September 4, 2025

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

Dear Mr. Murray:

EB-2024-0198 – Enbridge Gas DSM – 2026 Rollover Proposal

Please find, attached, the Submissions of the Consumers Council of Canada pursuant to the above-referenced proceeding. We apologize for the delay.

Please feel free to contact me if you have questions.

Yours truly,

Julie E. Girvan

Julie E. Girvan

CC: All parties

FINAL SUBMISSIONS OF THE CONSUMERS COUNCIL OF CANADA

RE: ENBRIDGE GAS INC.
APPLICATION FOR A MULTI-YEAR NATURAL GAS DEMAND SIDE MANAGEMENT PLAN 2026-2030

EB-2024-0198

INTRODUCTION:

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

Enbridge Gas requested the application be placed in abeyance on March 20, 2025, in order to prepare updated evidence in response to the Government of Canada's decision to set the Federal Carbon Charge (FCC) to zero effective April 1, 2025.

On May 2, 2025, Enbridge Gas indicated it would file an update by May 30, 2025, and requested that the OEB roll forward the approved 2023-2025 DSM Plan to the 2026 program year. Enbridge Gas had concerns with the timing required to assess the impact of the change in the federal carbon charge. Enbridge Gas indicated it would seek a decision on its 2026 DSM activities by September 30, 2025 to avoid any program disruptions.

These are the submissions on the Consumers Council of Canada (CCC) regarding Enbridge Gas's application for approval of a one-year DSM

In its Procedural Order No. 2 dated April 10, 2025, the OEB provided direction to Enbridge Gas on several items it expected to be addressed in its evidence update. In its Procedural Order No.3 the OEB provided further direction to Enbridge Gas to address the following items:

a) A clear description, detailed discussion of, and updated cost effectiveness data for the current DSM plan (including programs and offers) as it is being delivered in 2025;

b) A discussion that clearly defines what aspects of its approved 2023-2025 DSM plan have changed, the reasons for the change, the overall impact of the changes to annual budgets, targets and cost-effectiveness. If the 2023-2025 DSM plan has change, Enbridge Gas must discuss how the updated plan continues to align with the initial approval and rationale why an in-depth review is may not be required. This includes changes to the residential program following the closure of the Government of Canada Greener Homes Program and the introduction of the joint residential program with the Government of Ontario;

c) The specific requests for proposals related to 2026 DSM activities, including any updated approvals required of the OEB, either to programs or direction in the OEB's DSM policy framework, with supporting rationale;

d) A detailed discussion regarding how and when an updated multi-year DSM plan will be developed and filed.[1]

Enbridge Gas filed its updated evidence on June 20, 2025. In that evidence Enbridge Gas requested a one-year extension of the OEB-approved 2023-2025 DSM plan. This included:

a) Approval to continue to 2023-2025 DSM programs for 2026;

b) Approval of a DSM budget of $199,797,689 for 2026, to include the budget in 2026 rates, and to continue the use of the Deferred Participants Cost mechanism for the Whole Building Pay for Performance Offering, the Residential Savings by Design Offering and the Affordable Housing Savings by Design Offering;

c) Approval of the DSM scorecards and the DSM shareholder incentive mechanism and amounts for 2026.[2]

Enbridge Gas is not seeking any changes to the approved DSM Framework.

Enbridge Gas's evidence is that if approval is not granted by September 30, 2025, it would have to make difficult decisions with respect to the implementation of its DSM programs in the later part of 2025 and into 2026. It could involve suspending DSM programs and spending including the programming that is jointly delivered with the Independent Electricity System Operator (IESO) which would, from Enbridge Gas's perspective not be in the public interest and counter Government policy. In addition, Enbridge Gas has argued that ramping-down/ramping-up of DSM programming is not something that can be done instantaneously and without additional costs and negative impacts to DSM program results, customers and industry partners[3].

SUBMISSIONS

CCC's submissions will focus primarily on the Residential Program. CCC is not opposed to the proposal to roll over the programs, budgets and targets for the other DSM programs in 2026.

In its Procedural Order No.3 the OEB requested more evidence related to the cost-effectiveness of the Residential Program:

[1] EB-2024-0198 OEB Procedural Order No. 3 dated May 13, 2025, p. 2
[2] Exhibit A/T2/S1/p. 2
[3] Exhibit B/T1/S1/pp. 3-4

The OEB 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.

To allow for the most efficient process, the OEB directs Enbridge Gas to file detailed forecast 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.[4]

Cost-effectiveness testing and screening is a fundamental component of any DSM Framework. It is important for utilities to pursue programs that are cost effective. Enbridge Gas's Application shows that for 2025 the Total Rsource Cost Test Plus (TRC+) ratio for the Residential Program is .62. For the Residential Whole Home Program it is .53 and for the Residential Smart Home Measure it is .66. These are far below 1.0 the ratio under which programs and measures are deemed cost-effective. Essentially, this means that the costs of the program outweigh the benefits. In this case all residential customers are contributing to the costs of program that is not delivering commensurate benefits. That is simply unfair and counter to the principle of just and reasonable rates.

Enbridge Gas has submitted that although the cost-effectiveness of the Residential Program is expected to increase in 2026 relative to 2025 it has provided no evidence to support this claim or how the TRC+ ratio will change. CCC has argued in the past that Enbridge Gas's Residential Programs are difficult to justify[5]. This is primarily because of the significant budget requests to deliver a program that provides bill savings to a relatively small number of participants (relative to the overall residential customer base of over 3.5 million). In 2026 DSM costs for residential customers are projected to be $136 million with a forecast of approximately 66,000 participants. (This includes program costs, a portion of the low-income program costs, administration costs, evaluation and regulatory costs, and research and development costs)[6]. This represents an increase in costs over 2025 and a reduction in participants.[7] Costs could be higher if the Demand Side Management Variance Account (DSMVA) is used (which allows for further spending of up to 15%) and Enbridge Gas receives its shareholder incentive amounts.

The most significant issue for the OEB in this case is whether to approve a very costly program, funded by residential customers, which is clearly not cost-effective, and not expected to be for 2026.

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[4] Procedural Order No. 4, dated July 3, 2025.
[5] See Final Submissions of the Consumers Council of Canada, EB-2021-0002, pp. 8, 11
[6] Exhibit B/T1/S1/Attachment 1/p. 1
[7] Exhibit JT1.7 updated, p. 2

CCC has a number of issues with Enbridge Gas's proposal to proceed with its roll over of the Residential Program as proposed:

- DSM Plans have traditionally been reviewed and approved on the basis of cost-effectiveness. The OEB has made provisions for approving programs with TRC ratios of less than 1.0, notably the Low-Income Program. CCC has supported approval of the Low -Income Program which for 2026 has a TRC+ ratio of .83.[8] CCC also recognizes that traditionally the OEB has approved programs with ratios of less than 1.0 if the overall portfolio of programs within the DSM Plan is expected to have a TRC+ ratio of greater than 1.0. However, given the magnitude of the costs being sought for the Residential Program and the cost-effectiveness results CCC questions whether the rollover proposal for 2026 is fair to residential ratepayers, particularly non-participants. The OEB should consider whether or not Enbridge Gas should continue to offer programs that are not cost-effective and are not expected to be;

- Free-ridership is an input to cost-effectiveness testing. Enbridge Gas has defined a free rider in the context of its Residential Program as "a participant who would have undertaken the measure without the program's influence.[9]" Enbridge Gas noted that the free ridership rates for the residential measures and the Residential Program have been around for a long, long, time in some cases when the program offerings were initially established. [10] In the last proceeding the overall free ridership rate approved for the Whole Home Program was 5%.[11] OEB Staff is responsible for developing the input assumptions including the free ridership rate. CCC finds it troubling that a program with such a significant budget does not have an updated free ridership rate. This is especially concerning in light of the fact that awareness of Enbridge Gas's offerings has likely increased in recent years. It is highly possible that many consumers make a decision to renovate their homes and install measures prior to requesting to participate in Enbridge Gas's programs. A higher free ridership rate could further reduce the cost-effectiveness of the program. It is critical from CCC's perspective that the OEB undertake a study as soon as possible to assess residential free ridership rates;

- Enbridge Gas has characterized this as an Application "which reflects a one-year extension of the OEB-approved 2023-2025 DSM Plan with no modifications to the existing DSM Framework."[12] In fact, the Residential Program is now being undertaken jointly with the IESO and has been in place since January 2025. The Agreement between the IESO and Enbridge Gas was only finalized in July. It is not what was approved by the OEB in that last proceeding. So, in fact to characterize this a rollover is not correct.

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[8] Exhibit C/Tab 2/Schedule 3, p. 1, Table 1
[9] TC Transcript, Vol. 1, p. 116
[10] TC Transcript, Vol. 1, p. 118
[11] Final Submissions of the Council, EB-2021-0002, p. 9
[12] June 20, 2025, Evidence update cover letter, p. 2

Without an opportunity for the OEB to fully assess that Agreement makes it difficult for the OEB to deem it appropriate and fair to Enbridge Gas ratepayers;

- Some parties may well argue that the OEB can simply change the cost-effectiveness input assumptions to improve the economics of the Residential Program. Again, this is not then a simple rollover. Changing input assumptions could fundamentally change how the OEB determines cost-effectiveness. This is a larger issue that has many components. Changing input assumptions and the ways in which programs are screened and evaluated is best left to the upcoming review of Enbridge Gas's multi-year plan;

- At the Technical Conference there was a discussion between Mr. Elson on behalf of Environmental Defense and Mr. Fernandes and Mr. Johnson of Enbridge Gas regarding a scenario in which the OEB eliminates the residential programs. Mr. Fernandes concluded that this would impact Enbridge Gas jobs, the heating, ventilation and air conditioning (HVAC) industry, programming for heat pumps, the collaboration with the IESO etc. In addition, there would be wind down costs[13]. Although there would be repercussions, should the OEB approve non-cost-effective programs to protect industry players? Should the OEB make decisions to protect jobs over industries it does not regulate? Should non-participant ratepayers fund job security? CCC is of the view this goes well beyond the jurisdiction of the OEB;

As noted earlier, in previous proceedings, CCC has questioned the economics and viability of Enbridge Gas funded DSM programs. Although it is beyond the scope of this proceeding CCC is of the view that going forward the OEB should reconsider the current framework, programming and funding of natural gas DSM. If it is driven by Government policy, it may be more appropriate to consider other funding models. CCC recognizes that within the OEB Act there is the following objective – "To promote energy conservation and energy efficiency in accordance with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances."[14] CCC also recognizes that the OEB has been directed by the Minister of Energy in both 2023 and 2024 facilitate natural gas DSM. Going forward the ways in which this is done may need to change.

Although the cost-effectiveness of the Residential Program is troubling for the purposes of this Application CCC can accept the one-year rollover approach. It would be unwise to dismantle the DSM programming for one year when there is the possibility that a similar program would be brought back as part of a longer-term plan. Costs could be wasted and the ability to ramp up the programming frustrated.

CCC submits the OEB approve the continuation of the Residential Program as proposed for 2026 with the following conditions:

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[13] TC Transcript, Vol. 1, pp. 55-59
[14] OEB Act, Section 2

a) Do not allow Enbridge Gas to record additional costs in the DSMVA. Adding costs in the DSMVA for a program that is not cost-effective simply increases the burden on ratepayers, particularly those that are non-participants in the DSM program;

b) Do not give Enbridge Gas access to its shareholder incentive mechanism for 2026 for its residential programming. It is not a cost-effective program and Enbridge Gas does not intend to change that. They should not be rewarded for a program that is not cost-effective. CCC is of the view that this would be a dangerous precedent going forward.

c) In developing residential programming for its next multi-year plan ensure that screening and evaluation input assumptions are relevant and up to date. In conjunction with OEB Staff there should be a current free-ridership study. The current free ridership rate for the Residential Program as currently designed is clearly out of date;

In addition, the OEB in conjunction with the IESO and the Ministry of Energy should look at alternative models to fund natural gas and electric demand side management. Cost allocation should also be assessed. The current models should be evaluated and reconsidered specifically in the context of ensuring electricity and natural gas costs remain affordable, stable and predictable[15]. This was a specific request made by the Minister in the December 19, 2024, Letter of Direction.

[15] Letter of Direction to the OEB dated December 19, 2024, pp. 5-6