



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

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# **DECISION AND ORDER**

**EB-2024-0193**

**ENBRIDGE GAS INC.**

**Application for the disposition of 2022 Demand Side Management  
Deferral and Variance Accounts**

**BEFORE: Patrick Moran**  
Presiding Commissioner

**Anthony Zlahtic**  
Commissioner

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**March 11, 2025**

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# 1 OVERVIEW

Enbridge Gas Inc. requested that the Ontario Energy Board approve the recovery of amounts related to its 2022 demand side management programs in its Enbridge Gas Distribution and Union rate zones.

The approvals sought in this application are as follows.

For the Enbridge Gas Distribution rate zone:

- \$3.158 million to be recovered from customers as program costs incurred in 2022 were more than that recovered in rates.
- \$5.236 million to be recovered from customers for the shareholder incentive earned for meeting 2022 targets.
- \$0.035 million to be recovered from customers for lost revenues as the forecast demand side management savings were less than actual demand side management savings in 2022.

For the Union rates zones:

- \$14.315 million to be returned to customers as the program costs incurred in 2022 were less than that recovered in rates.
- \$0.723 million to be recovered from customers for lost revenues as the forecast demand side management savings were less than actual demand side management savings in 2022.

Enbridge Gas has also applied for approval to include an interim disposition of \$60 million to offset a portion of amounts related to the Home Efficiency Rebate Plus (HER+) offering incurred in 2024.

In 2020, the Ontario Energy Board approved a one-year extension to the 2015-2020 multi-year DSM plan to apply it to the 2021 program year. In 2021, the OEB approved the continuation of Enbridge Gas's 2021 DSM activities into 2022. These extensions consisted of a roll-forward of all existing components of Enbridge Gas' OEB-approved 2020 DSM plans<sup>1 2</sup>. The 2015-2020 DSM Decision provides the context for the review of the 2022 DSM Deferral and Variance accounts.

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<sup>1</sup> EB-2019-0271, Decision and Order, July 15, 2020

<sup>2</sup> EB 2021-002, Decision and Order, August 26, 2021

For a typical residential customer in the Enbridge Gas Distribution rate zone with annual consumption of 2,400 m<sup>3</sup>, the estimated one-time billing adjustment charge is \$8.69. For a typical residential customer in the Union South rate zone with annual consumption of 2,200 m<sup>3</sup>, the estimated one-time billing adjustment charge is \$0.51. For a typical residential customer in the Union North rate zone with annual consumption of 2,200 m<sup>3</sup>, the estimated one-time billing adjustment is a refund of \$6.79.

The Ontario Energy Board approves the Demand Side Management Variance Account balances of \$3.158 million to be recovered from customers in the Enbridge Gas Distribution rate zone and \$14.315 million to be returned to customers in the Union rate zones.

The Ontario Energy Board approves Demand Side Management Incentive Deferral Account balances of \$5.236 million to be recovered from customers in the Enbridge Gas Distribution rate zone.

The Ontario Energy Board approves Lost Revenue Adjustment Mechanism Variance Account balances of \$0.034 million to be recovered from customers in the Enbridge Gas Distribution rate zone and \$0.723 million to be recovered from customers in the Union rate zones.

The OEB approves an interim disposition of \$60 million to recover a portion of the costs related to the 2024 HER+ offering with a full prudence review of all spending related to that offering to be conducted as part of a future DSM DVA proceeding.

The total approved balances for disposition are shown in Table 1 below.

**Table 1 Summary of Approved 2022 Enbridge Gas Demand Side Management Deferral and Variance Account Balances**

<b>Account</b>	<b>Enbridge Gas Distribution Rate Zone</b>	<b>Union Rate Zones</b>
Demand Side Management Variance Account	\$3,157,694	(\$14,314,891)
Demand Side Management Incentive Deferral Account	\$5,236,372	\$0.00
Lost Revenue Adjustment Mechanism Variance Account	\$34,771	\$722,953
Interest	\$557,506	(1,558,887)
<b>Total Amount</b>	<b>\$8,986,343</b>	<b>(15,150,825)</b>

**Note:** Positive amounts are to be collected from customers, and negative amounts are to be returned to customers.

## 2 CONTEXT AND PROCESS

Enbridge Gas Inc. filed an application with the Ontario Energy Board (OEB) to clear through rates a shareholder incentive, lost revenues, and demand side management (DSM) program costs related to 2022 DSM activities. Under the *Ontario Energy Board Act, 1998*, gas distributors must apply to the OEB to change the rates they charge customers.

Effective January 1, 2019, Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited amalgamated to become Enbridge Gas. Enbridge Gas has maintained the previously existing EGD and Union rate zones for the purposes of delivering its OEB-approved DSM programs.

The OEB issued the 2015 to 2020 DSM Framework on December 22, 2014 (the DSM Framework). The DSM Framework provided guidance to the utilities on the key areas the OEB expected to see included within their 2015-2020 plans, including guidance related to the evaluation of annual DSM program results.

In response to the DSM Framework, EGD and Union Gas each filed applications for the OEB to approve separate six-year DSM plans.<sup>3</sup> The OEB approved the separate six-year DSM plans for each of EGD and Union Gas on January 20, 2016 (the 2015-2020 DSM Decision).<sup>4</sup> In that decision, the OEB approved natural gas DSM programs for residential, commercial, and industrial customers. The DSM Framework allows Enbridge Gas to apply to the OEB annually to dispose of several natural gas DSM program deferral and variance accounts for the 2015-2020 DSM program years.

In 2020, the OEB approved a one-year extension to the 2015-2020 multi-year DSM plan to apply it to the 2021 program year. In 2021, the OEB approved the continuation of Enbridge Gas's 2021 DSM activities into 2022. This extension included all existing components of the OEB-approved DSM plans.

Enbridge Gas filed its application for approval and clearance of the 2022 DSM deferral and variance accounts with the OEB on August 31, 2024. The application was filed in accordance with the DSM Framework and Filing Guidelines and the 2015-2020 DSM Decision.

On September 23, 2024, the OEB issued a Notice of Application to review Enbridge Gas' application.

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<sup>3</sup> EGD: EB-2015-0049, Union: EB-2015-0029

<sup>4</sup> EB-2015-0029 / 0049, Decision and Order, January 20, 2016

On October 18, 2024, the OEB issued Procedural Order No. 1. Within Procedural Order No. 1, the OEB set out the process for interrogatories and submissions. The OEB also granted intervenor status and cost eligibility to the School Energy Coalition (SEC).

On October 30, 2024, OEB staff filed written interrogatories on Enbridge Gas' application. SEC did not file written interrogatories. Enbridge Gas filed responses on November 22, 2024.

On December 5, 2024, OEB staff filed written submissions. On December 13, 2024, SEC filed written submissions.

On January 10, 2025, Enbridge Gas filed its written reply submission.

### 3 DECISION

The OEB approves Enbridge Gas's requested 2022 DSM deferral and variance account balances for the EGD rate zone and Union rate zones. The OEB also approves the common disposition methodology proposed by Enbridge Gas for the EGD rate zone and Union rate zones.

The balances requested for disposition in this Application were based on the Final 2022 Annual Verification Reports prepared for the OEB by the OEB's Evaluation Contractor, consulting firm DNV GL.<sup>5</sup>

#### 3.1 Demand Side Management Variance Accounts (DSMVAs)

Enbridge Gas requested approval to recover its 2022 DSMVA balance of \$3.158 million from customers in the EGD rate zone and return \$14.315 million to customers in the Union rate zones.

Enbridge Gas indicated that in the 2022 program year, it did not meet the expected DSM targets, especially in the Union rate zones, due to supply chain shortages, staffing shortages, and inflation. These challenges had a greater proportional impact on the Union rate zones, resulting in a credit balance in the Union rate zones DSMVA.

Enbridge Gas proposed that the disposition of the 2022 deferral and variance account balances be implemented in alignment with other rate changes through the Quarterly Rate Adjustment Mechanism (QRAM), effective as soon as April 1, 2025, with a common disposition methodology for EGD and Union rate zones.

Enbridge Gas proposed to dispose of the 2022 DSM-related deferral and variance account balances as a one-time billing adjustment. The billing adjustment would be derived for each customer individually by applying the disposition unit rates to each customer's actual consumption volume for the period January 1, 2022, to December 31, 2022.

OEB staff submitted that the disposition methodologies proposed by Enbridge Gas are appropriate. SEC did not object to the disposition approaches proposed by Enbridge Gas.

Neither SEC nor OEB staff objected to the approval and clearances of the DSMVA balances.

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<sup>5</sup> 2020 Natural Gas Demand Side Management Annual Verification Report, December 2, 2021



## Findings

The OEB approves the recovery of the 2022 DSMVA balances from Enbridge Gas' customers in the amount of \$3.158 million in the EGD rate zone and a return of \$14.315 million to customers in the Union rate zones, as proposed.

### **3.2 Shareholder Incentive- DSM Incentive Deferral Account (DSMIDA)**

Enbridge Gas requested approval of its 2022 shareholder incentive amount of \$5.236 million in the EGD rate zone. Enbridge Gas is able to earn a shareholder incentive based on how well it performed relative to its 2022 program targets. Enbridge Gas indicated that targets were not achieved for a shareholder incentive in the Union rate zones and that there is a \$0 balance for the Union rate zones in 2022. The shareholder incentive is tracked within the DSMIDA.

Neither SEC nor OEB staff objected to the approval of the DSMIDA balances.

## Findings

The OEB approves the recovery of the 2022 DSMIDA for the EGD rate zone as requested by Enbridge Gas. The shareholder incentive amounts requested reflect the verified results in the 2022 Annual Verification report.

### **3.3 Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)**

Enbridge Gas requested approval of its 2022 LRAMVA in the amount of \$0.034 million to be recovered from customers in the EGD rate zone and \$0.722 million to be recovered from customers in the Union rate zones. Enbridge Gas calculated the LRAMVA balances using the verified 2022 gas savings from the 2022 Annual Verification Report.

Neither SEC nor OEB staff object to the approval of the LRAMVA balances.

## Findings

The OEB approves the recovery of the 2022 LRAMVA balance for the EGD rate zone and the Union rate zones as requested by Enbridge Gas. The LRAMVA balances sought for clearance reflect the verified results in the 2022 Annual Verification reports.

### 3.4 Interim Disposition to Offset 2024 HER+ Cost

Enbridge Gas requested an interim disposition of \$60 million to recover a portion of costs related to the 2024 HER+ offering.

For a typical residential customer in the EGD rate zone with an annual consumption of 2,400 m<sup>3</sup>, the estimated one-time billing adjustment is \$16.21. For typical residential customers in the Union North and Union South rate zones, each with an annual consumption of 2,200 m<sup>3</sup>, the estimated one-time billing adjustment is \$16.71.

Enbridge Gas proposes this interim deferral disposition to mitigate the rate impacts of a large balance over two years. Without this deferral, the balance would have significantly impacted rates if cleared through the standard clearance applications for 2024 and 2025, which are expected to be filed in 2026 and 2027 for disposition in 2027 and 2028, respectively.

Enbridge Gas suggests that the \$60 million be recovered as part of a one-time QRAM adjustment.

OEB staff and SEC did not object to the approval of the interim disposition of \$60 million to recover a portion of the cost related to the 2024 HER+ offering. Enbridge Gas agreed that the full overspend remains subject to a prudence review once the final amount is known. SEC submitted that the prudence review should consider the absolute amount of the overspend in relation to both the original annual amounts and the original multi-year budget. SEC stated that Enbridge Gas appears to be of the view that the OEB's removal of the DSMVA cap in this context was unlimited. SEC stated that it does not believe that the OEB intended Enbridge Gas to be able to spend, without any limit at all, on this program.

### Findings

The OEB approves an interim disposition of \$60 million to recover a portion of the costs related to the 2024 HER+ offering. This amount relates to costs incurred in the delivery of the HER+ program which is part of the 2023-2025 DSM program. The OEB recognizes that participation in the HER+ program was greater than anticipated and that Enbridge Gas is proposing the recovery of part of the cost on an interim basis to reduce the potential impact on rates if recovery is applied for in the ordinary course. The OEB is approving this interim recovery on the basis that there will be a full prudence review of all spending related to the HER+ offering to be conducted as part of a future DSM DVA proceeding. This interim approval does not limit in any way the usual scope of a future OEB prudence review.

## 4 ALLOCATION OF DSM DEFERRAL AND VARIANCE ACCOUNT BALANCES

Enbridge Gas proposed the following allocation methodology for the 2022 DSM deferral and variance account balances:

- **DSMVA** – the actual DSMVA spending variance amount relative to the amount budgeted for each rate class is allocated to that rate class for disposition purposes.
- **DSMIDA** – amounts are allocated to rate classes in proportion to the actual DSM spending by rate class in 2022.
- **LRAMVA** – amounts are allocated to rate classes on the same basis as the lost revenues were experienced such that the LRAMVA provides a true-up by rate class.

Enbridge Gas noted that the proposed allocation of the 2022 DSM-related deferral and variance account balances is consistent with the treatment in prior years.

OEB staff submitted that the allocation methodologies proposed by Enbridge Gas are appropriate. SEC did not object to the allocation methodologies proposed by Enbridge Gas.

### Findings

The OEB approves Enbridge Gas' proposed allocation methodology for the disposition of the 2022 DSM deferral and variance account balances.

### Other Matters

SEC raised a concern related to the disclosure of a potential conflict of interest on the part of DNV, the Evaluation Contractor. The Independent Contractor carries out an audit of the DSM results and is supposed to be independent of the parties, including Enbridge Gas. DNV was also retained by Enbridge Gas for other work not related to DSM. The OEB recognizes that the Evaluation Contractor was retained by OEB staff to carry out the audit. SEC submitted that ultimately it had confidence that DNV was able to provide an independent evaluation report and the OEB is prepared to accept the report on that basis. The OEB is of the view that for subsequent proceedings involving an Evaluation Contractor, the evidence would be improved if it included disclosure of any work the Evaluation Coordinator may be carrying on for Enbridge Gas or any other participant in those proceedings.

## 5 ORDER

### THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Enbridge Gas Inc.'s DSM Variance Account balances in the amount of \$3,157,694, in the Enbridge Gas Distribution rate zone and (\$14,314,891) in the Union rate zones are approved for clearance as noted in Section 3.1.
2. Enbridge Gas Inc.'s DSM Incentive Deferral Account balance in the amount of \$5,236,372 in the Enbridge Gas Distribution rate zone is approved for clearance as noted in Section 3.2.
3. Enbridge Gas Inc.'s Lost Revenue Adjustment Mechanism Variance Account balances in the amount of \$34,771 in the Enbridge Gas Distribution rate zone and \$722,953 in the Union rate zones are approved for clearance as noted in Section 3.3.
4. Enbridge Gas Inc.'s Interim DSM Variance Account balance, related to the HER+ offering, in the amount of \$60 Million in the Enbridge Gas Distribution and Union rate zones is approved for clearance. The approval is interim and subject to the outcome of a full prudence review of all spending related to the HER+ offering to be conducted as part of a future DSM DVA proceeding.
5. Enbridge Gas's allocation of the 2022 DSM deferral and variance account balances by rate class is approved.
6. Enbridge Gas Inc. shall file a draft rate order consistent with this Decision showing all unit rates for each rate class. This draft order must be filed by **March 25, 2025**.
7. OEB staff may file comments on the draft rate order by **April 1, 2025** and copy Enbridge Gas Inc. and SEC.
8. SEC may file comments on the draft rate order by **April 8, 2025** and copy Enbridge Gas Inc.
9. Enbridge Gas Inc. may file a reply to OEB staff comments on the draft rate order by **April 15, 2025** and copy SEC.
10. The allocated amounts to customers in the Enbridge Gas Distribution and Union rate zones shall be recovered in Enbridge Gas Inc.'s next available QRAM application following the completion of the draft rate order process.
11. SEC shall file with the OEB, and forward to Enbridge Gas Inc., its cost claims by **April 16, 2025**.

12. Enbridge Gas Inc. shall file with the OEB, and forward to SEC, any objections to the claimed costs by **April 21, 2025**.
13. SEC shall file with the OEB, and forward to Enbridge Gas Inc., any responses to any objections for cost claims by **April 25, 2025**.
14. Enbridge Gas Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

Please quote file number, **EB-2024-0193**, for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number, and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact [registrar@oeb.ca](mailto:registrar@oeb.ca) for assistance.
- Cost claims are filed through the OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar at the address below and be received by the end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Michael Bell at [michael.bell@oeb.ca](mailto:michael.bell@oeb.ca) and OEB Counsel, Lawren Murray at [lawren.murray@oeb.ca](mailto:lawren.murray@oeb.ca).

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**DATED** at Toronto March 11, 2025

**ONTARIO ENERGY BOARD**

Nancy Marconi  
Registrar