

BOARD STAFF INTERROGATORY #21

INTERROGATORY

Reference: Exhibit B, Tab 6, Schedule 1, p. 5

Preamble:

Navigant's report states: ***Selected NTG methods***. Each case study state uses methods other than self-report surveys, such as randomized control trials (RCTs) and comparison states, but these are typically used for residential or mass-market commercial products. All experts noted concerns with self-report methods but said that the primary method for custom project NTG is self-report survey methods due to the unique nature of commercial and industrial (C&I) custom projects. *Emphasis added*

Questions:

- a) Please confirm that the EC completed a self-report survey in order to establish a NTG value for Enbridge's commercial and industrial custom programs.
- b) Please confirm that, consistent with Navigant's report, experts agree that a self-report methodology is the industry-accepted approach to developing NTG ratios for custom programs.
- c) Please confirm whether or not, based on Enbridge's DSM program design and delivery methods, an RCT or other econometric approach is possible for any of Enbridge's DSM programs.

RESPONSE

- a) Confirmed.
- b) Although experts surveyed in the Navigant study discussed concerns and limitations with the self-report method, including difficulty estimating attribution, difficulty reporting the hypothetical alternative, and recall bias, these methods are still considered to be the most commonly used method for conducting custom program NTG studies. However, three case studies in the Navigant report each illustrated

Witnesses: D. Bullock
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that they have “developed structures that reduce the influence of after-the-fact (i.e., retrospective) application of NTG estimates.”¹

Two of the three states do not apply NTG estimates retrospectively. The other applies NTG retrospectively, but it is only one of four factors used to determine incentive. This limitation has reduced the impact of ex-post net savings estimates that are applied retroactively.

For the purposes of the application of the EC’s NTG results, Enbridge reiterates its position that the retroactive application of the result is not appropriate nor is it in line with the Board’s Decision.

Further, it is Enbridge’s opinion that in order for the NTG results to be applied to any program year, the targets for that year must be adjusted accordingly.

- c) For the programs examined in the EC’s NTG evaluation dated October 12, 2017, it is unlikely that an RCT approach is a viable option. It may be possible to use a panel data econometric model for custom commercial and industrial programs, but a more thorough review would be required to assess these alternatives.

¹ EB-2017-0324, Exhibit B, Tab 6, Schedule 1, page 4 of 40

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