

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board (STAFF)

Interrogatory

Issue 3

Reference:

Exhibit D, Tab 1, Schedule 1,

Question(s):

Enbridge Gas outlines and discusses the various central components of its proposed DSM plan, including the guiding principles each proposal link to and some discussion on how various proposals were developed and why they are being proposed.

- a) Please discuss and provide any analysis, research and/or studies Enbridge Gas conducted of other jurisdictions in North America that offer natural gas energy efficiency programs. In your response, please discuss if and how Enbridge Gas considered information from other jurisdictions on new and emerging trends, program design concepts and the integration of new technologies as it developed its DSM plan.

Response

- a) The Company believes that some context is required. Enbridge Gas, and it is believed all stakeholders, participated in the OEB led framework consultation with an expectation that a new DSM framework would be finalized by the OEB and published together with guidance provided similar to what had been done historically on key elements such as the maximum budget envelope for the plan, prior to Enbridge Gas being asked to develop and file a multi-year plan application. It was the expectation that a degree of jurisdictional scanning would have occurred during the OEB led consultation phase. After receiving the DSM Letter, there were only 5 months to review all materials, develop a proposed framework and DSM plan, and file the application with the OEB.

For the purposes of developing the proposed DSM Plan, Enbridge Gas relied upon its experience in successfully delivering DSM over the past several decades in Ontario. During this time, it has been continually involved in many different forums in which it has been able to learn about conservation activities and operating rules in

other jurisdictions. In the normal course of delivering DSM programming in Ontario, Enbridge Gas sits on committees, attends meetings with other jurisdictions, and participates in research and development. This is done on an almost daily basis by numerous individuals and includes simple inquiries and on line searches. Providing copies of all jurisdictional inquiries and searches that in some way may have informed the development of the DSM Plan would be an extremely time consuming and difficult task. It is expected that this exercise would result in the production of several thousand pages of text depending on how far back ones goes in time. It would also necessarily generate significant volumes of text that is totally irrelevant in terms of the DSM Plan that has been proposed and the Ontario marketplace and environment. While it is not clear that the question asked requests so broad a search, in the event it does, for the reasons stated, Enbridge Gas declines to undertake such an exercise. The fact is that the sources relied upon for the purposes of this Application are set out in the pre-filed evidence.

This being said, it is appropriate to highlight some of the activities in which Enbridge Gas has participated to expand its jurisdictional awareness. These include, but are not limited to, the following:

- Canadian Manufacturers and Exporters (CME), Enbridge Gas is a representative on CME's Ontario Advisory Board
- Energy Solutions Centre (ESC), Enbridge Gas sits on the Executive Committee for this group of North American natural gas utilities, participating and sharing ideas through their Technology and Market Assessment Forums
- Consortium of Energy Efficiency (CEE), Enbridge Gas sits on the Executive Committee for the group of North American utilities (gas and electric), participating and sharing ideas on program design, barriers to market adoption, and industry trends
- Member of Gas Technology Institute Utilization Technology Development (UTD)
- Canada Green Building Council (CaGBC), Enbridge Gas attends CaGBC conferences, for example "Building Lasting Change 2020: Ready, Set, Recover"

Enbridge Gas has looked to other jurisdictions to explore emerging trends, design concepts and new technologies to inform its proposed programs and offerings for the DSM Plan. Jurisdictional research was prioritized based on identified challenges and gaps in existing programs, such as overcoming participation barriers among hard-to-reach customer groups, free-ridership mitigation strategies, and the exploration of potential measures to augment the TRM. Several sources of information were leveraged in securing jurisdictional information, including but not limited to:

- American Council for an Energy-Efficient Economy (ACEEE)
- Association of Energy Services Professionals (AESP)
- Consortium of Energy Efficiency (CEE)
- Natural Resources Defense Council (NRDC)
- The North East Energy Efficiency Alliance (NEEA)
- The Midwest Energy Efficiency Alliance (MEEA)
- ESource

The types of materials, reports or research included but was not limited to:

- Published DSM Plans
- Annual Evaluations Reports
- Program offering guidelines/manuals
- Program offering specific impact and process evaluations
- Utility customer-facing websites
- Conference Abstracts
- Regulator Sites – Proceedings/Decisions
- Assorted Technical Reference Manuals (TRMs)
- One-on-One discussions with utility/program administrator representatives

Information gathered through jurisdictional research typically resulted in one of four outcomes as it pertained to the development of DSM programs:

1. Provided validation of existing offerings and programming

Most of the programs and offerings supported by Enbridge Gas incorporate best practices in line with other jurisdictions. Case in point, one area explored from a Commercial perspective was an Early Replacement offering to help transition customers to achieve higher efficiency standards sooner and prepare the market for upcoming code impacts. After investigating the Early Replacement Program in California, the Company found the Commercial Custom incentive structure, which rewards customers based on a dollar per cubic meter saved, already accommodates early replacement projects similar to California by applying a dual-baseline whereby incentives are paid out on in-situ savings over the early replacement period.

2. Influenced the introduction of new offerings and/or offering elements

In an effort to broaden reach of commercial customers and diversify the existing direct-to-customer delivery channel, Enbridge Gas investigated Midstream Programs available in other jurisdictions and based several of the measures

proposed as part of the Commercial Prescriptive Midstream offering on the success of California's Midstream Programs. From a Residential Program perspective, the concept of introducing a single measure offering that incorporated weatherization measures such as air sealing and insulation was adopted from a program in Minnesota.

3. Prompted further exploration of initiatives and/or elements for future implementation

The need to ramp-up engagement with service providers in an effort to extend delivery channels and reach a broader group of customers was expressed in all market segments. As a result, Enbridge Gas investigated Trade Ally Networks in other jurisdictions, and is currently exploring opportunities to introduce a more formalized network in support of its proposed offerings. Another example of an area of exploration is the pursuit of alternative audit approaches to support the residential market such as virtual and online audits. These alternative approaches could be less costly and help reach customers in rural areas that would otherwise prove challenging to support. Finally, investigation into TRM measures in other jurisdictions to support residential and commercial offerings is underway.

4. Consideration of new concepts not previously pursued as part of the DSM Plan

Enbridge Gas considered a variety of program and offering concepts available in other jurisdictions in the development of the proposed DSM Plan. Some elements/concepts, as identified above were incorporated into the plan, while others were researched and ultimately not pursued. For example, Enbridge Gas evaluated the concept of introducing a Moderate Income offering to the Residential sector similar to Mass Save, as well as an Operational Improvement/Retro-commissioning offering catering to the small commercial sector similar to ComEd in Illinois, and an Energy literacy/Behavioural Savings residential offering, offered in many jurisdictions, however ultimately decided not to pursue these offerings for a variety of reasons outlined in the response to Exhibit I.10.EGI.OSEA.3 b).

ENBRIDGE GAS INC.

Answer to Interrogatory from
Housing Services Corporation (HSC)

Interrogatory

Issue 2

Question(s):

Enbridge Gas is asked to add a re-/retro-commissioning offering under the AHMR program for existing buildings to make such projects more affordable to social housing providers.

Response:

Please see Exhibit I.2.EGI.HSC.1.

It should be noted that Enbridge Gas's Affordable Housing Multi-Residential program offering includes a custom programming approach that does not preclude working with participants on projects that include retro commissioning efforts to improve the efficiency of heating, ventilation and water heating systems.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Pollution Probe (PP)

Interrogatory

Issue 3

Reference:

EB-2021-0002, Exhibit D, Tab 1, Schedule 3, Page 1 of 12 and;
EB-2021-0002, Exhibit D, Tab 1, Schedule 3, Page 11 of 12.

Question(s):

Please provide all jurisdictional scans to determine how key program elements compared with similar jurisdictions;

Response:

Please see response to Exhibit I.3.EGI.STAFF.1.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Issue 3

Reference:

Ex. A/3/1

Question(s):

With respect to the Glossary of Terms, please confirm that:

- a) The Adjustment Factor is the inverse of the reduction from the savings claimed to the amount verified, and is specifically not the savings claimed.
- b) A Base Case or Baseline is intended to reflect what would have happened if the measure had not been implemented.
- c) Free ridership refers to the portion of gross savings not influenced by the utility program being evaluated.
- d) National accounts would include school boards with multiple schools.
- e) Natural replacement can include failure/burnout, but can also include obsolescence, replacement as part of modernization or other non-efficiency related causes, and other replacements that are not advancements.
- f) Spillover can include a) non-program measures implemented by a customer at the same site as a program measure, b) measures implemented by a customer at a difference site, including program measures that do not participate in the program, and c) measures implemented by non-participants influenced by utility actions.
- g) The Applicant is using the term “program” throughout the Application to refer only to the eight broad areas of DSM activity in the proposed portfolio listed in this definition, and each individual initiative within a program is referred to as an “offering”. Please further confirm that an “offering” can include one or more measures. Please provide a complete list of all programs, the offerings within each program, and the measures within each offering, as currently proposed, or advise where such a comprehensive list can be found.

Response:

- a) An adjustment factor is described at Exhibit A, Tab 3, Schedule 1, page 1. For example, if the pre-evaluation savings (or gross savings) amount is 100, and the adjustment factor is 90%, the claimed savings (or net savings) would be 90. There can be multiple adjustment factors applied to the same project or measure (for example, custom projects can have a Net-to-Gross (NTG) factor and a Custom Project Savings Verification (CPSV) realization rate).
- b) The Base Case or Baseline can be interpreted as what would have happened if the energy efficiency measure or action was not implemented.
- c) Free ridership refers to the portion of gross savings not influenced by any utility DSM-related activity.
- d) Confirmed.
- e) Natural replacement includes failure/burnout, and can include the other scenarios described. However, in some instances those other scenarios (obsolescence, replacement as part of modernization, or other non-efficiency related causes) can be considered advancement, if they were not going to be replaced by the customer at the time of utility intervention.
- f) Confirmed.
- g) Confirmed, a summary of Enbridge Gas's DSM portfolio by Program and Offering is provided in Table 1 below.

For a categorical list of measures per program offering, please see response to Exhibit I.3.EGI.STAFF.27a.

Table 1 – DSM Programs and Program Offerings

DSM Program	DSM Offering
Residential	Whole Home
	Single Measure
	Smart Home
Commercial	Commercial Custom
	Prescriptive Downstream
	Direct Install
	Prescriptive Midstream
Industrial	Industrial Custom
Low Income	Home Winterproofing
	Affordable Housing Multi-Residential
Large Volume	Direct Access
Energy Performance	Whole Building Pay 4 Performance
Building Beyond Code	Residential Savings by Design
	Commercial Savings by Design
	Affordable Housing Savings by Design
	Commercial Air Tightness Testing
Low Carbon Transition	Residential Heat Pump
	Commercial Heat Pump

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Issue 3

Reference:

Ex. B/1/1, p. 4-5

Question(s):

Please describe, with examples, how the Applicant has managed the tradeoffs between the primary objective listed and the secondary objective of lowering overall annual natural gas use. In which programs or offerings, if any, has the Applicant proposed to pursue the primary objective despite the expectation that the result will be an increase natural gas use over time.

Response:

Enbridge Gas would like to correct SEC's characterization of the OEB's objectives in the above interrogatory. The OEB's secondary objective actually reads as follows: "help lower overall *average* annual natural gas usage."¹

The Company has not proposed any programs or offerings which will increase natural gas usage.

As outlined in the OEB's DSM Letter, the primary and secondary objectives of DSM are as follows:

The OEB is of the view that the primary objective of ratepayer-funded natural gas DSM is assisting customers in making their homes and businesses more efficient in order to help better manage their energy bills.

In working towards the primary objective, Enbridge Gas's future ratepayer-funded DSM plan should also consider the following secondary objectives:

- Help lower overall average annual natural gas usage
- Play a role in meeting Ontario's greenhouse gas reductions goals
- Create opportunities to defer and/or avoid future natural gas infrastructure projects²

¹ EB-2019-0003, OEB Letter Post-2020 Natural Gas Demand Side Management Framework (December 1, 2020), p. 3.

² EB-2019-0003, OEB Letter Post-2020 Natural Gas Demand Side Management Framework (December 1, 2020), pp. 2-3.

The Company does not believe there are necessarily tradeoffs between the primary objective and the secondary objective referenced by SEC. Notwithstanding, the Company has put forward the DSM Plan in order to address a number of priorities, please see response to Exhibit I.10.EGI.CME.5a and b.

In response to the second part of SEC's interrogatory regarding average natural gas use over time, please see response to Exhibit.I.10.EGI.CCC.2a.

ENBRIDGE GAS INC.

Answer to Interrogatory from
School Energy Coalition (SEC)

Interrogatory

Issue 3

Reference:

Ex. B/1/1, p. 4-5

Question(s):

With respect to governance of the Applicant's DSM programs:

- a) Please provide a summary of the reporting structure for DSM within the Applicant, including the different types of reporting (operations, financial, policy development, strategic, etc.), and how the DSM activities and reporting are integrated into the broader organization.
- b) Please provide a list of all KPIs or other performance metrics applicable to DSM within Enbridge, or applicable to the senior executives who have executive responsibility for DSM.
- c) Please provide a detailed description of how DSM activities are co-ordinated, if at all, with integrated resource planning, the utility's low carbon transition efforts, new business ventures, gas supply planning, system planning, and any other major activity of Enbridge Gas or its parent companies where there is a material co-ordination activity.
- d) Please advise if there is any committee, working group, or other body – whether advisory or decision-making – that reviews the plans, programs, offerings or results (financial or otherwise) of the DSM programs. If there is, please provide details.
- e) Please confirm that at no time does the DSM group or its executives report to an independent advisory or governance body that includes customers and other stakeholders from outside of the utility (other than the EAC). If the Board were to create such a supervisory body, for example to review new offerings or assess the operational approach to programs, what suggestions would the Applicant have for how that should be structured and mandated?

- f) What steps, if any, does the Applicant take to ensure that its normal corporate incentives to increase revenues through increasing gas usage in Ontario do not have a negative impact on the design, implementation, or success of the Applicant's DSM programs?

Response:

a) The Energy Conservation organizational structure is identified in Exhibit D, Tab 1 Schedule 1, page 19, Figure 1. The Director of Energy Conservation and Marketing reports to the Vice President Business Development and Regulatory. Accountability for the delivery of both the Large Industrial program and the residential new construction program report to the Director, Distribution In-Franchise Sales. Accountability for handling DSM customer calls is with the Director of Customer Care Operations. Both of these areas report to the Vice President, Customer Care.

b) The Energy Conservation organization has the following 2 goal statements for 2021.

1. DSM Delivery

- DSMI achievement of \$7.2M or greater
- Achieve program goals and targets as specified by individual program and by delivery team.
- Achieve actual spend within 10% of the July OEB Report. (monitor)
- 50% of results submitted by Sales to the next stage by September 30th relative to the June Steering Committee (ECMLT).
- All projects submitted by the AP deadline.
- Update free ridership mitigation strategy by end of April and apply knowledge from fast feedback surveys.
- Plan and execute 1-2 process evaluations.
- Successfully defend claimed results through the 2019 Deferral Disposition and 2020 Audit.
- On-plan execution of approved new measure research projects, program pilots and collaboration initiatives

2. Next Generation Energy Conservation Planning

- 2022+ application: Development of changes to framework, new program concepts, evidentiary materials by April 2021, with full plan application submitted by May 2021, favourable OEB decision on 2022 program year funding received by October 2021, favorable decision of entire plan submission by end of 1Q/22.
- Targeted stakeholdering of key issues and opportunities.

The Vice President, Business Development and Regulatory has the following goal statement for 2021 that tie to DSM.

- Deliver or exceed DSM incentive target of \$7.2M in 2021 and preservation of DSMI for 2022.
 - OEB Approval of an IRP framework and internal approval of a next gen DSM plan that preserve growth opportunities including in non-pipe alternatives
- c) Energy Conservation information about existing DSM programs including historical and projected results, incentive levels, and approved cost effectiveness screening requirements is provided to the Integrated Resource Planning group for the development of the IRP Framework. With the receipt of the recent IRP Framework decision, work on Integrated Resource Planning is underway and the Company is in the process of determining how to best address the development of appropriate programming for IRP that will be incremental to the DSM programming already in place. The audited results of the DSM programs are used by the Economic Evaluation and Forecast team as one of the inputs to the demand forecast for the Company. The resulting demand forecast is used by gas supply planning and system planning. DSM is not involved in the Company's low carbon transition efforts (Scope 1 and Scope 2 emissions) nor is it involved in new business ventures.
- d) There is no committee, working group or other body that reviews the plans, programs, offerings, or results of the DSM Programs outside of the OEB, EC, EAC and the Company staff within the DSM group.
- e) Confirmed. The DSM group and its executives do not report to an independent advisory or governance body outside of the utility (other than the EAC). Currently the governance and evaluation process is set out as filed in Exhibit C, Tab 1, Schedule 1, Appendix 1. If the OEB were to consider creating an independent advisory or governance body, Enbridge Gas would at that time engage with the OEB and provide suggestions and/or feedback based on the scope of any requested feedback. This being said, such feedback would necessarily be informed by the fact that the OEB has jurisdiction only over Enbridge Gas and that it is Enbridge Gas that is ultimately accountable to the OEB for its DSM activities, not some independent advisory or governance body. As a result, final decision making authority must remain with the Company in respect of all material matters.
- f) There are 3 primary mechanisms in place to ensure the success of DSM programming is not compromised. First, accountability for DSM is separate and distinct from accountability for distribution revenue. Executive accountability for Energy Conservation and the DSM programs is with the Vice President Business Development and Regulatory, whereas executive accountability for the distribution revenues is with the Vice President Customer Care. Secondly, the

shareholder incentive provides the incentive for the organization to successfully deliver DSM programs. Third the LRAM mechanism keeps the organization indifferent between DSM and growth on a volumetric basis, removing any disincentive to pursue growth opportunities over DSM program objectives.