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June 27, 2019

BY RESS, EMAIL AND COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2019-0003 – Post 2020 Natural Gas Demand Side Management
Framework Consultation
Enbridge Gas Inc. – Written Comments**

In accordance with the Ontario Energy Board's letter dated May 21, 2019, enclosed please find written comments from Enbridge Gas Inc. in the above noted proceeding.

If you have any questions with respect to this submission please contact me at 519-436-4558.

Yours truly,

[original signed by]

Adam Stiers
Technical Manager, Regulatory Applications

c.c.: D. O'Leary, Aird & Berlis
D. Stevens, Aird & Berlis
Interested Parties

ONTARIO ENERGY BOARD

Post-2020 Natural Gas Demand Side Management Framework Consultation Phase 1: Enbridge Gas Inc. Written Comments

June 27, 2019

A. Overview

1. Enbridge Gas Distribution Inc. (“EGD”) and Union Gas Limited (“Union”) (collectively, the “Utilities”) were Ontario corporations incorporated under the laws of the Province of Ontario carrying on the business of selling, distributing, transmitting, and storing natural gas pursuant to the provisions outlined in the *Ontario Energy Board Act, 1998* (the “Act”). EGD and Union amalgamated effective January 1, 2019, to become Enbridge Gas Inc. (“Enbridge Gas”).
2. The Ontario Energy Board (the “OEB” or “Board”) issued a letter on May 21, 2019, initiating a consultation process to develop a Demand Side Management (“DSM”) Framework for natural gas distributors beginning in 2021.¹ In its letter, the OEB noted the government of Ontario’s commitment to cost-effective conservation of natural gas, as confirmed through the Made-in-Ontario Environment Plan (the “Environment Plan”) issued by the Province in November 2018,² and acknowledged the need for the OEB to review the current 2015-2020 DSM Framework to ensure the OEB’s approach continued to be responsive to the conservation market and consistent with broader government policy.³
3. In its letter, the OEB indicated its intention to seek input from interested stakeholders on three issues in Phase 1 of its consultation process:⁴

¹ EB-2019-0003 OEB Letter: Post-2020 Natural Gas Demand Side Management Framework (May 21, 2019).

² A Made-in-Ontario Environment Plan, Ministry of the Environment, Conservation and Parks (November 29, 2018); <https://www.ontario.ca/page/made-in-ontario-environment-plan>.

³ EB-2014-0134 Report of the Board: Demand Side Management Framework for Natural Gas Distributors (2015-2020) (December 22, 2014).

⁴ EB-2019-0003 OEB Letter: Post-2020 Natural Gas Demand Side Management Framework (May 21, 2019), p. 2.

1. **Principles:** Do the guiding principles from the 2015-2020 DSM Framework remain appropriate? If not, what principles are needed and why?
 2. **Goals and objectives:** What should be the primary goal(s) and objective(s) of the post-2020 DSM Framework?
 3. **Scope:** Should the OEB undertake major revisions to the 2015-2020 DSM Framework or focus on specific updates that are more minor in nature?
4. Phase 1 of the OEB's consultation process includes a Stakeholder Meeting (June 13, 2019) followed by a request for Written Comments from interested parties on the issues (June 27, 2019). This document serves as Enbridge Gas's Written Comments on the issues of principles, goals and objectives and scope.
5. It should be noted that Enbridge Gas has not included explicit commentary on the development of Post-2020 DSM Filing Guidelines, a companion document to historical DSM Frameworks, in its Written Comments. Enbridge Gas anticipates that the OEB will seek input on the development of Post-2020 DSM Filing Guidelines simultaneously with the development of the Post-2020 DSM Framework.
6. Enbridge Gas's submission is organized as follows:
- A. Overview
 - B. Background
 - C. Issue One: Principles
 - D. Issue Two: Goals and Objectives
 - E. Issue Three: Scope
 - F. Timing & Process to Finalize the Post-2020 DSM Framework

B. Background

7. Ontario's DSM marketplace is well developed; the framework governing DSM activities in Ontario's natural gas sector having been first established in 1993.⁵ Since that time, Ontario's DSM marketplace and the frameworks guiding its regulation have evolved significantly. Despite these changes, as it is now time to consider

⁵ EBO 169-III Report of the Board (July 23, 1993).

what will be the fifth framework in the evolution of DSM, is important to acknowledge that Ontario's DSM frameworks have consistently maintained the goal of facilitating energy efficiency and conservation of natural gas in a manner that benefits natural gas ratepayers while also providing certainty to the utility – that engaging in such activities would not unduly expose the utility to risk.

8. Enbridge Gas has been a leader in DSM activity for well over two decades. EGD and Union designed and delivered DSM programs resulting in significant energy savings to customers from 1995 and 1997, respectively, to 2018. Enbridge Gas continues to design and deliver DSM programs to ratepayers in the EGD rate zone and Union rate zones. Through the delivery of DSM programming to customers, EGD and Union, now Enbridge Gas:
 - Introduced customers to new technologies and energy efficiency concepts;
 - Supported the advancement of codes and standards;
 - Enabled market transformation by advancing adoption of certain technologies;
 - Made DSM opportunities available to a broad group of customer segments;
 - Pioneered new program approaches;
 - Built significant and respected technical expertise;
 - Established trusted relationships with customers;
 - Engaged numerous industry partners and channels across the market;
 - Collaborated on the coordination and integration of energy conservation programs; and
 - Contributed to significant greenhouse gas emission reductions throughout the province.

9. Enbridge Gas acknowledges that natural gas conservation programs will play a central role in meeting provincial policy goals and that the Province will look to natural gas utilities for leadership and guidance as the Province implements its conservation agenda. Through its ongoing efforts in DSM, Enbridge Gas is well positioned to respond to Ontario's commitment to energy conservation and carbon

reduction. As articulated in the Environment Plan, it is the government of Ontario's intention to work with the OEB and the gas utilities to gradually expand natural gas conservation programs.⁶ These efforts can simultaneously reduce GHG emissions and lower customers' energy bills.

10. Overall, Enbridge Gas maintains that the current 2015-2020 DSM Framework provides a solid platform on which to design and deliver a Post-2020 DSM Plan. The items proposed by Enbridge Gas for revision or reassessment as part of the Post-2020 DSM Framework, as set out in this submission, are guided by the knowledge and experience of the Utilities with consideration for the conservation goals of the Province of Ontario. These items do not constitute a major departure from the current 2015-2020 DSM Framework as the current Framework provides the necessary flexibility and stability to create and deliver an effective DSM Plan. Importantly, the current DSM Framework provides an annual revenue incentive opportunity that has proven successful in driving the business focus required for the Utilities' strong DSM results. Ultimately, the DSM incentive must be structured in-line with the behaviours the OEB is seeking to drive and with the policy objectives of Ontario.

C. Issue One: Principles

11. The OEB has asked interested parties to consider the following question:

Do the guiding principles from the 2015-2020 DSM Framework remain appropriate? If not, what principles are needed and why?⁷

12. Directionally, Enbridge Gas is supportive of most of the guiding principles outlined in the current 2015-2020 DSM Framework. In most cases Enbridge Gas is proposing only minor revisions to add clarity and to reflect comments voiced by stakeholders during the June 13, 2019 Stakeholder Meeting. Enbridge Gas proposes deleting the first guiding principle listed in the current 2015-2020 DSM Framework as it is

⁶ Environment Plan, p. 23.

⁷ EB-2019-0003 OEB Letter: Post-2020 Natural Gas Demand Side Management Framework (May 21, 2019), p. 2.

redundant with the second guiding principle. Further, Enbridge Gas proposes two additional guiding principles for inclusion in the Post-2020 DSM Framework.

13. In Table 1 Enbridge Gas provides refined wording for the guiding principles outlined in the 2015-2020 DSM Framework to align with current provincial policies and priorities. As a general statement, Enbridge Gas suggests that it be made clear in the Post-2020 DSM Framework that the entire list of guiding principles are intended to provide direction for the overall DSM Plan and not to specific individual program offerings (this clarification is reflected in revised wording outlined in Table 1). Enbridge Gas defines the DSM Plan as the comprehensive strategic presentation of the utility's DSM activities over a multi-year period in response to the OEB's DSM Framework and Guidelines. The DSM Plan application is filed for consideration and approval by the OEB following the establishment of the DSM Framework and Guidelines.

14. Table 1 compares the guiding principles of the current 2015-2020 DSM Framework to Enbridge Gas's proposed guiding principles for the Post-2020 DSM Framework:

Table 1

Current Framework⁸	Proposed for Post-2020 Framework
<p>1. Invest in DSM where the cost is equal to or lower than capital investments and/or the purchase of natural gas. The administration costs for delivering DSM programs and participant incentives should be equal to or lower than the capital investments and/or the purchase of natural gas costs calculated on a life-cycle basis and expressed on a \$/m³ of natural gas saved or supplied, respectively.</p>	<p>Suggest deleting guiding principle #1 since it is redundant with the subsequent principle.</p>

⁸ EB-2014-0134 Report of the Board: Demand Side Management Framework for Natural Gas Distributors (2015-2020) (December 22, 2014), pp. 7-9.

<p>2. Achieve all cost-effective DSM that result in a reasonable rate impact. The gas utilities' overall DSM portfolio and individual programs should aim to achieve all the cost-effective DSM available in its franchise area, having regard to the Board's guidance that the costs required to do so result in reasonable rate impacts for customers. (Footnote: The Board wants to ensure that the costs recovered from those customers who cannot participate in a DSM program is reasonable.) Cost-effectiveness is defined in Section 9.</p>	<p>1. Achieve all cost-effective DSM that result in a reasonable rate impact. The gas utilities' overall DSM portfolio and individual programs should aim to achieve all the cost-effective DSM available in its franchise area, having regard to the Board's guidance that the costs required to do so result in reasonable rate impacts for customers. (Footnote: The Board wants to ensure that the costs recovered from those customers who cannot participate in a DSM program is reasonable.) Cost-effectiveness is defined in Section 9.</p>
<p>3. Where appropriate, coordinate and integrate DSM and electricity CDM efforts to achieve efficiencies. Gas utilities should pursue coordination and integration in designing, promoting and delivering DSM programs with the OPA as well as with electricity distributors, where appropriate and possible, to increase overall efficiency, reduce delivery costs, and maximize program impacts.</p>	<p>2. Where appropriate, coordinate and integrate DSM and electricity CDM efforts <u>and/or other conservation initiatives to achieve efficiencies and accessibility for customers.</u> Gas utilities should pursue coordination and integration in designing, promoting and delivering DSM programs with the OPA as well as with electricity distributors <u>IESO and/or other partners</u>, where appropriate and possible, to <u>enhance customer convenience</u>, increase overall efficiency, reduce delivery costs, and maximize program impacts.</p>
<p>4. Gas utilities will be able to recover costs and lost revenues from DSM programs. Gas utilities will be allowed to recover spending associated with the administration and delivery of DSM programs, lost revenues and shareholder incentive amounts, subject to any specific alternative approach such as a pay-for-performance funding/incentive mechanism.</p>	<p>3. Gas utilities will be able to recover costs and lost revenues from DSM <u>programs</u>plans. Gas utilities will be allowed to recover spending associated with the administration and delivery of DSM programs <u>plans</u>, lost revenues and shareholder incentive amounts., subject to any specific alternative approach such as a pay-for-performance funding/incentive mechanism.</p>

<p>5. Design programs so that they achieve high customer participation levels. Programs should be designed to remove financial, information and other barriers in the market place to increase take-up of DSM programs. Gas utility DSM plans should allow as many natural gas consumers as reasonably possible the opportunity to participate and share in the benefits of DSM. (Footnote: This should not restrict programs targeted at specific customer groups or segments of the market where high levels of natural gas savings potential exist, however narrow that group/segment may be.)</p>	<p>4. Design programs <u>DSM plans</u> that so that they achieve <u>provide opportunities for a broad spectrum of customer groups, to encourage high customer participation over time</u> levels. Programs <u>DSM plans</u> should be designed to remove financial, information and other barriers in the market place to increase take-up of DSM <u>programmings</u>. Gas utility DSM plans should allow as many natural gas consumers as reasonably possible the opportunity to participate and share in the benefits of DSM. (Footnote: This should not restrict <u>programmings</u> targeted at specific customer groups or segments of the market where high levels of natural gas savings potential exist, however narrow that group/segment may be.)</p>
<p>6. Minimize lost opportunities when implementing energy efficient upgrades. DSM programs should pursue opportunities such as replacement of equipment with long lives that, if not undertaken during the current planning period, will no longer be available or will be substantially more expensive to implement in a subsequent planning period.</p>	<p>5. Minimize lost opportunities when implementing energy efficiency <u>t</u> upgrades. DSM programs <u>plans</u> should pursue opportunities such as <u>the installation or</u> replacement of equipment with long lives that, if not undertaken during the current planning period, will no longer be available or will be substantially more expensive to implement in a subsequent planning period.</p>
<p>7. Ensure low-income programs are accessible across the province. Low-income programs should be screened at lower thresholds than other programs, as determined by the Board, and be available across the province.</p>	<p>6. Ensure low-income <u>programmings</u> are <u>is</u> accessible across the province. Low-income <u>programmings</u> should be screened at <u>a lower cost-effectiveness</u> thresholds than other programs, as determined by the Board, and be available across the province.</p>

<p>8. Programs should be designed to pursue long-term energy savings. Programs should pursue DSM opportunities with long lives that produce long-term energy savings, such as thermal envelope improvements (e.g., wall and attic insulation). Emphasis should be placed on a comprehensive assessment of energy savings opportunities using a “whole home” or “whole facility” approach to foster coordination and integration of electricity and natural gas conservation programs.</p>	<p>7. Programs <u>DSM programming</u> should be designed to pursue long-term energy savings. <u>DSM programming</u> Programs should pursue opportunities with long lives that produce long-term energy savings, such as thermal envelope improvements (e.g., wall and attic insulation). <u>Where appropriate, e</u>Emphasis should be placed on a comprehensive assessment of energy savings opportunities using a “whole home” or “whole facility” approach to foster coordination and integration of electricity and natural gas conservation <u>programmings</u>.</p>
<p>9. Shareholder incentives will be commensurate with performance and efficient use of funds. The amount of shareholder incentive will depend on meeting or exceeding the DSM targets, including natural gas savings targets, and will take into consideration the relative difficulty in achieving other goals the Board expects the gas utilities to achieve (e.g., programs that deliver long-term savings, accessible low-income programs, integration and coordination with electricity conservation programs, conservation first in infrastructure planning, etc.); and,</p>	<p>8. Shareholder incentives will be commensurate with performance and efficient use of funds. The amount of shareholder incentive will depend on meeting or exceeding the DSM targets, including natural gas savings targets, and will take into consideration the relative difficulty in achieving other goals the Board expects the gas utilities to achieve -(e.g. programs that deliver long-term savings, accessible low-income programs, integration and coordination with electricity conservation programs, <u>efforts that drive innovation and adoption of lower carbon alternatives, consistency with provincial policy goals, conservation first in infrastructure planning,</u>)</p>

<p>10. Ensure DSM is considered in gas utility infrastructure planning at the regional and local levels. DSM should be one of the options considered when developing both regional and local infrastructure plans. Infrastructure investments may be avoided or deferred through targeted reductions in the demand for natural gas. The utilities should pursue DSM opportunities where the impact of the overall costs of DSM is equal to or lower than the avoided costs of the infrastructure investment.</p>	<p>9. No change proposed.</p>
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15. Enbridge Gas proposes two additional guiding principles for incorporation into the Post-2020 DSM Framework:

- i. **DSM plans should support innovation, technology development and adoption of lower-carbon alternatives consistent with the advancement of provincial policy goals.**

As outlined in its Environment Plan, the government acknowledges the importance of focusing on *“smart regulatory and policy approaches to facilitate and enable innovation”*.⁹

In light of provincial policy objectives of encouraging innovation (Environment Plan), Enbridge Gas proposes that the Post-2020 DSM Framework provide natural gas utilities with a platform upon which to enable innovation and to pursue the development and adoption of new technologies that have the potential to improve energy efficiency (through both incremental programming and by driving deeper energy savings), reduce energy bills and/or achieve greenhouse gas (“GHG”) emission reductions.

⁹ Environment Plan, p. 18.

- ii. **DSM plans may support fuel-switching efforts that contribute to an overall reduction in greenhouse gas emissions.**

A clear policy on fuel-switching should be clearly articulated in the Post-2020 DSM Framework. This guiding principle supports the advancement of provincial policy objectives striving for greenhouse gas emission reductions including through fuel-switching opportunities.

D. Issue Two: Goals & Objectives

16. The OEB has asked interested parties to consider the following question:

“What should be the primary goal(s) and objective(s) of the post-2020 DSM Framework?”¹⁰

17. Enbridge Gas believes that the utility’s DSM efforts should remain primarily focused on the pursuit of natural gas conservation. Enbridge Gas proposes that the first two goals outlined in the current 2015-2020 DSM Framework continue to be appropriate:¹¹

- i. **Assist consumers in managing their energy bills through the reduction of natural gas consumption.** Customers who participate in the DSM programs should see a decrease in their energy bills.
- ii. **Promote energy conservation and energy efficiency to create a culture of conservation.** DSM programs should advance conservation and energy efficiency, beyond the program participants, to the broader public in Ontario.

18. Enbridge Gas does not believe the third goal included in the 2015-2020 DSM Framework pertaining to natural gas infrastructure planning belongs as a goal of the Post-2020 Framework. Though DSM programs can impact infrastructure requirements, and the cost savings associated with a broad-based reduction in distribution costs are included in the DSM planning process, the linkages between

¹⁰ EB-2019-0003 OEB Letter: Post-2020 Natural Gas Demand Side Management Framework (May 21, 2019), p. 2.

¹¹ EB-2014-0134 Report of the Board: Demand Side Management Framework for Natural Gas Distributors (2015-2020) (December 22, 2014), p. 5.

DSM planning and capital asset planning are currently passive rather than active. Enbridge Gas views the DSM Framework, with a broad objective of gas conservation, and the active leveraging of DSM as an alternative to support local and regional infrastructure planning, to have separate and distinct objectives.

19. Enbridge Gas recognizes the importance and value of considering alternative options in the infrastructure planning process. Enbridge Gas is committed to the examination of non-pipeline alternatives, including incremental DSM and other low carbon solutions, in the asset management process going forward.
20. Enbridge Gas has outlined in recent Leave-to-Construct applications, that it intends to make an application to the OEB seeking approval of any Integrated Resource Planning (“IRP”) proposals within the year. Through the OEB’s review of that application, Enbridge Gas expects that parties will be afforded the opportunity to provide comments on the appropriate process and policies for assessing the viability of alternatives in-lieu of pipeline infrastructure expansion.
21. Enbridge Gas believes separating IRP from DSM is appropriate as it will afford the assessment of IRP with the required visibility and attention necessary to comprehensively address all aspects of infrastructure planning. Active deferral of infrastructure expansion through conservation may be just one of a number of considerations among non-pipeline alternatives that should be analyzed in order to determine the most appropriate investment decision considering the full life cycle costs of supply and DSM options.

E. Issue Three: Scope

22. The OEB has asked interested parties to consider the following question:

Should the OEB undertake major revisions to the 2015-2020 DSM Framework or focus on specific updates that are more minor in nature?¹²

¹² EB-2019-0003 OEB Letter: Post-2020 Natural Gas Demand Side Management Framework (May 21, 2019), p. 2.

23. Enbridge Gas believes that the 2015-2020 DSM Framework is working well and is generally satisfied with the elements outlined in the current Framework including its six-year term.

24. Enbridge Gas favours a multi-year framework that is supportive of government policy and flexible to policy changes that may occur during the plan term. The six-year term allows for long term planning and program continuity while minimizing the burdens of regulatory review. A six-year term also provides stability for the utility to commit to energy conservation efforts, as well as certainty for customers, and other market participants, including contractors, delivery agents, vendors and manufacturers.

25. Enbridge Gas is guided by the OEB's direction with regard to the topics highlighted in its Report of the Board – Mid-Term Review of the Demand Side Management (DSM) Framework for Natural Gas Distributors (2015-2020) ("Mid-Term Report") for consideration as part of the development of the Post-2020 DSM Framework,¹³ as well as by comments voiced by stakeholders during the June 13, 2019 Stakeholder Meeting. There are components of the following broader elements of the current 2015-2020 DSM Framework that merit a focused review as part of the development of the Post-2020 DSM Framework, including:

- Targets & Budgets;
- Shareholder Incentive;
- Program Evaluation; and
- Cost-Effectiveness Screening.

Enbridge Gas's preliminary comments on each of these topics are provided in the following paragraphs.

¹³ EB-2017-0127/0128 Report of the Board: Mid-Term Review of the Demand Side Management (DSM) Framework for Natural Gas Distributors (2015-2020) (November 29, 2018).

26. **Targets & Budgets:** Importantly, targets and budgets are interrelated and therefore difficult to discuss in isolation. In fact, the OEB acknowledges this link in the current 2015-2020 DSM Framework.¹⁴ Enbridge Gas submits that providing guidance regarding budget and corresponding rate impacts will be of utmost importance to the current government, Enbridge Gas and ratepayers. The Board's mandate in this regard remains as stated in the 2015-2020 DSM Framework, "*As an economic regulator, the Board is tasked with ensuring the costs and that the resulting impacts of those costs are reasonable.*"¹⁵ Enbridge Gas believes that a determination of appropriate DSM budget levels must continue to be balanced with consideration of the costs to all ratepayers. Enbridge Gas anticipates that, similar to the 2015-2020 DSM Framework, the OEB will define an acceptable annual budget range or cap that it deems to result in a reasonable rate impact. Informed by: (i) the OEB's direction regarding budget; (ii) policy guidance; (iii) stakeholder consultations; and (iv) data points such as the achievable potential study; Enbridge Gas will undertake detailed analysis and planning, informed by its own research with regard to the current DSM marketplace, to develop programs, metrics and targets for a new Post-2020 DSM Plan. If Enbridge Gas determines that additional budget is required in order to support the new Post-2020 DSM Plan, the the utility will propose an alternate budget with supporting evidence.

27. This process effectively balances the need for the OEB to provide an appropriate level of direction and regulatory efficiency while allowing the utility the necessary flexibility to leverage its expertise in designing robust programs to reflect wide-ranging guiding principles.

28. The Environment Plan outlined the provincial government's intention to work with the OEB and the gas utilities to gradually expand natural gas conservation programs to simultaneously reduce GHG emissions and lower customer energy bills.¹⁶ Enbridge

¹⁴ EB-2014-0134 Report of the Board: Demand Side Management Framework for Natural Gas Distributors (2015-2020) (December 22, 2014), pp. 9-13.

¹⁵ Ibid, p. 7.

¹⁶ Environment Plan, pp. 23-24.

Gas interprets this to mean a gradual increase in DSM budgets between 2021 and 2030. Enbridge Gas recommends the OEB define an acceptable budget range that responds to the government's call for a gradual increase in budgets but importantly results in an acceptable rate impact to customers that can be absorbed over the duration of the next term.

29. Shareholder Incentive: The current 2015-2020 DSM Framework confirms the OEB's recognition that *"[t]o effectively motivate the gas utilities to both actively and efficiently pursue DSM savings and to recognize exemplary performance, the Board considers it appropriate to continue making a shareholder incentive available."*¹⁷ In its Mid-Term Report, the OEB indicated its intention to review the appropriateness of the current structure of the shareholder incentive as part of the development of the Post-2020 DSM Framework. Enbridge Gas continues to stress the importance of recognizing that the purpose of a motivational incentive opportunity and mechanism for DSM is to gain the sustained attention of senior utility management. This has been fundamental to date in attracting the focus required to sustain strong conservation performance. Enbridge Gas supports the continuation of a weighted scorecard approach to measure DSM performance, and achievement of the DSM incentive based on the annual scorecard results. Enbridge Gas recommends that the OEB review the performance thresholds and target achievement levels that apply to shareholder incentive payment as part of the development of the Post-2020 DSM Framework.

30. Program Evaluation: Similar to the previous paragraph regarding the importance of maintaining shareholder incentives, Enbridge Gas requires a transparent, consistent and stable evaluation and audit process that ensures DSM incentives can dependably factor into its operational and financial priorities and reporting. This process should be structured to instill confidence in the evaluation and audit

¹⁷ EB-2014-0134 Report of the Board: Demand Side Management Framework for Natural Gas Distributors (2015-2020) (December 22, 2014), p. 20.

process, as well as the results. Importantly, the process must be structured to ensure timely outcomes.

31. Briefly stated, Enbridge Gas has the following broad concerns:

- The current evaluation and audit process lacks the efficiency and stability required to evaluate DSM program offerings in a timely manner. As an example, the 2017 DSM annual audit isn't expected to conclude until at least January 2020. The delays have resulted in uncertainty and instability for the utility and delayed rate adjustments for customers. Such delays have also prevented evaluation findings from being incorporated into program design in a timely manner.
- The current evaluation and audit process lacks transparency and predictability required for Enbridge Gas to operate its DSM program offerings and for the OEB and interested stakeholders to assess DSM performance in a meaningful and effective manner. The lack of clearly defined evaluation and audit protocols have resulted in unnecessary, lengthy, and costly litigation among the utility, Board Staff, and stakeholders via the OEB's annual deferral and variance account clearance process.
- The current approach to assessing net-to-gross adjustments is overly costly and does not accurately assess the impacts of free-ridership and spillover.

32. To remedy the concerns above, Enbridge Gas submits that: (i) an evaluation and audit Governance Terms of Reference ("ToR") should be developed to ensure that the roles, accountabilities, and timelines related to the evaluation and audit process are clearly outlined; and (ii) Ontario DSM evaluation and audit protocols ("EM&V Protocols") should be developed to ensure evaluation and audit issues are handled in a robust, transparent, and cost-effective manner.

33. In order to avoid needlessly complicating and/or delaying, the development of the Post-2020 DSM Framework, Enbridge Gas recommends that a separate dedicated effort be undertaken to address these requirements.

34. Enbridge Gas proposes that the utility facilitate the development of the ToR in conjunction with a Post-2020 DSM Framework sub-committee which would include Board Staff and intervenor representatives. Enbridge Gas proposes to file the ToR, with the sub-committee's endorsement (to the extent possible), for review by the Board and intervenors, within the utility's Post-2020 Multi-Year DSM Plan application.
35. Enbridge Gas proposes that Board Staff facilitate the development of EM&V Protocols, via an expert consultant, in conjunction with a sub-committee which would include utility and intervenor representatives. Enbridge Gas proposes that Board Staff complete the EM&V Protocols two months ahead of the utility's Post-2020 Multi-Year DSM Plan application date.
36. **Cost-Effectiveness:** In accordance with the current 2015-2020 DSM Framework, Enbridge Gas utilizes a Total Resource Cost-Plus ("TRC-Plus") test as its primary screening test. The 2015-2020 DSM Framework also calls for the use of the Program Administrator Cost ("PAC") test as a secondary cost-effectiveness reference tool.¹⁸ In its Mid-Term Report, the Board stated that *"[t]he OEB agrees that all material benefits of DSM should be recognized as part of the screening and cost-effectiveness analyses."*¹⁹ The Board further concluded that *"[t]he natural gas utilities should include the federal cost of carbon as part of future avoided cost updates, as it is the most relevant public data source currently available."*²⁰ As such, the OEB determined that the cost of carbon should be added to the TRC-Plus cost-effectiveness test. Enbridge Gas proposes that the cost of carbon should be factored into both the TRC-Plus test and the PAC test. Enbridge Gas further recommends that an appropriate cost of carbon that is not subject to uncertainty with changing provincial and/or federal political policy be utilized. Enbridge Gas suggests

¹⁸ EB-2014-0134 Report of the Board: Demand Side Management Framework for Natural Gas Distributors (2015-2020) (December 22, 2014), p. 32.

¹⁹ EB-2017-0127/0128 Report of the Board: Mid-Term Review of the Demand Side Management (DSM) Framework for Natural Gas Distributors (2015-2020) (November 29, 2018), p. 28.

²⁰ Ibid.

the Post-2020 DSM Framework incorporate this expectation. Enbridge Gas proposes to include details regarding the appropriate forecasted cost of carbon within its Post-2020 Multi-Year DSM Plan application.

37. With regard to the appropriateness of the TRC-Plus or PAC test as the primary cost-effectiveness screening test, Enbridge Gas recognizes that both tests have unique merits and shortcomings. A full assessment of which screening method may be most appropriate must be considered with full understanding of the goals, objectives and principles which the OEB is seeking to achieve in the Post-2020 DSM Framework.

38. Finally, in addition to the topic areas discussed above, Enbridge Gas notes that there are outdated references in the current 2015-2020 DSM Framework that need to be corrected. For example, references to the 2013 Long Term Energy Plan and the recently discontinued Conservation First Framework do not reflect policy of the current provincial government.

F. Timing & Process to Finalize the Post-2020 DSM Framework

39. As detailed above:

- the current 2015-2020 DSM Framework is generally appropriate and provides a strong basis for continued conservation/DSM beyond the 2020 DSM program year; and
- a wholesale and fundamental review of conservation/DSM is unnecessary.

Given the Province's policy direction to support a "*gradual expansion of programs by utilities*"²¹, it is more important now than ever before that the OEB ensure continuity of framework fundamentals in order to ensure a seamless transition to a new Multi-Year DSM Plan beginning in January 2021 and to avoid interruption of conservation offerings across Ontario. To do otherwise threatens to contravene prior OEB guidance and recent direction from the provincial government.

²¹ Environment Plan, p. 23.

40. Program continuity is essential to a successful, sustained and prosperous energy conservation market. In order to confidently move forward, customers must be secure in the knowledge that their projects, which may now be in the preliminary financing and planning phase, will experience a seamless transition to the new Post-2020 DSM Framework. It is also important for the industry, including trade allies and contractors as well as utility staff, that there is no break in service of the DSM program offerings to ensure continuity of service.
41. Enbridge Gas is appealing to the OEB to approve the Post-2020 Framework by October 31, 2019. This timeline is necessary to provide the utilities with a minimally sufficient period to prepare and put forth a Multi-Year DSM Plan guided by the Post-2020 Framework. Additionally, Enbridge Gas requests a minimum three month period in order to implement the DSM Plan so that it can be in market January 1, 2021. Therefore Enbridge Gas proposes that its Post-2020 Multi-Year DSM Plan be filed by March 31, 2020 with a Board Decision expected no later than September 30, 2020.
42. It is most important to focus time and effort on stakeholder consultation and development of Enbridge Gas's Post-2020 Multi-Year DSM Plan as Enbridge Gas believes that the 2015-2020 DSM Framework is sufficiently broad and provides the appropriate flexibility to enable full consideration for varied and comprehensive post-2020 DSM program development.
43. In Enbridge Gas's view, most of the comments and issues raised by participants at the June 13, 2019 Stakeholder Meeting are matters that are more appropriately considered in the development of the Post-2020 Multi-Year DSM Plan and not as part of the development of the Post-2020 DSM Framework. Enbridge Gas looks forward to the opportunity to consult with and consider input from the various stakeholder groups to ensure that its Post-2020 DSM programming most appropriately meets the needs of its customers.

44. In addition, in the recent DSM Mid-Term Review that was concluded only seven months ago, the OEB observed that the gas utility programs were yielding strong performance and long-term natural gas reductions and went on to conclude that material changes to the current 2015-2020 DSM Framework were not warranted.²²
45. Enbridge Gas acknowledges that in its Mid-Term Report, issued last November, the OEB highlighted a select number of topics or issues that warranted consideration in the development of the Post-2020 DSM Framework. Similarly, Enbridge Gas' view is that the OEB's review of this list of topics should not necessitate a major overhaul of the current 2015-2020 DSM Framework. In fact, many of these topics are better suited for deeper consideration in the development and review of Enbridge Gas's Post-2020 Multi-Year DSM Plan.
46. Enbridge Gas proposes the following process and timeline to meet the objective of achieving an October 31, 2019 date for the OEB to issue a final Post-2020 DSM Framework while still allowing for meaningful input from interested parties to discuss in greater detail those specific areas that the OEB has explicitly determined to be in-scope. This process allows the OEB to ensure that stakeholders are engaged appropriately and expediently while avoiding unnecessary cost and regulatory burden.
- **July 18, 2019:** OEB Order - Issues List/Scoping Letter/Procedural Order;
 - **August 1, 2019 & August 8, 2019:** Phase 2 Stakeholder Consultations;
 - **August 19, 2019:** Phase 2 Stakeholder Written Submissions;
 - **September 6, 2019:** Utility Responses;
 - **September 20, 2019:** OEB Issues Draft Post-2020 DSM Framework and Guidelines;
 - **October 11, 2019:** Utility and Stakeholder Written Comments on Draft Post-2020 DSM Framework and Guidelines; and

²² EB-2017-0127/0128 Report of the Board: Mid-Term Review of the Demand Side Management (DSM) Framework for Natural Gas Distributors (2015-2020), p. 5.

- **October 31, 2019:** OEB Issues Final Post-2020 DSM Framework and Guidelines.

47. Enbridge Gas is confident that all parties involved in the development of the Post-2020 DSM Framework and Post-2020 Multi-Year DSM Plan are committed to serving the interests of ratepayers and will work expeditiously to enable Enbridge Gas to implement a new Post-2020 Multi-Year DSM Plan by January 1, 2021. As of the date of this submission, there is sufficient time to engage in: (i) meaningful discussions on enhancements for the Post-2020 DSM Framework; (ii) the development of a consolidated Post-2020 Multi-Year DSM Plan; and (iii) OEB review and a public hearing on a consolidated Post-2020 Multi-Year DSM Plan.