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September 2, 2025

**EB-2024-0198 – Enbridge 2026 One-Year Extension Request**
**Pollution Probe Submission**

Dear Mr. Murray:

Pollution Probe is in receipt of the Ontario Energy Board (OEB) Procedural Order No. 6 which requests that written submissions on Enbridge Gas Inc.'s (Enbridge's) application for its 2026 Demand Side Management (DSM) roll over application be submitted no later than September 3, 2025. The following are Pollution Probe's submissions.

Context and Overarching Comments

The OEB's EB-2021-0002 Decision[1] truncated Enbridge's DSM Plan request to a three-year plan approval for the term 2023 to 2025. The reasons for this approach are on the record in the previous DSM proceeding and summarized in the OEB's Decision[2]. The OEB agreed with stakeholders that it is important that Enbridge's DSM programs result in more meaningful reductions in overall natural gas sales volumes than what Enbridge is currently achieving. More specifically, the OEB Decision stated that the OEB expects that, at a minimum, the level of natural gas savings from DSM programs during the next multi-year term will be the equivalent of at least 0.6% of sales in 2026, 0.8% of sales in 2027 and 1.0% of sales in each year from 2028 through to the end of 2030, relative to the prior year on a weather normalized basis. This will ensure that significant benefits are provided to Enbridge Gas's customers[3].

EB-2024-0198 was initially established to review the 2026 to 2030 DSM Plan in alignment with OEB direction established in the EB-2021-0002 Decision. Based on Enbridge's November 29, 2024 filing date and the subsequent abeyance and extension requests, there is unfortunately not sufficient time for the OEB to consider a proper five-year DSM plan prior to the start of the new DSM Plan year on January 1, 2026. The expectation was that the next generation DSM plan would begin in 2026, but the pivot to a 2026 one-year roll over proposal in this proceeding will

[1] EB-2021-0002 Dec_Order_EGI_DSM Plan_20221115
[2] EB-2021-0002 Dec_Order_EGI_DSM Plan_20221115
[3] EB-2021-0002 Dec_Order_EGI_DSM Plan_20221115, page 4.

delay the expected enhancements and related ratepayer benefits by another year. The proposed 2026 roll over plan does not meet the requirements outlined in the OEB's previous direction and it serves as a one year delay in moving forward with those requirements. Given the timing of Enbridge's application and process delays, there is insufficient time for the OEB do conduct a fulsome review of the current application or new programs and at best, the OEB is faced with a one-year (portfolio level) roll over of the current DSM approvals granted in EB-2021-0002. This delays a review and specific approval of any new programs (including any new assumptions different from those reviewed in EB-2021-0002) until the next DSM application for 2027.

The abridged procedural approach for consideration of Enbridge's one-year roll over request is not a normal approach to review a request for approximately $200 million, plus ensuring that more cost-effective DSM results are available to Ontario energy consumers. However, given the current circumstance and assuming that the one-year roll over would only result in a 'portfolio-level approval' without any detailed approvals for program changes not reviewed in detail, Pollution Probe recommends (subject to the recommendations included below) that a one-year portfolio level roll over be put in place for 2026. Portfolio level approval means that the OEB can approved the portfolio on the same basis as the current OEB approved DSM Plan (2023-2025) and any changes that Enbridge has made during the 2023 to 2026 timeframe were based on Enbridge's discretion and not preapproved by the OEB. Also knowing that the program changes Enbridge is choosing to make will need to be reviewed in detail as part of the 2027 DSM application and also that the 2026 EM&V and audit process (typically lagging a few years following), this at least provides an opportunity to assess those changes in a more prudent manner in the future.

Based on the learnings from what has occurred in this proceeding so far, it is important that the OEB ensure that the timing for the next generation five-year DSM (i.e. 2027-2031) plan commence much earlier than what occurred in this proceeding and that the application include all the necessary details needed to comply with the EB-2021-0002 Decision, plus all the information and documents that would be reasonably expected in the filing to reduce the number of process delays that occurred in this proceeding[4]. Using Enbridge's assumption that they would like to have DSM Plan approval in September prior to a new DSM plan term, that would require that Enbridge to file the five-year DSM plan (in accordance with the requirements outlined in the EB-2021-0002 Decision) as quickly as possible and no later than October 31, 2025. Although this only provides one additional month of time compared to the approach used by Enbridge for its 2026-2030 filing, it is a reasonable compromise to set this deadline for Enbridge to ensure that another one-year extension is not required. Enbridge was ordered by the OEB to undertake activities during this proceeding that support analysis to enable Enbridge to file its next generation DSM plan in that timeframe. It is also reasonable for Enbridge to expect an OEB requirement to file the next generation DSM plan in a timeline and

[4] One example being disclosure of documents such as the HRS Program Agreement in the initial application.

manner that will ensure it can be reviewed and approved in time to meet January 1, 2027. The 2026 roll over application did not meet the requirements previously set by the OEB.

It should be no surprise that the landscape regularly changes and the OEB will need to consider how to proceed with the required increase in DSM results while mitigating the types of inefficient delays that occurred in this proceeding. During the current 2023 to 2025 DSM Plan term, Enbridge made many adjustments without seeking OEB approval. Examples include removing the OEB approved residential DSM program linked to the Greener Homes Grant program and also launched a new residential program with Independent Electricity System Operator ("IESO"). Enbridge can pivot quickly when it wants to.

Four months[5] (or almost half of the procedural timeline requested by Enbridge) were lost due to abeyance and extension requests from Enbridge in an already tight timeline based on the November 29, 2024 application submission and requested September 30, 2025 approval date. All of these activities are specific to Enbridge's approach and procedural requests. The delays are related to issues that should have been logically anticipated in contingency planning so that any required adjustments could have been made in a more expeditious manner. Each delay to delivering enhanced DSM results is a lost opportunity to delivering greater DSM benefits in alignment with OEB direction and Provincial policy direction. Despite the one-year delay, the OEB should encourage Enbridge to deliver enhanced DSM results in 2026 and not wait until 2027 to deliver better results.

Although OEB approval is not actually required by September 30, 2025[6] to keep DSM activities going, it would be preferable to have DSM approvals in place for 2026 prior to the beginning of the new term. The OEB is aware that some previous DSM Plans were not approved until well into the new term. DSM continued and adjustments to the plan filed were applied once the OEB Decision was released. If Enbridge wants to enable the OEB to approve a DSM application by September 30th preceding the start of a new plan year, an onus is on Enbridge to file early enough to allow this to occur and to ensure that the application is complete, including meeting expectations established in the previous DSM Decision[7].

Pollution Probe has focused on what the OEB needs to consider in this proceeding, without requiring detailed program changes. This is the best that can come from the unpredictable process that has unfolded in this proceeding. The OEB also needs to consider now how to ensure that DSM can get back on track to provide the cost-effective results urgently needed in Ontario and ordered in EB-2021-0002. The reduced comments and recommendations included in this submission are on the basis that the 2026 one-year extension is a special case and that no new program approvals will be issued by the OEB for the 2026 DSM Plan year. Any new

[5] Cumulative time lost due to abeyance extension request, not including additional discovery process time related to the revised application.
[6] Exhibit A, Tab 2, Schedule 1, paragraph 3.
[7] EB-2021-0002 Dec_Order_EGI_DSM Plan_20221115

programs (including the residential Home Renovation Savings ("HRS") Program) have been undertaken by Enbridge based on their discretion during the DSM plan term. There has been no opportunity to conduct a comprehensive review of the new program and request for specific program information was delayed in an already tight timeline. This restricted the ability to propose detailed adjustments.

The actual scope of EB-2024-0198 has become unclear given all the changes compared to the initial scope when the proceeding was established. It would be helpful if the OEB clarified whether this proceeding will continue following an OEB decision for 2026, to consider the next five-year DSM Plan or if that is now planned through a separate future proceeding. It is important that further delays not undermine 2027 progress. Also, in Procedural Order No. 1 the OEB indicated that EB-2024-0198 was intended to be one of the intervenor pilots to test and compare whether procedurally bucketing together specific individual intervenors for the interrogatory and technical conference could lead to any efficiencies, while still protecting the rights of each intervening party to participate fully and independently in representing their individual issues and concerns. OEB Staff have suggested that pilot reviews would be best conducted in the post-application debrief meetings which follows the final stage (i.e. cost award decision) of each proceeding being used as a pilot. The EB-2024-0198 proceeding has been far from normal or efficient, despite the intent of the OEB as laid out in Procedural Order No. 1. The changing and intermittent nature of this proceeding has resulted in significant inefficiencies and incremental administration, ultimately causing the pilot outlined in Procedural Order No. 1 to fail. The OEB's Rules of Practice and Procedure fortunately allowed adequate flexibility for the OEB and stakeholders to adjust to the challenges which occurred. It is suggested that the OEB close the pilot in this proceeding for the reasons noted above.

Recommendations

The following is a consolidation of Pollution Probe's recommendations to the OEB, based on a portfolio level approval for a one-year DSM Plan term extension.

- The OEB should provide clarity on the final scope of EB-2024-0198, specifically whether it will conclude following the OEB's decision on Enbridge's one-year 2026 extension or whether it will remain open to review the next generation five-year DSM as initially intended.
- Given the current circumstances, Pollution Probe supports OEB approval of a one-year extension of the current DSM (2023-2025) term applied to 2026 on a portfolio-level basis only and without prejudice to a future detailed review of new programs during the 2027 DSM application or 2026 EM&V and audit processes.
- The OEB should be clear that the HRS Program and other new programs being delivered since the OEB's EB-2021-0002 were not reviewed in detail or specifically approved. DSM audit timing lag means that the HRS Program will likely be reviewed in the 2027 DSM application far in advance of it being audited for the 2026 program year.

- It is unfortunate that the benefits expected from the next generation DSM Plan will be delayed by another year, but the OEB should reinforce an expectation of Enbridge advancing partnerships and incremental cost-effective DSM delivery in 2026 to increase DSM results and enhance cost-effectiveness. Improvements in cost-effective results should not wait until 2027.
- The OEB should require Enbridge to look for greater HRS Program efficiencies (including reduced cost duplication) and consider including them as part of the process of amending the HRS Program Agreement. Enbridge should report back on incremental cost efficiencies, reduced duplication and areas of increased results, in Enbridge's 2027 DSM Plan application. Program partnerships like the HRS Program are expected to increase cost-effectiveness since program and administrative costs are split rather than duplicated by program partners.
- The OEB should require Enbridge to file a five-year DSM plan (2027 – 2031) in alignment with requirements set out in EB-2021-0002 Decision as soon as possible and no later than October 31, 2025. The OEB should require Enbridge to include a TRC Plus scenario including the societal cost of carbon applied to the next plan filed. This issue was deferred by the OEB to the 2027 DSM application and it will reduce procedural inefficiencies to ensure Enbridge's application includes assessment of the proposed DSM portfolio with that scenario included at the time of initial filing. Adding that number to Enbridge's TRC Plus model is a simple process.
- The OEB should officially wind down the intervenor pilot design as outlined in Procedural Order No. 1 on the basis outlined above. Should the OEB require additional feedback on this specific pilot design, it should be conducted during the post-preceding debrief session conducted by OEB Staff (similar to that proposed for the other pilots occurring concurrently).

Residential Program

As directed by the OEB, below are some additional comments specific to the proposed 2026 residential program.

As noted previously by Pollution Probe, it is important to recognise that the OEB and stakeholders have been requesting for a long time that Enbridge advance effective program partnerships that increase DSM results and leverage the cost-effective benefits of enhanced partnerships. Although Enbridge did include a residential one-window DSM program during the current Demand Side Management (DSM) plan term[8], there is a significant amount of low hanging fruit that is still available. Partially closing one of the DSM partnership gaps with the IESO is a step in the right direction. The OEB's Decision[9] was clear that more is expected and required.

[8] Greener Home Grant per EB-2021-0002 EGI_NRCanAgreement_20221124
[9] EB-2021-0002 Dec_Order_EGI_DSM Plan_20221115

The TRC Plus analysis for the residential program appears problematic, particularly given that the HRS Program has not been reviewed in any significant detail or previously approved by the OEB. Enbridge's TRC Plus calculations for the 2026 residential program is only 0.75[10]. This of course excludes all costs of carbon, including the societal cost of carbon. It is likely that the residential DSM portfolio could be cost-effective if assessed and delivered in a manner different than what Enbridge proposed for 2026 (e.g. reduced costs, increased results, costs of carbon, discount rate, etc.). Sensitivity analysis for the discount rate adjustment alone shows how easily the residential portfolio could be net positive if modeling assumptions were reviewed in detail. For the reasons previously stated, assessment and implementation of those changes are best included in the 2027 DSM application process.

Enbridge failed to provide the necessary program support documentation in its application and requests from stakeholders came with significant delays. Following the Technical Conference, Enbridge filed undertaking responses on August 8, 2025 and Enbridge's request for confidential treatment for large portions of Exhibit JT1.6, Attachment 1, the Collaboration and Cooperation Agreement between Enbridge Gas and the IESO for the HRS Program, executed July 7, 2025 ("Agreement"). As noted by Enbridge, this Agreement directly relates to the HRS Program, which is the residential one-window program jointly developed and delivered by Enbridge and the IESO. In fact, the HRS Program sets the fundamental basis of the 2026 residential DSM program request in this proceeding.

The HRS Program has not been reviewed in detail in this proceeding and has not been reviewed or approved by the OEB in any previous proceeding. This is contrary to the normal procedural approach for new programs and in particular for such a large primary program serving the residential sector[11]. This is also in stark contrast to the level of review and modifications[12] required by the OEB on the similar one-window residential Green Homes Grant Program appropriately reviewed by the OEB for the current DSM Plan term[13]. The OEB included significant focus on the one-window residential Green Homes Grant Program in its Decision and even included a specific table of revised OEB approved incentives for the program[14]. The same approach has not occurred for the HRS Program.

Pollution Probe is told that Enbridge did not put the residential HRS Program out for competitive bid. Enbridge provided no bid analysis or rationale why a sole source approach was used for the gas ratepayer funded portion of the HRS Program delivery. Transparent

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[10] Exhibit D, Tab 1,Schedule 1, Attachment 1.

[11] More than 40% of the total 2026 budget is proposed for the Residential Program.

[12] Including specific requirement for Enbridge to ensure that DSM incentives are provided to new or existing customers, even if existing customers plan to use the incentives to move off natural gas (per EB-2021-0002 Dec_Order_EGI_DSM Plan_20221115,, page 3).

[13] EB-2021-0002 EGI_NRCanAgreement_20221124

[14] EB-2021-0002 Dec_Order_EGI_DSM Plan_20221115, Appendix B.

competitive market bid processes are the standard for large DSM program deliver contracts. This may be one of the reasons why the gas ratepayer costs for the HRS Program appear so high. The costs of the program should be considered in the future as noted in the recommendations above.

The HRS Program is not actually a seamless one-window approach as hoped. It is two programs sandwiched together under one program umbrella. Customer do not receive the benefits or efficiencies that have come previously from true one-window approaches (e.g. Whole Home Program funded in partnership between the Green Investment Fund, electricity and gas ratepayers). The approach and efficiencies expected from a true one-window program appear to be missing in the HRS Program as currently developed. It will be important for Enbridge to provide comparative details on the HRS Program to show where any areas of cost-efficiency and increased results are embedded.

As the OEB is aware, access to the unredacted Agreement was delayed until the OEB ordered Enbridge through Procedural Order No. 6 to provide a copy to parties that had executed the Declaration and Undertaking. This delayed the OEB's consideration of Enbridge's confidentiality request and resulted in a decision being issued after the close of business on August 29, 2025[15]. Enbridge was ordered to file a copy of the Agreement on the public record by September 2, 2025, one day before the final deadline for intervenor submissions. As of the afternoon on September 2, 2025 (time of filing for this submission), the Agreement with corrected redactions was still not available. Having details of the Agreement available on the public record will reduce the same delays from happening for the 2027 DSM review.

A detailed assessment of costs and assumptions would have only been possible if Enbridge had made the HRS Program Agreement available much earlier in the process and not right before final submissions are due. This is a supporting basis for only approving the 2026 roll-over on a portfolio basis, without specific approval of new program assumptions.

Without disclosing any information that is not yet on the public record, it appears that the budgets (particularly non-incentive costs) are much higher than what is actually required to deliver the program. There is duplication of costs for line items including marketing, staff costs and EM&V. The delayed filing of critical program information has made it impossible to test those program costs. Perhaps that was the strategy for not filing the HRS Program Agreement earlier. Fortunately, the OEB has the ability to ensure proper assessment of the HRS Program Agreement and related costs in the 2027 DSM application process and also during the 2026 EM&V and audit processes. If there is excess spending compared to that reasonably expected, the OEB has the ability to make the appropriate adjustments through those processes.

[15] Decision_Confidentiality_PO 7_ EGI DSM Plan_20250829

As noted earlier, a roll over is a continuation of what was approved and put in place for 2023 to 2025, not including specific approval of new programs or new underlying assumptions for new programs that have not been adequately reviewed in this proceeding. On that note, the approval should be at a portfolio level and not include incremental approval of the Residential Program (i.e. the new HRS Program which has not been adequately assessed) assumptions beyond those approved previously.

The OEB is aware of the challenges with Enbridge's comparative analysis and marketing materials for natural gas technologies vs. other alternatives, such as electric cold climate air source heat pumps. A temporary halt to Enbridge marketing materials was established in the Rebasing Phase 2 Decision[16]. A review of updated assumption calculations remains outstanding at this time and will eventually help ensure that proper information is being used for programs and consumer-orientated materials. In Enbridge's 2026 roll over application, Enbridge includes what it is currently suggesting is the performance of an electric cold climate air source heat pump[17]. Enbridge suggests that the Coefficient of Performance (COP) is approximately 1.7 at -15 degrees Celsius, where best available industry information is in the 2.5 to 3.0 range. Enbridge is suggesting that the COP goes below 1 and close to zero at -30 degrees Celsius, where local industry information is in the 1.5 to 2.0 range at -30 degrees Celsius. Although industry information has been assessed for models like the Mitsubishi's ZUBA heat pump, Enbridge was not able to provide analysis in this proceeding to support why its numbers are better than publicly available manufacturer specifications[18]. It will be important to use valid and reviewed assumptions for heat pumps, so that program incentives are not biased toward incenting customers to retain natural gas use. If this issue persists, it should be reviewed as part of the next DSM plan.

Enbridge's program assumptions related to heat pump saving when applied to hybrid heating appear incorrect. The savings table provided by Enbridge goes to -16 °C[19] based on using the peak degree day for Toronto. Given that electric cold climate air source heat pumps can provide full heating below -30 °C, a hybrid heating system adds extra costs with no incremental benefits for a homeowner implementing that program option. A full assessment of those assumptions is warranted.

In the EB-2021-0002 DSM application, Enbridge included a request for the OEB to review and approve a Low Carbon Transition Program. This program included hybrid heating with smart controls combines the reliability and affordability of natural gas heating equipment, an electric air source heat pump ("ASHP"), and a smart control to manage the hybrid system. The smart fuel switching control evaluates system efficiency and activates the lowest cost heating option on an hourly basis. According to Enbridge, this approach saves on energy consumption and GHG

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[16] EB-2024-0111 dec_order_Sett_Prop_EGI_2024_Rates_Ph2_20241129, Page 9
[17] Exhibit C, Tab 2, Schedule 2, Page 5.
[18] OEB_EB-2024-0198_20250424_VOL 1, pages 64 – 65.
[19] Exhibit JT1.11.

emissions when compared to a traditional gas heating system. The overall operation of a hybrid heating system is designed to achieve greater than 100% efficiency[20]. The OEB will also recall that hybrid heating was a cornerstone of the Enbridge's defensive strategy to retain customers on natural gas[21]. It is unclear if DSM incentives are still being used to retain natural gas usage.

The OEB has consistently provided direction to avoid using DSM incentives to retain the use of natural gas. In its Decision, the OEB rejected the Low Carbon Transition Program for use in the DSM portfolio and indicated that "The OEB is of the view that it is more effective to re-allocate the entire Low Carbon Transition Program budget to the Residential Whole Home program offering so that greater progress can be made in advancing the use of electric heat pump technologies throughout Ontario"[22]. Enbridge indicated that they understand that the OEB has previously approved the use of DSM incentives for hybrid heating purposes[23]. It is important that customers deciding to move to an electric heat pump and cease using natural gas for heating, are allowed full access to all DSM incentives. If the OEB believes that clarity is required for eligibility of hybrid heating and use of DSM incentives, the OEB may wish to provide that clarity in this Decision. If the OEB prefers to defer this issue to the 2027 DSM application, it could be grouped with the other deferred issues.

Respectfully submitted on behalf of Pollution Probe.

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[20] EB-2021-0002 Exhibit E, Tab 3, Schedule 1, Page 3 and EB-2021-0002 Dec_Order_EGI_DSM Plan_20221115, page 51.
[21] EB-2024-0111, Exhibit I.1.18-HRAI-5, Attachment 1, Page 6 and 14. 23. EB-2024-0111, Exhibit I.1.18-HRAI-5, Attachment 2, Page 4.
[22] EB-2021-0002 Dec_Order_EGI_DSM Plan_20221115, page 53.
[23] OEB_EB-2024-0198_20250424_VOL 1, page 66, lines 22 to 28.