound and SLH fall outside of Enbridge Gas’s 10-year capital forecast, OEB staff supports Enbridge Gas’s decision to withdraw the Parry Sound Pilot but proceed with the SLH Pilot. This is because the SLH Pilot appears to have great potential to achieve the primary purpose of an IRP pilot - to obtain IRPA learnings that can help Enbridge Gas better assess how IRPAs can avoid, delay, or reduce facility projects, and thereby inform future IRP assessments, and potentially reduce some portion of Enbridge Gas’s capital spending on future facilities projects. The need for the SLH Pilot (and its associated cost) should be considered in context with the magnitude of Enbridge Gas’s capital spending, which is more than \$1 billion each year, with an approved 2024 capital budget of \$1.22 billion in 2024.²⁵

Further, given the uncertainty as to the pace of the energy transition, OEB staff recognizes that forecasted system needs may continue to change for Parry Sound, SLH, or any other potential pilot areas. Therefore, having a system need should not be the primary factor in determining the suitability of a pilot location. Foregoing all efforts made to date on the SLH Pilot and re-executing the IRP evaluation process to try to identify an alternative potential pilot project that also addresses an existing system need may prove to be a waste of time and resources that further delays this proceeding.

The SLH Pilot area is also an unusually cost-effective area to perform an IRP Pilot. Enbridge Gas confirmed that 93% of residential and smaller C&I customers in the SLH Pilot area are equipped with encoder receiver transmitters (ERTs) which enable hourly gas flow measurement. Enbridge Gas has identified this measurement as being fundamental to enable the data collection and analysis necessary for potential learnings²⁶, in particular, understanding the impacts of IRPAs on peak hour flow/demand. With ERT coverage already in place in most of the SLH Pilot area, additional capital costs and delays associated with procurement and installation of ERTs (which would have been necessary in Parry Sound or any other part of Enbridge Gas’s system where a pilot might be proposed) can be avoided²⁷. Having data collection capabilities in place may also speed up IRPA deployment timelines, resulting in more learnings gained throughout the SLH Pilot term and greater transferable learnings post-pilot. The SLH Pilot will also produce learnings related to IRPA design, performance, and scalability for different customer types through the deployment of a

²⁵ [EB-2022-0200 Decision and Order](#), December 21, 2023, p.57

²⁶ [Undertaking Responses](#), Exhibit JT1.2, p.1

²⁷ Per IRP WG meeting #34 notes, there are approximately 15,000-18,000 ERTs that have been installed and turned on in SLH where 2024 winter baseline data has already been collected. Therefore, there are already potential IRPA learnings to be achieved from this baseline data.

range of demand-side IRPAs. Enbridge Gas has proposed the inclusion of limited electrification and advanced technology IRPAs (originally planned for the Parry Sound Pilot) in the SLH Pilot so potential learnings on these IRPAs will not be lost. Refer to [Issue 2](#) for the appropriateness of Enbridge Gas’s pilot selection process and criteria and the suitability of the SLH Pilot.

Project Objectives: Enbridge Gas developed two objectives to assist in the selection of a pilot area and the design of a pilot project²⁸. The objectives were to develop an understanding of 1) how ETEE and DR programs impact peak hour flow/demand; and 2) how to design, deploy, and evaluate ETEE and residential DR programs. OEB staff submits that although the project will not address a near-term system need, these objectives are still met by the SLH Pilot and will enable Enbridge Gas to meet the primary goal of obtaining IRPA learnings. OEB staff recognizes that Enbridge Gas’s objectives focus on ETEE and DR learnings (which could be viewed as restrictive); however, Enbridge Gas’s definition of ETEE also encompasses limited electrification and advanced technologies (discussed further under Issue 3). OEB staff also recognizes that supply-side alternatives have been precluded from Enbridge Gas’s pilot objectives and have been removed from the updated SLH Pilot design. OEB staff finds this to be reasonable since there is no longer a system need, and thus no need for CNG as a bridging solution. OEB staff accepts Enbridge Gas’s statement that the best opportunities for learnings regarding the supply-side alternative of CNG injection will be when a baseline facility need exists.²⁹ As required by the IRP Framework, Enbridge Gas should continue to consider supply-side alternatives in its IRP assessment process for addressing system needs.

Project Scope: In its AIC, Enbridge Gas requested that the OEB determine that the SLH IRP Pilot Project scope and objectives, which include testing of a variety of IRPAs, satisfies the direction in the IRP Framework to bring forward two IRP pilot projects.³⁰ This request was only made in the AIC and was therefore not subject to examination in the proceeding. By testing a variety of demand-side IRPAs in a single project area, OEB staff understands Enbridge Gas’s view to be that Enbridge Gas is effectively deploying multiple IRP pilots via the SLH Pilot, thereby satisfying the requirement to bring forward two pilots, consistent with the IRP framework. OEB staff notes that consideration of a system pruning pilot is also proposed as part of Enbridge Gas’s Phase 2 Rebasing proceeding.

OEB staff submits that the OEB should provide direction that a second IRP pilot project is not an immediate requirement for Enbridge Gas, but that Enbridge Gas should report

²⁸ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit C, Tab 1, Schedule 2, p.1

²⁹ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit A, Tab 3, Schedule 1, p.7

³⁰ [Argument-in-Chief](#), p.21

back to the OEB within roughly two years (e.g., as part of its 2025 IRP Annual Report) regarding whether it sees value in an additional IRP pilot (with supporting rationale). This timeframe will allow Enbridge Gas to determine if there are additional IRPAs or aspects of IRP that Enbridge Gas believes would be useful to test through a second pilot project (instead of via a non-pilot IRP Plan), (taking into account initial learnings from the SLH Pilot. This timeframe will also provide clarity as to whether or not a system pruning pilot is being undertaken. OEB staff note that Enbridge Gas would not be prohibited from bringing forward additional IRP pilot projects for the OEB's consideration in advance of this report back.

Issue 2: Project Alternatives

2.1: Is Enbridge Gas's IRP pilot project selection process, selection criteria, and decisions to select the Southern Lake Huron community appropriate?

2.2: Will the Pilot Project selected give Enbridge Gas the ability to apply learnings to future IRPA design, performance and have the potential for scalability?

Enbridge Gas's Proposal:

Enbridge Gas developed an IRP evaluation process to arrive at the two pilot projects for Parry Sound and SLH³¹. The process involved setting two primary pilot objectives (discussed under Issue 1) and developing complementary criteria to consider when reviewing its 2023-2032 asset management plan (AMP) to determine a list of potential pilot projects and IRPAs. Each potential pilot project was evaluated and ranked using a weighted average scoring matrix based on five key criteria. Enbridge Gas justified the scoring of the Parry Sound and SLH Pilot Projects. However, Enbridge Gas confirmed at the technical conference³² that it did not re-execute its IRP evaluation process in making its decision to withdraw the Parry Sound Pilot but to proceed with the SLH Pilot. Enbridge Gas emphasizes the unique opportunity the SLH Pilot presents with its balanced customer mix and existing ERT coverage. This will help drive the intended pilot learnings on IRPA design, performance, and the potential for scalability and transferable learnings which mirrors the key objectives/ criteria identified as part of its IRP evaluation process.

OEB Staff Submission:

OEB staff submits that Enbridge Gas's approach in setting primary pilot objectives that are supplemented by complementary criteria and weighting in its IRP evaluation process aligns with the assessment guidelines in the IRP Framework and is conducive to the selection and design of a suitable IRP Pilot Project. More specifically, the criteria (and weighting of criteria) in the scoring matrix reflect the objectives of the pilot initiative.

³¹ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit C, Tab 1, Schedule 2, pp.1-5

³² [Technical Conference Transcript](#), pp.141-142

For example: the criteria of 1) peak hourly flow data collection potential and 2) balanced customer mix and potential for scalability will help Enbridge Gas achieve its objective of understanding how ETEE and DR can be designed, deployed, and evaluated to impact peak hour flow/demand. In other words, if Enbridge Gas has access to a balanced mix of customer data, it can readily determine the impact of the IRPAs on peak-hour flow/demand for transferable learnings on how to improve IRPA design and deployment for future IRP projects, and it will have had the chance to assess IRPAs targeting a range of customer classes. Accordingly, the two criteria of peak hourly flow data collection potential and balanced customer mix and scalability were weighted the most at 25% each, followed by the feasibility of demand-side IRPA implementation at 20%, to note the importance of these three factors. System configuration and feasibility of supply-side IRPA implementation were weighted at 15% each.

OEB staff acknowledges that the SLH Pilot can no longer meet some criteria given the SRP and energy transition adjustment update caused a shift in system need. This includes 1) the ability to materially avoid, defer, or reduce a facility requirement to address a system need and 2) the feasibility of supply-side IRPA implementation. But as OEB staff noted above, many of the higher-ranked criteria can still be fulfilled by the SLH Pilot like 1) enabling effective data collection and measurement of the impact IRPA investments have on system peak flow/ demand and 2) balanced customer mix with the potential for scalability and transferability of learnings. Therefore, Enbridge Gas's pilot selection process is still conducive to the selection of an appropriate pilot community.

At the technical conference, OEB staff confirmed with Enbridge Gas that it did not revisit its AMP to re-execute its IRP evaluation process. Although there is no longer a near-term system need in Parry Sound or SLH, Enbridge Gas recognized the significant value the SLH Pilot can still provide from a budget and timeline perspective by piloting demand-side IRPAs in a community with existing ERT coverage³³. Likewise, OEB staff does not see material value in re-executing the IRP evaluation process to identify potential pilot communities with existing system needs. Instead, OEB staff agrees with Enbridge Gas's decision to refine the SLH Pilot by leveraging what has been done and is still relevant to maximize learnings. With uncertainties as to the pace of the energy transition, OEB staff finds this to be most practicable since system needs may continue to be volatile. There is more certainty and value in leveraging the known capabilities of a community that consists of a balanced mix of residential, commercial, and industrial customers to help foster transferrable learnings³⁴. This way, the SLH Pilot can be deployed sooner for IRPA learnings that could help inform future IRP projects and the system pruning pilot.

OEB staff submits that the initial and subsequent considerations Enbridge Gas used in its IRP evaluation process to justify its decision to proceed with the SLH Pilot are both

³³ [Technical Conference Transcript](#), pp.141-142

³⁴ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit C, Tab 1, Schedule 2, p.7

reasonable and appropriate.

Issue 3: Proposed Project

3.1: For the Pilot Project, has Enbridge Gas appropriately described the identified system need, and the baseline facility alternative?

3.2: Has Enbridge Gas appropriately described how the Pilot Project meets the applicable IRP Framework Guiding Principles?

3.3: Taking into consideration the OEB's IRP Framework that says that electricity IRPAs will not be included in the first generation IRP projects, is it appropriate to include a limited offering of electrification measures as an IRPA for the Pilot Project?

3.4: Are Enbridge Gas's proposed IRPAs for the Pilot Project appropriate?

3.5: Is Enbridge Gas's proposed spending appropriately allocated between the IRPAs (e.g., efficiency programs vs. electrification measures vs. advanced technologies) for the Pilot Project?

3.6: Are Enbridge Gas's proposed program designs for IRPAs (e.g., measures included, sectors targeted, incentive levels, marketing and outreach strategy, attribution approach between DSM and IRP) appropriate for each Pilot Project?

3.7: Are Enbridge Gas's proposed evaluation, measurement, and verification objectives and methodologies appropriate for the Pilot Project? Do they enable Enbridge Gas to determine the effectiveness of IRPAs and to report on the results of the IRP pilot project?

3.8: Is the timeframe for the Pilot Project appropriate?

ETEE Measures (Enhanced DSM Programs)

Enbridge Gas Proposal:

Enbridge Gas proposes to scope in DSM programs approved by the OEB as part of its 2023-2025 DSM Plan Decision that it expects to have the greatest impact on distribution system peak hour flows/ demands. Targeted sectors include residential and smaller and larger C&I customers. Enhanced DSM programs will be supplemented with additional incentives and marketing efforts to remove barriers to participation for increased uptake. Enbridge Gas sees more value in leveraging existing DSM programs than developing net new ETEE offerings as it can build on existing market awareness and will likely lead to lower ETEE programming costs. The proposed cost for enhanced DSM measures is

the largest of the SLH Pilot budget at \$8.8M³⁵. Enbridge Gas is proposing to use a simplified attribution approach between DSM and IRP whereby all enhanced DSM programming incentives contributed by Enbridge Gas as part of the SLH Pilot are to be funded by the SLH Pilot budget.

Regarding incentives, Enbridge Gas proposes to offer enriched incentives where amounts and maximums will vary based on the DSM program type. For residential programs, incentives are intended to provide as close to full-cost incentive coverage as possible, capped at 100% of the cost of the measure. Incentives previously funded by NRCan through the Canada Greener Homes Grant program will also be covered by the SLH Pilot budget to help maintain the necessary level of incentives to achieve the desired program uptake. For smaller C&I customers, participation barriers have generally been a lack of capital, time, and expertise to assess energy efficiency options using in-house resources. In response, Enbridge Gas proposes to enhance the Direct Install offerings to cover up to 100% of the energy efficiency project cost. Similarly, for larger C&I customers, the focus will be on Custom Offerings delivered through Enbridge Gas's Energy Solution Advisors (ESAs). Incentives will be provided up to twice the existing DSM offering (up to 50-75% of full energy efficiency project cost including equipment and installation).

Regarding marketing and engagement, there are some differences in Enbridge Gas's approach to gaining residential and C&I participation. Enbridge Gas plans to explore omnichannel mass media approaches for broader outreach to the residential sector using a variety of creative imagery, messaging, and communication channels to drive interest and participation. Business intelligence data will be leveraged to target and tailor campaign messaging for C&I customers, and local ESAs will employ customized marketing outreach and engagement strategies. Enbridge Gas also sees an opportunity to increase awareness and participation among the local contractor networks. Through the development of sales support materials, Enbridge Gas plans to secure their interest and support in the promotion and delivery of the enhanced DSM programming since local contractors are trusted by local businesses, which may lead to greater uptake. In general, Enbridge Gas plans to optimize its residential and C&I campaigns over time based on learnings. Marketing materials will be available on program-specific landing pages on Enbridge Gas's website.

OEB Staff Submission:

OEB staff submits that the enhanced DSM program designs have been appropriately tailored to each sector and program type by capitalizing on Enbridge Gas's knowledge of the existing DSM program barriers, successes, and customer behaviors to support the allocation of \$8.8M, a majority of the SLH Pilot budget, to these initiatives. OEB staff also considers a simplified attribution approach between DSM and IRP to be reasonable for the SLH Pilot only since a general policy on the approach to DSM-IRP attribution is anticipated to be considered as part of the first stand-alone IRP Plan application.

³⁵ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit D, Tab 1, Schedule 2, pp.3-20

OEB staff understands Enbridge Gas is using incentives as the primary means to generate IRPA uptake because cost is a factor in decision-making and has been identified as a barrier. This justifies the replacement of incentives previously funded by NRCan through the SLH Pilot budget. OEB staff supports the plan to increase program education and awareness as it was also identified as a potential reason for lower participation. Understandably, a customer cannot participate if they are unaware of a program's existence; and a customer would be more inclined to participate if they understand what the program has to offer. The pilot environment is a good opportunity for Enbridge Gas to test the effectiveness of a variety of new and existing marketing strategies that could be leveraged in future traditional and enhanced DSM programming. OEB staff agrees with Enbridge Gas's plan to seek participant input through surveys and interviews on what were effective means of educating and informing the public (e.g., brochures with invoices, information sessions at town halls, personal consultation). OEB staff agrees with Enbridge Gas's goal of optimizing campaigns over time through learnings and making all marketing materials available on the web through program-specific landing pages. Although a website is convenient, marketing efforts still need to be made to first inform and direct potential customers to this information. OEB staff generally supports Enbridge Gas's marketing approach for each of its enhanced DSM programs, but the marketing plans are described at a high level only without defined tasks or timelines. This makes it difficult to determine how much preparation work still needs to be done before the campaigns are ready for deployment. Given the size of the \$8.8M budget (including \$3.1 million for promotion and delivery costs) and the number of enhanced DSM programs, OEB staff submits that should the OEB approve this programming, Enbridge Gas should draft a detailed project plan (inclusive of its marketing plans) to support the deployment of these initiatives. Defining the exact tasks and anticipated costs of each activity will help Enbridge Gas stay on track from a timing and spending perspective. OEB staff recommends that the detailed project plan be updated on a rolling basis and filed as part of the IRP annual report.

Limited ETEE Offerings (Electrification and Advanced Technologies)

Enbridge Gas Proposal:

Although the first-generation IRP Framework does not explicitly provide for funding electric IRPAs, Enbridge Gas recognized an opportunity to evaluate the applicability and feasibility of electrification measures in an isolated pilot environment. Under the ETEE version of the DSM Residential Whole Home offering, it is proposing a limited offering of electrification measures that entails 20 cold climate air source heat pumps (ccASHPs) and 10 ground source heat pumps (GSHPs). Enbridge Gas also saw an opportunity to build learnings on three advanced technologies and is proposing limited offerings of gas heat pumps (capped at 20 for residential and 5 for commercial participants), and simultaneous hybrid heating and thermal energy storage (each capped at 40 residential participants). Incentives are structured such that the cost to the customer is comparable to the cost of replacing a customer's existing system with conventional gas heating

equipment, with incentives covering up to 60% of project costs. A direct install delivery model will be used.

OEB Staff Submission:

Electrification Measures: The first-generation IRP Framework does not ask Enbridge Gas to consider non-gas IRPAs but expects this to evolve as energy planning evolves³⁶. OEB staff submits that the inclusion of limited electrification measures in the SLH Pilot is reasonable given the OEB’s determinations (after the issuance of the original IRP Framework) to include incentives for electric heat pumps and water heaters within Enbridge Gas’s residential DSM program,³⁷ and to require Enbridge Gas to examine alternatives to gas infrastructure replacement, including system pruning measures that may include replacing gas equipment with electric equipment.³⁸ OEB staff also notes that, in this proceeding, the OEB previously provided direction that “a revised proposal for a pilot project that continues to include heat pumps would be helpful”.³⁹ OEB staff further notes that electrification is proposed at a limited level where the adoption of 20 ccASHPs and GSHPs will not compromise the electricity grid reliability (Enbridge Gas has confirmed this with the electricity sector).

Including electrification measures in the SLH Pilot serves as a good learning opportunity for potential broader implementation of electrification measures. The planning, deployment, and evaluation of the effectiveness of the electrification offerings can help kick-start learnings on the level of integrated energy planning required across energy sources. It will give Enbridge Gas better insight into the discussions, analysis, and communication that will need to be carried out in coordination with stakeholders from the electricity sector. By starting to build these connections and processes, Enbridge Gas can pave the way for a more holistic assessment of the impact of electrification measures on the energy grid and respective systems.

Advanced technologies: OEB staff understands Enbridge Gas’s desire to include limited advanced technologies in the SLH Pilot for learnings as they are net new measures in the early stages of adoption with minimum/ no market awareness. Learnings on the effectiveness of advanced technologies in reducing peak demand and the levels of customer interest in these technologies could give Enbridge Gas better insight into whether more time and resources should be put into these IRPAs for future IRP plans. Enbridge Gas also asserts that it wants pilot learnings to support the wider deployment of advanced technologies in future IRP applications. However, the economic potential of the three advanced technologies may be limited since the estimated cost per peak hour reduction of these technologies is higher than the

³⁶ [EB-2020-0091](#), July 22, 2021, p.35

³⁷ [EB-2021-0002](#) Decision and Order, November 15, 2022, p. 28. This approval was in the context of a collaboration between Enbridge Gas and the Natural Resources Canada Greener Homes Grant program, which is now closed to new applicants.

³⁸ [EB-2022-0200](#) Decision and Order, December 21, 2023, p.52

³⁹ Procedural Order No. 3, November 17, 2023

enhanced DSM and DR programs⁴⁰. Moreover, the average peak reduction per participant does not suggest that advanced technologies will yield the most peak savings as compared to other IRPA offerings⁴¹. Funding for gas heat pumps, and potentially hybrid heating,⁴² could also be seen to conflict with the intent of the OEB's decision on Enbridge Gas's most recent DSM plan, which found that "research and development funding [should] not be expended on natural gas-fired measures where there are electric alternatives, such as heat pumps" and that "focusing efforts on gas heat pumps, a technology that is not currently commercially available nor as cost-effective as electric heat pumps is not prudent"⁴³. However, OEB staff recognizes that these determinations were not made in the context of learning how to use IRPAs to reduce natural gas peak demand (the focus of the SLH pilot).

Despite these concerns, the difference in anticipated spending between advanced technologies and electrification is significant, with a planned marketing budget of \$23k for electrification versus \$45k for advanced technologies, and a total estimated budget for electrification of \$378k versus \$1.523M for advanced technologies⁴⁴.

These factors raise a question as to whether the inclusion and scale of spending on advanced technologies in the SLH Pilot is justified. OEB staff believes there is some value in understanding more about the peak demand impacts, costs, and customer interest in these technologies and their potential value as IRPAs, but that the amount of proposed spending is likely too high, given the caveats noted above.

OEB staff submits that the participation caps of the three advanced technologies should be reduced such that the forecast incentive budget for these technologies matches the forecasted budget associated with the capped participation levels of the two electrification offerings. Correspondingly, the marketing spend on advanced technologies should also be reduced. In doing so, the OEB is not suggesting that one IRPA is preferred over another. Instead, the design will allow the results of each IRPA offering to more easily speak for itself. OEB staff notes that of the three advanced technologies, simultaneous hybrid heating is forecasted to provide the highest peak and consumption reduction, whereas thermal energy storage is forecasted to provide the least so the IRPA caps could be adjusted accordingly (e.g. potentially a 4:3:2 ratio for the number of participants for simultaneous hybrid heating, natural gas heat pumps, and thermal energy storage). During the SLH Pilot term, if the uptake of advanced technologies is lower than anticipated, Enbridge Gas should not allocate more of its marketing budget towards this initiative but focus on gaining uptake and learnings on other IRPA offerings. There is an opportunity for more funds to be allocated to DR as it is comparatively forecast to have the lowest cost among all IRPA offerings.

⁴⁰ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit E, Tab 1, Schedule 1, pp.3-4

⁴¹ [Undertaking Responses](#), Exhibit JT1.4, p.2

⁴² The third technology, thermal energy storage, can be used with either gas or electricity.

⁴³ EB-2021-0002 Decision and Order, November 15, 2022, p. 53, 77-78.

⁴⁴ [Undertaking Responses](#), Exhibit JT1.24, p.1

DR Programming

Enbridge Gas Proposal:

Enbridge Gas proposes to offer a residential DR program that targets customers with eligible smart thermostats with DR capabilities and will be financially incented to enroll in the DR program. In exchange, it can control the customer's smart thermostat during peak DR events that are expected to be called in the winter season. Incentive levels are structured to increase each year a participant stays enrolled in the program and if they meet eligibility requirements like participation in at least 50% of DR events. Enbridge Gas notes that incentive levels may change, and a loyalty program may be introduced to increase uptake and retention levels throughout the SLH Pilot term. Marketing activities are likely to be handled by a distributed energy resource management system ("DERMS") service provider and/or using the smart thermostat manufacturer interface platforms. A DERMS service provider has not been procured, so a detailed marketing plan outlining the coordination and monitoring with DERMS has not been worked out.

OEB staff submission:

OEB staff submits that Enbridge Gas's proposed incentive levels and promotional structure are appropriate. Should customer uptake and/or retention levels require improvement, Enbridge Gas should allocate more funding to these efforts.

OEB staff submits that, if possible, leveraging the DERMS service provider and the smart thermostat manufacturer's interface platforms to promote the DR program is appropriate since the smart thermostat is central to the DR program. However, a DERMS service provider has not been procured so a detailed marketing plan with set tasks, timelines, and costs has yet to be developed or presented as evidence. OEB staff notes that coordinated planning between Enbridge Gas and these external parties is of utmost importance to ensure that marketing and outreach initiatives are executed, evaluated, and adjusted in a timely and effective manner. OEB staff recommends that a detailed marketing plan (as part of a detailed project plan) be drafted and shared with stakeholders for feedback. Where appropriate, the feedback should be considered and incorporated into Enbridge Gas's IRPA deployment plans.

Marketing and Outreach – General Comments

Enbridge Gas Proposal:

Enbridge Gas has a general marketing and outreach strategy for each proposed IRPA in the SLH Pilot, but plans are currently described at a high level. To develop its initial marketing efforts, Enbridge Gas has leveraged its existing knowledge of the customer makeup and their respective behaviors in the SLH Pilot area, conducted research and investigation, and will continue to reach out to relevant stakeholders and vendors to solidify its marketing plan. Enbridge Gas intends to track the participant journey to understand the effectiveness of its marketing and engagement activities and to assess

opportunities for improvement. Such findings will be reported as part of the IRP annual report and to the IRP TWG as results become available. Enbridge Gas expects its marketing campaigns to be optimized over time based on learnings.

OEB Staff Submission:

OEB staff supports the marketing and outreach strategies Enbridge Gas proposes to explore but is concerned with the vagueness of how each IRPA's marketing and outreach plan has been communicated. A marketing plan with defined tasks, owners, timelines, and corresponding costs for each activity has not been provided. Enbridge Gas has indicated that it needs at least four months from the date of the OEB decision to implement ETEE programming into the market. This infers the magnitude of work that still needs to be completed, especially since there is mention of third-party consultants and vendors which requires further coordination. Once the IRPAs are deployed, Enbridge Gas does not explicitly mention how and when the effectiveness of marketing efforts will be assessed. Timely monitoring of the effectiveness of marketing efforts would allow Enbridge Gas to adjust its marketing plans accordingly. This can impact uptake levels and thus, IRPA learnings to ultimately determine the success of the SLH Pilot. Enbridge Gas has the flexibility to modify its spending by 25% without having to obtain OEB approval. Although flexibility in spending can be appreciated for the agility to adopt learnings to IRPA plans, there is no formal requirement or added incentive for Enbridge Gas to meet or exceed the targeted uptake levels of each IRPA for optimized learnings. Therefore, OEB staff proposes that a detailed marketing plan be documented and shared with stakeholders to form a baseline of expectations. Refer to [Issue 6.0](#) for details on the appropriateness of metrics. Updates to the IRP TWG should be explicitly built into Enbridge Gas's project plan and schedule, and should include discussion on marketing efforts, programming effectiveness, and any proposed changes to the SLH Pilot design with justifications. Discussions will be documented in the TWG meeting minutes and the IRP annual report for greater accountability in the reporting of results. Refer to [Issue 5](#) for details on the TWG's involvement.

Evaluation, Measurement, and Verification – General Comments

Enbridge Gas Proposal:

Enbridge Gas modified the geographic scope of the SLH Pilot area to encompass the City of Sarnia and the Village of Point Edward where 93% of the customers have ERT coverage. This increases the likelihood that Enbridge Gas will have hourly flow data from Pilot participants to carry out EM&V and capture learnings. Enbridge Gas plans to calculate the net impact of ETEE by comparing the average flow change between customers who did not participate (baseline data) to those who did, and by comparing estimated flows with actual flows for the net impact of DR. Enbridge Gas proposes to potentially engage a third-party contractor to assist with its data analysis.

OEB Staff Submission:

OEB staff submits that Enbridge Gas’s proposed data collection methodology, timing, frequency, and calculation of ETEE and DR measures' net impact appear reasonable and appropriate.

First, access to customer hourly metering data through ERTs is critical and necessary for Enbridge Gas to capture customer consumption at specific times of the day to evaluate the impact of ETEE and DR on peak-hour flow. The data can also provide other insights into customer trends and support better forecasting of flow. Although the procurement and installation of hourly metering devices for larger C&I customers is more customized, complex, and will result in additional costs, OEB staff supports Enbridge Gas’s proposal to install ERTs for larger C&I customers who have expressed an interest in participating. Customer behavior can differ drastically between small and larger C&I customers (e.g., hair salon versus hospital) so learnings from one participant may not be representative or easily transferrable to another. OEB staff recommends that Enbridge Gas proactively engage with larger C&I customers and ERT vendors., By doing so Enbridge Gas will be better prepared to procure and install the necessary ERTs, allowing baseline data to begin to be captured sooner and avoiding further delays in IRPA deployment, should the OEB approve this aspect of the SLH Pilot.

Second, Enbridge Gas’s ability to translate what will likely be an extensive set of raw hourly data into usable information is critical to Enbridge Gas’s learnings on how ETEE and DR will impact peak hour demand and to determine the effectiveness of an IRPA. Therefore, engaging a third-party consultant to assist with the analysis and reporting of the SLH Pilot data is reasonable and recommended. In doing so, Enbridge Gas can leverage the consultant’s expertise on how to analyze, interpret, and effectively report on the data collected to maximize IRPA learnings. Doing so would also support Enbridge Gas in developing the capability to do this analysis and reporting in-house for future IRP Plans.

OEB staff recommends that Enbridge Gas create a detailed EM&V plan to clearly define critical activities and timelines, such as when data will be collected, when and who will be conducting the data analysis, when and how these results will be reported to which stakeholders, and when and how Enbridge Gas will incorporate insights gained and stakeholder feedback into its IRPA design.

Timeframe:

Enbridge Gas Proposal:

Enbridge Gas proposes that the SLH Pilot run for a 5-year term from 2023-2027.

OEB Staff Submission:

OEB staff recognizes that the OEB decision will likely be issued by the end of 2024 and Enbridge Gas will require at least four months to prepare for the deployment of the IRPAs into the market. As such, the IRPAs would likely be deployed between 2025 to

2027 for approximately 2-3 years of in-market ETEE and DR programming. If Enbridge Gas were to draft and keep a current and detailed project plan as recommended by OEB staff, this would help keep Enbridge Gas on track, giving Enbridge Gas adequate opportunities to observe market responses while being responsive to learnings and feedback in adjusting its IRPA design throughout the SLH Pilot term.

Issue 4: Project Cost and Economics

4.1: Is Enbridge Gas’s proposed budget for the Pilot Project appropriate?

4.2: Is Enbridge Gas’s economic analysis for the Pilot Project appropriate?

4.3: Is Enbridge Gas’s proposed approach to cost allocation and cost recovery appropriate and consistent with the intended use of the two OEB-approved IRP Operating Cost and Capital Cost Deferral Accounts?

Enbridge Gas Proposal:

The \$14.2M SLH Pilot budget consists of ETEE and DR measures. Costs have been captured in Table 1.0 and Table 2.0 below for analytical purposes⁴⁵. Enbridge Gas has not conducted an enhanced DCF+ test of IRPAs since there is no longer a baseline facility need (i.e., there is no baseline facility cost that can be compared with the cost of the IRPAs). For cost recovery, Enbridge Gas plans to allocate all costs to Union South in-franchise rate classes in proportion to Union South design day demands.

Table 1.0: Direct IRPA vs. General Pilot Learning Costs

Direct Pilot IRPA Costs	
Demand-side IRPA	\$ 11,507,420
Other (O&M)	924,869
Total Direct Costs	\$ 12,432,289
Pilot Learning Costs	
Data Collection & Analysis (O&M)	1,497,177
Hourly Metering Installs (capital)	274,289
Total Learning Costs	\$ 1,771,466
Total Pilot Costs	\$ 14,203,755

Table 2.0: Demand-Side Cost Breakdown by IRPA Type

ETEE Costs		
Enhanced DSM		
Incentive	\$ 5,692,504	

⁴⁵ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit E, Tab 1, Schedule 1, p.3

Promotion/ Delivery	3,098,409	
Administrative	37,653	
Total Enhanced DSM Costs	\$ 8,828,565	77%
Electrification		
Incentive	\$ 332,896	
Promotion/ Delivery	22,193	
Administrative	-	
Total Electrification Costs	\$ 355,089	3%
Advanced Technologies		
Incentive	\$ 1,080,499	
Promotion/ Delivery	397,770	
Administrative	44,291	
Total Advanced Technology Costs	\$ 1,522,560	13%
Total ETEE Costs	\$ 10,706,214	
DR Costs		
Incentive	\$ 135,618	
Promotion/ Delivery	645,086	
Administrative	20,502	
Total DR Costs	\$ 801,206	7%
Total Demand-Side IRPA Costs	\$ 11,507,420	100%

OEB Staff Submission:

Pilot Budget: OEB staff submits that the total budget of \$14.2M and the corresponding cost of each ETEE and DR offering is generally reasonable subject to proposed adjustments concerning the reduction of spending on limited advanced technologies as detailed under [Issue 3.0](#) and reflected in Table 3.0 below

Table 3.0: Adjusted Demand-Side Cost Breakdown by IRPA Type

ETEE Costs		
Enhanced DSM		
Incentive	\$ 5,692,504	
Promotion/ Delivery	3,098,409	
Administrative	37,653	
Total Enhanced DSM Costs	\$ 8,828,565	86%
Electrification		
Incentive	\$ 332,896	
Promotion/ Delivery	22,193	
Administrative	-	
Total Electrification Costs	\$ 355,089	3%
Advanced Technologies		

Incentive	\$ 332,896	
Promotion/ Delivery	<i>To be updated accordingly by Enbridge Gas*</i>	
Administrative	<i>To be updated accordingly by Enbridge Gas*</i>	
Total Advanced Technology Costs	\$332,896*	3%
Total ETEE Costs	\$ 9,516,550*	
DR Costs		
Incentive	\$ 135,618	
Promotion/ Delivery	645,086	
Administrative	20,502	
Total DR Costs	\$ 801,206	8%
Total Demand-Side IRPA Costs	\$ 10,317,756*	100%

**For illustrative purposes, totals have been calculated with \$0 for spending on promotion/delivery and administrative costs for limited advanced technologies, recognizing that the values will increase once Enbridge Gas updates the promotion/delivery and administrative costs for limited advanced technologies.*

Enhanced DSM programs make up most of the costs at 77% of total demand-side IRPA costs, as they consist of a variety of residential, commercial, and industrial programs and offerings from Enbridge Gas's 2023-2025 DSM Plan. For each IRPA offered, OEB staff finds it appropriate that most of the spending relates to incentives followed by promotion and delivery costs as shown in Table 2.0 above⁴⁶. Promotional efforts drive greater customer awareness which increases the likelihood of participant uptake and learnings. As such, this is rightfully where the focus of the budget should be. Data collection and analysis are also critical to IRPA learnings. Since IRP EM&V is a newer concept to Enbridge Gas's core business, OEB staff supports using a third-party consultant to leverage their knowledge and expertise on how to analyze and transform all the data collected into informative learnings. By optimizing data analysis and reporting processes, Enbridge Gas reduces the risk of losing opportunities to adapt IRPA programs based on early learnings, informed by timely and informative results obtained throughout the SLH Pilot term. It also allows Enbridge Gas to develop the in-house skills, techniques, and reporting that can be used in its EM&V procedures for IRP projects going forward.

Economic Analysis: OEB staff considers it reasonable that Enbridge Gas did not perform an economic test for the SLH Pilot. The purpose of a pilot is to obtain IRP learnings through prudently incurred costs so the results of an economic test should not be determinative of whether the SLH Pilot should be approved. OEB staff recognizes that the IRP Framework encourages Enbridge Gas to use the SLH Pilot as a testing

⁴⁶ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit E, Tab 1, Schedule 1, p.3

ground for an enhanced DCF+ test. However, there is no longer a system need in the SLH Pilot area for DCF+ results of the IRPAs to be compared against the results of a baseline facility need. Moreover, several aspects of the DCF+ test are still being discussed with the IRP TWG and considered by Enbridge Gas in its compilation of the DCF+ supplemental guide. OEB staff encourages Enbridge Gas to finalize and apply for OEB approval of the enhanced DCF+ test as soon as possible so that an OEB-approved economic test will be in place to assess the economics of IRPAs vs. facility solutions in both IRP Plan and Leave to Construct applications.

Treatment of Costs: OEB staff submits that the \$14.2M in projected costs appear to have been appropriately classified as O&M costs or capital costs, which determines whether they will be recorded in the IRP Operating Cost or Capital Cost Deferral Accounts⁴⁷. As expected, there is minimal value (\$) and sources of costs that are capital in nature since the IRP Capital Cost Deferral Account would only capture the cost of hourly metering devices for the 50 larger C&I participants. No other capital costs are anticipated with 93% ERT coverage in the SLH Pilot area. Most of the \$14.2M budget falls under the IRP Operating Cost Deferral Account as it captures all other costs associated with running the ETEE and DR programs including incentives, promotional and delivery costs, data collection and analysis, as well as stakeholder, personnel, and administrative costs. As per the technical conference and undertaking JT1.1, Enbridge Gas confirmed that like its Leave to Construct applications, Enbridge Gas is seeking approval in principle of the proposed project and its forecast budget. Actual costs incurred for the SLH Pilot will be captured in the respective IRP Capital Cost and Operating Cost Deferral Accounts which will be subject to OEB review at the time the deferral accounts are brought forth for clearance. OEB Staff submits that Enbridge Gas's proposed classification and treatment of IRP costs for the SLH Pilot is in line with how the two accounts are intended to be used as directed under the IRP Framework⁴⁸.

In addition, costs (outside of the \$14.2M) already incurred for the Parry Sound Pilot that was withdrawn will be captured in the IRP Operating Cost Deferral Account to be cleared as part of Enbridge Gas's annual non-commodity deferral account clearance and earnings sharing mechanism application where the OEB will review the costs for prudence⁴⁹. Enbridge Gas did not request any relief on this issue in its application, and OEB staff submits that no determination on the costs incurred for the withdrawn Parry Sound Pilot is required as part of this proceeding.

Cost Allocation: The IRP Framework indicates that an approach to cost allocation will be part of an IRP Plan approval. OEB staff submits that for cost recovery, SLH Pilot

⁴⁷ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit E, Tab 1, Schedule 1, Attachment 1&2

⁴⁸ [EB-2020-0091](#), July 22, 2021, p.119 or Appendix A p.23

⁴⁹ [Technical Conference Transcript](#), pp.13-16, [Undertaking Responses](#), Exhibit JT1.1

costs should be allocated proportionally across all Enbridge Gas rate zones, since the SLH Pilot is intended to help Enbridge Gas gain general IRP learnings that can be transferrable to communities outside of the SLH Pilot area.⁵⁰ This differs from Enbridge Gas's proposal to allocate all costs to Union South in-franchise rate classes in proportion to Union South design day demands. Enbridge Gas notes this methodology is consistent with the allocation in Union's 2013 OEB-approved cost allocation study and would be the same methodology that would be used under a similar facility project. However, OEB staff notes there is no longer a baseline facility requirement in the community of SLH so the IRPAs proposed in the SLH Pilot will not avoid, delay, or reduce a facility need. Therefore, OEB staff finds it most appropriate for all ratepayers to share the cost of an initiative that is anticipated to provide learnings for all customers. This proposed allocation of costs is supported by Enbridge Gas's selection of the community of SLH as a suitable pilot location since it has a balanced customer mix to allow for scalable and transferrable learnings to other geographic areas in which Enbridge Gas operates. The SLH Pilot design also includes IRPA programming for all sectors and customer groups. Spreading the SLH Pilot costs among all ratepayers will result in a reduced rate impact on Union South customers.

OEB staff also notes Enbridge Gas's comments⁵¹ that it has proposed harmonized cost allocation methodologies in the 2024 Rebasing application, and, if these are approved by the OEB, Enbridge Gas may propose a change to the allocation methodology as part of the Non-Commodity Deferral Account Clearance and Earnings Sharing Mechanism application where disposition is requested for actual IRP Pilot Project costs. OEB staff supports providing Enbridge Gas with this flexibility but believes that the allocation of costs proportionally across all Enbridge Gas rate zones is the preferable conceptual starting point.

Issue 5: Stakeholding

5.1: Has Enbridge Gas appropriately engaged with stakeholders and the IRP Technical Working Group on the Pilot Project?

Enbridge Gas Proposal:

Enbridge Gas defines stakeholders as inclusive of the IRP TWG, intervenors that review the IRP annual report (which is filed as part of its yearly deferral and variance account disposition proceeding), and project area municipalities, electric LDCs, and the IESO⁵². Enbridge Gas has begun and will continue to reach out to these stakeholders with pilot project updates. For some stakeholders and vendors, communications will continue,

⁵⁰ See [Undertaking Responses](#), Exhibit JT1.19 and JT 1.20 Attachment 1 for a description and calculation of this alternative approach.

⁵¹ Argument-in-Chief, p. 16

⁵² [Updated interrogatory responses](#), Exhibit I-Staff-23, p.1-2

and work plans will be drawn up once the SLH Pilot has been approved by the OEB.

OEB Staff Submission:

OEB staff submits that the timing, type, and extent of communications could be considered adequate for some but lacking or could be improved upon for other stakeholder groups as observed and detailed below.

IRP TWG: OEB staff submits that Enbridge Gas’s engagement of the IRP TWG has been sufficient but can likely be improved going forward by clearly defining when and what topics it will be engaging the TWG on, and providing appropriate materials in advance, so both parties can better prepare for the conversations. As part of the IRP annual reports, TWG Members had the opportunity to provide individual comments on Enbridge Gas’s implementation of the IRP Framework including the TWG’s involvement in the development of the IRP pilot proposal.⁵³ Some comments indicated that TWG meetings only allowed for discussion of the pilots at a high level since Enbridge Gas did not provide members with substantive materials to allow for useful input. For example, some members noted their inability to provide comprehensive and insightful advice on Enbridge Gas’s process in identifying and screening potential IRPA pilots and on the technical evaluation of the pilots given the minimal information provided as to the specifics of the system needs and how this impacted the scoring for particular pilot areas. Another concern was that input was often sought too late in the process for TWG contributions to have a meaningful impact.

Therefore, whether to seek input on initial IRPA implementation design and outreach efforts or to share IRPA results and updates on learnings, OEB staff recommends that Enbridge Gas define topics and set proposed checkpoints on its engagement with the TWG as part of Enbridge Gas’s detailed pilot project plan. This ensures timely and adequate engagement with the TWG. OEB staff also recommends that Enbridge Gas aim to provide any accompanying materials to the TWG one week before meetings. This will give Enbridge Gas and TWG members adequate time to prepare for the discussion.

Local municipalities, LDCs, Hydro One, and the IESO: Enbridge Gas conducted initial stakeholder engagement sessions, hosted open house community engagement events, and held one-on-one sessions with municipalities and LDCs to discuss system constraints and potential program coordination on IRPAs. Enbridge Gas obtained letters of verbal support for the proposed pilots at council meetings⁵⁴. Enbridge Gas also

⁵³ [IRPTWG 2021 Annual Report](#), Section 3.1, pp.7-15
[IRPTWG 2022 Annual Report](#), Section 2.1, pp.6-16
[IRPTWG 2023 Annual Report](#), Section 2.1, pp.7-17

⁵⁴ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit F, Tab 1, Schedule 1, pp.1-7

created an SLH Pilot-specific website to provide the community with ongoing information and updates on the SLH Pilot project including a have-your-say function. Continued engagement with these stakeholders is expected and OEB staff supports Enbridge Gas's plan to continue taking a variety of approaches to engagement sessions and outreach efforts to learn which are the most effective at reaching different audiences and demographics. However, the timing of engagements is critical for effectiveness. The SLH Pilot materials to be shared with stakeholders will also require time and effort to be developed. Therefore, OEB staff recommends that a detailed project plan be built with these activities and that the engagement of each stakeholder group be incorporated into the schedule and shared with stakeholders to enable them to schedule their attendance.

Third Parties: Enbridge Gas describes the design of each IRPA which includes marketing activities as well as EM&V procedures to obtain learnings⁵⁵. Often, these IRPA plans require the use and coordination with external parties. To ensure that an IRPA can be deployed on time and successfully, Enbridge Gas must clearly define tasks and deadlines including those required of external parties. For example: in the case of the C&I customers, Enbridge Gas needs to engage and coordinate with local contractors and trade networks to ensure alignment and agreement on communication materials to be shared with potential participants. Without a defined schedule of tasks, a setback in one subtask could put Enbridge Gas at risk of experiencing further delays in the deployment of IRPAs. This will diminish the potential for valuable learnings as the SLH Pilot has a defined term of 5 years from 2023-2027. The same can be said about other external vendors Enbridge Gas has expressed an interest in engaging for major tasks like data analysis for EM&V, marketing DR program using DERMS and the smart thermostat manufacturers' platform, and the procurement and installation of hourly metering devices for larger C&I customers. For example, Enbridge Gas confirmed it is in the process of going down this line of activity (i.e., starting to reach out to larger C&I customers, so coordination with vendors for ERT procurement and installation of larger C&I customers has yet to take place)⁵⁶. OEB staff recommends that Enbridge Gas be proactive in its research on vendors, consider what work lies ahead, and to draft an engagement plan, so Enbridge Gas is ready to execute upon the OEB's issuance of a decision. These activities should be documented as part of Enbridge Gas's detailed project plan to be updated and shared as part of its IRP annual report.

Issue 6: Other

6.1: Are there appropriate milestones/ checkpoints/ metrics in place to ensure Enbridge Gas is monitoring and adjusting the design of a Pilot Project on a timely basis to optimize project performance and achieve the intended project outcomes?

⁵⁵ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit D, Tab 1, Schedule 2, pp.1-33

⁵⁶ [Technical Conference Transcript](#), p.162-165

6.2: What timing, frequency and format is appropriate for reporting on the Pilot Project?

6.3: What are the appropriate Conditions of Approval for the Pilot Project?

Enbridge Gas Proposal:

Enbridge Gas's plans for executing the SLH Pilot are currently described at a high level in writing and outlined in a quarterly timeline. A detailed plan has yet to be worked out, but Enbridge Gas has plans to do so upon the OEB's approval of the SLH Pilot⁵⁷. The results of the SLH Pilot will be communicated to all stakeholders primarily through the annual IRP report. Enbridge Gas also plans to share learnings with the TWG as results become available.

OEB Staff Submission:

Detailed Project Plan: As noted throughout OEB staff's submission, a major component that is missing from the SLH Pilot application is a detailed project plan that expands on Enbridge Gas's written description of its planned approach and the quarterly project timeline provided. Pilot considerations, tasks, and timelines are currently defined at a high level and key checkpoints with specific stakeholder groups have not been clearly defined. There are also no metrics or conditions of approval for Enbridge Gas to optimize spending and learning by adjusting Enbridge Gas spending on IRPA plans throughout the SLH Pilot term based on any realized learnings. Instead, an indirect, delayed assessment of Enbridge Gas's approach to the SLH Pilot and reporting on the same is proposed in the IRP annual report and when actual SLH Pilot costs are brought forward for clearance at the annual non-commodity deferral account clearance proceeding.

OEB staff submits that Enbridge Gas should be required to create and share with stakeholders (e.g., as an appendix to the IRP annual report) a detailed project plan that explicitly calls out tasks and deadlines regarding marketing and outreach efforts, as well as EM&V and reporting of results for each of its IRPAs. It should detail tasks internal to Enbridge Gas and those of external parties and stakeholders from the planning stages to delivery and learnings. This would provide clarity and transparency on what lies ahead, allowing stakeholders to assess whether the SLH Pilot is progressing as intended proactively. For example, an IRPA's marketing and outreach plan should consider how Enbridge Gas will determine which communication channels are appropriate, what communication materials to prepare and by whom, and to schedule

⁵⁷ [Application and Evidence](#), (updated application from rebasing decision impact), Exhibit D, Tab 1, Schedule 2, p.3

the execution of these outreach activities. Post-deployment, the detailed project plan should consider when and how to assess the effectiveness of its marketing efforts, to report results to which stakeholders for feedback, and (where appropriate) when and how program design and marketing approaches will be updated during Pilot delivery. Not only would a detailed project plan benefit Enbridge Gas, but it would also provide a reference point to help the OEB consider whether incurred pilot costs are timely and prudently when Enbridge Gas applies for clearance of actual SLH Pilot costs. Since IRP is a relatively new concept compared to other conservation efforts like DSM and this pilot is the first of its kind, setting conditions of approval that might explicitly constrain spending based on initial results is arguably premature. Some methods could include approval of an annual budget based on Enbridge Gas's ability to achieve a certain percentage of uptake. However, OEB staff believes this would be too stringent and unreasonable as it would be difficult to determine a fair and reasonable percentage of uptake for which Enbridge Gas should be held accountable given this is the first IRP pilot. Instead, OEB staff submits that a detailed pilot project plan, updated on a rolling basis and filed as part of the IRP annual report, would be most helpful to stakeholders and the OEB in their respective assessment of Enbridge Gas's efforts and the overall success of the SLH Pilot.

Reporting and TWG Engagement: In addition to the annual updates provided to the OEB and all stakeholders through the IRP Annual Report, Enbridge Gas notes that more frequent reporting will be provided to the IRP TWG. OEB staff supports this as regularly engaging with the IRP TWG ensures that Enbridge Gas has adequate opportunities to leverage the TWG's input and expertise to make any improvements to the SLH Pilot in a timely and effective manner. Other stakeholders are also able to follow progress on the SLH Pilots as materials for the IRP TWG meetings are posted on the OEB's website. As discussed earlier in Issue 5.1, OEB staff also has several procedural suggestions regarding how to better engage with the TWG regarding the ongoing design and implementation of the SLH Pilot.

3 Next Steps

OEB staff submits that the SLH Pilot be approved but subject to the proposed changes (budget reduction) to the IRPA program design for limited advanced technologies.

Should the OEB approve the SLH Pilot, Enbridge Gas should be required to draft and share a detailed project plan that includes its stakeholder engagement plans, marketing and outreach activities for each IRPA, and a detailed EM&V plan for adaptable learnings throughout the SLH Pilot term for each of its IRPAs. Enbridge Gas should also be directed to change the allocation of SLH Pilot costs to all Enbridge Gas customers instead of Union-South customers when it applies to the OEB for clearance of actual SLH Pilot costs incurred as part of Enbridge Gas's annual non-commodity deferral account clearance proceeding.

~All of which is respectfully submitted~