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VIA EMAIL, RESS, AND COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

Re: Update to Enbridge Gas Distribution Inc.'s ("Enbridge") 2016 DSM Program Targets and Results (EB-2015-0245)

In accordance with the DSM Framework and Filing Guidelines (EB-2014-0134), the gas utilities are required to annually prepare a Draft Evaluation Report for filing with the Ontario Energy Board ("OEB" or the "Board").

On October 16, 2017, pursuant to issuing the 2015 DSM Annual Verification Report, the OEB informed the gas utilities that the submission date for their 2016 Draft Evaluation Reports was November 16, 2017. Enbridge complied with this direction and filed its 2016 Draft Evaluation Report on November 16, 2017.

On July 12, 2018, the Board issued its Decision and Order on Enbridge's application for approval of the 2015 DSM Deferral and Variance accounts ("2015 Deferral Decision") which approved the shareholder incentive and DSMVA amounts requested by Enbridge. The Board however determined that the LRAMVA should be calculated using the information in the 2015 Annual Verification Report and adjusted the LRAMVA balance accordingly.

Importantly, the 2015 Deferral Decision referenced an earlier request for clarification regarding aspects of the Board's 2015-2020 Plan Decision of January 20, 2016 made by Union Gas Limited ("Union") which was applicable to both utilities. Specifically, Union Gas asked for confirmation of the following with respect to the 2016 program year:

*"Lastly, for the purpose of determining Union's 2016 DSM Incentive, the 2016 results will use the same input assumptions and net-to-gross adjustment factors that were used to determine Union's 2016 targets."*¹

¹ EB-2015-0029/EB-2015-0049, Union comments submitted February 3, 2016, Pages 2-3

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In its February 24, 2016 Revised Decision on the 2015-2020 DSM Plans, the Board confirmed that Union's understanding was correct. The Board in the 2015 Deferral Decision reconfirmed its earlier response.

Given that the Board deemed it appropriate to revise the LRAMVA for the 2015 DSM program year to incorporate the free ridership and spillover value from the 2015 Annual Verification Report, Enbridge anticipates that, notwithstanding its concerns with the determination of these values, the updated values will likely be considered in the context of the 2016 DSM program year. Enbridge further anticipates given the Board's reconfirmation of Union's above noted request for clarification, that both 2016 program results and targets should be revised to reflect the updated values.

As such Enbridge has applied a revised weighted free-ridership value based on the 2015 Annual Verification and a weighted spillover value based on the CPSV Participant Spillover Results report issued by DNV, the Evaluation Contractor, dated May 23, 2018, to the custom commercial and industrial components of both the targets and the results for the 2016 program year. The revisions update values previously filed in Enbridge's 2016 DSM Draft Evaluation Report dated November 16, 2017. These updates impact the Resource Acquisition scorecard only and do not alter the Low Income or Market Transformation scorecards. The attached document summarizes these revised scorecards accordingly.

It should be noted that among the concerns communicated by Enbridge in the recent 2015 DSM Deferral application regarding the estimation of an updated free-ridership value for its custom commercial and industrial offers, was the omission of secondary attribution. Enbridge remains of the view that this omission is not appropriate in the application of a revised free-ridership value. Despite this view, given that the Board has not provided direction on this matter, Enbridge has not included secondary attribution in the weighted free-ridership value it has used to update the 2016 custom commercial and industrial targets and results. Enbridge submits that secondary attribution is a real and appropriate adjustment which should be used in the calculation of DSM results. Enbridge will seek approval for the use of secondary attribution in its application for approval and clearance of the 2016 DSM deferral and variance accounts.

Finally, given the OEB's role in overseeing the evaluation process related to DSM program results, Enbridge presumes that the Board will provide copies of this update to applicable stakeholders. Enbridge would be pleased to provide any party with a copy of this update at the direction of the Board.

Yours truly,

(Original Signed)

Kevin Culbert
Manager, Regulatory Policy & Strategy

CORRECTED

**UPDATED 2016 ENBRIDGE GAS DISTRIBUTION DSM SCORECARD TARGETS
 INCORPORATING UPDATED FREE-RIDERSHIP & SPILLOVER VALUES (PER 2015 EVALUATION OUTCOMES)
 INCLUDING FORECASTED DRAFT (PRE-AUDIT) RESULTS**

2016 Resource Acquisition Scorecard and Incentive Achievement reflecting **Updated** Targets and Results

Resource Acquisition						
Component	Metric	Weight	Updated Targets			Forecast 2016 Result (pre-audit)
			Lower Band	Target	Upper Band	
Large Volume Customers	Cumulative Savings (million m ³)	40%	249.1	332.2	498.3	257.11
Small Volume Customers	Cumulative Savings (million m ³)	40%	224.2	298.9	448.4	394.50
Deep Residential Savings	Participants	20%	6,194	8,259	12,389	12,986
Total Weighted Scorecard Target Achieved						115.2%
Scorecard Incentive Achieved						\$3,952,816

Note: Large Volume Customer and Small Volume Customer Targets and 2016 Result Values for each of these metrics have been revised to reflect updated free-ridership and spillover values

2016 Low Income Scorecard and Incentive Achievement (UNCHANGED from 2016 Draft Annual Report, Nov. 16, 2017)

Low Income						
Component	Metric	Weight	Targets (No Change)			Forecast 2016 Result (pre-audit)
			Lower Band	Target	Upper Band	
Single Family (Part 9)	Cumulative Savings (million m ³)	45%	23.9	31.8	47.7	28.82
Multi-Residential (Part 3)	Cumulative Savings (million m ³)	45%	48.7	64.9	97.4	82.35
New Construction	Participants	10%	5	6	9	6
Total Weighted Scorecard Target Achieved						107.9%
Scorecard Incentive Achieved						\$1,167,710

2016 Market Transformation Scorecard and Incentive Achievement (UNCHANGED from 2016 Draft Annual Report, Nov 16, 2017)

Market Transformation						
Component	Metric	Weight	Targets (No Change)			Forecast 2016 Result (pre-audit)
			Lower Band	Target	Upper Band	
Residential Savings by Design	Builders	10%	25	33	50	31
	Homes Built	15%	2,063	2,751	4,127	2,206
Commercial Savings by Design	New Developments	25%	25	33	50	43
School Energy Competition	Schools	10%	41	55	83	25
Run it Right	Participants	20%	62	83	125	88
Comprehensive Energy Management	Participants	20%	5	7	11	7
Total Weighted Scorecard Target Achieved						99.7%
Scorecard Incentive Achieved						\$515,001

2016 Forecast Drat (Pre-Audit) DSM Incentive Achievement Summary

Program	DSMIDA by Program
Resource Acquisition	\$3,952,816
Low Income	\$1,167,710
Market Transformation	\$515,001
TOTAL	\$5,635,527