



Ontario | Commission
Energy | de l'énergie
Board | de l'Ontario

DECISION AND ORDER

EB-2025-0189

ENBRIDGE GAS INC.

**Application for the disposition of 2023 Demand Side Management
Deferral and Variance Accounts**

BEFORE: Allison Duff
Presiding Commissioner

Robert Dodds
Commissioner

David Sword
Commissioner

February 12, 2026



TABLE OF CONTENTS

1	OVERVIEW	1
2	CONTEXT AND PROCESS	2
3	DECISION	4
3.1	DEMAND SIDE MANAGEMENT VARIANCE ACCOUNT (DSMVA)	5
3.2	SHAREHOLDER INCENTIVE- DSM INCENTIVE DEFERRAL ACCOUNT (DSMIDA)	5
3.3	LOST REVENUE ADJUSTMENT MECHANISM VARIANCE ACCOUNT (LRAMVA)	6
3.4	INTERIM DISPOSITION OF 2024 HOME EFFICIENCY REBATE PLUS (HER+) OVERSPEND	7
3.5	RECOVERY OF DEMAND SIDE MANAGEMENT DEFERRAL AND VARIANCE ACCOUNTS BALANCE	9
4	ALLOCATION OF DSM DEFERRAL AND VARIANCE ACCOUNT BALANCES	10
5	ORDER	11

1 OVERVIEW

Enbridge Gas Inc. requested that the Ontario Energy Board (OEB) approve the recovery of amounts related to its 2023 demand side management programs in its Enbridge Gas Distribution and Union rate zones.

The OEB approves Enbridge Gas's proposed 2023 demand side management (DSM) deferral and variance account (DVA) balances, allocation and disposition as filed. The OEB's key determinations are as follows:

The OEB approves the 2023 DSM DVA balances and the disposition of the three accounts as filed, with a total balance of \$11,620,328 (excluding interest):

- Demand Side Management Variance Account: The OEB approves balances of \$10.679 million to be recovered from customers in the Enbridge Gas Distribution rate zone and \$6.788 million to be returned to customers in the Union rate zones.
- Demand Side Management Incentive Deferral Account: The OEB approves balances of \$3.852 million to be recovered from customers in the Enbridge Gas Distribution rate zone and \$3.254 million to be recovered from customers in the Union rate zones.
- Lost Revenue Adjustment Mechanism Variance Account: The OEB approves balances of \$0.008 million to be recovered from customers in the Enbridge Gas Distribution rate zone and \$0.616 million to be recovered from customers in the Union rate zones.

The OEB is not prepared to order further disposition of the Home Efficiency Rebate Plus balances, as proposed by OEB staff, based on the evidentiary record and submissions in this proceeding.

The OEB is directing Enbridge Gas to consider rate mitigation measures as appropriate and file an analysis of recovery options in its next DSM DVA application.

2 CONTEXT AND PROCESS

Enbridge Gas Inc. filed an application with the OEB to clear through rates a shareholder incentive, lost revenues, and DSM program costs related to 2023 DSM activities. Under the *Ontario Energy Board Act, 1998*, gas distributors must apply to the OEB to change the rates they charge customers.

Effective January 1, 2019, Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited amalgamated to become Enbridge Gas. Enbridge Gas has maintained the previously existing EGD and Union rate zones for the purpose of delivering its OEB-approved DSM programs.

On January 20, 2016, the OEB approved 6-year DSM plans for Enbridge Gas, then operating separately as Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (2015-2020 Decision).¹ In 2020, the OEB approved a one-year extension to the 2015-2020 multi-year DSM plan to apply to the 2021 program year. In 2021, the OEB approved the continuation of Enbridge Gas's 2021 DSM activities into 2022.^{2 3} On November 15, 2022, the OEB approved a revised Natural Gas DSM framework as well as a new three-year DSM plan for the years 2023-2025.⁴ The 2023 DSM program year was the first year of this three-year term.

Enbridge Gas filed its application for approval and clearance of the 2023 DSM deferral and variance accounts with the OEB on October 14, 2025. The application was filed in accordance with the DSM Framework and Filing Guidelines and the 2015-2020 DSM Decision.

On November 7, 2025, the OEB issued a Notice of Application to review Enbridge Gas application.

On November 28, 2025, the OEB issued Procedural Order No. 1. Within Procedural No.1, the OEB set out the process for the interrogatories. The OEB also granted intervenor status and cost eligibility to the following parties:

- Canadian Manufacturers and Exporters (CME)
- Ontario Greenhouse Vegetable Growers (OGVG)
- School Energy Coalition (SEC)

¹ EB-2015-0029/0049, Decision and Order, January 20, 2016

² EB-2019-0271, Decision and Order, July 16, 2020

³ EB-2021-0002, Decision and Order, August 26, 2021

⁴ EB-2021-0002 Decision and Order, November 15, 2022

On December 5, 2025, OEB staff and intervenors filed written interrogatories on Enbridge Gas's application. Enbridge Gas filed its responses on December 15, 2025.

On December 18, 2025, the OEB issued Procedural Order No. 2. In Procedural No. 2, the OEB direct Enbridge Gas to provide clarification regarding the calculations for the Union Rate Zones interest and set out the process for written submissions. On January 12, 2026, Enbridge Gas filled its written response.

On January 19, 2026, OEB staff and intervenors filed their submissions and on January 26, 2026, Enbridge Gas filed its reply submission.

3 DECISION

The OEB approves Enbridge Gas's proposed 2023 DSM DVA balances for disposition for the EGD rate zone and Union rate zones. The OEB finds the balances reasonable and consistent with the current DSM Framework.

The total approved balances, including accrued interest are shown in Table 1 below.

Table 1: Summary of Approved 2023 Enbridge Gas DSM DVA Balances

Account	EGD Rate Zone	Union Rate Zones	Total
DSM Variance Account	\$10,678,557	(\$6,787,987)	\$3,890,570
DSM Incentive Deferral Account	\$3,852,334	\$3,254,015	\$7,106,349
Lost Revenue Adjustment Mechanism Variance Account	\$7,636	\$615,773	\$623,409
Total (Excluding Interest)	\$14,538,527	(\$2,918,199)	\$11,620,328
Interest	\$218,863	\$231,064	\$449,927
Total Balances Requested	\$14,757,390	(\$2,687,135)	\$12,070,255

Note: Negative balances are to be returned to customers, and positive balances are to be collected from customers.

The OEB also approves Enbridge Gas's proposed disposition methodology of the 2023 DSM DVAs balances. Disposition will be implemented through the Quarterly Rate Adjustment Mechanism (QRAM) as a one-time billing adjustment, effective as soon as April 1, 2026, with a common disposition methodology for EGD and Union rate zones. The billing adjustment will be derived for each customer individually by applying the disposition unit rates to each customer's actual consumption volume for the period January 1, 2023, to December 31, 2023. Enbridge Gas shall file a draft rate order consistent with this Decision and Order, showing all unit rates for each rate class.

For a typical residential customer in the EGD rate zone with annual consumption of 2,400 m³, the estimated one-time billing adjustment charge is \$8.80. For a typical residential customer in the Union South rate zone with annual consumption of 2,200 m³, the estimated one-time billing adjustment is a charge of \$3.57. For a typical residential customer in the Union North rate zone with annual consumption of 2,200 m³, the estimated one-time billing adjustment is a refund of \$1.28.

3.1 Demand Side Management Variance Account (DSMVA)

Enbridge Gas requested approval to recover its 2023 DSMVA balance of \$10.679 million from customers in the EGD rate zone and return \$6.788 million to customers in the Union rate zones.

In response to an interrogatory from the OGVG, Enbridge Gas confirmed that DSM spending for M7 rate class increased relative to the amount built into rates for both the 2022 and 2023 program year.⁵ For 2023, DSM program spending for the M7 rate class was \$3.164 million higher than the amount built into rates. OEB staff submitted that, despite this increased spending, Enbridge Gas complied with the requirements of the 2023 DSM Framework. Specifically, Enbridge Gas did not transfer more than 30% of the industrial and commercial program budget, did not transfer more than 30% of funds between programs, and no M7-related program exceeded its budget by more than 15%.

OEB staff and OGVG both acknowledged that M7 customers appear to have realized significant benefits from DSM programming. However, OGVG expressed concern about recovering these costs from M7 customers through a one-time charge. In reply submission, Enbridge Gas confirmed that these charges could be recovered over time on a customer-specific basis.

No parties opposed the approval and clearance of the 2023 DSMVA balances.

Findings

The OEB approves the recovery of the 2023 DSMVA balances from Enbridge Gas's customers in the amount of \$10.679 million in the EGD rate zone and a return of \$6.788 million to customers in the Union rate zones. The OEB acknowledges that Enbridge Gas will apply a customer-specific approach for purposes of recovering the charges from M7 customers.

3.2 Shareholder Incentive- DSM Incentive Deferral Account (DSMIDA)

Enbridge Gas requested approval of its 2023 shareholder incentive amount of \$3.852 million to be recovered from customers in the EGD rate zone and \$3.254 million to be recovered from customers in the Union rate zones. Enbridge Gas is able to earn a shareholder incentive based on how well it performed relative to its 2023 program targets. The shareholder incentive is tracked within the DSMIDA.

⁵ EB-2025-0189, Exhibit 1- OGVG, p 2 -3

Enbridge Gas explained that the DSMIDA balance differs from the 2023 Annual Verification Report due to an Evaluation Advisory Committee (EAC) approved update to the verification adjustment for residential adaptive thermostats. The DSMIDA balance is \$0.187 million higher than previously reported. The update results from a 2024 process evaluation that found the existing Ecobee “ping test” method for estimating smart thermostat installation rates did not align with customer-reported installation rates or Wi-Fi connectivity data.⁶ As such, the EAC was of the view that the ping test may be an unsuitable proxy for verifying program savings.⁷

As an interim step, Enbridge Gas completed a jurisdictional scan to assess the installation rates used in other jurisdictions.⁸ At its July 8, 2025, meeting, the EAC reached consensus that an average installation rate of 88.4%, derived from this jurisdictional review, provides a more reasonable and evidence-based estimate pending development of an Ontario-specific rate⁹.

OEB staff submitted that the process used to evaluate and update the smart thermostat installation rate was rigorous and reasonable. SEC did not object to the revised figure but noted that the updated assumption, developed in 2024, is being applied retroactively to 2023 results. SEC stated that it has consistently supported using the best available information at the time of verification, even when it has retroactive effects.

No parties opposed the approval and clearance of the 2023 DSMIDA balances.

Findings

The OEB approves the recovery of the 2023 DSMIDA balances from Enbridge Gas’s customers in the amount of \$3.852 million in the EGD rate zone and \$3.254 million in the Union rate zones.

3.3 Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)

Enbridge Gas requested approval of its 2023 LRAMVA in the amount of \$0.008 million to be recovered from customers in the EGD rate zone and \$0.616 million to be recovered from customers in the Union rate zones.

⁶ EB-2025-0189, 2023 DSM Deferral and Variance Account Disposition Application, Exhibit B, Tab 2, Schedule 1, p.6-7, October 14, 2025

⁷ OEB Evaluation Advisory Committee Meeting #29, June 3, 2025

⁸ OEB Evaluation Advisory Committee Meeting #29, June 3, 2025

⁹ OEB Evaluation Advisory Committee Meeting #30, July 8, 2025

The total proposed LRAMVA balance of \$0.623 million differs from the \$0.249 million reported in the 2023 Annual Verification Report¹⁰. Enbridge Gas explained that the LRAM values in the 2023 Annual Verification Report reflect actual 2023 results, while the LRAMVA captures the variance between these actual results and the amounts embedded in 2023 rates. As a result, the balance sought for clearance differs from the amount shown in the 2023 Annual Verification Report.

No parties opposed the approval and clearance of the 2023 LRAMVA balances.

Findings

The OEB approves the recovery of the 2023 LRAMVA balances from Enbridge Gas's customers in the amount of \$0.008 million in the EGD rate zone and \$0.616 million in the Union rate zones.

3.4 Interim Disposition of 2024 Home Efficiency Rebate Plus (HER+) Overspend

Enbridge Gas did not request clearance of any balances related to 2024 DSM program spending in this application. However, in its 2022 DSM DVA Application, the OEB approved an interim disposition of \$60 million to recover a portion of balance from customers related to the 2024 HER+ offering. Enbridge Gas stated that this interim disposition was intended to smooth rate impacts over two years of a large balance that would otherwise result in significant rate increases if cleared in the normal course through clearance applications for 2024 and 2025 DSM DVA applications. The OEB approved this request, and the \$60 million was recovered through a one-time April 1, 2024, QRAM adjustment, on an interim basis.

In response to an OEB staff interrogatory, Enbridge Gas reported that the total spending in the 2024 DSM program related to the 2024 HER+ offering was \$197.439 million, with \$67.772 million already built into rates and \$60 million already cleared on an interim basis as part of prior DSM DVA proceeding¹¹. This leaves \$69.668 million outstanding that Enbridge Gas plans to request clearance via the future 2024 DSM DVA application. Enbridge Gas estimated incremental carrying costs of \$1.776 million in interest will be incurred if, as planned, recovery of this outstanding balance is deferred until the 2024

¹⁰ EB-2022-0295, 2023 Natural Gas Demand Side Management Annual Verification Report, Appendix N, Table N-9, March 21, 2025

¹¹ EB-2024-0193 2022 Demand Side Management (DSM) Deferral and Variance Account Disposition Application, Exhibit D, Tab 1, Schedule 1, p 1-6, August 30, 2024

DSM DVA application, assuming a 2.55% interest rate and clearance one year after the 2023 DSM balances are recovered.¹²

Enbridge Gas recommended that, should the OEB direct interim clearance of all or a portion of the outstanding \$69.668 million related to the 2024 HER+ offering, no more than \$45 million be approved to minimize the risk of over-recovery prior to the final 2024 DSMVA determination.

OEB staff supported an interim recovery of \$45 million, submitting that doing so would reduce costs to ratepayers by avoiding an estimated \$1.15 million in interest charges that would otherwise accrue if the balance remained outstanding until final disposition of the 2024 DSM deferral account balances.

SEC did not support OEB staff's recommendation, arguing that approximately 65% of the program cost has already been recovered from customers and the remaining 35% should only be recovered following the expected prudence review. SEC argued that ensuring the accuracy of the final approved amount outweighs the potential interest savings identified by OEB staff.

In reply submission, Enbridge Gas maintained its view that the most prudent approach is to complete the 2024 audit and incorporate any identified adjustments to clear the final balance as part of the next DSM DVA proceeding.

Findings

The OEB has considered OEB staff's proposal for interim disposition of a further \$45 million relating to the 2024 HER+ offering. Enbridge Gas did not seek disposition of this balance in the current application, proposing the matter be addressed in the next DSM DVA proceeding when final, audited 2024 balances are filed.

The OEB is not prepared to order further disposition of HER+ balances on the evidentiary record in this proceeding and the submissions filed. The OEB finds that additional examination is warranted and determines that issues related to the HER+ balances are better addressed in the next DSM DVA proceeding when the full costs of the program are known, as proposed by Enbridge Gas and SEC.

¹² EB-2025-0189, Exhibit I. STAFF-2, p 1-3

3.5 Recovery of Demand Side Management Deferral and Variance Accounts Balance

SEC raised concerns regarding the recovery of DSM DVA balances through a one-time charge. While SEC did not oppose continued use of a one-time recovery approach, it recommended that the method for recovering DSM DVA balances be reviewed. SEC proposed that the OEB direct Enbridge Gas to include, in its next DSM DVA application, an analysis of recovery options going forward, including both one-time and periodic approaches.

Findings

The OEB considered the recommendation that Enbridge Gas provide disposition options in its next DSM DVA application. The OEB finds it appropriate to consider rate-mitigation measures in the next DSM DVA proceeding if large balances are being proposed for recovery, at which time parties will have the opportunity to examine those options.¹³

Accordingly, the OEB directs Enbridge Gas to consider rate mitigation measures as appropriate and file an analysis of recovery options in its next DSM DVA application.

¹³ EB-2025-0189, Enbridge Gas Reply Submission, paragraph 28

4 ALLOCATION OF DSM DEFERRAL AND VARIANCE ACCOUNT BALANCES

Enbridge Gas proposed the following allocation methodology for the 2023 DSM deferral and variance account balances:

- **DSMVA** – the actual DSMVA spending variance amount relative to the amount budgeted for each rate class is allocated to that rate class for disposition purposes.
- **DSMIDA** – amounts are allocated to rate classes in proportion to the actual DSM spending by rate class in 2023.
- **LRAMVA** – amounts are allocated to rate classes on the same basis as the lost revenues were experienced such that the LRAMVA provides a true-up by rate class.

Enbridge Gas noted that the proposed allocation of the 2023 DSM-related deferral and variance account balances is consistent with the treatment in prior years.

OEB staff submitted that the allocation methodologies proposed by Enbridge Gas are appropriate. No party objected to the allocation methodologies proposed by Enbridge Gas.

Findings

The OEB approves Enbridge Gas' proposed allocation methodology for the disposition of the 2023 DSM deferral and variance account balances.

5 ORDER

THE ONTARIO ENERGY BOARD ORDERS THAT:

1. Enbridge Gas Inc.'s DSM Variance Account balances in the amount of \$10,678,557, in the Enbridge Gas Distribution rate zone and (\$6,787,987) in the Union rate zones are approved for clearance as described in Section 3.1.
2. Enbridge Gas Inc.'s DSM Incentive Deferral Account balance in the amount of \$3,852,334 in the Enbridge Gas Distribution rate zone and \$3,254,015 in the Union rate zones is approved for clearance as described in Section 3.2.
3. Enbridge Gas Inc.'s Lost Revenue Adjustment Mechanism Variance Account balances in the amount of \$7,636 in the Enbridge Gas Distribution rate zone and \$615,773 in the Union rate zones are approved for clearance as described in Section 3.3.
4. Enbridge Gas's proposed allocation of the 2023 DSM deferral and variance account balances by rate class is approved.
5. Enbridge Gas Inc. shall file a draft rate order consistent with this Decision and Order showing all unit rates for each rate class. This draft order must be filed by **February 26, 2026**.
6. OEB staff may file comments with the OEB on the draft rate order by **March 12, 2026**, and copy Enbridge Gas Inc. and Intervenors.
7. Intervenors may file comments with the OEB on the draft rate order by **March 19, 2026**, and copy Enbridge Gas Inc.
8. Enbridge Gas Inc. may file a reply to any OEB staff and intervenor comments on the draft rate order by **March 26, 2026**, and copy Intervenors.
9. The allocated amounts to customers in the Enbridge Gas Distribution and Union rate zones shall be recovered in Enbridge Gas Inc.'s next available QRAM application following the completion of the draft rate order process.
10. Intervenors shall file with the OEB, and forward to Enbridge Gas Inc., their cost claims by **March 27, 2026**.

-
11. Enbridge Gas Inc. shall file with the OEB, and forward to Intervenors, any objections to the costs claim by **April 6, 2026**.
 12. Intervenors shall file with the OEB, and forward to Enbridge Gas Inc., any responses to any objections for cost claims by **April 13, 2026**.
 13. Enbridge Gas Inc. shall pay the OEB's costs incidental to this proceeding upon receipt of the OEB's invoice.

Please quote file number, **EB-2025-0189**, for all materials filed and submit them in searchable/unrestricted PDF format with a digital signature through the [OEB's online filing portal](#).

- Filings should clearly state the sender's name, postal address, telephone number, and e-mail address.
- Please use the document naming conventions and document submission standards outlined in the [Regulatory Electronic Submission System \(RESS\) Document Guidelines](#) found at the [File documents online page](#) on the OEB's website.
- Parties are encouraged to use RESS. Those who have not yet [set up an account](#), or require assistance using the online filing portal can contact registrar@oeb.ca for assistance.
- Cost claims are filed through OEB's online filing portal. Please visit the [File documents online page](#) of the OEB's website for more information. All participants shall download a copy of their submitted cost claim and serve it on all required parties as per the [Practice Direction on Cost Awards](#).

All communications should be directed to the attention of the Registrar at the address below and be received by the end of business, 4:45 p.m., on the required date.

With respect to distribution lists for all electronic correspondence and materials related to this proceeding, parties must include the Case Manager, Taiwo Ishmail at taiwo.ishmail@oeb.ca and OEB Counsel, Michael Millar at michael.millar@oeb.ca.

Email: registrar@oeb.ca

Tel: 1-877-632-2727 (Toll free)

DATED at Toronto February 12, 2026

ONTARIO ENERGY BOARD

Ritchie Murray
Acting Registrar