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VIA EMAIL and RESS

September 12, 2025

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario, M4P 1E4

Dear Ritchie Murray:

Re: Enbridge Gas Inc. ("Enbridge Gas")
Ontario Energy Board ("OEB") File No. EB-2024-0198
2026 Demand Side Management Plan Application
Reply Argument

In accordance with the OEB's Procedural Order No. 6, enclosed please find the Reply Argument of Enbridge Gas.

If you have any questions, please contact the undersigned.

Sincerely,

Haris Ginis
Technical Manager, Regulatory Applications

cc: Dennis O'Leary (Aird & Berlis LLP, Enbridge Gas Counsel)
Lawren Murray (OEB Counsel)
Michael Bell (OEB Staff)
Intervenors (EB-2024-0198)

EB-2024-0198

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, as amended (the **Act**);

AND IN THE MATTER OF an application by Enbridge Gas Inc. pursuant to Section 36(1) of the Ontario Energy Board Act, 1998, for an order or orders approving its 2026 Demand Side Management Plan.

REPLY SUBMISSION OF ENBRIDGE GAS INC.

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Introduction

1. Pursuant to Procedural Order No. 6 dated August 18, 2025, this is the Reply Submission of Enbridge Gas Inc. ("**Enbridge Gas**" or the "**Company**") to the submissions filed in response to the Application filed by the Company on June 20, 2025 (updated on July 9, 2025) requesting a rollover of its approved 2023-2025 DSM Plan into 2026 (the "**Application**"). The following parties filed submissions in this proceeding: OEB Staff ("**Staff**"), Building Owners and Managers Association ("**BOMA**"), Canadian Manufacturers and Exporters ("**CME**"), Coalition of Concerned Manufacturers and Businesses of Canada ("**CCMBC**"), Consumers Council of Canada ("**CCC**"), Energy Probe Research Foundation ("**EP**"), Environmental Defence ("**ED**"), Federation of Rental-Housing Providers of Ontario ("**FRPO**"), Green Energy Coalition ("**GEC**"), Housing Services Corporation ("**HSC**"), Industrial Gas Users Association ("**IGUA**"), Low-Income Energy Network ("**LIEN**"), Minogi Corp. ("**MC**"), Pollution Probe ("**PP**"), School Energy Coalition ("**SEC**"), Small Business Utility Alliance ("**SBUA**"), Three Fires Group Inc. ("**TFG**"), and Vulnerable Energy Consumers Coalition ("**VECC**").

2. For the purposes of this Reply Submission, the Company relies upon the evidence filed in this proceeding and makes every effort to avoid being repetitious. In the interests of efficiency and given that many submissions made are irrelevant or out of scope, Enbridge Gas does not respond to each and every submission. This said, the fact that the Company has not responded to a specific submission should not be interpreted as indicating that the Company acquiesces to or agrees with such submissions where they are inconsistent with the Application.

3. With only two exceptions, all parties either support the Application (with some intervenors requesting various modifications/conditions, many of which are out of scope) or do not oppose the OEB approving the Application. The two exceptions are CCMBC and EP, whom it is noted are represented by the same consultant, who submit that only programs with expected Total Resource Cost-Plus ("**TRC-Plus**") ratios above 1.0 should be approved.

4. The support for approving the Application can be distilled down to the following two important reasons: (1) the acceptance that the harms that will result from any material decrease or discontinuance of the Residential Program will significantly outweigh any concerns expressed about the risk that the Residential Program will generate TRC-Plus ratio results of less than 1.0; and (2) the acknowledgement that the Application is consistent with the OEB-approved DSM Framework[1] in that the Company's overall DSM portfolio is expected to achieve a TRC-Plus ratio of greater than 1.0.

5. Enbridge Gas will expand upon these key themes supporting the Application further below. It however notes that several intervenors disregarded the Procedural Orders issued by the OEB which limited the scope of this proceeding. It is noteworthy that several parties, including Staff, understood and abided by the OEB's determination that certain issues were out of scope and for this reason they have deferred submissions on such topics until the 2027+ multi-year DSM plan proceeding.[2] Enbridge Gas feels compelled to briefly respond to some of these submissions from intervenors who disregarded the procedural orders later in this response. It should however be clearly stated that it would be

[1] EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (the "**DSM Framework**"), p. 31.
[2] Examples include Staff, IGUA, ED and GEC.

procedurally unfair if the OEB makes any determinations in those areas that are out of scope given the reliance by the Company and many parties on the OEB's procedural orders. There is no evidentiary record to support any findings in these areas and parties have not been afforded an opportunity to make comprehensive submissions.

6. Before turning to more specific matters, Enbridge Gas believes it is appropriate to place this Application in the context of the Government of Ontario's policy directives, relevant factual timelines and the procedural process.

Overview and Context

7. The Residential Program, which has been the primary focus of this proceeding, has its roots going back to Enbridge Gas's previous multi-year DSM plan proceeding in EB-2021-0002. In that proceeding, the Company filed an application for approval of a Residential Program consisting of several program offerings which would be delivered using the measure incentives proposed in the pre-filed evidence. Two things subsequently changed in respect of the requested approvals. First, during the course of the DSM Plan proceeding, Enbridge Gas executed and filed a contribution agreement between Natural Resources Canada ("**NRCan**") and the Company setting out the parameters of a joint program offering called the Home Efficiency Rebate Plus ("**HER+**") Offering which included funding support from the Federal Government's Canada Greener Homes Grant ("**CGHG**")[3]. Second, in the Decision and Order of the OEB dated November 15,

[3] Exhibit C, Tab 3, Schedule 1, p. 2.

2022,[4] the OEB at Schedule B directed Enbridge Gas to adopt and utilize measure incentives as part of the HER+ Offering. As noted in the pre-filed evidence in this Application, notwithstanding additional operational changes implemented by Enbridge Gas in the last several years to increase TRC-Plus values,[5] the OEB-approved HER+ Offering resulted in TRC-Plus ratios of less than 1.0 in 2023 and 2024.[6]

8. On November 29, 2024, Enbridge Gas filed a 2026-2030 DSM Plan application. At that time, the Federal Carbon Charge remained in effect and the filing appropriately included such charges in avoided costs. Importantly, within the application Enbridge Gas acknowledged the political and public policy risk associated with the Federal Carbon Charge continuing as planned until 2030, as well as the potential impact a change could have to the application.[7]

9. On March 15, 2025, the Government of Canada announced its intention to set the Federal Carbon Charge to zero effective April 1, 2025. Recognizing that this change would have a material impact on the application, on March 20, 2025, Enbridge Gas requested that the OEB place the application in abeyance. By letter dated March 24, 2025, the OEB granted Enbridge Gas's abeyance request. On May 2, 2025, Enbridge Gas advised the OEB and parties that, for several reasons,

[4] EB-2021-0002, OEB Decision and Order, November 15, 2022 (the "**2022 DSM Decision**").
[5] Exhibit C, Tab 2, Schedule 3, para. 5.
[6] Exhibit B, Tab 1, Schedule 1, para. 27.
[7] Enbridge Gas 2026-2030 DSM Plan Application, November 29, 2024, Exhibit C, Tab 1, Schedule 2, para. 7.

it will be necessary for the Company to file a one-year Application to roll forward the approved 2023-2025 DSM Plan to the 2026 program year, in place of the previously filed 2026-2030 DSM Plan.

10. On May 13, 2025, the OEB issued Procedural Order No. 3 in respect of the yet to be filed 2026 rollover Application and directed Enbridge Gas to address certain further items in this Application. Importantly, the OEB made the following ruling in Procedural Order No. 3 regarding direction it had previously provided in Procedural Order No. 2 (which was issued on April 10, 2025, in relation to the 2026-2030 DSM Plan application, not the 2026 rollover Application):

> The OEB provided additional direction in Procedural Order No. 2, including for Enbridge Gas to discuss considerations related to the social cost of carbon and to what extent the social cost of carbon should be considered, if at all, in relation to its new multi-year DSM plan following the removal of the federal carbon charge. The OEB also directed OEB staff to file the 2024 natural gas DSM achievable potential study so consideration can be given to how it informed Enbridge Gas's multi-year DSM plan. The OEB expects these areas to be addressed as part of the broader multi-year DSM plan update.[8] (*emphasis added)*

11. On June 20, 2025, the Company filed the Application seeking a rollover of the approved 2023-2025 DSM Plan into 2026. 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,

[8] Procedural Order No. 3, May 13, 2025, p. 2.

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.

12. Any components of the OEB-approved 2023-2025 DSM Plan that are not explicitly addressed in the Application are proposed to continue unchanged for 2026. Enbridge Gas is not requesting any approvals related to the OEB's DSM Framework.

13. Enbridge Gas has requested a decision by the OEB on this Application by the end of September 2025 so that it would not put at risk the continuity of delivering DSM programs in early 2026. The Company also committed to filing a new 2027+ multi-year DSM Plan within 60 days from the date of the OEB's decision on the Application assuming that the decision does not include material changes or

clarifications relative to the previously approved 2023-2025 DSM Plan and/or DSM Framework.[9]

14. The Application specifically responds to the OEB's directives in Procedural Order No. 3. The pre-filed evidence at Exhibit C, Tab 1, Schedule 1, Table 1 identifies the OEB's directives and the location of the Company's responses in the Application.

15. The OEB issued Procedural Order No. 4 on July 3, 2025. In this Procedural Order at page 4, the OEB acknowledged that the Residential Program and offerings Enbridge Gas proposes to continue "are largely consistent with those approved by the OEB for 2023-2025", however, for several reasons the OEB made provision for certain procedural steps. Specifically, Procedural Order No. 4 states:

> To allow for the most efficient process, the OEB directs 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.[10]

16. The OEB went on in the same Procedural Order No. 4 to provide that should any intervenor or Staff seek to file evidence related to the one-year rollover of the Residential Program, such a request should be made pursuant to the OEB's Rules of Practice and Procedure. The Company notes that no intervenor sought leave to file evidence in this proceeding. This is important to recognize given that a

[9] Exhibit C, Tab 5, Schedule 1, p. 1.
[10] Procedural Order No. 4, July 3, 2025, p. 4.

number of the submissions made by parties were not based on evidence that is before the OEB in this proceeding. Indeed, in some instances, the sources of the submissions were not even identified. This is noted further below.

17. On July 9, 2025, Enbridge Gas responded to the OEB's directives in Procedural Order No. 4 by filing updated pre-filed evidence. For ease of reference the responses were included at Exhibit D to the filing.

18. In lieu of interrogatories, the OEB scheduled a technical conference which was held on July 24, 2025, with the Company's written undertaking responses due August 8, 2025.

19. On July 31, 2025, after the technical conference, SEC wrote to the OEB requesting that:

> …the OEB order the Applicant Enbridge to respond in writing (essentially as a late undertaking in the Technical Conference) making clear their position on the jurisdiction and mandate of the OEB to include in cost-effectiveness tests monetization of externalities such as the cost of carbon or other environmental or societal impacts. SEC believes this will affect the positions many parties, including SEC, take on the proposed 2026 DSM spending.

20. Enbridge Gas responded by letter dated August 1, 2025, submitting that SEC's request is inconsistent with the OEB's Procedural Order No. 3 which states that considerations related to the social cost of carbon are not in scope for the 2026 rollover Application.

21. The OEB responded by a letter dated August 7, 2025 (the "**OEB August 7, 2025 Letter**") in which the OEB denied SEC's request and again made its intentions

very clear to all parties regarding the scope of the rollover Application. The OEB stated:

> The OEB confirms that, consistent with direction provided in Procedural Order No. 2[11] and Procedural Order No. 3[12], matters related to the social cost of carbon will be considered as part of the broader multi-year DSM plan application and are out of scope for the 2026 DSM rollover application. Consistent with direction provided in Procedural Order No. 4, the OEB remains committed to an efficient process for the 2026 rollover application and will not require submissions on the OEB's jurisdiction to include monetized externalities in the cost-effectiveness analysis as part of this process. (emphasis added)

22. Written responses to undertakings given at the technical conference were delivered to all parties on August 8, 2025. These responses included a request for confidential treatment of portions of Exhibit JT1.6, Attachment 1, being the Collaboration and Cooperation Agreement between Enbridge Gas and the Independent Electricity System Operator ("**IESO**") for the Home Renovation Savings ("**HRS**") Program, executed July 7, 2025 ("**Agreement**").

23. The Agreement relates to the HRS Program, which is the residential one-window program jointly developed and delivered by Enbridge Gas and the IESO which began in early 2025. The Agreement contains provisions dealing with each of Enbridge Gas's and the IESO's responsibility for costs and expenses in respect of the delivery of the HRS Program. Enbridge Gas, with support from the IESO, requested confidential treatment in respect of the commercially sensitive and some

[11] Decision on Issues List and Procedural Order No. 2, April 10, 2025, p. 22.
[12] Procedural Order No. 3, May 13, 2025, p. 2.

of the irrelevant portions of the Agreement in accordance with the OEB's Practice Direction on Confidential Filings ("**Practice Direction**").

24. Under Procedural Order No. 6, the OEB granted intervenors that executed the necessary declaration and undertaking to file submissions in respect of the Company's request for confidential treatment. Submissions were made by stakeholders on August 20, 2025, and by the Company on August 22, 2025. The OEB issued its decision on the request for confidential treatment on August 29, 2025, and upheld a significant portion of the request for confidential treatment.

25. Turning to the Agreement specifically, no party expressed any concerns or raised any issues about its specific terms. This should not be surprising in that the one-window program essentially boils down to Enbridge Gas delivering largely the same residential offerings as were approved by the 2022 DSM Decision. Under the Agreement, Enbridge Gas is primarily responsible for funding those aspects of the program directed at natural gas customers and the IESO is primarily responsible for funding those aspects of the program directed at the consumers of electricity and other fuels.[13] While the program is being delivered in a slightly different (collaborative) manner with the IESO, it is inappropriate to allege that it is "brand new" programming as suggested by SEC.[14]

[13] Exhibit C, Tab 2, Schedule 1, Tables 1-3.
[14] SEC Submission, September 2, 2025, p. 2.

The Application Should be Approved

26. The vast majority of stakeholders including Staff either support the rollover Application including the continuation of the Residential Program as proposed (with some intervenors requesting various modifications/conditions) or do not oppose it. The two exceptions are CCMBC and EP based upon an erroneous interpretation that the DSM Framework does not allow for programs with expected TRC-Plus ratios below 1.0.[15] This includes the Low Income Program even though the DSM Framework specifically acknowledges and accepts that the TRC-Plus ratio results for the program can be below 1.0.[16] This issue is clearly out of scope.[17]

27. Each of CCMBC, EP and SEC have neglected to identify the applicable provisions of the DSM Framework. Under the subheading "TRC-Plus Test Calculation" the DSM Framework states at page 31:

> Some programs, although beneficial when reviewed from a broader perspective, may not pass a cost-effectiveness screening threshold of 1.0. <u>The Board will consider these programs on a case-by-case basis. To recognize that all programs may not pass the TRC-PLUS-Plus test, the utility should ensure its overall DSM portfolio has a TRC-PLUS-Plus ratio of 1.0 or greater</u>. Further, since low income natural gas DSM programs may result in important benefits not captured by the TRC-PLUS-Plus test, these programs should be screened using a lower threshold value of 0.70 instead, but also may be considered at a lower threshold. (emphasis added)

28. Stated differently, a program which does not have an expected TRC-Plus ratio of greater than 1.0 will still be considered on a case-by-case basis where the Company maintains

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[15] SEC similarly relies upon this erroneous interpretation of the DSM Framework; however, unlike CCMBC and EP, SEC supports the Application subject to certain modifications/conditions.
[16] DSM Framework, p. 31.
[17] EP seems to want to relitigate the question about the OEB's jurisdiction to direct ratepayer funding towards what EP views as a social program. This is not only out of scope; in respect of the Low Income Program, the issue is settled.

an overall DSM portfolio which has an expected TRC-Plus ratio of 1.0 or greater, as is expected in the case in this Application.

29. CCMBC and EP also mistakenly allege that approving the rollover Application will result in ratepayer cross subsidization of residential ratepayers by commercial and industrial customers. While it is true that the DSM Framework allocates the cost of the Low Income Program to other rate classes, this is not true in respect of the residential program which is fully allocated and paid for by customers within the residential rate classes. Otherwise, there is no material cross subsidization of residential ratepayers by commercial and industrial customers.[18]

30. What the evidence demonstrates in this proceeding, which the vast majority of intervenors have accepted, is that there are important and compelling reasons for the Residential Program to continue. First, Enbridge Gas's overall DSM portfolio of programs is expected to achieve a TRC-Plus ratio of greater than 1.0 in 2026.[19] Second, the Company anticipates that the actual TRC-Plus ratio that the Residential Program will generate will improve relative to 2025 by reason of the fact that there will be fewer HER+ Offering participants[20] and by certain operational changes that are being contemplated including the rollout of an attic insulation measure.[21]

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[18] While the amounts involved are small, SEC in earlier proceedings identified that some cross subsidization occurred in the Union M1 and 01 rate classes between some SEC members and residential ratepayers. The OEB in EB-2021-0002 required Enbridge Gas to implement measures which, as much as is practical, addresses this concern.
[19] Exhibit B, Tab 1, Schedule 1, para. 23.
[20] Exhibit B, Tab 1, Schedule 1, para. 28.
[21] Exhibit C, Tab 3, Schedule 1, Attachment 1, p. 2.

31. Third, as confirmed in evidence by Enbridge Gas witnesses at the technical conference, the Residential Program under the Program Administrator Cost ("**PAC**") test exceeds 1.0 and is calculated at 1.12.[22] Staff acknowledge in its submission at page 8 that the PAC test has been recognized by the OEB as a useful secondary cost effectiveness screening tool. Furthermore, Enbridge Gas understands that the PAC test is the cost effectiveness test used by the IESO for the purposes of screening its programs.[23]

32. Fourth, any discontinuance or material reduction to the Residential Program would be inconsistent with the Minister of Energy's letters of direction to the OEB dated December 19, 2024, November 29, 2023, and October 21, 2022, all of which promote natural gas conservation and, specifically, the one-window program that is being undertaken jointly by the Company and the IESO.[24,25]

33. Staff made reference to these same letters of direction from the Minister of Energy in its submission. Staff further appropriately identified section 2 of the OEB Act which states that one of the objectives by which the OEB must be guided is: "*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".* It is

[22] Technical Conference Transcript, July 24, 2025, Volume 1 ("**Tr. v.1**"), p. 6.
[23] See the IESO's 2025-2027 Electricity Demand Side Management Program Plan, p. 6 (link).
[24] Minister of Energy and Electrification's Letter of Direction to the OEB, December 19, 2024, p. 6: "in this work, I expect the OEB will: work with the IESO and Enbridge to deliver a customer-focused one-window platform for energy efficiency programs".
[25] Minister of Energy Letter of Direction to the OEB, November 29, 2023, pp. 3-4: "…the IESO and Enbridge have been successful in providing a one-window program for income tested customers since electricity conservation program delivery was centralized with the IESO. Building on the success, we must now turn our attention the delivering the same level of service to non-income tested residential customers. I ask that the OEB consult IESO and Enbridge and report back in April 2024 on how electricity and natural gas low income and residential programs could be delivered to a single window."

respectfully submitted that discontinuing or materially reducing the Residential Program would be inconsistent with this statutory objective.

34. It would also be inconsistent with the consensus of submissions made by parties over the years that there should be greater collaboration between the IESO and Enbridge Gas. The one-window program is precisely the sort of collaboration that parties and the OEB have been promoting for many years.

35. The discontinuance or material reduction of the Residential Program would also be inconsistent with certain of the DSM Framework guiding principles including that which advocates that the Company provide DSM opportunities for a broad spectrum of consumer groups and customer needs to encourage widespread customer participation.[26] A further guiding principle states that Enbridge Gas should coordinate and integrate natural gas DSM with other conservation initiatives including electricity CDM.[27]

36. All of the above reasons can be characterized as being sound policy and/or legal reasons in support of the continuation of the Residential Program. In addition to these, there are real and practical harms which will arise if the program is suddenly discontinued or curtailed significantly. Staff in its submission recognize the importance of maintaining program continuity and the potential for a long-term negative impact if the current programs are stopped, even for a short period of time.[28] Staff correctly identified at page 5 of its submission the following potential harms:

> …cost implications, such as those related to contractual obligations with third party delivery agents (e.g., termination costs, retention risks, re-negotiation costs), IT system and data management costs (e.g., system maintenance may be required on an ongoing basis, potential restart costs,

[26] DSM Framework, p. 2.
[27] DSM Framework, p. 3.
[28] Staff Submission, September 3, 2025, p. 5.

> risk of data continuity), workforce and training (e.g., loss of institutional knowledge, energy auditor network disruption), and partnership costs (e.g., contractual obligations, program re-alignment). Cancellation may also reduce customer confidence and increase customer confusion about energy efficiency programming, and reduce demand for and potential loss of various energy efficiency service providers and contractors (potentially extending to distribution networks and manufacturing). Considering current circumstances, extending the current programs and offers for one year represents a reasonable and pragmatic approach to limiting any potential unanticipated negative effects from stopping or pausing programming, while allowing ratepayers to continue to benefit from these programs.

37. Enbridge Gas submits that the costs to ramp-down (and potentially later ramp-up) the program would be substantial and inappropriate. Perhaps most critically, this could unnecessarily confuse residential ratepayers and industry partners regarding DSM program availability in Ontario.

38. The key relevant concern of course is whether the sharing of overhead costs as between the IESO and Enbridge Gas under the Agreement is reasonable. The Agreement itself provides:

> At least once each quarter, the members of the Joint Management and Operational Committee will review the current Shared Expenses Forecast to assess whether any written amendments to the forecast or allocation of Shared Expenses is required (A) to account for changes in the scope or nature of Shared Expenses, including the addition or termination of a Program Stream, or (B) to avoid a Cross-subsidy. The members of the Joint Management and Operational Committee will work together in good faith using Commercially Reasonable Efforts to amend the Shared Expenses Forecast as needed, including by adjusting the sharing of expenses that the Joint Management and Operational Committee mutually agrees has resulted in, or will result in, a Cross-subsidy.[29]

39. Stated differently, both parties to the Agreement are committed to ensure there is no material cross-subsidy. As well, Enbridge Gas will be required to provide the details of its contributions to program costs in 2026 in a future 2026 DSM Deferral and Variance Account clearance proceeding at which time the OEB and parties will be able to review

[29] Exhibit JT1.6, pp. 76-77.

the performance of the entire portfolio of programs in detail. All of the above make an overwhelming case in support of continuing the Residential Program as requested in this Application. Approving the Application will in no way detract from the ability of all parties to consider and address in the 2027+ DSM Plan application all issues of relevance including those that relate to the Residential Program.

Response to Specific Submissions

40. Several parties have made submissions which are in scope to which Enbridge Gas responds below. It should be noted that several of the submissions however are clearly out of scope given the procedural orders issued in this matter which alerted parties to the fact that the OEB would not be entertaining submissions on issues which it intends to deal with in the 2027+ DSM Plan application. While these parties do not admit that what they are submitting is contrary to the procedural orders and the OEB August 7, 2025 Letter, it is appropriate to describe such submissions for what they are: requests that the OEB amend the DSM Framework without evidence, analysis, discussion and debate. As noted by counsel for IGUA in its submission, acceptance by the OEB of such submissions "would clearly be an artifice and would obfuscate the very issues that, as noted above, the OEB has indicated it will consider in its broader review of EGI's full multi-year DSM program proposal".[30]

[30] IGUA Submission, September 3, 2025, p. 2.

*Demand Side Management Variance Account ("**DSMVA**")*

41. Several intervenors[31] submitted that the OEB should deny Enbridge Gas the ability to make use of the DSMVA for the purposes of accessing up to fifteen percent (15%) additional funding for the Residential Program in the event that the Company determines that it will achieve the one hundred percent (100%) target on a pre-audited basis. This is, of course, explicitly what is permitted under the OEB-approved DSM Framework.[32] What these parties are therefore asking is for the OEB to amend the DSM Framework in a proceeding where there has been no evidence led or consideration of such a proposal.

42. Enbridge Gas submits that it would be consistent with the policies of the Government of Ontario and the objectives of the DSM Framework for it to continue to have access to the additional funding to generate further gas savings. LIEN and VECC appear to support this given their submission at paragraph 27 that the Company should take all reasonable steps necessary to increase participation in the Residential Program in 2026.[33] Eliminating the ability to use DSMVA funding would be contrary to LIEN's/VECC's submission. As well, denying the Company access to the additional funding might obligate it to discontinue offering the Residential Program part way through the year given the exhaustion of funding. Finally, it should be recalled that DSMVA funding can only be used for participant

[31] Including CCC and SEC (which FRPO adopts).
[32] DSM Framework, p. 35.
[33] LIEN/VECC Submission, September 3, 2025, pp. 8-9.

incentives and not overheads so any additional funding would only benefit residential ratepayers.

DSM Shareholder Incentive

43. Several parties[34] have submitted that the Company should be denied a shareholder incentive regardless of the results of its Residential Program. Again, while parties did not specifically ask the OEB to amend the DSM Framework, for the OEB to implement this proposal, this is what must necessarily occur. It is therefore outside the scope of this proceeding as is made clear by the relevant procedural orders and the OEB's August 7, 2025, Letter.

44. Despite this, the Company feels compelled to identify this submission for what it is, an attempt to penalize the Company for matters wholly beyond its control. Specifically, the Government of Canada's decision to set the Federal Carbon Charge to zero and its corresponding impact to the cost-effectiveness of energy conservation programs/measures is not within the Company's control. It should be noted that the parties who support amending the DSM Framework to penalize the shareholder made no attempt to reference any steps or approaches that could have been taken to avoid these impacts.

45. A shareholder incentive has been in existence for decades and for good reason – it is imperative that there be some financial mechanism to incentivize the

[34] Including CCC and SEC (which FRPO adopts).

achievement of DSM results. It should come as no surprise that if the opportunity for a shareholder incentive is eliminated or made extremely remote, any program administrator will view DSM activities with much less priority and through a much less favourable lens.

46. SEC attempts to justify its proposal for no shareholder incentive based upon its regularly asserted erroneous view that DSM must be failing because there has been an increase in overall natural gas throughput. Common to the many times that SEC has asserted this in the past, SEC fails to note the numerous factors that contribute to increasing energy demand that have nothing to do with the success of energy conservation programs, such as population and industry growth.

47. It should be recognized that should the OEB accept such proposals to eliminate a shareholder incentive, such a determination will undoubtedly have significant consequences in terms of the Company's future DSM activities. At a minimum it would signal to Enbridge Gas that is should reconsider proposing programs in its 2027+ DSM Plan application for which it is not eligible to earn a shareholder incentive.

Reporting Requirements and Customer Communications

48. Several parties have submitted that the Company should be required to prepare and file additional reporting beyond that already required under the DSM Framework. No party attempted to explain how such additional reporting would be beneficial, what the costs associated with it might be (and therefore whether the

benefits outweigh the costs) and in what forum such reporting would be considered. Enbridge Gas submits that there is no need for anything further to be filed either before or during the 2027+ DSM Plan application other than what occurs in the normal course. Increasing the regulatory burden only adds costs, slows down the application process and lengthens proceedings.

49. Staff recommended that the OEB provide guidance to the Company in respect of its customer education efforts, particularly as they relate to electric heat pumps. Staff add that ideally these efforts would be reviewed and updated in collaboration with the IESO.[35] Staff make this recommendation despite not expressing specific concerns about the customer communications which were filed in evidence in the Application.

50. Enbridge Gas has always prioritized accuracy and transparency in its communications with all customers. This said, an individual customer's decision to install an energy efficiency measure is made by the customer based on financial and non-financial considerations, and informed by a variety of information sources including Enbridge Gas's information (which directs customers to relevant data and information sources as it did in the disclaimer regarding electric heat pumps filed in evidence)[36] and other information.

[35] Staff Submission, September 3, 2025, pp. 10-11.
[36] Exhibit C, Tab 2, Schedule 2, Attachment 1.

51. Enbridge Gas does not believe that it is appropriate for the OEB to provide any guidance in respect of “where, when and how” such information is brought to the attention of customers. It is not clear precisely what Staff are suggesting but if it is intended to require some sort of OEB review and approval for its customer communications, the Company does not believe such micromanagement is an efficient nor appropriate means of proceeding. If adopted, Staff’s suggestion of specific information items/tools to consider or include in education materials (including prescriptive and granular items related to cost comparisons, heat pump sizing, savings calculators, and placement of information) would represent an extraordinary and inappropriate regulatory overreach into Enbridge Gas’s day-to-day activities.

52. In response to Staff’s recommendation, it is appropriate to ask: who would be entitled to comment on draft communications, only Staff or would the entire intervenor community be entitled to offer comments? What regulatory process would be followed and who would make final decisions on such matters? Would a panel of Commissioners have to be on call during the entire term of a multi-year DSM Plan to consider and approve the Company’s communications with its customers? Would it be necessary to adduce evidence in support including expert evidence? How is any of this consistent with the Minister of Energy’s mandate for increased regulatory efficiency?

53. As is demonstrated by the evidence filed in this proceeding[37] and in recent oral hearings that have examined the expected energy savings associated with electric heat pumps, there are numerous relevant variables, assumptions and technical considerations (like the individual customer's choice about the switchover temperature they will set to switch from the electric heat pump to the natural gas furnace). The disclaimer on the HRS Program website is provided to advise residential consumers to take the necessary steps to fully inform themselves when making energy efficiency decisions for their home. This is the responsibility of Enbridge Gas for which it alone is answerable to its customers.

SEC's Disregard for the OEB's Procedural Orders

54. Notwithstanding the above noted Procedural Orders and the OEB's August 7, 2025 Letter which specifically again confirmed the OEB's intention to not deal with such matters in this rollover Application proceeding as they are out of scope, SEC nonetheless makes a poorly veiled attempt to introduce a social cost of carbon into this proceeding. It does this by suggesting that the OEB should increase the non-energy benefits adder to 65%[38]. Of course, there is no evidence to support such a figure and SEC does not even bother to point to a source for this figure or how it arrived at such a figure. This request by SEC is directly contrary to the OEB's procedural orders.

[37] Exhibit C, Tab 2, Schedule 2.
[38] SEC Submission, September 2, 2025, p. 6.

55. The Company further notes that SEC misdescribes the non-energy benefits adder, which pursuant to the DSM Framework, requires that a 15% non-*energy* benefits adder be applied to each of the avoided resource costs other than carbon costs[39]. SEC makes reference to a non-*monetary* benefits adder[40], something which simply does not exist. The fact that SEC calls it something different than a social cost of carbon does not change the fact that the OEB has ruled that this issue is wholly out of scope.

56. To be clear, Enbridge Gas, like many other parties, has relied upon and abided by the OEB's procedural orders and the OEB's August 7, 2025 Letter for the purposes of **not** making submissions on issues like the social cost of carbon and/or the monetization of externalities. Enbridge Gas does not agree with SEC's submissions and will at the appropriate future time provide a detailed position on the matter (with supporting reasons), including its views in respect of the jurisdiction of the OEB relating to this topic. Enbridge Gas submits that these submissions of SEC are blatantly out of scope and should simply be ignored and dismissed without reservation.

<u>Consultations with Indigenous Groups and Metrics</u>

57. The Company wishes to make it clear that it views the submissions made by MC and TFG in this area as being in scope and that it is appropriate for the Company to respond. It is important to note that Enbridge Gas takes consultation with

[39] 2022 DSM Decision, p. 83; and DSM Framework, pp. 25-26.
[40] SEC Submission, September 2, 2025, pp. 4, 6 and 10.

Indigenous groups very seriously. This is demonstrated by the Company's agreement to the establishment of the Indigenous Working Group ("**IWG**") as part of the Settlement Agreement reached in Phase I of the recent rates rebasing proceeding.[41] The terms of the IWG in the Settlement Agreement, which the OEB approved, specifically identifies DSM as one of the focus areas of the group. Enbridge Gas continues to participate with and support the IWG and this will continue in the future including after the 2027+ DSM Plan application filing is made. Discussions about DSM-related issues take place within the IWG; accordingly, no further direction from the OEB is needed as the Company has committed to this already.

58. Furthermore, MC and TFG's request for the OEB to direct Enbridge Gas to consult through the IWG specifically with respect to the development of the 2027+ DSM Plan application is not practical given the expected timing of the application's filing (i.e., 60 days after the OEB issues its decision on 2026 DSM activities).

59. As well, Enbridge Gas notes that Indigenous groups will have the opportunity to participate in the 2027+ DSM Plan application proceeding and will have every right to ask the Company questions on its application, file evidence (if leave is granted), and to fully participate in the hearing including oral examinations and submissions. While a hearing is more formal than the IWG, it is still a form of consultation in that

[41] EB-2022-0200, Settlement Agreement, Exhibit O1, Tab 1, Schedule 1, pp. 16-24.

Enbridge Gas will respond to the ideas and submissions of Indigenous groups and they have every ability to ask the OEB for appropriate orders and directions.

60. In response to the submissions of MC and TFG about an alleged lack of metrics and data regarding the number of Indigenous customers participating in DSM programs, the Company notes that such comments only apply to off-reserve Indigenous participants (as noted by Enbridge Gas witness Craig Fernandes during the technical conference, generally any on-reserve Indigenous customer is covered by the Low Income Program).[42] Mr. Fernandes further noted that in respect of all other customers, Indigenous or not, if they qualify for the Low Income Program the Company would direct them through that program rather than the Residential Program because the former has full cost coverage.[43] Furthermore, Enbridge Gas is mindful of privacy considerations and questions the appropriateness of asking customers to identify whether an off-reserve participant is Indigenous or not. As noted above, should an off-reserve customer self-identify as Indigenous, Enbridge Gas will direct them to the appropriate program.

Filing of the 2027+ DSM Plan Application

61. As stated in evidence, Enbridge Gas plans to file the 2027+ multi-year DSM Plan application sixty (60) days following the OEB's release of its decision in this rollover Application.[44] PP has asked the OEB to direct the Company to file this multi-year

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[42] Tr. v.1, p. 161.
[43] Tr. v.1, p. 162.
[44] Exhibit C, Tab 5, Schedule 1, p. 1.

application by the end of October. Given that this Reply Argument is being filed on September 12 and that the OEB may be hard pressed to issue a decision on this Application before some point early in October, perhaps leaving as little as two weeks to file what will undoubtedly be a comprehensive 2027+ DSM Plan application, Enbridge Gas submits that PP's submission should not be taken seriously.

Miscellaneous Submissions

62. Under this subheading, Enbridge Gas will quickly respond to several submissions or comments made. CCC suggests[45] that the free ridership rate for the Residential Program may be higher than the rate used for Evaluation, Monitoring and Verification purposes. The Company notes that no such evidence of an increase exists.

63. SEC points[46] to the Residential Program's administrative costs as being an area where savings might be achieved. It then goes on in the very next paragraph to admit that: "on the other hand, cutting back on those indirect costs would require a review of those budgets, which has not been done, and which cannot be done in time for programs to continue into 2026. While it can and should be carried out in the context of the 2027-2030 Plan, in SEC's view it is not a viable way to reduce the 2026 approved costs". With this Enbridge Gas agrees.

[45] CCC Submission, September 4, 2025, p. 4.
[46] SEC Submission, September 2, 2025, p. 9.

PP's Submissions

64. PP's submissions[47] consists of nine (9) pages of single-spaced wording. Despite its length, the Company finds it hard pressed to find any submissions or "recommendations" which are in scope or relevant. Of the seven (7) bulleted recommendations on the fourth and fifth pages of the submission, all but one are either out of scope, irrelevant or inappropriate. The sole relevant recommendation is PP's support of the one (1) year rollover extension.

65. Another inappropriate example is the proposal on page two of PP's submission that the OEB grant a "portfolio level approval", whatever that means. How this is different than a rollover only PP can explain but regulatory certainty does not support the introduction of unknown and unexplained concepts in final submissions.

66. Enbridge Gas notes that PP used its "recommendations" as an opportunity to make a self-serving submission to the effect that it would like to see the OEB wind down the intervenor efficiency pilot,[48] notwithstanding the fact that it is something that is part of the OEB's attempts to improve regulatory efficiency as mandated by the Minister of Energy. The intent behind PP's request for the intervenor efficiency pilot to be wound down could not be more obvious; it wishes to avoid additional future scrutiny which has already resulted in the OEB ordering a reduction to PP's cost

[47] PP Submission, September 2, 2025.
[48] Procedural Order No. 1, March 4, 2025.

award claims for at least six separate Enbridge Gas proceedings in the last 14 months.[49]

67. Once again, the Company is compelled to identify some of the more obvious erroneous statements made by PP in its submission. PP alleges that Enbridge Gas failed to provide necessary program support documentation in its Application and caused significant delays. PP did not specify what was missing nor the cause of the delays.

68. PP makes negative comments to the effect that the Company has not been transparent by its alleged failure to provide a complete unredacted copy of the HRP Program Agreement with the IESO. This has apparently hindered PP's ability to comment on the Agreement. The fact is that PP has had an unredacted copy of the entire Agreement but for certain irrelevant sections shortly following the filing of the answers to undertakings. Shortly thereafter, PP was then provided with a full unredacted copy of the Agreement for the purposes of PP making submissions on the requests for confidentiality including those relating to the portions of the Agreement which the Company sought confidential treatment for reasons of irrelevance. To then imply that PP had inadequate time to deal with the Agreement is factually wrong and completely disingenuous. PP did not address the specifics

[49] See OEB Decision and Order on Cost Awards for EB-2022-0111, EB-2022-0335, EB-2023-0200, EB-2023-0201, EB-2023-0261, and EB-2024-0200.

of the Agreement in its submission likely because it could not find any issues of concern.

Conclusion

69. Enbridge Gas submits that for the reasons stated herein and based upon the near unanimous support of parties, including Staff, for approval of the 2026 DSM Plan Application, the OEB should approve same as filed.

All of which is respectfully submitted September 12, 2025.

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