September 3, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, P.O. Box 2319
Toronto ON, M4P 1E4

Dear Mr. Murray,

RE: EB-2024-0198 Enbridge Gas DSM Plan Rollover – Submissions of Energy Probe

In its Procedural Order No.6 of August 16, 2025, the OEB directed that any written submissions on Enbridge Gas Inc.'s application for its 2026 Demand Side Management Plan by OEB staff and intervenors shall be filed with the OEB and served on Enbridge Gas and intervenors by Wednesday, September 3, 2025. These are the submissions of Energy Probe Research Foundation (Energy Probe). To save regulatory costs Energy Probe shared its consultant with the Coalition of Concerned Manufacturers and Businesses of Canada (CCMBC) which explains similarities between the submissions of the two parties.

Executive Summary

Energy Probe submits that all programs with TRC-Plus ratio below 1.0 should be phased out by the end of 2025 and not rolled over into 2026. Only programs with TRC-Plus ratio above 1.0 should be rolled over into 2026.

- The OEB should not suspend the DSM Framework rules for the rollover year.
- Ratepayers should not have to pay for programs that have higher costs than benefits.
- Suspending DSM programs with greater costs than benefits is in the public interest.
- Adjustments by intervenors to DSM programs and the TRC-Plus methodology are out of scope.
- Support for low income customers is not the responsibility of other customers.

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- Shareholder incentive and the scorecard should be modified to reflect the OEB decision.

Regulatory Background

Enbridge Gas filed a multi-year natural gas demand side management (DSM) plan application with the Ontario Energy Board (OEB) on November 29, 2024. The application was filed for approval of a new natural gas DSM policy framework effective January 1, 2026 and a new multi-year DSM plan, inclusive of budgets, programs and targets, from January 1, 2026 to December 31, 2030.

On March 20, 2025, Enbridge Gas filed a letter with the OEB requesting that the OEB place the application in abeyance to allow for the filing of updated evidence in response to the Government of Canda's decision to set the Federal Carbon Charge (FCC) to zero effective April 1, 2025. On June 20, 2025, Enbridge Gas requested to roll over the 2023-2025 programs into 2026 and filed updated evidence for its 2026 DSM Plan.

On July 3, 2025, the OEB issued Procedural Order No. 4 which, among other things, took the application out of abeyance and established procedural steps for the balance of the proceeding. On July 18, 2025, the OEB Issued Procedural Order No. 5 which provided findings on certain intervenors' evidence and announced scheduling changes for procedural steps. A technical conference focused on the Residential Program was held on July 25, 2025. On August 18, the OEB issued Procedural Order No.6 setting the schedule for written submissions.

Rollover Application

In its rollover application, filed on June 20, 2025 Enbridge Gas requested OEB approval of the following items.

- For an order or orders approving the Company's 2026 DSM Plan Application, which reflects a one-year extension of the OEB-approved 2023-2025 DSM Plan with no modifications to the DSM Framework.

- 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;

- Approval of the DSM budget of $199,797,689 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.

- Approval of the DSM scorecards for 2026 and of the DSM shareholder incentive mechanism and amounts for 2026.

In its evidence Enbridge Gas requested final approval from the OEB for this rollover application by September 30, 2025, to avoid any interruption to DSM programs. It stated that if a decision on 2026 DSM programs is not issued by September 30, 2025, Enbridge Gas may have to suspend DSM programs and spending, including for programming that is jointly delivered with the Independent Electricity System Operator (IESO). Enbridge Gas submitted that this outcome would not be in the public interest. Enbridge Gas claimed that the 2026 DSM Plan reflects a one-year extension of the OEB approved 2023-2025 DSM Plan with no modifications to the DSM Framework, and to avoid unnecessary delays, ratepayer costs, and regulatory burden.

Enbridge filed its forecast of the 2025 programs reproduced as Table 1 on the next page, that showed that many have a TRC-Plus ratio of less than 1.0.

The OEB commented on the evidence filed by Enbridge and directed it to file additional evidence.[1] The OEB stated that "*it has a primary objective of ensuring that the rates it approves are just and reasonable. Enbridge Gas has requested approval of approximately $200 million in ratepayer funding for the continuation of DSM programs in 2026. More than 40% of the total 2026 budget is proposed for the Residential Program which, as proposed, will result in more costs than benefits. Although the Residential Program and offerings Enbridge Gas proposes to continue are largely consistent with those approved by the OEB for 2023 to 2025, the circumstances now are different than they were when the OEB approved the Residential Program in November 2022. Two central variables have changed: the closure of the joint residential whole home program with Natural Resources Canada and the removal of the federal carbon charge. Enbridge Gas has noted the material impact these changes have had on cost-effectiveness. For these reasons, the OEB has set out procedural steps below that will allow parties to seek additional information specifically related to the Residential Program before making submissions.*"

The OEB directed Enbridge Gas to file detailed forecast 2026 cost-effectiveness information, including forecast TRC-Plus calculations and input values, including avoided costs, anticipated participation and measure mix, and any other relevant information that explains the low TRC-Plus ratio and how this value can be increased to ensure benefits outweigh costs.

In response Enbridge filed additional evidence on July 9. The additional evidence shows that only the Residential Smart Home Program has positive Net Benefits and a TRC-Plus ratio above 1.0.[2] Enbridge indicated that it *"does not believe there are any adjustments that can be made to the Residential Program (beyond the adjustments the Company has already made) under the DSM Framework that can ensure the TRC-Plus ratio for the 2026 Residential Program will be above 1.0."*[3]

Enbridge Gas proposed to set the 2026 maximum shareholder incentive amount based on the same OEB-approved methodology used to set the 2025 maximum shareholder incentive amount.

[1] Procedural Order No.4, July 3, 2025
[2] Exhibit D, Tab 1, Schedule 1, Attachment 1, Filed: 2025-07-09
[3] Exhibit D, Tab 1, Schedule 1, Page 4, Paragraph 10

The proposed maximum shareholder incentive for 2026 is $23,748,328.[4] Enbridge Gas also proposes the same incentive allocation by scorecard and incentive structure for 2026 as were approved by the OEB in its 2023-2025 DSM Plan Decision and in alignment with the DSM Framework.[5]

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

[4] Exhibit B, Tab 1, Schedule 1, Attachment 1, Page 15, Paragraph 45
[5] Ibid., Paragraph 46

Submissions of Energy Probe

The OEB should not suspend the DSM Framework rules for the rollover year. The DSM Framework established the TRC-Plus ratio as the test of the DSM programs. The programs with TRC-Plus ratio of were approved and programs with a TRC-Plus ratio were not approved. These are the rules. Enbridge Gas now wants the rules suspended for 2026. The proposed rollover of 2025 programs into 2026 is like an overtime period in sports. What Enbridge Gas is proposing is in effect an overtime period where it and a very small number of participants[6] are guaranteed to win, and the vast majority of ratepayers who are non-participants are guaranteed to lose. Energy Probe submits that what Enbridge Gas is proposing is unfair and should not be approved by the OEB.

Ratepayers should not have to pay for programs that have higher costs than benefits. Total Resource Cost (TRC) test is used to calculate the cost effectiveness of potential DSM programs. In the DSM Framework[7] the OEB adopted the TRC-Plus test that includes a 15% adder to account for non energy benefits. It *"measures the energy related benefits and costs of DSM programs experienced by both the gas utility system and program participant for as long as those benefits and costs persist*[8]*.* Evidence shows that benefits do not persist in 2025 of many Enbridge Gas DSM and are unlikely to persist in 2026. Ratepayers should not be forced to pay for programs that have greater costs than benefits.

It is now clear that avoidance of the FCC was the main reasons why certain residential DSM programs had a TRC-Plus greater than 1.0. In effect the vast majority of customers that were non-participants in Enbridge Gas DSM programs were forced to subsidize the participants so that the participants would avoid paying the FCC. The FCC is now gone as is any reason why the non-participants should keep subsidizing the participants.

Enbridge Gas claims that because the entire DSM budget has a TRC-Plus ratio of above 1.0 it should be rolled over into 2026. This implies that programs with TRC-Plus ratio above 1.0 should subsidize programs with TRC-Plus below 1.0. Energy Probe is opposed to subsidies between customer groups.

Enbridge Gas argues that even if programs have a TRC-Plus ratio of less than 1.0 should be continued in 2026 to avoid any disruption. That logic can be used to justify continuing all programs in perpetuity and should be rejected by the OEB.

Suspending DSM programs with greater costs than benefits is in the public interest. It stated that if a decision on 2026 DSM programs is not issued by September 30, 2025, Enbridge Gas may have to suspend DSM programs and spending. Enbridge Gas argues that this outcome

[6] TC Undertaking JT1.7, Table 1

[7] EB-2014-0134, Report of the Board, Demand Side Management Framework for Natural Gas Distributors (2015-2020), December 22, 2014, Page 33

[8] Ibid., page 32

would not be in the public interest. Energy Probe disagrees. Continuing programs that no longer meet the TRC-Plus ratio test is not in the public interest.

Energy Probe submits that all programs with TRC-Plus ratio below 1.0, including Low Income Programs, should be phased out by the end of 2025 and not rolled over into 2026. There is a possibility that some of the programs that are jointly funded with IESO may have a TRC-Plus ratio above 1.0 but there is insufficient evidence on the public record to determine that[9]. Of the residential programs, only the Residential Smart Home program has positive net benefits and a TRC above 1.0 [10]and it is the only residential program that should be rolled over into 2026.

Adjustments by intervenors to DSM programs and the TRC-Plus methodology are out of scope. In PO No. 4, the OEB allowed Enbridge Gas to file adjustments to the 2026 DSM Programs so that TRC-Plus ratio could be increased to ensure benefits outweigh costs. Enbridge Gas did not make any adjustments explaining that there were no adjustments that could be made that have not already been made.

Some parties may argue that a lower discount rate should be used[11] to improve the TRC-Plus ratio of residential programs. Enbridge uses the OEB DSM Framework rate of 4% real[12]. Energy Probe submits that using a lower rate would imply that residential DSM programs are of lower risk than other programs. There is no evidence that they are.

Parties may also argue that certain residential programs should be modified. Energy Probe submits that the application by Enbridge Gas is for continuation of 2025 DSM Programs without modifications. Energy Probe submits that there is insufficient evidence on the record for the OEB to order Enbridge Gas to modify any programs.

It is possible that some parties may argue that a social cost of carbon be added by the OEB to replace the discontinued Federal Carbon Charge. Energy Probe submits that such arguments should be rejected by the OEB because they are out of scope of this proceeding and there is no evidence on the record regarding a social cost of carbon.

In its procedural orders the OEB did not allow intervenors to propose adjustments to the DSM Programs or to the TRC-Plus ratio calculation.

Support for low income customers is not the responsibility of other customers. Energy Probe notes that all Low Income Programs have a TRC-Plus ratio below 1.0. This means that other Enbridge Gas ratepayers will be required to subsidize low income ratepayers in 2026 should these programs continue. Energy Probe believes that support of low income residents of Ontario is a social program. Social programs are the responsibility of the Government of Ontario and not

[9] TC Tr., Pages 89-116; TC Undertaking JT1.6
[10] Exhibit D, Tab 1, Schedule 1, Attachment 1, Filed: 2025-07-09
[11] TC Tr. Pages 22-24
[12] TC Undertaking JT1.1

of Enbridge Gas. If financial assistance is needed for low income customers, it should come out of tax revenue, not gas distribution rates.

Shareholder incentive and the scorecard should be modified to reflect the OEB decision. DSM has become a large money earner for Enbridge Gas shareholders. It is not surprising that Enbridge Gas wants these earnings to continue in 2026. However there no need for an incentive for programs the are discontinued. Energy Probe submits that the shareholder amount of the incentive for any program that is not rolled over into 2026 should be removed and the scorecard adjusted accordingly.

Respectfully submitted on behalf of Energy Probe.

Tom Ladanyi
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Enbridge Gas Regulatory Proceedings
Parties to the Proceeding