

SEC INTERROGATORY #81

INTERROGATORY

[B/6/2, p. 7] Please explain how additional stakeholder review would have helped solve the problem of respondents' difficulty in estimating the counterfactual. Please identify which questions and sequences in the DNV GL study the expert believes should have been changed, and would have been had there been additional stakeholder review.

RESPONSE

As background, prior to the DNV GL study the most recent empirical NTG study on the Enbridge's and Union's Custom C&I programs was conducted in the 2007 to 2008 timeframe. A "Custom Free Ridership and Participant Spillover Jurisdictional Review" was completed for the Ontario Technical Evaluation Committee ("TEC") in May 2013 (See Exhibit B, Tab 6, Schedule 5). However, the empirical work in the recent DNV effort was a major new research effort and was managed through a new process by OEB staff. Given these circumstances, it is important that this recent NTG study have buy-in from the key provincial stakeholders including regulators, program administrators, and stakeholders representing customer groups and other constituencies. These circumstances also are likely to make the stakeholder review process more challenging as there is considerable learning required by the parties undertaking this effort. In addition, there can also be practical constraints. Research budgets and timelines influence the depth and opportunities within a stakeholder process.

There are two important parts to the stakeholder review process: (1) working toward agreement on the methods to be used and (2) working towards a common understanding of study findings and results. The review of findings and results can often result in the specification of different sensitivity analyses around assumptions, judgments, and use of data to determine the key drivers behind the NTG results.

The Navigant Team personnel did not participate in the stakeholder process around this NTG study, so our insights are based on a review of the published study and reading certain commentaries. Given these limitations, it is our belief that the stakeholder review might have changed/influenced the study in four general areas:

1. Scoring of the attribution questions. It was noted in Exhibit B, Tab 6, Schedule 2 to this filing that several jurisdictions use similar attribution questions but score them differently. A stakeholder process that looked at the different scoring

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methods with the perspective of which method is more consistent with policies and views in Ontario could have affected the findings of the study.

2. The role of trade allies in the study. Trade allies were only interviewed if the customer indicated that the trade allies were important to the participation decision. In some cases, the customers may not be aware of how the program interacts with the trade allies and how this may flow through to the customer's choices. A viable argument might have been made that it was important to get the trade allies' views on program attribution, even when the customer did not specifically cite trade allies as an influential factor.
3. Interpretation of the responses to the timing questions. As stated above, an important component of the stakeholder process involves working towards agreement on the NTG study findings. The ability of stakeholders to participate in this aspect of the process is dependent on the information provided by the NTG evaluation contractor, consistent with their budget, timeline, and scope of work. In this case, there seem to be areas where sensitivity analyses might have produced information that would have resulted in better understanding of the results and robustness of the findings. The 48-month cut-off used in the timing attribution question is one example of where sensitivity analyses might have been useful. Exhibit B, Tab 6, Schedule 2, page 6 presents some verbatim responses from C&I participants indicating how difficult these questions were for some customers to respond to accurately.
4. Context around the findings. Exhibit B, Tab 6, Schedule 2, page 12 discusses the context around NTG findings. Additional collaborative process interactions may have provided for a different context around the findings, particularly given the importance of the NTG estimates in the calculation of incentives.

A high-quality collaborative process can be challenging, and the situation in Ontario for this recent NTG posed additional challenges given the gap between empirical/in-field NTG studies. However, it seems like a number of contentious issues could have benefitted by additional input as part of a stakeholders' collaborative process.

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