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January 26, 2026

VIA RESS AND EMAIL

Ritchie Murray
Acting Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ritchie Murray:

**Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (OEB) File No.: EB-2025-0189
2023 Demand Side Management (DSM) Deferral and Variance Account
Disposition Application – Reply Submission**

In accordance with the OEB's Procedural Order No. 2 issued on December 18, 2025, please find the reply submission of Enbridge Gas enclosed.

If you have any questions, please contact the undersigned.

Sincerely,

Justin Egan
Technical Manager, Regulatory Applications

cc.: D. O'Leary (Aird & Berlis)
EB-2025-0189 (Intervenors)

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. for an Order or Orders approving the balances and clearance of certain non-commodity 2023 Demand Side Management Deferral and Variance Accounts into rates, within the next available QRAM.

REPLY SUBMISSION OF ENBRIDGE GAS INC.

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Counsel for Enbridge Gas Inc.

Introduction

1. In accordance with the OEB's Procedural Order No. 2 (revised December 19, 2025) this is the reply submission of Enbridge Gas Inc. ("**Enbridge Gas**" or the "**Company**") to the submissions filed by: OEB Staff; the Ontario Greenhouse Vegetable Growers ("**OGVG**"); Schools Energy Coalition ("**SEC**"); and, Canadian Manufacturers & Exporters ("**CME**").
2. By an application filed October 14, 2025, Enbridge Gas requests an Order or Orders under Section 36 of the *Ontario Energy Board Act, 1998* approving the balances and clearing to rates the amounts recorded in three 2023 Demand Side Management ("**DSM**") Deferral and Variance Account ("**DVA**") accounts ("**Application**"). Enbridge Gas responded to interrogatories from OEB staff and interveners on December 15, 2025. The OEB subsequently in Procedural Order No. 2 requested clarification of the calculations for certain Union Gas rate zones amounts, specifically how forecast interest changes were calculated and applied to credit balances. Enbridge Gas responded to this request for clarification on January 12, 2026¹.
3. OEB staff and intervenors filed submissions to this Application on January 19, 2026.

Summary of Submissions

4. Subject to certain comments addressed below, each of OEB staff, SEC, OGVG and CME support the OEB approving the clearance of the balances in the 2023 DSM DVAs as filed. No party proposed any reduction or change to the 2023 DSM DVA balances other than OEB staff's recommendation that a further portion of the HER+ 2024 overspend be cleared

¹ EB-2025-0189, Interrogatory Response from Enbridge Gas, January 12, 2026, Exhibit 1 Staff 3.

on an interim basis. Enbridge Gas addresses each of the comments of parties further below.

5. OEB staff support Enbridge Gas' recovery of the 2003 DSM DVA balances as requested in the Application. The balances in the 2023 DSM DVA accounts are set out in Table 1 below:

Table 1
2023 DSM Deferral and Variance Account Balances

Line No.	Account	2023
1	DSM Variance Account	\$3,890,570
2	DSM Incentive Deferral Account	\$7,106,349
3	LRAM Variance Account	\$623,409
4	Total Balance	\$11,620,328

6. Enbridge Gas notes that in the OEB staff's submission, it has broken down the DVA balances as between the amounts recoverable or payable to ratepayers in each of the Enbridge Gas Distribution ("EGD") and Union Gas rate zones. The above table reflects the net balances proposed for clearances in the various 2023 DSM DVA Accounts.²
7. For certainty, Enbridge Gas confirms that the breakdowns by rate zones in OEB staff's submission are correct.
8. OEB staff specifically noted that the proposed DSMVA, DSMIDA, and LRAMVA balances have been calculated consistent with the 2023 DSM Framework and the Evaluation Contractors ("EC") 2023 Annual Verification Report.³

² OEB staff submission, January 19th, 2026, page 1.

³ OEB staff submission page 5

9. Each of OGVG⁴, SEC⁵, and CME⁶ support or do not oppose the clearance of the 2023 DSM DVA balances as proposed. Several parties offered comments on specific matters. These are addressed under a separate subheading below.

DSMVA Balance Matters

10. As noted by OEB staff, in response to an interrogatory from OGVG, Enbridge Gas confirmed that DSM spending for the M7 rate class increased relative to the amount built into rates for both the 2022 and the 2023 program years.⁷
11. However, OEB staff noted that customers in this rate class appear to have realized significant benefits from DSM programming and that a comparison of the average participant savings with the average annual DSM-related cost per participant indicates a net benefit during the 2023 program year.⁸
12. OGVG, in its submission, noted that as detailed in the Company's response to OGVG-1: "of the 70 customers in the M7 class in 2024, 66 participated in DSM programming over the 2021 to 2023 period...". OGVG continued stating that: "Accordingly, it appears to OGVG, Enbridge Gas has been successful in engaging nearly all M7 customers in DSM programming over a relatively short period with most of those customers engaging in the Industrial Commercial custom programs".⁹
13. OGVG added:

Given the nearly perfect penetration of the DSM programming in the M7 class in the relatively short time frame from 2021-2023, OGVG does not have concerns

⁴ OGVG submission dated January 19, 2026 ("**OGVG Submission**"), page 1

⁵ SEC submission dated January 19, 2026 ("**SEC Submission**"), page 1.

⁶ CME submission dated January 19, 2026 ("**CME Submission**"), page 2.

⁷ OEB staff submission page 5.

⁸ OEB staff submission page 5.

⁹ OGVG submission dated January 19, 2026, page 2.

about the proposed amount to be recovered from the M7 rate class, as all or nearly all M7 customers are experiencing DSM-related gas cost savings that at least partially if not entirely offset the annual cost of DSM programming recovered from the class.¹⁰

14. OGVG's only remaining concern in this proceeding is how amounts will be recovered from M7 customers. OGVG pointed to Enbridge Gas' confirmation in the Company's response to OGVG-1K that while it is possible to recover the disposition amounts over several months, the Company prefers a customer-specific approach as opposed to a blanket approach for contract rate class customers. Enbridge Gas noted that a customer-specific approach can identify accounts that may need billing accommodation and that it could work directly with customers to provide flexible payment arrangements specific to their needs.
15. Enbridge Gas reiterates its willingness to implement a customer-specific approach as stated above for the purposes of recovering amounts payable by M7 customers.
16. Finally, as noted by OEB staff, Enbridge Gas adhered to the 2023 DSM Framework in respect of its DSM program spending, and this includes the program spending associated with delivering DSM to M7 customers.¹¹

DSMIDA Balance Matters

17. As noted by OEB staff at page 6 of its submission, the DSMIDA balance is not aligned with the 2023 Annual Verification Report due to an EAC-approved update to the verification adjustment for residential adaptive thermostats. OEB staff expressed its view that the process to develop and consider an update to the smart thermostat installation rate was rigorous and reasonable, and OEB staff acknowledged that it coordinated the

¹⁰ OGVG submission dated January 19, 2026, page 2.

¹¹ OEB staff submission, pages 5 and 6.

process as part of the impact evaluation with input from the EAC. OEB staff stated its view that applying the updated installation rate to 2023 results is reasonable and appropriate.¹²

18. OEB staff further correctly noted that: “Notably, smart thermostat installation rate is not a prescribed assumption in the Technical Resource Manual. Therefore, applying an update adjustment factor developed during the 2024 evaluation to 2023 results is not inconsistent with the DSM Framework guidance”¹³. Indeed, applying an updated adjustment factor as occurred here is, more precisely stated, completely consistent with the DSM Framework. Accordingly, contrary to the implication made by SEC at page 1 of its submission that this represents a change in approach by Enbridge Gas, the Company was simply following the rules prescribed by the current DSM Framework.

LRAMVA Balance Matters

19. OEB staff further noted that the proposed total LRAMVA balance of \$0.623 million does not align with the balance reported by the EC in its Annual Verification Report. OEB staff accepted Enbridge Gas' explanation that the LRAM values in the 2023 Annual Verification Report reflect actual 2023 results but that the LRAMVA captures the variance between these actual results (as reported in the Annual Verification Report) and the amounts embedded in 2023 rates. Therefore, the account balance requested for clearance differs.¹⁴ Accordingly, OEB staff agree with the amount the Company proposes to clear.

¹² OEB staff submission, pages 6 and 7.

¹³ OEB staff Submission, page 7.

¹⁴ OEB staff submission page 7.

Interim Disposition of 2024 HER+ Overspend

20. In its 2022 DSM DVA Clearance application, Enbridge Gas requested and received OEB approval to dispose of \$60 million (excluding interest) relating to the 2024 HER+ offering overspend. With this interim recovery, in response to an OEB staff interrogatory, Enbridge Gas calculated that approximately \$69.668 million remained outstanding in respect of the 2024 HER+ offering overspend.¹⁵
21. Enbridge Gas did not request in this Application a further interim disposition given that it had stated in evidence in the 2022 DSM DVA Clearance application that at an OEB hosted Stakeholder session, Enbridge Gas proposed the inclusion of \$60 million as an interim deferral disposition in the 2022 DSM clearance application with the remainder to be cleared in the 2024 DSM DVA clearance application.¹⁶ The Company did not propose an interim disposition of a further amount in this Application.
22. Enbridge Gas responded in the same interrogatory response stating that in its view, the most prudent approach is to complete the 2024 audit and to incorporate any identified adjustments and clear the final balance as part of the 2024 DSM DVA clearance proceeding. The Company continues to be of this view. Enbridge Gas did however also state in its interrogatory response that, should the OEB direct it to clear a further amount on an interim basis as part of this Application, the Company recommends no more than \$45 million to limit the possibility of overpayment relative to the final audited 2024 DSM DVA balance. The Company further requests that if the OEB requires the clearance of this amount as part of this Application, that the clearance occur as part of the July 2026 QRAM.

¹⁵ EB-2025-0189, Exhibit 1, STAFF-2, page 1-3.

¹⁶ EB-2025-0189, Exhibit 1, STAFF-2, page 2.

Administratively, this will allow the Company the ability to undertake the necessary billing updates. It would also smooth the impact on rates out over the two QRAMs.

23. OEB staff support the further interim disposition of part of the HER+ 2024 overspend and recommend a clearance of an additional \$45 million. OEB staff note that this interim disposition will save ratepayers an estimated \$1.15 million in interest charges. Enbridge Gas acknowledges that this recovery would be on an interim basis and that the HER+ spending would undergo a final review as part of the 2024 DSM DVA clearance proceeding.
24. SEC does not support a further interim disposition in respect of the HER+ overspend at this time.¹⁷ Enbridge Gas notes that this position is consistent with what it earlier proposed to stakeholders. Enbridge Gas further notes that whether any additional amount is the subject of an interim disposition now or during the 2024 DSM DVA clearance, a final review of the HER+ program will take place during the 2024 DSM DVA clearance application regardless.
25. This said, Enbridge Gas remains concerned that SEC is foreshadowing its intent to argue, after the fact, that the OEB's decision in the EB-2021-0002 proceeding¹⁸ did not authorize the HER+ overspend as incurred by the Company. As Enbridge Gas has stated previously, this would amount to an unlawful collateral attack on the OEB's 2022 DSM Decision. Enbridge Gas therefore requests that the OEB confirm in its decision in this Application that no such collateral attack will be permitted so as to avoid the time and effort that will

¹⁷ SEC Submission page 2.

¹⁸ OEB Decision and Order, November 15, 2022 (EB-2021-0002) please see pages 26-33 (the "**2022 DSM Decision**"). Also please see Enbridge Gas letter to the OEB dated April 22, 2024.

necessarily be required to respond to such an argument in the 2024 DSM DVA clearance application.

Disposition Methodologies

26. OEB staff submitted that the proposed allocation and disposition methodologies are appropriate and support the disposition methodology proposed for the EGD and Union Gas rate zones.¹⁹
27. SEC commented on the proposal to recover DVA balances as a one-time payment. While SEC does not object to this occurring in this Application, given the anticipated rate changes that may arise as a result of the OEB's decision in the EB-2025-0064 proceeding (Phase 3 of the Rebasing Application), SEC states that it believes: now is a good time to review the timing and method of recovery of DSM DVA balances. SEC proposes that Enbridge Gas be directed to generate an analysis of options for recovery of such balances going forward, for presentation in the 2024 DSM DVA clearance application.
28. Enbridge Gas is always prepared to consider reasonable recovery options including steps to smooth rate impacts. This is demonstrated in this Application by the Company's customer specific approach in respect of the amounts that will be recovered from M7 ratepayers. No "analysis of options for recovery" is required. If large balances are being proposed for recovery, Enbridge Gas will consider appropriate rate mitigating steps and parties have the opportunity to explore such options during the course of the next DSM DVA clearance application. As well, disposition issues, if any, arising from future rate

¹⁹ OEB staff submission page 7.

harmonization, may not be appropriate to raise in the context of a DSM DVA clearance proceeding.

Conclusion and Relief Sought

- 29. As there is no opposition to the DSM DVA balances being recovered as proposed by the Company, Enbridge Gas respectfully requests approval of the Application as filed, subject only to the following matters.
- 30. First, as noted by OEB staff, should the OEB support an interim clearance of an additional \$45 million associated with the HER+ spending in 2024, any rate mitigation measures, if any, may be appropriately left to the OEB decision maker responsible for the applicable QRAM application associated with this disposition. Enbridge Gas requests that the clearance of the approved amount occur as part of the July 2026 QRAM. Second, while the Company submits that no Order or directive is necessary, it confirms that it will handle the M7 ratepayers on a customer-specific basis to identify those that require flexibility in respect of their payment obligations.
- 31. Finally, Enbridge Gas requests that the OEB confirm that it will not entertain a collateral attack on the OEB's 2022 DSM Decision in respect of the 2024 HER+ overspend.

All of which is respectfully submitted January 26, 2026.



Dennis M. O'Leary
Counsel to Enbridge Gas Inc.