

11. As can be seen by comparing Figure 1 to Figure 2, there are no outdoor air temperatures where the COP of a typical electric ccASHP exceeds the current electricity to natural gas variable price ratio of 4. This means that, in general, consumers pay more in operational energy costs for space heating after converting to an electric ccASHP from natural gas.

3. Impacts to the Residential DSM Program

12. One of the main objectives of ratepayer funded DSM is to drive meaningful natural gas savings.⁶ The natural gas savings associated with a Residential DSM Program participant installing an electric ccASHP to displace natural gas-fired space heating depends on how the consumer chooses to operate the electric ccASHP (i.e., consumer behaviour). In turn, those choices can be influenced by the operational economics of using electric ccASHPs compared to natural gas furnaces (i.e., consumer operational economics). This is described in further detail below.

3.1 Consumer Behaviour

13. The amount of natural gas savings that a residential consumer realizes from operating an electric ccASHP for space heating using a hybrid system (i.e., natural gas furnace and electric ccASHP system) depends on the outdoor temperature at which the consumer switches from operating their electric ccASHP to operating their natural gas furnace (referred to as the outdoor switch-over temperature – above which the electric ccASHP is used for space heating and below which the natural gas furnace is used for space heating). Table 1 displays the annual natural gas savings that a typical Toronto residential consumer can realize by operating an electric ccASHP instead of a natural gas furnace, at various outdoor switch-over temperatures.

⁶ EB-2021-0002, OEB DSM Framework (Schedule E of OEB Decision and Order), November 15, 2022, p.1.

Table 1
Annual Natural Gas Savings vs. Outdoor Switch-Over Temperature for a
Typical Residential Consumer in Toronto

Line No.	Outdoor Switch-Over Temperature	Annual Natural Gas Savings from Operating Electric ccASHP Above Outdoor Switch-Over Temperature
1	10 °C	25 m ³
2	5 °C	250 m ³
3	0 °C	760 m ³
4	-5 °C	1370 m ³
5	-10 °C	1675 m ³
6	-16 °C ⁷	1765 m ³

14. As illustrated in Table 1, the lower the outdoor switch-over temperature that is set by the consumer, the more hours in a year the electric ccASHP will be used instead of the natural gas furnace and, therefore, the higher the annual natural gas savings will be. Importantly, as described below, consumer operational economics can influence how consumers operate their electric ccASHP (in other words, which outdoor switch-over temperature they select).

3.2 Consumer Operational Economics

15. As discussed in Section 2 above, as a result of the removal of the FCC, there are currently no outdoor air temperatures where the COP of a typical electric ccASHP exceeds the current electricity to natural gas variable price ratio of 4. In other words, there may be few or no hours in a year where operating an electric ccASHP is less expensive than operating a natural gas furnace for space heating.

16. Furthermore, as illustrated in Figure 2, the lower the outdoor air temperature the lower the COP of the electric ccASHP. With the variable price ratio remaining constant regardless of outdoor air temperature, this means the lower the outdoor

⁷ Assuming all days in the year are above -16 °C, this scenario can be used to estimate the annual natural gas savings from using an electric ccASHP exclusively for space heating.

temperature the less economic it is for consumers to operate an electric ccASHP instead of a natural gas furnace for space heating.

17. The consumer operational economics of electric ccASHPs can influence how consumers operate their electric ccASHP (in other words, which outdoor switch-over temperature they select). In the scenario where there are no outdoor air temperatures where it is economic for consumers to operate their electric ccASHP instead of their natural gas furnace for space heating, consumers might not operate their electric ccASHP for space heating at all, which would result in no annual natural gas savings.
18. Despite the data suggesting that it is uneconomic for a typical consumer to operate their electric ccASHP at any temperature, in some instances a consumer may still choose to operate their electric ccASHP. Since the lower the outdoor temperature the less economic it is for consumers to operate their electric ccASHP, if a consumer were to operate their electric ccASHP they could be influenced to choose a relatively high outdoor switch-over temperature. A relatively high outdoor switch-over temperature would result in the electric ccASHP operating for limited hours in the year, and the consumer will therefore realize limited annual natural gas savings.⁸

3.3 Impacts to the Residential DSM Program

19. The Residential DSM Program currently provides an incentive of \$500 per ton of heat pump capacity for electric ccASHPs, or about \$1,000 for a typical electric ccASHP that is replacing an air conditioner (i.e., a 2-ton electric ccASHP). The incentive intends to cover approximately 50% of the incremental cost of the electric ccASHP compared to a similar capacity air conditioner. This leaves consumers with

⁸ For example, as can be seen in Table 1, operating an electric ccASHP at an outdoor switch-over temperature of 5°C would result in approximately 250 m³ of annual natural gas savings for a typical home in Toronto.

the requirement to pay for the remaining portion of the incremental cost for the electric ccASHP.

20. As discussed above, with potentially little to no savings being realized by operating an electric ccASHP for space heating, many consumers may not be willing to pay their portion of the upfront cost associated with the installation of an electric ccASHP. As a result, natural gas heated consumers who are economically focused could be less likely to participate, which would negatively impact the uptake of electric ccASHP incentives in the Residential DSM Program.
21. In order to generate natural gas savings forecasts for the Residential DSM Program, Enbridge Gas is required to make assumptions about how many participants will choose to install an electric ccASHP, as well as how those consumers will operate their electric ccASHP (i.e., whether they will operate the electric ccASHP for space heating, and if they do, at what outdoor switch-over temperature will they operate it). If consumers choose to operate their electric ccASHP for space heating at higher outdoor temperatures than assumed by Enbridge Gas (or choose not to use it for space heating at all), actual natural gas savings will be lower than forecasted, resulting in a higher program cost per unit of natural gas saved than forecasted.
22. The interrelated factors discussed above regarding electric ccASHPs (i.e., how consumer behaviour regarding the outdoor switch-over temperature impacts actual natural gas savings, and how the consumer's operational economics can influence this behaviour) demonstrates the significant challenges associated with forecasting participation and natural gas savings for the Residential DSM Program as it relates to electric ccASHPs.

23. Additionally, to ensure residential consumers are fully informed when making energy efficiency decisions for their home, the HRS Program website began providing a disclaimer regarding the potential consumer operational economics of electric ccASHPs. The disclaimer makes it clear that, with the FCC set to zero, the installation of an electric ccASHP could result in little to no energy cost savings for consumers, or in some cases, could increase their overall energy costs. See Exhibit C, Tab 2, Schedule 2, Attachment 1 for the disclaimer that is currently provided. This disclaimer may be updated over time.

HRS PROGRAM WEBSITE – DISCLAIMER REGARDING ELECTRIC HEAT PUMPS

Effective April 1, 2025, the Federal Carbon Charge (FCC) under the Greenhouse Gas Pollution Pricing Act has been set to zero. This action has changed the cost spread between natural gas and electricity significantly **[Footnote 1]**. As a result, this changes the economics of electric heat pump operation, particularly for natural gas customers who are looking to offset some or all of their space heating energy consumption with an electric heat pump. Natural gas customers who have installed or are planning to install an electric heat pump for space heating may experience increases in their home's total energy bills **[Footnote 2]**. The homeowner should work with their HVAC Contractor to ensure their equipment and controls have been/will be installed and set-up to meet their specific goals for space heating.

[Footnote 1]

The fuel price spread in Ontario without the FCC and including the Ontario Electricity Rebate (OER) is approximately 4:1 as of May 1, 2025. This means that electricity energy costs are approximately 4 times those of natural gas energy costs per unit of equivalent energy. This cost spread reflects energy pricing only and is based on the below published resources:

Electricity rates as of May 1, 2025, for select cities in ON:

- [Toronto Hydro](#)
- [London Hydro](#)
- [Thunder Bay](#)

Natural Gas supply prices as of May 1, 2025, for EGI rate zones in Ontario:

- [Enbridge Gas Distribution rate zone](#)
- [Union Rate Zones \(South, North East, North West\)](#)

To compare prices per unit of equivalent energy, measurements for natural gas consumption (m³) are converted into the same energy basis as electricity (kWh). [See conversion factors published by the Canada Energy Regulator.](#)

[Footnote 2]

The consumer economics of fuel switching from natural gas to electricity are largely dependent on the fuel price spread, the efficiency of the heat pump, and the difference in costs of purchasing and installing a heat pump relative to a conventional gas heating system.

The efficiency of heat pumps, which is expressed as a coefficient of performance (COP), typically ranges from 2-4 for air source heat pumps (Plumbing and HVAC Magazine, Edition: The Contractor's Guide to Heat Pumps, pg 7, April 2025). This translates to an effective efficiency of 200%-400%, meaning that for every unit of electricity used, the heat pump moves 2-4 units of heat into the home.

The efficiency of natural gas furnaces is expressed as Annual Fuel Utilization Efficiency (AFUE). The average high efficiency natural gas furnace has an AFUE between 90% - 98.5% (<https://www.energy.gov/energysaver/furnaces-and-boilers>). This means that the furnace converts 90-98.5% of the energy in the natural gas into heat for the home.

To illustrate the potential residential energy costs of producing the equivalent heat content using an air source heat pump vs. a natural gas furnace, please see the chart below. This chart is based on approximate residential electricity prices from Toronto Hydro (using a weighted average price per kWh of \$0.124/kWh) and natural gas prices (\$0.309/m³ in the Enbridge Gas Distribution rate zone which translates to equivalent energy costs of ~\$0.030/kWh). Energy prices may differ depending on where you are located in the province, whether you are under the OEB's regulated price plan for electricity, your natural gas rate class, and who your electricity and natural gas

providers are. **The chart is provided for illustrative purposes only and is not intended to represent energy cost impacts specific to your property. Note that fixed monthly charges for electricity and natural gas are not included in this comparison.**

Equipment Type	Heat Energy to Home	Efficiency	Energy Used	Energy Cost (energy used x energy costs)
Electric Air Source Heat Pump	2,000 kWh	200%	1,000 kWh	~ \$124.00
Electric Air Source Heat Pump	2,000 kWh	400%	500 kWh	~ \$62.00
High Efficiency Natural Gas Furnace	2,000 kWh	90%	2,222 kWh	~ \$66.67
High Efficiency Natural Gas Furnace	2,000 kWh	98.5%	2,030 kWh	~ \$60.91

2025 DSM PROGRAM COST EFFECTIVENESS

1. Table 1 provides the 2025 TRC-Plus net benefits and ratio forecasts at the portfolio, program, and offering levels. As can be seen in Table 1, the overall 2025 DSM portfolio is forecast to result in a TRC-Plus ratio of greater than 1.0. Furthermore:
 - a. The 2025 Residential Program is forecast to result in a TRC-Plus ratio below 1.0.
 - b. The 2025 Low Income Program is forecast to result in a TRC-Plus ratio above the 0.7 threshold for low income programs as per the DSM Framework.¹
 - c. The 2025 Commercial, Industrial and Large Volume Programs are forecast to result in TRC-Plus ratios above 1.0.
 - d. The 2025 Energy Performance Program is forecast to result in a TRC-Plus ratio below 1.0.
2. The TRC-Plus test is not applicable to the Building Beyond Code Program and is therefore not included in Table 1. As per the DSM Framework:

Some programs, such as market transformation and pilot programs are not amenable to a mechanistic screening approach and should be reviewed on a case-by-case basis instead.²

¹ EB-2021-0002, OEB DSM Framework (Schedule E of OEB Decision and Order), November 15, 2022, p. 31.

² EB-2021-0002, OEB DSM Framework (Schedule E of OEB Decision and Order), November 15, 2022, p. 26.

Table 1
2025 TRC-Plus and Net Benefits Forecast

2025 TRC-Plus Forecast	TRC-Plus Benefits ^{1 2 3}	TRC Costs ^{1 2 3}	Net Benefits ⁴	TRC-Plus Ratio
Residential Program ⁵	\$129,871,619	\$209,271,757	(\$79,400,139)	0.62
<i>Residential Whole Home</i>	\$93,491,507	\$176,955,600	(\$83,464,093)	0.53
<i>Residential Single Measure</i>	\$10,442,027	\$15,703,943	(\$5,261,916)	0.66
<i>Residential Smart Home</i>	\$25,938,084	\$14,392,624	\$11,545,460	1.80
<i>Residential Sector Admin</i>	\$0	\$2,219,590	(\$2,219,590)	-
Low Income Program	\$23,244,929	\$28,155,390	(\$4,910,461)	0.83
<i>Home Winterproofing</i>	\$17,234,410	\$19,970,700	(\$2,736,290)	0.86
<i>Affordable Housing Multi-Residential</i>	\$6,010,519	\$6,641,865	(\$631,346)	0.90
<i>Low Income Sector Admin</i>	\$0	\$1,542,825	(\$1,542,825)	-
Commercial Program	\$74,867,020	\$49,378,951	\$25,488,069	1.52
<i>Commercial Custom</i>	\$37,138,910	\$23,026,264	\$14,112,646	1.61
<i>Com/Ind Prescriptive Downstream</i>	\$12,453,793	\$7,679,508	\$4,774,284	1.62
<i>Com/Ind Prescriptive Direct Install</i>	\$18,235,294	\$8,345,215	\$9,890,079	2.19
<i>Com/Ind Prescriptive Upstream</i>	\$7,039,023	\$6,006,853	\$1,032,170	1.17
<i>Commercial Sector Admin</i>	\$0	\$4,321,111	(\$4,321,111)	-
Industrial Program	\$164,465,735	\$89,280,211	\$75,185,524	1.84
<i>Industrial Custom</i>	\$164,465,735	\$85,268,517	\$79,197,218	1.93
<i>Industrial Sector Admin</i>	\$0	\$4,011,694	(\$4,011,694)	-
Large Volume Program	\$12,604,817	\$2,026,785	\$10,578,032	6.22
<i>Large Volume Direct Access</i>	\$12,604,817	\$1,785,469	\$10,819,348	7.06
<i>Large Volume Sector Admin</i>	\$0	\$241,316	(\$241,316)	-
Energy Performance Program	\$315,918	\$568,026	(\$252,108)	0.56
<i>Commercial Whole Building P4P</i>	\$315,918	\$522,683	(\$206,765)	0.60
<i>Energy Performance Sector Admin</i>	\$0	\$45,343	(\$45,343)	-
Total Portfolio ⁶	\$405,370,037	\$397,735,984	\$7,634,054	1.02

Notes:

¹ Forecast TRC-Plus benefits and TRC costs are calculated using current 2025 avoided costs.

² Electric costs and benefits do not include the variable costs of electric local distribution companies.

³ Programs delivered in collaboration with the IESO share benefits and costs. The attribution of these benefits and costs are not reflected in the forecast.

⁴ Net benefits are the difference between the TRC-Plus benefits and the TRC costs.

⁵ The Residential Program TRC-Plus forecast includes adjustments to the costs and savings of windows to address an item identified in the Evaluation Contractor's 2023 report.

⁶ The Total Portfolio row includes TRC costs for portfolio overheads as well as Building Beyond Code Program costs.

3. Regarding the Residential Program, it is important to note the effect that the HER+ Offering has on the cost-effectiveness of the 2025 Residential Program.³ For illustrative purposes, Table 2 provides a version of the 2025 TRC-Plus forecast excluding the HER+ Offering. As can be seen in Table 2, the Residential Program's TRC-Plus forecast is significantly improved, with TRC-Plus net benefits approximately \$50 million higher than in Table 1.

³ Although NRCan discontinued new entrants into the Canada Greener Homes Grant in Q1 2024, many participants who were already enrolled in the Canada Greener Homes Grant have completed or are expected to complete their participation throughout 2025.

Table 2
2025 TRC-Plus and Net Benefits Forecast (Excluding HER+ Offering)

2025 TRC-Plus Forecast	TRC-Plus Benefits ^{1 2 3}	TRC Costs ^{1 2 3}	Net Benefits ⁴	TRC-Plus Ratio
Residential Program ⁵	\$88,875,939	\$117,819,951	(\$28,944,012)	0.75
<i>Residential Whole Home (excl. HER+)</i>	\$52,495,827	\$85,503,794	(\$33,007,967)	0.61
<i>Residential Single Measure</i>	\$10,442,027	\$15,703,943	(\$5,261,916)	0.66
<i>Residential Smart Home</i>	\$25,938,084	\$14,392,624	\$11,545,460	1.80
<i>Residential Sector Admin</i>	\$0	\$2,219,590	(\$2,219,590)	-
Low Income Program	\$23,244,929	\$28,155,390	(\$4,910,461)	0.83
<i>Home Winterproofing</i>	\$17,234,410	\$19,970,700	(\$2,736,290)	0.86
<i>Affordable Housing Multi-Residential</i>	\$6,010,519	\$6,641,865	(\$631,346)	0.90
<i>Low Income Sector Admin</i>	\$0	\$1,542,825	(\$1,542,825)	-
Commercial Program	\$74,867,020	\$49,378,951	\$25,488,069	1.52
<i>Commercial Custom</i>	\$37,138,910	\$23,026,264	\$14,112,646	1.61
<i>Com/Ind Prescriptive Downstream</i>	\$12,453,793	\$7,679,508	\$4,774,284	1.62
<i>Com/Ind Prescriptive Direct Install</i>	\$18,235,294	\$8,345,215	\$9,890,079	2.19
<i>Com/Ind Prescriptive Upstream</i>	\$7,039,023	\$6,006,853	\$1,032,170	1.17
<i>Commercial Sector Admin</i>	\$0	\$4,321,111	(\$4,321,111)	-
Industrial Program	\$164,465,735	\$89,280,211	\$75,185,524	1.84
<i>Industrial Custom</i>	\$164,465,735	\$85,268,517	\$79,197,218	1.93
<i>Industrial Sector Admin</i>	\$0	\$4,011,694	(\$4,011,694)	-
Large Volume Program	\$12,604,817	\$2,026,785	\$10,578,032	6.22
<i>Large Volume Direct Access</i>	\$12,604,817	\$1,785,469	\$10,819,348	7.06
<i>Large Volume Sector Admin</i>	\$0	\$241,316	(\$241,316)	-
Energy Performance Program	\$315,918	\$568,026	(\$252,108)	0.56
<i>Commercial Whole Building P4P</i>	\$315,918	\$522,683	(\$206,765)	0.60
<i>Energy Performance Sector Admin</i>	\$0	\$45,343	(\$45,343)	-
Total Portfolio ⁶	\$364,374,357	\$306,384,177	\$57,990,180	1.19

Notes:

¹ Forecast TRC-Plus benefits and TRC costs are calculated using current 2025 avoided costs.

² Electric costs and benefits do not include the variable costs of electric local distribution companies.

³ Programs in collaboration with the IESO share benefits and costs. The attribution of these benefits and costs are not reflected in the forecast.

⁴ Net benefits are the difference between the TRC-Plus benefits and the TRC costs.

⁵ The Residential Program TRC-Plus Forecast includes adjustments to the costs and savings of windows to address an item identified in the Evaluation Contractor's 2023 report.

⁶ The Total Portfolio row includes TRC costs for portfolio overheads as well as Building Beyond Code Program costs.

4. It is also important to note the effect that the Government of Canada's decision to set the Federal Carbon Charge to zero (effective April 1, 2025) has on the cost-effectiveness of the 2025 Residential Program and the overall DSM portfolio. For illustrative purposes, including the Federal Carbon Charge in the 2025 cost-effectiveness forecast would result in a Residential Program TRC-Plus ratio of 1.15 and an overall DSM portfolio TRC-Plus ratio of 1.84 (compared to 0.62 and 1.02, respectively, as per Table 1).
5. Over the course of the 2023-2025 DSM Plan term, other changes have also impacted the cost-effectiveness of Enbridge Gas's DSM programs. For example, Enbridge Gas has made adjustments to the Residential Whole Home Offering in an effort to improve the cost-effectiveness of the Residential Program (for example, by decreasing the relative incentive for windows and doors). Furthermore, Enbridge Gas made changes to its electricity avoided costs (as discussed in Section 2 at Exhibit C, Tab 3, Schedule 1) in alignment with the IESO's electricity avoided costs.
6. All 2025 TRC-Plus figures provided by Enbridge Gas are forecasts only. While forecasts always carry a degree of uncertainty, the uncertainty associated with the 2025 cost-effectiveness forecasts is greater than usual. For example, as a result of the removal of the Federal Carbon Charge effective April 1, 2025, consumer economics and consumer uptake in energy efficiency measures is expected to be impacted across all sectors. As the removal of the Federal Carbon Charge is relatively recent, the impact it will have on consumer behaviour is not yet fully understood, which increases forecasting uncertainty. For the residential sector in particular, the removal of the Federal Carbon Charge has impacted the consumer operational economics of electric heat pumps which, in turn, can impact how many consumers will choose to install an electric heat pump and how those customers will choose to operate their electric heat pump. These consumer choices will significantly impact natural gas savings and cost effectiveness related to electric heat pumps and

the Residential Program (see Exhibit C, Tab 2, Schedule 2 for a further discussion regarding electric heat pumps). Additionally, regarding the commercial and industrial sectors, the evolving nature of the United States's new trade policy objectives as of January 2025 is impacting consumer investment decisions, also increasing forecasting uncertainty.

CHANGES FROM 2023-2025 DSM PLAN

1. This evidence is organized as follows:
 1. Changes to Programs and Offerings
 - 1.1 Residential Program
 - 1.2 All Other Programs
 2. Changes to Avoided Costs
 3. Impact of Changes
 - 3.1 Annual Budgets
 - 3.2 Targets
 - 3.3 Cost-Effectiveness
 4. 2025 DSM Activities Align with OEB-approved 2023-2025 DSM Plan
 5. In-Depth Review for 2026 Is Not Necessary or Appropriate

1. Changes to Programs and Offerings

2. Key elements of OEB-approved 2023-2025 DSM programs include the target market, offering details and delivery approach, eligibility criteria, incentives and measures, metrics, and gross measurement. Sections 1.1 and 1.2 describe how these key elements have changed since the OEB issued its 2023-2025 DSM Plan Decision. Exhibit C, Tab 3, Schedule 1, Attachment 1 provides a summary of changes in a table format.¹

¹ The information provided throughout Exhibit C, Tab 3, Schedule 1 including Attachment 1 has been prepared on a best-efforts basis to illustrate changes between the OEB-approved 2023-2025 DSM Plan and 2025 DSM activities as they are delivered today. While the information is accurate and comprehensive, there may be minor aspects not captured in the information that do not affect the fundamental design or purpose of the programs. Where a program component is identified as having no change, this should be interpreted as no material or fundamental change relative to the OEB-approved program; some variations may exist, however, they are not considered to alter the fundamental nature of the programs.

1.1. Residential Program

3. The target market, eligibility criteria, metrics, and gross measurement methodologies have not changed for the Residential Program. Changes impacting offering details and delivery approach, and incentives and measures, are described below.
4. Within Enbridge Gas's 2022-2027 DSM Plan Application (EB-2021-0200), the Company proposed residential DSM programming that did not contemplate funding support from the Federal Government's Canada Greener Homes Grant ("CGHG"), as no agreement with Natural Resources Canada ("NRCan") had been reached at the time of filing. During the course of the DSM Plan proceeding, Enbridge Gas executed and filed a contribution agreement between NRCan and the Company setting out the parameters of a joint program offering called the Home Efficiency Rebate Plus ("HER+") Offering which included CGHG funding from NRCan. The OEB's 2023-2025 DSM Plan Decision approved residential whole-home DSM programming and the jointly funded whole home residential offering (i.e., the HER+ Offering), subject to certain modifications. The OEB also approved the Single Measure Offering and the Smart Home Offering.
5. The Residential Program has evolved since the OEB issued its 2023-2025 DSM Plan Decision in three significant ways:
 - a) Early end to HER+ Offering participant intake in 2024;
 - b) Launch of a replacement whole home offering in 2024 (the Home Efficiency Rebate Offering or the "HER" Offering); and,
 - c) Launch of the Home Renovation Savings ("HRS") Program in 2025, a one-window residential program offering funded and operated by Enbridge Gas and the IESO.

- i. This included changes to the Single Measure Offering and the Smart Home Offering to support the evolution of the Residential Program.

Early End to HER+ Offering Participant Intake in 2024

6. The HER+ Offering proved to be extremely successful throughout Ontario and, as a result of high levels of participation, funding for the CGHG was forecast to be exhausted earlier than expected. Consequently, intake into the offering was closed to new applicants in early 2024.

Launch of a Replacement Whole Home Offering in 2024

7. As a result of the CGHG funding being exhausted, Enbridge Gas filed a letter on April 22, 2024, notifying the OEB of its intentions for a replacement whole home offering:

Enbridge Gas plans to implement a replacement residential whole-home DSM offering – the home efficiency rebate (“HER”) offering – which is similar in nature to the HER+ offering. The HER offering will include the same pre-audit and post-audit format and the same gross measurement methodology as the HER+ offering. There will be no changes to the requirement for participants to be a natural gas customer at the time of the pre-audit or post-audit, allowing for community expansion customers to participate and for existing natural gas customers to participate if they exit the natural gas system. Additionally, no incentives will be made available for natural gas equipment. The HER offering would use the HER+ offering budget and there are no changes required to the residential program score card target for 2024 or 2025.²

...

Enbridge Gas acknowledges that any residential offerings that replace the HER+ offering would be subject to the same DSMVA 15% maximum overspend provision applicable to all other DSM programs as provided in the OEB’s Natural Gas DSM Framework. As a result, the HER offering would not be entitled to and

² EB-2021-0002, Enbridge Gas Letter, April 22, 2024, pp.2-3.

is not approved for incremental spending above the DSMVA 15% overspend provision, as was the case for the HER+ offering specifically.³

8. The purpose of the above language was to make it clear that Enbridge Gas intended to operate the Residential Whole Home Offering (under the HER Offering name) using the 2025 Residential Whole Home Offering budget that was approved by the OEB in its 2023-2025 DSM Plan Decision. Enbridge Gas would do so in a manner consistent with the DSM Framework which provides the option to spend 15% above the approved annual DSM budget, recorded in the DSM Variance Account (“DSMVA”), provided the Company forecasts achieving its weighted scorecard targets (i.e., 100%) on an unverified basis. Enbridge Gas made it clear that the removal of the 15% ceiling (which the OEB removed to support the joint offering with NRCan) would not apply to the replacement HER Offering.

9. Enbridge Gas also brought the following to the OEB’s attention:

HER+ Offering DSMVA Overspend

To support the high levels of participation for the HER+ offering, Enbridge Gas will be required to access funding in excess of the DSMVA 15% overspend provision. Within the OEB Decision the OEB contemplated a scenario where HER+ offering participation was greater than anticipated (due to more overall participants or average participant incentives being greater than forecast) and approved incremental spending above the 15% overspend provision for the HER+ offering specifically. Enbridge Gas anticipates that the overspend amount for the HER+ offering will be \$80 million to \$120 million above the HER+ offering budget in 2024. The total HER+ offering spend is therefore expected to be between \$160 million and \$200 million in 2024.⁴

³ EB-2021-0002, Enbridge Gas Letter, April 22, 2024, p.4.

⁴ EB-2021-0002, Enbridge Gas Letter, April 22, 2024, p.5.

10. This was alerting the OEB and all parties to the fact that the success of the HER+ Offering was such that the spending, the vast majority of which was on customer incentives, was substantially more than the budget approved for the relevant years. This additional spending was made given the OEB's determination in the 2023-2025 DSM Plan Decision that the 15% overspend ceiling for the purposes of the HER+ Offering did not apply.
11. Within the letter Enbridge Gas also provided further details regarding the replacement HER Offering and sought the OEB's confirmation that its approval of residential whole-home DSM programming within its 2023-2025 DSM Plan Decision extended to the replacement offering.
12. On June 10, 2024, Mr. Brian Hewson, Vice-President, Consumer Protection & Industry Performance with the OEB, responded to Enbridge Gas's letter and set out OEB staff's view that the Company's proposed replacement HER offering is consistent with the OEB's 2023-2025 DSM Plan Decision and that no further approval is needed for Enbridge Gas to proceed with the HER Offering.⁵
13. On June 19, 2024, Enbridge Gas filed a letter stating that the Company anticipates that it will launch the replacement HER Offering in July 2024. In July 2024, Enbridge Gas launched the HER Offering.

Launch of the Home Renovation Savings ("HRS") Program in 2025

14. A one-window natural gas and electricity offering for residential customers is a priority of the Government of Ontario as evidenced by Ministerial directives to the

⁵ OEB Staff, Response to Enbridge Gas Letter, June 10, 2024.

OEB to consult with⁶ and “work with the IESO and Enbridge Gas to deliver a customer-focused one-window platform for energy efficiency programs”.⁷

15. Enbridge Gas and the IESO have worked closely together to design and implement a one-window approach to residential DSM programming. On January 7, 2025, the Government of Ontario announced new energy efficiency programs, including the new one-window HRS Program. Subsequently, an HRS Program website was established and the HRS Program launched on January 28, 2025.⁸ From a consumer-facing perspective, Enbridge Gas began transitioning the Residential Program (inclusive of the HER Offering) to the HRS Program in 2025.

16. The HRS Program is a collaborative effort between Enbridge Gas and the IESO to align energy efficiency programming and provide a single journey for participating residential customers in Ontario, whether they are installing measures that save natural gas, electricity, or both. The HRS Program provides residential customers with a single platform to access incentives for all home energy efficiency upgrades, available through both Enbridge Gas’s Residential DSM Program and the IESO’s Residential Save on Energy conservation program.⁹ The HRS Program includes joint marketing, consolidated payment processing and a single program evaluation process.

17. The HRS Program includes the OEB-approved residential DSM offerings from Enbridge Gas’s Residential Program¹⁰ (i.e., the Residential Whole Home Offering, the Residential Single Measure Offering, and the Residential Smart Home Offering).

⁶ Minister of Energy and Electrification, Letter of Direction to OEB, November 29, 2023, p. 4.

⁷ Minister of Energy and Electrification, Renewed Letter of Direction to OEB, December 19, 2024, p. 6.

⁸ <https://www.homerenovationsavings.ca/>

⁹ IESO’s Save On Energy may include some residential-targeted local initiatives that are not part of the HRS Program.

¹⁰ Details regarding the Residential Program can be found at Exhibit C, Tab 2, Schedule 1, Section 1.

In essence, the Residential DSM Program is simply being delivered under a new brand name that also provides residential customers with incentives for electricity measures (funded and delivered by the IESO).

18. The HRS Program is jointly funded by Enbridge Gas's natural gas ratepayer-funded DSM budgets and through a \$10.9 billion, 12-year funding commitment from the Ontario government to the IESO as part of a new electricity Demand Side Management ("eDSM") Framework, that began January 2025.

19. Regarding funding for incentives:

- a) Where a participant is an Enbridge Gas customer and heats their home with natural gas, and is connected to the IESO grid, all incentives are fully funded by Enbridge Gas – except for the home assessment, windows/doors, and air sealing, where the incentive funding is shared between Enbridge Gas and the IESO.
- b) Where a participant heats their home with electricity, propane, oil, or wood, and is connected to the IESO grid, all incentives are fully funded by the IESO.
- c) Where a participant is an Enbridge Gas customer and heats their home with natural gas, and is not connected to the IESO grid,¹¹ all incentives are fully funded by Enbridge Gas.

20. A complete breakdown of the HRS Program incentives including incentive funding is provided at Exhibit C, Tab 2, Schedule 1, Table 2.

¹¹ Cornwall Electric customers who heat their homes with electricity, propane, oil, or wood are connected to the Hydro-Québec electricity grid and are not eligible to participate unless they are converting to or from Enbridge Gas for space heating.

21. Regarding funding for program administration activities, costs are expected to be shared equitably between Enbridge Gas and the IESO for activities that support both parties' respective energy efficiency plans. Enbridge Gas and the IESO are in the process of finalizing the agreement, based on current OEB approvals for 2025 DSM activities and the DSM Framework. The agreement may be amended from time to time by mutual consent.
22. The attribution of savings from the HRS Program follows the DSM Framework for coordination between Enbridge Gas and the IESO; specifically, that natural gas savings are attributed to Enbridge Gas while electricity savings are attributed to the IESO.¹²
23. Collaboration through the HRS Program does not fundamentally impact Enbridge Gas's DSM Plan, including budgets and targets, as homes that are primarily heated with natural gas are primarily supported by Enbridge Gas's Residential DSM Program and homes that are primarily heated with electricity, propane, oil, or wood are supported by the IESO. The value of the collaboration lies in simplifying the customer experience by providing a single access point to available incentives, regardless of the customer's primary heating fuel. As noted above, Enbridge Gas's Residential DSM Program is simply being delivered under a new brand name that also delivers IESO-funded programming. While the HRS Program provides incentives to residential consumers on behalf of both Enbridge Gas and the IESO, the IESO components of the program are outside the scope of Enbridge Gas's DSM Plan.

¹² EB-2021-0002, OEB DSM Framework (Schedule E of OEB Decision and Order), November 15, 2022, p.13.

Changes to the Single Measure Offering and the Smart Home Offering to Support the Evolution of the Residential Program

24. The concept of the OEB-approved Residential Single Measure Offering is to provide simplified, single measure alternatives to the Residential Whole Home Offering (which requires pre and post energy assessments to participate). Electric heat pumps for space heating were originally included in the Residential Whole Home Offering (under the HER+ Offering name and subsequently the HER Offering name) in 2023 and 2024 but were moved to the Residential Single Measure Offering effective January 2025 when the HRS Program was launched. This change streamlines the delivery approach of these measures through the one-window HRS Program and provides more predictable savings values by using prescriptive input assumptions as part of a Technical Resource Manual (“TRM”) substantiation document.
25. Aligning requirements for the HRS Program and moving to prescriptive input assumptions changed some of the eligible heat pump incentives and measures compared to those previously included in the Residential Whole Home Offerings (HER+ and HER Offerings), as outlined below:
- a) Electric air source heat pumps (“ASHP”) without cold climate designation are no longer eligible, based on limited uptake of the measure and market trends observed through the HER+ and HER Offerings. Electric cold climate air source heat pumps (“ccASHP”) remain an eligible measure.
 - b) To support meaningful natural gas savings per project, replacements of existing electric heat pump systems are no longer eligible.
 - c) For electric ground source heat pumps (“GSHP”), only full system installs are eligible; incentives for replacing the heat pump unit only are no longer offered.

- d) Water-to-water GSHPs on the Energy Star Certified Geothermal Heat Pump List and available in Canada have been added as an eligible measure.
- e) The previous requirement that new furnaces installed alongside an electric heat pump must be part of an eligible combination unit (per NRCan's list) has been removed. Feedback from contractors indicated that NRCan's list did not reflect a wide range of feasible furnace and electric heat pump combinations.
- f) The tiered incentive structure and amounts (based on size/equipment capacity) introduced as part of the replacement HER Offering have been maintained (i.e., \$500 per ton capacity).

26. As part of the design and delivery of the one-window HRS Program with the IESO and to comply with the expected TRM requirements, the Single Measure Offering is delivered and measures are installed by program-approved contractors who are required to attend mandatory electric heat pump training and submit a completed NRCan sizing and selection tool for each electric air source heat pump application.

27. Additionally, due to the significant effort required to implement and manage the other residential offerings and as a result of prioritizing collaborative partnerships (namely with respect to NRCan and the IESO), development of prescriptive insulation substantiation documents and activities associated with building a professional air sealing contractor network, which is currently non-existent in the Ontario market, were delayed.¹³ Single measure attic insulation substantiation documents have since been completed, reviewed, and added to the TRM. Planning is underway to add the measure to the HRS Program in 2025.

¹³ The Single Measure Offering was approved based on measures that were still in the research phase at the time of approval, including insulation measures (wall, attic, basement) and professional air sealing.

28. The OEB-approved Residential Smart Home Offering provides residential customers with incentives towards the purchase of qualifying smart controls, namely smart thermostats. When the offering was approved it included instant retail incentives, as well as contractor-led incentives available to participants who purchase an eligible smart thermostat through a contractor. Additionally, through collaboration with the IESO Energy Affordability Program, enhanced financial incentives would be provided for qualified moderate income customers.

29. Enbridge Gas has since added post-purchase retail incentives for eligible units purchased through any retail channel, which improves access to incentives by eliminating restrictions based on participating retailer availability. Both instant retail incentives and post-purchase retail incentives are included in the HRS Program.

1.2. All Other Programs

30. The target market, offering details and delivery approaches, metrics, and gross measurement methodologies have not changed for all other programs.

31. Regarding eligibility criteria, a minor modification has been made to eligibility criteria in the Low Income Affordable Housing Multi-Residential Offering to remove the requirement that building owners need to sign an agreement to forego future Above Guideline Increase (“AGI”) applications. This was in response to customer concerns that it limited participation and conflicted with allowances of AGI applications, which Enbridge Gas has no authority or oversight over. This change was communicated via direct outreach to relevant stakeholders (the Low-Income Energy Network and the Federation of Rental-housing Providers of Ontario) in February 2024. No other changes to eligibility criteria have been made to programs or offerings.

32. Regarding incentives, some modifications have been made to certain offerings over the course of implementing the 2023-2025 DSM Plan. Changes include

increasing/decreasing incentives or incentive caps, offering limited time offers (“LTOs”), and adding a mandatory incentive passthrough rate to end users in the Commercial Prescriptive Midstream Offering. These changes are intended to drive deeper engagement, broaden participation, address cost barriers, increase adoption of specific measures and/or behaviours, respond to changes in market conditions, reduce payback periods, enable larger projects, and/or balance cost-effectiveness. The modifications are in line with the OEB’s 2023-2025 DSM Plan Decision which provides Enbridge Gas the flexibility to adjust program designs, including modifying measures and incentives as necessary.¹⁴

33. New measures continue to be added to offerings as research is completed and measure savings can be quantified. Enbridge Gas strives to sustain and grow participation opportunities for customers within the DSM portfolio by developing new and/or expanding existing measure parameters. This is, in part, the reason for a dedicated Research and Innovation Fund. Expanding and diversifying eligible measures also mitigates situations where changes to input assumptions or codes and standards negatively impacts other eligible measures and their associated measure/project savings.

34. A notable and impactful change to project-specific input assumptions is Amendment 15 to Canada’s Federal Energy Efficiency Regulations, which took effect January 1, 2025. It establishes new minimum energy performance standards for commercial boilers. The standard requires all new commercial natural gas-fired boilers to achieve a minimum thermal efficiency of 90% or be condensing. Boiler retrofit projects have represented a significant portion of results in the Commercial Custom Offering and the Low Income Affordable Housing Multi-Residential Custom Offering, where savings claimed and available incentives for projects were determined based

¹⁴ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.26.

on incremental savings from a minimum thermal efficiency baseline of 83%. As a result of this increased baseline efficiency requirement (from 83% to 90%), and the inherent challenges for many buildings to achieve condensing standards without investing significant capital, the boiler retrofit measure no longer presents the same opportunity that it once did.

35. Furthermore, the following changes are currently being planned for 2025:

- a) Addition of a new commercial adaptive thermostat to the Commercial Prescriptive Downstream Offering; and,
- b) Addition of a new mandatory incentive passthrough rate for water heaters in the Commercial Prescriptive Midstream Offering, similar to the one added for foodservice measures.

2. Changes to Avoided Costs

36. Enbridge Gas applies avoided costs in line with Section 11 of the DSM Framework¹⁵ for the purposes of establishing the Company's cost effectiveness results and forecasts, including for the 2025 TRC-Plus forecasts provided at Exhibit C, Tab 2, Schedule 3. Enbridge Gas updates its avoided costs each year to reflect most recently available information and reports DSM results based on the avoided costs for that specific year. Accordingly, avoided costs will be updated again in 2026 to reflect best available information and to be applied to the 2026 program year.

37. The following approaches and information related to Enbridge Gas's avoided costs have changed over the course of the current 2023-2025 DSM Plan term. All other avoided costs components not discussed below remain unchanged.

¹⁵ EB-2021-0002, OEB DSM Framework (Schedule E of OEB Decision and Order), November 15, 2022, p.33.

- a) One set of avoided costs: Enbridge Gas's 2023-2025 DSM Plan noted that Enbridge Gas will continue to develop two sets of avoided costs (for the EGD rate zone and the Union rate zones) until it becomes appropriate to develop one set for all rate zones.¹⁶ In 2024, Enbridge Gas developed one set of avoided costs and will continue using one set of avoided costs going forward.
- b) Avoided costs, other resources (electricity):
- i. While Enbridge Gas has always quantified annual and lifetime kWh impacts (energy impacts), the Company is also now quantifying electricity peak kW impacts (capacity impacts). Peak kW impacts are estimated as the portion of kWh impacts that occur during peak hours as defined by the IESO.
 - ii. As described in Enbridge Gas's 2023-2025 DSM Plan, Enbridge Gas previously applied electric avoided costs that were based on the IESO's wholesale weighted average rate. However, since that filing, Enbridge Gas has consulted with the IESO and, starting in 2025, the Company began using the IESO's annual marginal energy costs (\$/kWh) and marginal capacity costs (\$/kW), depending on the forecasted system need (i.e., summer or winter).
- c) Avoided carbon costs: As a result of the Government of Canada's decision to set the Federal Carbon Charge to zero effective April 1, 2025,¹⁷ Enbridge Gas has set the Federal Carbon Charge to zero within its avoided costs.

3. Impact of Changes

38. Where the changes discussed herein have impacted annual budgets, targets and cost-effectiveness, it is noted below.

¹⁶ EB-2021-0002, Exhibit E, Tab 5, Schedule 1, p.4.

¹⁷ <https://canadagazette.gc.ca/rp-pr/p2/2025/2025-03-15-x2/pdf/g2-159x2.pdf>

3.1 Annual Budgets

39. No changes have been made to the OEB-approved DSM budgets. Enbridge Gas has managed all changes to the 2023-2025 DSM Plan within the OEB-approved DSM budget, in accordance with the OEB's 2023-2025 DSM Plan Decision and the DSM Framework. This includes utilizing budget re-allocations and the DSMVA to return unspent budget amounts and/or to collect allowable overspend.

40. As stated in the DSM Framework:

This level of guidance is meant to ensure that adequate flexibility in DSM program and portfolio design is maintained, while recognizing that Enbridge Gas is ultimately responsible and accountable for its actions. This flexibility should ensure that Enbridge Gas can appropriately react to and adapt with current and anticipated market developments.¹⁸

3.2 Targets

41. No changes have been made to the OEB-approved DSM targets. Regarding the Residential, Low Income, Commercial, Industrial, and Large Volume Program Scorecards, the OEB's 2023-2025 DSM Plan Decision approved fixed targets for 2023. Subsequent years, including 2025, use a Target Adjustment Mechanism ("TAM") to establish targets, based on the previous year's audited actual performance and annual level of spending.¹⁹ The TAM mechanistically adjusts future year targets based on actual performance, which minimizes the need for regulatory processes and costs that would otherwise be required to establish new targets every year.

¹⁸ EB-2021-0002, OEB DSM Framework (Schedule E of OEB Decision and Order), November 15, 2022, p. 9.

¹⁹ EB-2021-0002, OEB Decision and Order (reissued December 16, 2022), November 15, 2022, Revised Schedule C.

42. The DSM Framework further identifies how changes to input assumptions and adjustment factors, which are used to estimate energy savings, calculate shareholder incentive, lost revenues, and cost effectiveness, are applied to results and targets.²⁰ Input assumptions and adjustment factors will change over the course of any DSM plan term as a result of evaluation and verification activities, updates to the TRM, and/or changes in codes and standards.
43. As mentioned in Section 1.2 above, a significant change recently occurred with the introduction of Amendment 15. Changes of this nature and magnitude are infrequent but are contemplated in the DSM Framework: “Any changes to project-specific input assumptions resulting from changes to codes and standards will be included in both results and targets.”²¹ There will be an adjustment made to 2025 targets and results to reflect this change, which will ultimately be verified by the Evaluation Contractor.
44. Regarding the Energy Performance and Building Beyond Code Program Scorecards, the OEB’s 2023-2025 DSM Plan Decision approved fixed targets for all years.²² There have been no changes made that impact these targets. The targets and budgets have been designed to reflect the objectives and/or multi-year nature of the offerings.

3.3 Cost-Effectiveness

45. Although Enbridge Gas included cost effectiveness forecasts (i.e., TRC-Plus forecasts) within its proposed DSM Plan for the current DSM Plan term, the OEB did

²⁰ EB-2021-0002, OEB DSM Framework (Schedule E of OEB Decision and Order), November 15, 2022, p. 23-25.

²¹ EB-2021-0002, OEB DSM Framework (Schedule E of OEB Decision and Order), November 15, 2022, p. 23.

²² EB-2021-0002, OEB Decision and Order (reissued December 16, 2022), November 15, 2022, Revised Schedule C.

not publish revised cost-effectiveness forecasts to reflect the modifications directed by the OEB within its 2023-2025 DSM Plan Decision. As such, Enbridge Gas cannot provide a comparison of the Company's current 2025 cost-effectiveness forecasts²³ with OEB-approved cost-effectiveness forecasts for the 2023-2025 DSM Plan. However, as discussed in Section 4 below, in Enbridge Gas's view the Company's 2025 DSM activities are consistent with the nature of the programs that were approved by the OEB.

4. 2025 DSM Activities Align with OEB-approved 2023-2025 DSM Plan

46. While changes have been made over the course of the 2023-2025 DSM Plan term (as set out in Section 1, 2, and Attachment 1 to this Schedule), in Enbridge Gas's view, all current 2025 DSM activities are consistent with the OEB-approved 2023-2025 DSM Plan and the DSM Framework.

47. The Residential Program in particular has evolved in meaningful ways over the course of the 2023-2025 DSM Plan term, including the evolution from the initial HER+ Offering, to the replacement HER Offering, to the current one-window HRS Program. In Enbridge Gas's view, despite these evolutions, the 2025 Residential Program is fundamentally the same program that was approved by the OEB in its 2023-2025 DSM Plan Decision.²⁴ Specifically, consistent with the OEB-approved 2023-2025 DSM Plan, the 2025 Residential Program:

a) Includes a whole home component, using a pre-audit and post-audit format.

There is no requirement for participants to be a natural gas customer at the time of the pre-audit or the post-audit, allowing for community expansion

²³ Cost effectiveness forecasts for 2025 DSM activities are provided at Exhibit C, Tab 2, Schedule 3.

²⁴ Although the 2025 Residential Program is forecast to result in a TRC-Plus ratio below 1.0, in Enbridge Gas's view the program is fundamentally the same program that was approved by the OEB in its 2023-2025 DSM Plan Decision which resulted in TRC-Plus ratios of less than 1.0 in 2023 and 2024, and is forecast to result in a TRC-Plus ratio of less than 1.0 in 2025. See Exhibit B, Tab 1, Schedule 1, Section 2.1.1 for further details.

- customers to participate and for existing natural gas customers to participate if they exit the natural gas system;
- b) Provides incentives for single measures including electric heat pumps and smart thermostats; and,
 - c) Does not provide incentives for natural gas equipment.
48. Regarding the evolution of the initial HER+ Offering to the replacement HER Offering, OEB staff have issued their view that the replacement HER Offering is consistent with the OEB's 2023-2025 DSM Plan Decision (see Section 1.1). Regarding the evolution of the HER Offering to the current HRS Program, the joint program is consistent with the Government of Ontario's direction to deliver a customer-focused one-window platform for energy efficiency programs that includes both natural gas and electricity options.²⁵
49. Furthermore, as set out in Section 3, none of the changes that have been made to DSM programs and offerings over the course of the 2023-2025 DSM Plan term require changes to OEB-approved budgets or targets.
5. In-Depth Review for 2026 Is Not Necessary or Appropriate
50. Enbridge Gas submits that an in-depth review is not necessary for the OEB to issue an order or orders approving a one-year extension of the 2023-2025 DSM Plan to 2026. The proposed 2026 DSM activities are consistent with the OEB-approved 2023-2025 DSM Plan and the DSM Framework, specifically:

²⁵ Minister of Energy and Electrification, Renewed Letter of Direction to OEB, December 19, 2024, p.6.

- a) The fundamental nature of 2026 DSM programs will be consistent with the OEB-approved 2023-2025 DSM Plan;^{26,27}
- b) The 2026 DSM budget will be based on the final 2025 DSM budget, escalated for inflation.²⁸ The 2026 DSM budget will be allocated to rate classes in a manner that is consistent with the OEB-approved 2025 budget allocation methodology;²⁹
- c) The 2026 DSM scorecards and scorecard designs will be the same as were approved by the OEB in the 2023-2025 DSM Plan Decision;³⁰
- d) The 2026 DSM maximum shareholder incentive amount will be based on the OEB-approved methodology used to set the 2025 maximum shareholder incentive amount. The same incentive allocation by scorecard and incentive structure will be used for 2026 as were approved by the OEB in its 2023-2025 DSM Plan Decision and in alignment with the DSM Framework;³¹ and,
- e) No modifications to the DSM Framework are required.

51. Regarding changes to programs and offerings that have occurred since the OEB issued its 2023-2025 DSM Plan Decision, these modifications are consistent with the responsibilities of the program administrator and have been made within the parameters established by the OEB. The OEB's 2023-2025 DSM Plan Decision confirmed Enbridge Gas's responsibility in this regard:

²⁶ See Exhibit B, Tab 1, Schedule 1, Sections 2.1 and 2.1.1; Exhibit C, Tab 2, Schedule 1; and Exhibit C, Tab 3, Schedule 1, Sections 1.1, 1.2, 4, and Attachment 1.

²⁷ Regarding the Residential Program in particular, as discussed in Section 4, the 2025 Residential Program is fundamentally the same program that was approved by the OEB in its 2023-2025 DSM Plan Decision. In essence, the program is simply being delivered under a new brand name that also provides electricity measures (funded and delivered by the IESO).

²⁸ See Exhibit B, Tab 1, Schedule 1, Section 2.2.

²⁹ See Exhibit B, Tab 1, Schedule 1, Section 2.2.1.

³⁰ See Exhibit B, Tab 1, Schedule 1, Section 2.3.

³¹ See Exhibit B, Tab 1, Schedule 1, Section 2.4.

The OEB confirms that Enbridge Gas is responsible to make decisions on any changes to its DSM Plan and programs and offerings within the parameters established by this Decision and Order.³²

52. When Enbridge Gas filed its proposed DSM Plan for the current DSM Plan term, the Company was clear that the proposed incentive levels/structures and eligible measures would be subject to change:

Incentive details are provided as currently contemplated, Enbridge Gas routinely examines and adjusts incentive amounts in response to opportunities and market conditions, and in an effort to maximize program performance and results over the course of the Multi-Year term.³³

53. Furthermore, the OEB has previously indicated similar direction:

The direction of the OEB has been to encourage maximum energy savings while maintaining an appropriate level of oversight. The OEB sees no benefit in micro-managing the utility DSM offerings and would expect a significant increase in costs and delay in program delivery if it attempted to do so.³⁴

54. Enbridge Gas acknowledges that several parties may wish to explore the 2026 DSM Plan Application through a comprehensive regulatory process, in particular with respect to the Residential Program.³⁵ In Enbridge Gas's view, a comprehensive regulatory review of the 2026 DSM Plan Application including the Residential Program is not appropriate as it would likely require a lengthy and resource-intensive process that could result in interruptions to DSM programming in Ontario. As discussed at Exhibit B, Tab 1, Schedule 1, if a decision on 2026 DSM activities is not

³² EB-2021-0002, OEB Decision and Order, November 15, 2022, p.26.

³³ EB-2021-0002, Exhibit E, Tab 1, Schedule 2, Footnotes 10 & 11; Schedule 3, Footnote 13; Schedule 4, Footnotes 14 & 18; and, Schedule 6, Footnote 8.

³⁴ EB-2018-0300/0301, OEB Decision and Order, April 11, 2019, p.10.

³⁵ Despite the expectation that the 2026 Residential Program will result in a TRC-Plus ratio of less than 1.0, Enbridge Gas is proposing to roll forward the OEB-approved Residential Program to 2026 for several reasons as set out at Exhibit B, Tab 1, Schedule 1, Section 2.1.1.

issued by September 30, 2025, Enbridge Gas will be required to make difficult decisions with respect to the implementation of its DSM programs in the later part of 2025 and into 2026.

55. Specifically, an in depth review of the Residential Program would require sufficient time for Enbridge Gas to develop and file its proposal and could involve extensive discovery on the Company's proposal (via interrogatories and potentially through a technical conference), requests for and the filing of intervenor evidence on the topic, discovery on the intervenor evidence, cross-examination of witnesses through an oral hearing, written submissions from parties, followed by sufficient time for the OEB to render a decision. For clarity, Enbridge Gas does not believe that making adjustments to the Residential Program based on the simple goal of increasing the program's cost-effectiveness above a TRC-Plus ratio of 1.0 is appropriate, as it would likely result in eliminating offers which would mean that the residential rate class would have few meaningful DSM offers to consider. Enbridge Gas believes this outcome would be inconsistent with the DSM Framework's main objective of "driving meaningful reductions in overall natural gas sales volumes"³⁶ and with the DSM Framework's guiding principle of "providing opportunities for a broad spectrum of consumer groups and customer needs to encourage widespread customer participation over time and ensure all segments of the market are reached in some capacity".³⁷

56. Realistically, an in-depth review of the 2026 DSM Plan Application including the Residential Program cannot be completed before a September 2025 OEB decision date for 2026 DSM activities.

³⁶ EB-2021-0002, OEB DSM Framework (Schedule E of OEB Decision and Order), November 15, 2022, p.1.

³⁷ EB-2021-0002, OEB DSM Framework (Schedule E of OEB Decision and Order), November 15, 2022, p.2.

57. By way of example, the OEB previously undertook an in-depth review prior to approving a one-year extension of the OEB-approved 2015-2020 DSM Plan to the 2021 program year (EB-2019-0271). The in-depth review took 8 months from the date Enbridge Gas filed its 2021 rollover application to the date the OEB issued its decision on 2021 DSM activities. Following the in-depth review, which included a discovery phase, the OEB approved the application as filed.³⁸

58. Another important consideration regarding potential interruptions to the Residential Program is that the program has been broadly advertised to natural gas customers and industry partners (including trade allies and service providers) across Ontario. Beyond those customers whose project applications are well advanced, there are undoubtedly numerous additional potential participants who are planning to participate or are in the early stages of enrolment who have made project/investment plans that rely on the Residential Program. A real or perceived lack of clarity/certainty regarding the status of the Residential Program could negatively impact the numerous customers and industry partners who rely on the Residential Program. Industry partners in particular may be inclined to direct their attention elsewhere and may not be available to immediately re-engage with the Residential Program.

59. Perhaps most importantly, the Residential Program is the natural gas contribution to the residential one-window HRS Program currently being undertaken by Enbridge Gas and the IESO. Any interruptions to the Residential Program could negatively impact Enbridge Gas's ability to support the natural gas component of the one-

³⁸ EB-2019-0271, OEB Decision and Order, July 16, 2020, p.2.

window program, which would be inconsistent with the direction from the Government of Ontario.^{39, 40}

60. For the reasons set out above, Enbridge Gas submits that an in-depth review is not necessary or appropriate for the OEB to issue an order or orders approving a one-year extension of the 2023-2025 DSM Plan to 2026. The more appropriate venue for a comprehensive reconsideration of the Residential Program is the upcoming 2027+ DSM Plan application (discussed in further detail at Exhibit C, Tab 5, Schedule 1), where there will be sufficient time to consider all relevant issues in a thorough and orderly manner.

³⁹ Minister of Energy and Electrification, Renewed Letter of Direction to OEB, December 19, 2024, p.6.

⁴⁰ Government of Ontario Energy for Generations, June 2025, Chapter 1, pp.30-37 ([link](#)).

SUMMARY OF CHANGES FROM 2023-2025 DSM PLAN

Residential Program

	Residential Whole Home	Residential Single Measure	Residential Smart Home
Target Market	No change	No change	No change
Offering Details	<ul style="list-style-type: none"> Reinstated minimum two measure installation requirement 	<ul style="list-style-type: none"> Contractors are required to attend mandatory heat pump training and submit a completed NRCan sizing and selection tool for each air source heat pump application 	<ul style="list-style-type: none"> Post-purchase incentives added for eligible units purchased through any retail channel, improving access to incentives by eliminating restrictions based on participating retailer availability
Eligibility Criteria	No change	No change	No change
Incentives¹	<p><u>HER</u></p> <ul style="list-style-type: none"> Significantly increased incentives for insulation measures compared to Enbridge Gas's portion of the approved CGHG total enhanced incentive Changed electric heat pump incentive structure to be tiered based on size (\$500 per ton of capacity) Reduced relative customer window / door incentive <p>Rationale: To shift participant uptake towards insulation measures and reduce window and door uptake due to the negative impact on TRC-Plus while still including the measure as part of the Whole Home Offering.</p>	<p><u>HRS</u></p> <ul style="list-style-type: none"> Electric heat pumps (space heating) originally included in the Whole Home Offering were moved to Single Measure Offering effective January 2025 with the launch of HRS <p>Based on market trends observed during HER+ and HER Offerings, electric air source heat pumps (without cold climate designation) are no longer eligible. Electric cold climate air source heat pumps remain an eligible measure</p> <p>Rationale: To support meaningful natural gas savings per project, replacements of existing electric heat pump systems are no longer eligible</p>	<p><u>HRS</u></p> <ul style="list-style-type: none"> No change to what was Enbridge Gas's portion of CGHG total enhanced incentive - \$75 instant retail incentive (\$125 for Moderate Income) Added a post-purchase retail incentive (\$75 on-bill credit following submission of documentation)

¹ Limited time increased incentive offers ("LTOs") are also provided to drive adoption of specific measures and/or behaviours. Specific LTO's were not detailed in the 2023-2025 DSM Plan. Various LTO's are offered or planned in 2025 and managed within existing budgets.

	Residential Whole Home	Residential Single Measure	Residential Smart Home
	<p>HRS</p> <p>Electric heat pumps moved to Single Measure Offering upon launching HRS to streamline delivery approach of the one-window program with the IESO and provide more predictable savings by developing prescriptive input assumptions.</p>	<ul style="list-style-type: none"> For electric ground source heat pumps only full system installs are eligible; incentives for replacing electric heat pump unit only are no longer offered New measure added: Water-to-water electric ground source heat pumps on the Energy Star Certified Geothermal Heat Pump List and available in Canada Removed requirement that new furnaces installed alongside the electric heat pump must be part of an eligible combination unit (per NRCan list) to qualify. Feedback from contractors indicated that NRCan's list did not reflect a wide range of feasible furnace and electric heat pump combinations Tiered incentive structure and amounts based on size (introduced as part of HER Whole Home Offering) have been maintained (\$500 per ton of capacity) Approved offering was based on prescriptive insulation measures in development. Implementing / managing NRCan and IESO collaborations was prioritized. Expected to launch attic insulation measure in 2025 under the HRS program with the IESO 	
Metric	No change	No change	No change
Gross Measurement	No change	No change	No change

Low Income Program

	Home Winterproofing	Affordable Housing Multi-Residential
Target Market	No change	No change
Offering Details	No change	No change
Eligibility Criteria	No change	<ul style="list-style-type: none"> Removed criteria that privately owned building owners need to sign an agreement to forego Above Guideline Increase. It was unnecessarily limiting participation due to customer concern of constraining future business decisions and conflicted with allowances of AGI applications.
Incentives²	No change	<ul style="list-style-type: none"> Prescriptive - No change Custom - Increased to \$2.50/m³, increased incentive cap to 75% of incremental project cost Direct Install - Showerheads discontinued Energy Assessments - No change <p>Rationale: The higher incentive rate and threshold supports customers who do not have the capital available for large retrofit projects. It also supports continued customer engagement in the offering given the impact of increased boiler baselines following Amendment 15. Direct install showerheads were removed due to market saturation.</p>
Metric	No change	No change
Gross Measurement	No change	No change

² Limited time increased incentive offers ("LTOs") are also provided to drive adoption of specific measures and/or behaviours. Specific LTO's were not detailed in the 2023-2025 DSM Plan. Various LTO's are offered or planned in 2025 and managed within existing budgets.

Commercial Program

	Commercial Custom	Prescriptive Downstream	Direct Install	Prescriptive Midstream
Target Market	No change	No change	No change	No change
Offering Details	No change	No change	No change	No change
Eligibility Criteria	No change	No change	No change	No change
Incentives³	<ul style="list-style-type: none"> Increased implementation incentive caps to \$100,000 for commercial and \$500,000 for institutional customers <p>Rationale: Adjustment to incentive cap made to better address the cost barriers and savings potential associated with institutional projects.</p> <ul style="list-style-type: none"> Introduction of LTO's to help mitigate the impacts of increased boiler baselines following Amendment 15 by increasing awareness and adoption of non-boiler advancement measures. 	<ul style="list-style-type: none"> Minor changes to incentive ranges as were provided in the 2023-2025 DSM Plan Changes made are largely in response to updates in TRM input assumptions or adjustment factors New measure added to TRM and thus added to offering: Hybrid RTU 	<ul style="list-style-type: none"> Incentive levels cover up to 90% of total project costs for air curtain and DCKV installations and up to 100% of total project costs for dock door seal installations, subject to set maximums <p>Rationale: Based on equipment cost plus installation, updated costs reflect current market conditions and vendor pricing.</p>	<ul style="list-style-type: none"> Added a mandatory incentive passthrough rate for foodservice measures to end users to improve cost-effectiveness and net-to-gross rates. New measures added to/updated in TRM and added to offering: Combination Oven, Griddles, Dishwashers, Conveyor Broilers, Conveyor Ovens
Metric	No change	No change	No change	No change
Gross Measurement	No change	No change	No change	No change

³ Limited time increased incentive offers ("LTOs") are also provided to drive adoption of specific measures and/or behaviours. Specific LTO's were not detailed in the 2023-2025 DSM Plan. Various LTO's are offered or planned in 2025 and managed within existing budgets.

Industrial Program

	Industrial Custom
Target Market	No change
Offering Details	No change
Eligibility Criteria	No change
Incentives⁴	<ul style="list-style-type: none"> Changed to a segment-based incentive design with rates ranging from \$0.10/m³ to \$0.30/m³ (similar levels to 2023-2025 DSM Plan) Increased implementation incentive cap to \$250,000 <p>Rationale: To better address the unique needs and barriers of customers within different segments of the industrial sector (e.g. medium / small agriculture) customers need more incentive to drive down the project payback period. Overall increase in incentives and incentive cap aims to drive deeper engagement and broader participation while enabling larger projects.</p>
Metric	No change
Gross Measurement	No change

⁴ Limited time increased incentive offers ("LTOs") are also provided to drive adoption of specific measures and/or behaviours. Specific LTO's were not detailed in the 2023-2025 DSM Plan. Various LTO's are offered or planned in 2025 and managed within existing budgets..

Large Volume Program

	Direct Access
Target Market	No change
Offering Details	No change
Eligibility Criteria	No change
Incentives	<ul style="list-style-type: none"> To drive deeper engagement and encourage larger projects, increased incentive caps for both Direct Access Budget and Aggregate Pool to \$200,000. In collaboration with the IESO and to align with educational incentives offered in Commercial and Industrial Programs, added incentives for large volume customers to attend workshops and pursue certification as a Sustainable Building Operator or Energy Manager.
Metric	No change
Gross Measurement	No change

Energy Performance Program

	Whole Building Pay for Performance (P4P)
Target Market	No change
Offering Details	No change
Eligibility Criteria	No change
Incentives	<ul style="list-style-type: none">Added a maximum incentive cap to manage budget constraints and respond to lessons learned as cohorts progress through this new multi-year offering. Annual Performance Incentive + Bonus Incentive per participant cannot exceed \$20,000.
Metric	No change
Gross Measurement	No change

Building Beyond Code Program

	Residential Savings by Design	Commercial Savings by Design	Affordable Housing Savings by Design	Commercial Air Tightness Testing
Target Market	No change	No change	No change	No change
Offering Details	No change	No change	No change	No change
Eligibility Criteria	No change	No change	No change	No change
Incentives	No change	<ul style="list-style-type: none"> To align with Affordable Housing Savings by Design Offering approach and encourage participation, added a technical assistance incentive of up to \$4,000 provided to participants following completion of the IDP workshop; to offset fees incurred by design team member attendance. 	No change	No change
Metric	No change	No change	No change	No change
Gross Measurement	No change	No change	No change	No change

REQUESTED APPROVALS FOR 2026 DSM ACTIVITIES

1. This evidence is organized as follows:

1. Overview
2. 2026 DSM Programs
3. 2026 DSM Budgets
4. 2026 DSM Scorecards and DSM Shareholder Incentives

1. Overview

2. As set out at Exhibit A, Tab 2, Schedule 1, Enbridge Gas is requesting approval of its 2026 DSM Plan, which reflects a one-year extension of the OEB-approved 2023-2025 DSM Plan, including:
 - a) Approval of the DSM programs for 2026 including the Residential Program, the Low Income Program, the Commercial Program, the Industrial Program, the Large Volume Program, the Energy Performance Program, and the Building Beyond Code Program;
 - b) Approval of the DSM budget for 2026, to include the budget into rates for 2026, and to continue to use the Deferred Participant Costs mechanism for 2026 for the Whole Building Pay for Performance Offering, the Residential Savings by Design Offering, and the Affordable Housing Savings by Design Offering; and,
 - c) Approval of the DSM scorecards for 2026 and of the DSM shareholder incentive mechanism and amounts for 2026.
3. Enbridge Gas is not requesting any approvals related to the OEB's DSM Framework.

4. Furthermore, any components of the OEB-approved 2023-2025 DSM Plan that are not explicitly addressed within this Application are proposed to continue unchanged for 2026.

2. 2026 DSM Programs

5. Enbridge Gas is requesting approval of the DSM programs for 2026 as set out at Exhibit B, Tab 1, Schedule 1, Section 2.1.

3. 2026 DSM Budgets

6. Enbridge Gas is requesting approval of the DSM budget for 2026 as set out at Exhibit B, Tab 1, Schedule 1, Section 2.2 and Exhibit B, Tab 1, Schedule 1, Attachment 1. This includes:
 - a) Approval to include the DSM budget for 2026 into rates as set out at Exhibit B, Tab 1, Schedule 1, Section 2.2.1.
 - b) Approval to continue to use the Deferred Participant Costs mechanism for 2026 for the offerings as set out at Exhibit B, Tab 1, Schedule 1, Section 2.2.2.

4. 2026 DSM Scorecards and DSM Shareholder Incentives

7. Enbridge Gas is requesting approval of the DSM scorecards for 2026 as set out at Exhibit B, Tab 1, Schedule 1, Section 2.3 and Exhibit B, Tab 1, Schedule 1, Attachment 2.
8. Enbridge Gas is requesting approval of the DSM shareholder incentive mechanism and amounts for 2026 as set out at Exhibit B, Tab 1, Schedule 1, Section 2.4.

2027+ DSM ACTIVITIES

1. Enbridge Gas intends on filing a comprehensive multi-year DSM Plan application for 2027 and beyond in Q4 2025, as described in further detail below. Importantly however, Enbridge Gas requires a final OEB decision for 2026 DSM activities before filing its 2027+ DSM Plan application. While Enbridge Gas has filed a roll forward application for 2026 that will result, if approved by the OEB, in a decision for 2026 DSM activities that will largely reflect the previously approved 2023-2025 DSM Plan, any material changes or clarifications in the OEB's 2026 decision relative to the 2023-2025 DSM Plan could have implications to Enbridge Gas's 2027+ DSM Plan application.
2. If Enbridge Gas were to file its 2027+ DSM Plan application prior to the OEB issuing its decision for 2026 DSM activities, the Company might be required to amend and refile its 2027+ DSM Plan application to reflect the OEB's 2026 decision. Enbridge Gas believes this outcome would result in unnecessary regulatory inefficiency and burden for the utility, the OEB, and other parties. To avoid this, Enbridge Gas believes it is necessary for the Company to wait for the OEB's decision for 2026 DSM activities before filing its 2027+ DSM Plan application.
3. Assuming the OEB's decision for 2026 DSM activities generally reflects a rollover of the previously approved 2023-2025 DSM Plan, Enbridge Gas anticipates that it could file its 2027+ DSM Plan application within 60 days of the OEB issuing its decision for 2026 DSM activities.¹ Assuming the OEB's decision for 2026 DSM activities is issued by September 30, 2025 (as requested by Enbridge Gas at Exhibit A, Tab 2, Schedule 1), this would result in the filing of the 2027+ DSM Plan application by late November 2025.

¹ If the OEB's decision for 2026 DSM activities includes material changes or clarifications relative to the previously approved 2023-2025 DSM Plan, additional time may be required for Enbridge Gas to assess those changes or clarifications and to develop and file the Company's 2027+ DSM Plan application.

4. Upon filing its 2027+ DSM Plan application, Enbridge Gas expects to take the position that the OEB's Notice of Hearing for the Company's 2026-2030 DSM Plan application (issued December 19, 2024) sufficiently extends to Enbridge Gas's 2027+ DSM Plan application and that issuing a new Notice of Hearing is not necessary.
5. Enbridge Gas also expects to take the position that the OEB's findings regarding intervenor status requests and intervenor coordination set out in Procedural Orders No. 1 and 2 remain appropriate for the 2027+ DSM Plan application and that no further steps regarding intervenor status requests or intervenor coordination is required.
6. Enbridge Gas also expects to take the position that, generally, the procedural steps and timelines set out in the OEB's Procedural Order No. 1 regarding interrogatories, expert evidence, a technical conference, a settlement conference, an oral hearing, and final submissions remain appropriate and should be extended to the 2027+ DSM Plan application.
7. Enbridge Gas also expects to take the position that the issues list included within the OEB's Decision on the Issues List (dated April 10, 2025) remains appropriate and should be extended to the 2027+ DSM Plan application and that no further steps regarding the issues list is required (with the exception of updating the issues list to reflect the 2027+ DSM Plan application; for example, updating "2026-2030" to reflect the updated DSM Plan term).²

² If the OEB's decision for 2026 DSM activities includes material changes or clarifications relative to the previously approved 2023-2025 DSM Plan, Enbridge Gas may take the position that the issues list for the 2027+ DSM Plan application should be amended as a result of those changes or clarifications. Additionally, if political and/or public policy changes occur that materially impact the design and delivery of DSM programs, Enbridge Gas may take the position that the issues list for the 2027+ DSM Plan application should be amended as a result of those changes.

8. Enbridge Gas also expects that it will request that the OEB issue a final decision for the 2027+ DSM Plan application (inclusive of 2027 DSM activities) by September 30, 2026.
9. Considering the assumptions above, Enbridge Gas believes the 2027+ DSM Plan application will be able to proceed to interrogatories and expert evidence proposals immediately after the Company files the application. The Company does not see the benefit to the OEB nor to any party of repeating the steps that have been completed as noted above. By proceeding in this fashion, it would avoid a delay of several months in the processing of the 2027+ DSM Plan application.
10. For illustrative purposes, a proposed procedural timeline for the 2027+ DSM Plan application is provided at Table 1.

Table 1
Proposed Procedural Timeline for Enbridge Gas's 2027+ DSM Plan Application

Timeline	Procedural Step
September 2025	OEB issues final Decision on 2026 DSM activities
November 2025	Enbridge Gas files 2027+ DSM Plan application and pre-filed evidence
February 2026	Enbridge Gas files interrogatory responses Intervenors granted leave to file evidence file their evidence
March 2026	Intervenors granted leave to file evidence file interrogatory responses Technical Conference
April 2026	Settlement Conference
May 2026	Oral Hearing
June 2026	Final Submissions
September 2026	OEB issues final Decision on 2027+ DSM Plan application

11. It is important to note that there are several ongoing and evolving political and public policy considerations that could impact the development of Enbridge Gas's 2027+ DSM Plan application. For example:

- a) The Government of Canada's decision to set the Federal Carbon Charge to zero has reduced the price consumers pay for natural gas, which impacts consumer behaviour and decision-making with respect to the uptake of DSM measures. Although this change came into effect on April 1, 2025, the impact it has on consumer behaviour and decision-making will likely take months, if not years, to fully materialize and reveal their implications.
- b) The United States began new international trade policy objectives in January 2025, which are impacting consumer investment decisions. These policies have evolved since their introduction and are expected to continue to evolve.
- c) The OEB's decision for 2026 DSM activities, which is not expected to be issued until September 2025, could include changes or clarifications relative to the previously approved 2023-2025 DSM Plan.

12. Enbridge Gas will continue to observe and assess the above-noted considerations and their impacts to the design and delivery of DSM programs and to DSM natural gas savings targets and budgets. As a result of the ongoing and evolving nature of these considerations, it would not be appropriate for Enbridge Gas to speculate on the details of its future 2027+ DSM Plan application at this time.