

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-Housing Providers of Ontario (FRPO)

Interrogatory

Issue 15

Reference:

Exhibit C, Tab 1, Schedule 2, page 3

Preamble:

EGI evidence states: *“Enbridge Gas proposed in the IRP Framework that if an ETEE is included in an IRP Plan that the cost of the ETEE and the results would be attributed to IRP. With this treatment if follows there would therefore be no impact on the DSM plan results.”*

We would like to understand how EGI proposes to handle the cost of DSM staff who are presumably used to implement the EETE.

Question(s):

Please describe how DSM staff costs would be handled.

Response

DSM staff utilized to deliver an IRP plan would be treated as an IRP plan cost and the associated compensation cost allocated to the IRP plan. This would create a recovery in the DSM Plan budget that would be used to either fund incremental DSM participation or be returned to ratepayers through the DSMVA. The exception would be if the total re-allocation of DSM Plan costs in a single year were expected to exceed the materiality threshold of \$1 million (Exhibit C, Tab 1, Schedule 2, page 4) where Enbridge Gas would file for an adjustment to the DSM Plan.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Sustainable Energy Association (OSEA)

Interrogatory

Issue 15

Reference:

Exhibit C-1-2

Preamble:

Over the Multi-year DSM program, Enbridge expects to launch Enhanced Targeted Energy Efficiency (“ETEE”) as part of Integrated Resource Planning (“IRP”) activities. Based on the OEB IRP Framework Decision, 1 ETEE’s will be developed separately from DSM program activities. OSEA is interested in Enbridge’s view on alignment of incentives and delivery of DSM programs and ETEE programs.

Question(s):

- a) Enbridge has proposed that it would be incumbent on Enbridge to file an application to adjust the DSM Plan targets if an IRP program results in any single DSM scorecard changing by more than 10% in a given year. Please provide Enbridge’s reasoning for selecting the 10% threshold, and include any analysis or sensitivity assessments that Enbridge completed to arrive at the 10% threshold.
- b) Was a lower threshold considered by Enbridge? If yes, please provide Enbridge’s rationale and any analysis conducted supporting Enbridge’s decision to not use a lower threshold. If no, please explain why Enbridge did not consider a lower threshold.
- c) Please describe Enbridge’s understanding of the similarities and differences in incentives for Enbridge to pursue ETEEs and DSM programs. For example, are the funding periods for ETEE and DSM programs the same or different? Are the potential investor incentives or returns on ETEE and DSM programs expected to be the same or different? OSEA is interested in understanding potential conflicts from misaligned incentives that could hamper Enbridge’s ability to succeed in delivering the DSM programs and ETEE programs.
- d) How was the \$1,000,000 threshold for filing with the OEB for adjustments to the DSM Plan determined? Please explain Enbridge’s reasoning for selecting the \$1,000,000 threshold, including any analysis completed or references consulted by Enbridge in selecting the threshold.

Response

a), b) & d)

Please see response to Exhibit I.5.EGI.STAFF.7 and Exhibit I.5.EGI.SEC.16.

c) In the IRP Decision, the OEB states,¹

The OEB concludes that it is premature to develop an incentive mechanism or offer additional incentives as part of the first-generation IRP Framework. As more is learned through the pilots, the FEI, or experience in other jurisdictions, consideration of incentives may be part of the assessment of an IRP Plan on a case-by-case basis.

Although Enbridge Gas believes this is a reasonable question, the Company is unable to provide a response.

¹ EB-2020-0091, OEB Decision and Order, Integrated Resources Planning Proposal (July 22, 2021), p. 76.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Issue 15

Question(s):

Enbridge's Framework proposal indicates that "If the impact of an IRP Plan or the cumulative impact of multiple IRP Plans is projected to reduce DSM Plan results of any single DSM scorecard by more than 10% in a given year, Enbridge Gas will be required to file an application to adjust the DSM Plan targets accordingly".

- a) Given that Enbridge's DSM programs are broad and that IRP is geo-targeted, what evidence exists to suggest that there will be any overlap in programs results.
- b) What mechanism or test would be needed to validate that DSM results are truly separate or duplicative of the IRP programs, or vice-versa?
- c) What mechanism does Enbridge suggest to ensure that results are not double counted in both and IRP and DSM program?
- d) When does Enbridge expect to file its first IRP project request and will it include DSM elements? Please provide details.
- e) What is the deadline for Enbridge to file its first IRP plan? Is Enbridge on track to meet that deadline?
- f) What is the deadline for Enbridge to launch its first IRP pilot project?

Response:

Please response to Exhibit I.5.EGI.STAFF.7.

- a) In the pre-filed evidence at Exhibit C, Tab 1, Schedule 2, Enbridge Gas outlines the basis of the DSM Plan with respect to IRP and states;
 - i. Paragraph 2, clearly indicated that, *“Enbridge Gas submitted the DSM Plan with no funding proposed for any IRP or geo-targeted energy efficiency programming,”*

The Company emphasizes that there is no evidence in this proceeding with respect to any IRP Plan.

- b) Enbridge Gas believes this is out of scope for this proceeding and that this line of questioning is reasonable for the OEB to consider only when there is an IRP Plan for the OEB to consider. Further consideration prior to an actual IRP Plan would be duplicative of the IRP Framework proceeding (EB-2020-0091).
- c) See b) above.
- d) Enbridge Gas believes this is out of scope for this proceeding.
- e) Enbridge Gas believes this is out of scope for this proceeding.
- f) Enbridge Gas believes this is out of scope for this proceeding.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Issue 15

Question(s):

With the potential overlap between DSM and IRP highlighted by Enbridge, how should the DSM audit assess potential overlap and spending allocation issues?

Response:

Please see response at Exhibit I.10.EGI.PP.42.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Issue 15

Question(s):

If the OEB were to capitalize DSM spending starting in 2023, would that more closely align DSM with IRP capital treatment? If not, why not?

Response:

Enbridge Gas does not believe this to be correct. In fact, this would run counter to the decision in the IRP framework proceeding (EB-2020-0091) where in section 12 Findings the OEB stated, "Where Enbridge Gas proposes to make an enabling payment to a competitive service provider and does not own or operate the asset, these costs, if approved, will be included in the category of ongoing operational and maintenance costs and recovered as operating expenses."¹

Additionally, until an IRP proposal has been submitted and subsequently approved by the OEB, any speculation on what the eventual cost recovery methodology would be is premature.

¹ EB-2020-0091, OEB Decision and Order, EGI Integrated Resource Planning Proposal (July 22, 2021), p. 75.