

BOMA INTERROGATORY #9

INTERROGATORY

Ref: EB-2017-0324, Exhibit A, Tab 1, Schedule 3, Page 17 of 48

Preamble: Despite the utilities having responsibility and accountability for an overall annual evaluation budget for their respective DSM portfolios, OEB Staff has refused to provide details on EM&V budgets for planned verifications or details regarding forecasted spending in a given year.

Please outline how Enbridge managed its evaluation budget when it managed the evaluation process. Please indicate the approved evaluation budgets and actual spending for the evaluations completed after the 2011 Terms of Reference were established until the completion of the 2014 evaluation. Please provide the current status of the costs of the 2015 evaluation and indicate how it compares to the OEB approved budget under the most recent DSM Framework.

RESPONSE

Prior to the current Multi-Year (2015-2020) DSM Framework, Enbridge had full oversight and management of the evaluation budget and process. The Technical Evaluation Committee ("TEC"), including the utilities, would determine evaluation priorities and meet monthly to provide updates and review on-going activities (i.e., Technical Resource Manual, Jurisdictional Review, Boiler Baseline Study etc.). The evaluation costs associated with the various activities were reviewed by the TEC. Similarly, budgets and costs associated with the annual audit were reviewed with the Audit Committee. Overall budgets, contracts and facilitation of payments were managed by the utilities. This approach was transparent and ensured the utility had clarity of budgets, forecasts and spending.

The approved evaluation budgets and actual spending for the evaluations completed after the 2011 Terms of Reference were established through to the completion of the 2014 evaluation were filed as part of the Multi-Year DSM Plan (EB-2015-0049) interrogatories. For convenience, Enbridge has included those tables in this response:

Witnesses: D. Bullock
D. Johnson

2012-2015 Evaluation Budget and 2016 - 2020 Estimated Process and Impact Evaluation Budget										
Program/Category	Description	2012	2013	2014	2015*	2016	2017	2018	2019	2020
Resource Acquisition										
	Residential	\$ 150,760	\$ 105,000	\$ 97,000	\$ 98,940	\$ 220,000	\$ 260,000	\$ 260,000	\$ 265,620	\$ 271,352
	Commercial	\$ 212,187	\$ 323,152	\$ 256,300	\$ 260,406	\$ 290,000	\$ 330,000	\$ 330,000	\$ 337,133	\$ 344,409
	Industrial	\$ 129,187	\$ 217,500	\$ 141,400	\$ 144,228	\$ 170,000	\$ 210,000	\$ 210,000	\$ 214,539	\$ 219,169
									\$ -	\$ -
Low Income		\$ 20,000	\$ 45,000	\$ 35,000	\$ 35,700	\$ 105,000	\$ 145,000	\$ 145,000	\$ 148,134	\$ 151,331
Market Transformation and Energy Management		\$ 20,000	\$ 35,000	\$ 25,200	\$ 25,704	\$ 100,000	\$ 120,000	\$ 120,000	\$ 122,594	\$ 125,240
Audit (including Audit Committee)						\$ 215,000	\$ 215,000	\$ 215,000	\$ 219,647	\$ 224,388
Joint Evaluation Research						\$ 150,000	\$ 170,000	\$ 170,000	\$ 173,675	\$ 177,423
Evaluation Advisory Forum and Consultative		\$ 197,065	\$ 90,000	\$ 361,797	\$ 369,033	\$ 250,000	\$ 250,000	\$ 250,000	\$ 255,404	\$ 260,916
Grand Total		\$ 730,099	\$ 815,662	\$ 915,697	\$ 934,011	\$ 1,600,000	\$ 1,700,000	\$ 1,700,000	\$ 1,736,746	\$ 1,774,228

*please refer to Board Interrogatory #13 found at Exhibit I.T3.EGDI.STAFF.13

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2013-2014 Actual Evaluation Spend and 2016 - 2020 Estimated Process and Impact Evaluation Budget									
Program/Category	Description	2013	2014	2016	2017	2018	2019	2020	
Resource Acquisition									
	Residential	\$ 25,213	\$ 105,605	\$ 220,000	\$ 260,000	\$ 260,000	\$ 265,620	\$ 271,352	
	Commercial	\$ 172,840	\$ 182,732	\$ 290,000	\$ 330,000	\$ 330,000	\$ 337,133	\$ 344,409	
	Industrial	\$ 24,000	\$ 162,605	\$ 170,000	\$ 210,000	\$ 210,000	\$ 214,539	\$ 219,169	
							\$ -	\$ -	
Low Income		\$ 14,684	\$ 109,132	\$ 105,000	\$ 145,000	\$ 145,000	\$ 148,134	\$ 151,331	
Market Transformation and Energy Management		\$ 9,944	\$ 8,337	\$ 100,000	\$ 120,000	\$ 120,000	\$ 122,594	\$ 125,240	
Audit (including Audit Committee)		\$ 165,422	\$ 207,068	\$ 215,000	\$ 215,000	\$ 215,000	\$ 219,647	\$ 224,388	
Joint Evaluation Research		\$ 214,170	\$ 186,633	\$ 150,000	\$ 170,000	\$ 170,000	\$ 173,675	\$ 177,423	
Evaluation Advisory Forum and Consultative		\$ 104,136	\$ 48,019	\$ 250,000	\$ 250,000	\$ 250,000	\$ 255,404	\$ 260,916	
Grand Total		\$731,009	\$1,010,131	\$ 1,500,000	\$ 1,700,000	\$ 1,700,000	\$ 1,736,746	\$ 1,774,228	

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Throughout the current evaluation process, Enbridge has raised concerns regarding the lack of clarity on evaluation spending and has requested details from Board Staff regarding the Board's projected budget on Board-led evaluation activities. Enbridge has not only requested this information as the Company has responsibility for overall oversight, tracking and processing of payments, but in addition, Enbridge is also required to utilize the same budget for any internal evaluation and verification efforts led by the utility including process evaluation activities. It has therefore been challenging for the utility to budget and therefore plan these efforts without knowing what costs are being planned for Board-led activities and which will ultimately be payable from the same budget. Enbridge believes that with greater transparency prior to each program year and with systematic budget updates from Board Staff, the utility's ability to manage the evaluation budget and plan internal evaluation efforts would be vastly improved.

The Board approved evaluation budget for Enbridge for the 2015 program year was \$934,011. However, because the evaluation effort has been delayed, payments related

¹ (EB-2015-0049) Exhibit I.T6.EGDI.GEC.26

² (EB-2015-0049) Exhibit I.T6.EGDI.SEC.26

Witnesses: D. Bullock
 D. Johnson

to the 2015 evaluation process have spanned multiple years and are not yet fully paid, it is therefore challenging to compare the OEB approved evaluation budget for 2015 relative to the costs incurred over the course of the 2015 evaluation process

To date the Company has paid the following amounts to the OEB to cover EAC evaluation costs including Evaluation Contractor costs and EAC cost awards relating to the 2015 evaluation process:

Invoice Date

October 1, 2016	\$ 13,242.22
July 1, 2017	\$ 223,312.74
October 1, 2017	\$ 300,305.85

Following inquires to Board Staff regarding outstanding work completed but not yet billed in 2017; based on OEB Staff's estimates, the Company also accrued a further \$306,742 in expected EC / EAC costs relating to the 2015 evaluation process for which we have not yet received an invoice.

In addition, to date the Company has paid the following amounts to the Evaluation Contractor for the Net-to-Gross Study.

Invoice Date:

September 11, 2015	\$ 14,100 USD
January 23, 2017	\$ 37,130 USD
October 11, 2017	\$144,270 USD

The Company estimates there is a small remaining invoice of approx. \$22,000 USD to be paid to complete Enbridge's allocated share of the payments for the Net-to-Gross Study pending finalization of the EC's spillover work.

Witnesses: D. Bullock
D. Johnson