

BOARD STAFF INTERROGATORY #8

INTERROGATORY

Reference: Exhibit A, Tab 1, Schedule 3, p. 12

Preamble:

Enbridge states: As further discussed below, the outcomes of the NTG study should not be applied to 2015 program results for purposes of determining the Company's shareholder incentive.

Questions:

- a) As stated at Exhibit A, Tab 1, Schedule 3, p. 9 of Enbridge's application, the TEC, which included Enbridge, had agreed to a scope of work for the NTG study in April 2014. Please discuss the extent to which the study's scope – and specifically the methodology used to generate the NTG estimate – agreed to by Enbridge in April 2014 differs from the study completed by DNV GL in 2017.
- b) Please provide the comments Enbridge made on the applicability and appropriateness of the self-report methodology during development of the study's scope of work.
- c) Please indicate if the study filed in response to IR #2 used a self-report methodology.

RESPONSE

- a) For clarity, the question outlined above does not correctly state Enbridge's language in the referenced evidence. DNV had not outlined a scope of work by April 2014. More accurately, the evidence highlighted that at that time the TEC and DNV agreed that the evaluation objective of the NTG Study would be stated as, "the primary objective of this project is to develop a transparent, reputable study that produces strong, credible, and defensible NTG ratios to be used on a go forward basis."<sup>1</sup> The scope of work for the NTG study dated March 2, 2016 was not delivered to the TEC until March 10, 2016 immediately after which the OEB assumed oversight of the project.

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<sup>1</sup> TEC Quarterly Reports, 2014, Q1.

<https://www.oeb.ca/documents/TEC/Quarterly%20TEC%20Reports/TEC%202014%20Q1%20Report.pdf>

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D. Johnson

b) The self-report methodology, specifically the timing of projects and when influence occurred was a topic of discussion at the Ontario Gas NTG Evaluation Kickoff Meetings, and at the Technical Advisory Group meetings. Below is a table highlighting the type of discussions since 2013 with respect to the applicability of the self-report methodology during the development of the study's scope of work.

	Meeting type	Date	Discussion
1	Technical Evaluation Committee	Thursday May 30, 2013	<p>Prior to the call, the Utilities presented the TEC members with a list of issues and observations from the 2008 Custom Attribution Study. This list was developed based on dialogue with internal utility staff members who helped facilitate the 2008 study. It included issues related to:</p> <ul style="list-style-type: none"> <li>• Timing of study field work and the scheduling of interviews which proved to be challenging for the study contractor.</li> <li>• Time lags between when the custom project was completed and when the attribution study was initiated (i.e. the 2008 study examined projects that were initiated in 2006 or earlier).....</li> </ul> <p>Initial feedback from TEC members was that a more open-ended approach to the survey might produce more reliable results. With a greater focus on trying to better understand the influencing factors contributing to gas efficiency investments, study results would not only make free ridership more reliable, but help uncover more accurate and valid participant spillover information.</p> <p>1. Timing Issues:          The committee began its discussions with the advantages and disadvantage of transactional surveys (survey focused on the satisfaction and experience related to a transaction) vs. customer survey (survey focused on satisfaction of a particular product or service). The committee agreed that transactional surveys might be more appropriate for capturing free ridership where more recent program participants need to be considered, but noted that certain customers may warrant different treatment (such as scheduling of in person interviews as opposed to electronic surveys). It was also noted that the Utilities have established relationships with customers and its not just about asking them what action they took.....A number of comments were made related to an appropriate timeframe for the study. It was noted that today, real-time survey techniques are more frequently being used and that immediate responses are likely to provide more accurate results for free ridership values, whereas spillover would need to be surveyed on a different time frame and using a different sampling population.</p>

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2	Technical Evaluation Committee Meeting	Wednesday, July 16, 2014	<p>The TEC discussed the two unresolved Parking Lot items as a group and also during a call with the Consultant:</p> <p><i>Parking Lot Item #5: “There is dissention about when influence occurred and what it means for NTG, largely around projects that receive incentives and are free riders in the current program year but were not free riders when they participated the first time in a past program year. How many historical years should be taken into account by the study in determining NTG?”</i></p> <p>The Committee discussed the differences in capturing long sales cycle program effects versus capturing “in program” spillover effects (projects rebated in current year that were free riders based on current year program effects, but attributable to prior program participation). The design and delivery structure of the utilities’ Commercial and Industrial Custom Programs was considered in determining whether these effects should be captured in the free ridership or spillover portion of the study. The TEC agreed that both long sales cycle program effects and “in program” spillover effects should be captured in some form but the distinction and labeling of the savings from these effects is an item that remains unresolved. Current guidelines lack clarity and with the imminent new framework for Natural Gas Utilities from the Ontario Energy Board, the TEC felt it prudent to gain clarity prior to continuing with the NTG study,<sup>3</sup></p> <p><b><u>Agreement</u></b></p> <ul style="list-style-type: none"> <li>• The TEC agrees to temporarily postpone work on the NTG</li> </ul>
3	Ontario TEC NTG Kickoff Parking Lot Memo	June 9 2015	<p>1. <i>There is dissention about when influence occurred and what it means for NTG, largely around projects that receive incentives and are free riders in the current program year but were not free riders when they participated the first time in a past program year. How many historical program years should be taken into account by the study in determining NTG?</i></p> <ul style="list-style-type: none"> <li>• <i>DNV GL Take – This is a crucial question for the evaluation. What type of NTG are we measuring? If the study is intended to capture <u>current</u> program effects then a short time horizon should be used in framing questions for customers and vendors. If the study is intended to show the <u>cumulative effect of the programs over time</u>, then a longer time horizon should be used and past program participation and the effect of that participation on recent within-program projects should be taken into account. The surveys can be</i></li> </ul>

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			<p>designed to capture either type of NTG, but we do not recommend attempting to capture both the current program and cumulative program versions of attribution and spillover at once: this would result in longer, more confusing surveys for customers. This is a critical item to resolve prior to developing survey instruments and interview guides. The decision as to which NTG type to pursue is ultimately a policy decision that may come down to the intent of the Ontario Board of Energy's definition of Net-to-Gross.</p> <ul style="list-style-type: none"> <li>• <u>TEC Take:</u> The TEC is not in agreement on what type of NTG the study is measuring (cumulative program effects vs. current program effects). In the absence of both TEC consensus and direction from the Ontario Energy Board, would it be possible in the current budget and scope to calculate the NTG both ways capturing both current and cumulative effects? During discussions, the TEC considered the issues of:       <ul style="list-style-type: none"> <li>○ Long life cycle projects versus projects of a repetitive nature;</li> <li>○ The continuous improvement focus of the custom program design;</li> <li>○ Asymmetrical treatment of accounting for utility influence and savings using a short term approach; and</li> <li>○ Projects in which the lifetime claim accounts for all behaviours and years versus those projects that do not.</li> </ul> </li> </ul>
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c) Yes the Summit Blue Custom Projects Attribution Study Final was based on a self-report methodology. At the time of that study in 2008, Summit Blue recognized limitation's to the self-report methodology with respect to the results. Summit Blue found that:

Self-report free ridership studies like the current study depend— by design— on respondents recalling events from the past. Ideally, the interviews on which to base these studies are done as soon as possible after pivotal decisions are made for each project. C&I custom projects often have a long lead time, sometimes measured in years. Thus some projects in the current study could have been incubating from as early as

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2004. The time lag between when a project is conceived or key decisions are made and when the free ridership interview was completed may mean that crucial information is unavailable to the interviewer. Key decision-makers may have forgotten details or even moved from the participating company. The study included efforts to remind respondents of the history of their interaction with the program but this can never bring the entire history of a decision back to mind. While the risks here could skew results toward higher or lower free ridership values, it is more likely that these factors will produce higher free ridership values than the opposite.<sup>2</sup>

In addition to the consideration and qualification noted above, it is important to recognize that, notwithstanding the fact that the Summit Blue study employed a self-report method to estimate NTG, in comparison to the EC's recent NTG study, the study was delivered differently. It employed a completely different survey instrument to the EC's NTG study, utilized a different scoring algorithm, a different sampling methodology, and was executed by a different "in person" / "on-site" interview group vs telephone interviews.

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<sup>2</sup> CUSTOM PROJECTS ATTRIBUTION STUDY FINAL, Summit Blue, Consulting, October 31, 2008, Section E6 Page V

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