



Scoping Document - DRAFT

Re: DSM Pilot Program - Scope

To: Mei Xu, Tim Hesselink, Ken Poon, and Mark Emmanuel - EPCOR

From: Chris Pulfer, Posterity Group

Version: 1.0

Date: October 31, 2021

1 Background

This short proposal outlines Posterity Group's approach to supporting a DSM Pilot Program for EPCOR Gas.

The proposed analysis will build on resource planning and conservation potential work that Posterity Group has recently completed in Ontario, including work to support Enbridge's DSM planning process. A selection of recent project work is provided as Appendix A to this document.

The remainder of this document includes a high-level description of our proposed approach, and a short section outlining estimated level of effort and budget.

2 Proposed Approach

We propose an approach that would allow EPCOR Gas to quickly develop a DSM Plan and launch a pilot offering. Key elements of our approach include: Ensuring consistency with programs currently in-market throughout the province where feasible; Leveraging analysis completed for Enbridge Gas where is in the public domain, and; Assessing opportunities specific to EPCOR's current and future customers, including opportunities specific to conversion customers.



"Posterity Group's staff expertise was key to help our team better understand and reconcile many of the incongruities found in the 2019 APS study, which informed some future DSM planning activities. With their expertise, Posterity Group significantly improved the understanding of the study inputs and outputs, and the study results. Posterity was able to utilize their tools and expertise to provide updated analyses which materially improved the study results and was much more credible for our market."

*Craig Fernandes, Enbridge Gas Inc.
Manager, Strategy and Policy, Energy
Conservation*





We propose to undertake the work in two phases, as summarized below:

Exhibit 1 – Proposed Work Packages

| <i>Phase</i> | <i>WP</i> | <i>Description</i> | <i>Budget</i> |
|--------------|-----------|--|---------------|
| 1 | 1 | Project Initiation and Data Intake | |
| | 2 | Develop Preliminary DSM Plan | |
| | 3 | Assess EPCOR-Specific Program Potential | |
| | 4 | Assess Cost Effectiveness & Develop Final DSM Program Plan | |
| 2 | | Implementation Support | |

The Phase 1 work packages are described below. Phase 2 approach and effort will be contingent on the plan developed under Phase 1 and the level of support required.

Work Package 1 – Project Initiation and Data Intake

Objective: Finalize workplan and approach, gather and assess EPCOR data, and identify relevant internal stakeholders.

Approach: Initiate project through meetings between the project team and EPCOR staff, along with a thorough review by the Posterity Group team of the relevant existing information and documents, including relevant Enbridge material filed with the OEB.

Key Deliverables:

- Kickoff Agenda and actions
- Updated workplan

This Work Package will be completed under four sub-tasks:

- Task 1.1 – Project Initiation Call and Initial Data Request
- Task 1.2 – Review Existing Data and Request Additional Data
- Task 1.3 – Kickoff Meeting
- Task 1.4 – Finalize Methodology and Approach

Task 1.1 – Project Initiation Call and Initial Data Request

We recommend undertaking the kick-off process in two steps: a pre-kickoff coordination meeting by phone, followed by a formal in-person kickoff meeting once the consulting team has requested and reviewed existing data.





During the coordination call, data that is immediately available will be identified and requested for review by the Posterity Group team ahead of the formal kickoff. At a minimum this will notionally include customer billing data and/or projections, and any initial DSM analysis that has been completed.

Posterity Group will gather relevant data that has been made publicly available through OEB filings, including data and measure information workbooks from the 2019 Ontario Achievable Potential Study (APS) and relevant DSM/Integrated Resource Planning filings by Enbridge Gas.

A high-level confirmation of stakeholder requirements will also be included on the agenda.

Task 1.2 – Review Existing Data and Assumptions and Request Additional Data

Under this Task, also to be completed ahead of the formal kickoff meeting, the Posterity Group team will review and undertake an initial assessment of data provided under the initial data request.

A thorough review of this information ahead of the formal initiation meeting will ensure a more substantial and productive discussion during the kickoff meeting. During this meeting, the Posterity Group team expects that data gaps will be discussed, and additional data will be requested. This additional data is likely to include:

General Modelling Assumptions:

- Current and forward-looking assumptions concerning economic and demographic activity in EPCOR's Residential and Commercial/Industrial sectors
- Current and forecasted future avoided resource costs and customer rates
- Discount rates, forecast inflation rates and environmental credits, including carbon prices, to be used
- Benchmark customer rates by region, rate class and year
- Avoided cost forecasts for non-gas fuels

Measure-level Data:

- Measure information from the 2019 APS (to be requested from OEB by Posterity Group)
- Any other relevant measure information, including program evaluations, EM&V reports, and current program measure assumptions filed by Enbridge with the OEB.
- Research, assessment and supporting documentation for anticipated DSM programs

Task 1.3 – Kickoff Meeting

During the kickoff meeting our Project Manager and senior consultants will facilitate a dialogue with PNG staff to review the contents of the draft Work Plan, which will include this proposal approach and schedule, modified based on the kick-off coordination discussion.

The kickoff agenda will include:

- A discussion of roles and responsibilities of the Posterity Group team and client team
- Identification of other relevant stakeholders
- A review of proposed study methodology, schedule, milestones, and deliverables
- Client review and input process
- A discussion of project risks and mitigation strategies
- Data management and data security requirements





- A discussion of the initial data review

Task 1.4 – Finalize Methodology and Approach

Following the kickoff meeting and a review of the proposed study methodology, the Posterity Group team will work to update the methodological approach outlined in Work Packages 2 through 4 below, including confirming final scope and detailed discussion of final segments and end-uses.

Work Package 2 – Develop Preliminary DSM Plan

Objective: Develop a preliminary plan primarily based on program concepts that are currently in-field in Ontario. Work under WP 2 will serve as the basis for a final DSM plan (WP 4) to be filed with the OEB.

Approach: Leverage public domain information, including Enbridge’s OEB filings and program information, other in-market efficiency programs, and any available information previously developed by EPCOR gas.

Key Deliverable:

- Preliminary DSM plan document

Task 2.1 – Define Draft Program Areas

Following the kickoff meeting and a review of available background material, the project team will define draft program areas.

Major sources for defining draft program areas will notionally include:

- EPCOR’s initial market/customer research and projections
- Programs already in market in Ontario, primarily Enbridge’s DSM programs. Other programs of interest may include Federal government incentive/lending programs, and FCM-funded municipal programs.

The goal will be to define program areas at a high level (i.e., residential retrofit, commercial new construction, residential new conversion, etc.) for further discussion under Task 2.2.

The outputs will notionally include several one-slide program descriptions outlining target customers/measures, and justification based on previous/current program experience and EPCOR’s customer mix and market research.

Task 2.2 – Initial Program Brainstorm Session

Based on the draft program area descriptions developed in Task 2.1, the consulting team will facilitate a half-day session to discuss and define draft program concepts, with the goal of determining program areas of interest for further measure-level analysis, with a particular focus on any opportunities specific to conversions or other items specific to EPCOR service territory.

Task 2.3 – Define Draft Measures

Under this task, the consulting team will define measures for the Program Areas of interest. Again, measures will draw on programs in market as possible.





These measures will be assessed for cost, savings, and potential program participation under Work Package 3.

Work Package 3 – Assess EPCOR-Specific Program Potential

Objective: Estimate participation for the programs and measures developed under Work Package 2.

Approach: Using publicly available results from the most recent OEB/Enbridge Achievable Potential Study, as well as subsequent modelling undertaken by Posterity Group, develop measure-level participation and savings estimates to support budget development in Work Package 4.

Key Deliverable:

- Program Potential estimates

Task 3.1 – Draft Generic Measure-Level Program Potential

Under this Task, the consulting team will develop initial estimates of program potential at the measure level. This will entail the following steps:

- 1) Cost and savings assumptions will be developed for the measures defined in Task 2, based on published OEB/Enbridge Technical Resource Manual Values, APS assumptions, and/or Posterity Group’s measure library.
- 2) Measure applicability assumptions for EPCOR Gas’ service regions will be developed using Posterity Group’s Ontario APS model (see text box).
- 3) Generic market uptake assumptions will be developed for each measure based on standard incentive levels and resulting measure financial metrics such as customer payback
- 4) Results of (2) and (3) will be aggregated and summarized as a generic program potential. These numbers will serve as a “conversation starter” for discussion during a workshop with EPCOR Gas staff under Task 3.2

Task 3.2 – Measure-Level Workshop

This task will involve a half-day online workshop to review the generic outputs of Task 3.1.

The discussion will be used to:

- Overlay EPCOR Gas resource constraints on the generic participation results

WP3 - Granularity and Structure

Subject to discussion and confirmation with EPCOR, we propose to model energy use for Work Package 3 at a similar level of disaggregation as the 2019 Ontario APS.

Posterity Group has developed a “mirrored” model of the 2019 APS that estimates gas use in Ontario by customer segment and end use. This model has primarily been used to support DSM planning, carbon abatement pathway modelling and resource planning for Enbridge Gas.

We propose to use this same model, with two newly defined regions: EPCOR’s Aylmer and South Bruce Regions.

As possible, EPCOR-specific data will be integrated. In the absence of specific data, the original APS assumptions regarding demographic trends, customer gas uses, and DSM measure applicability will be retained.

Sector, segment, vintage, end-use, and year categories will be defined as part of project initiation.





- Consider the potential effect of specific take-to-market options (such as direct-install approaches, midstream incentives, or partnership opportunities) on uptake
- Consider the potential impact of varying incentive levels on uptake
- Discuss non-incentive spending areas

Task 3.3 – Finalize Program Potential

Incorporating the outcomes of Task 3.2, the consulting team will update the Generic Program Potential to develop projected DSM participation, and savings estimates.

Work Package 4 – Develop Final Plan and Assess Cost Effectiveness

Task 4.1 – Develop Draft Budget Amounts

This task will involve building budget assumptions based on participation assumptions from WP3 and conducting cost-effectiveness testing.

Task 4.2 – Develop Draft Report, Review with EPCOR Staff

The results of Task 4.1 will be incorporated into a draft DSM plan report and provided to EPCOR staff for review.

Task 4.3 – Update and Finalize Report

Following review, the consulting team will incorporate comments, and finalize the DSM Plan report.

Phase 2 – Implementation Support

Posterity Group will be available to support detailed program design, program implementation (including the development of Technical Resource Manual entries, and program materials/procedures), Budget, Level of Effort, and Schedule

We anticipate that Phase 2 tasks would be defined and budgeted following the completion of Phase 1.





3 Level of Effort and Budget

The following table provides estimated level of effort and budget levels by task. As shown, Posterity Group is willing to undertake the assignment, as described above, at a discounted cost of [REDACTED] exclusive of applicable taxes.

A detailed milestone schedule will be developed as part of project initiation. We estimate a 17-week execution period following contracting.





Appendix A Recent Project Descriptions

| Project | Client | Start-End Date | Key Team Members – Role |
|--|--------------------------|---------------------------|--|
| Integrated Resource Planning and DSM Planning Support | Enbridge Gas Inc. | January 2021-January 2022 | Alex Tiessen – Project Director, Project Manager |
| | | July 2019-December 2020 | Chris Pulfer – Expert Advisor Dave Shipley – Technical Director, Lead Analyst |

In 2019 and 2020, Posterity Group worked with EGI to develop a Navigator end-use energy model to support DSM planning. The model aligns closely to the Ontario Energy Board’s 2019 Achievable Potential Study but includes adjustments that better reflect Enbridge’s input and experience, and to correct for identified limitations. Model outputs are housed within Power BI to provide an interactive means to support future EGI planning efforts. In 2021, Posterity Group is working with EGI to update and enhance the end-use model dataset to support its next multi-year DSM plan submission. Priorities include:

- Developing evidence to position the APS in a context that more accurately reflects EGI’s knowledge and experience;
- Making further adjustments to the APS dataset to address deficiencies and enable sensitivity analysis; and
- Interrogatory and Witness Support

| | | | |
|---|--------------------------|-------------------|---|
| Energy Transition Scenario Analysis (ETSA) | Enbridge Gas Inc. | July 2020-Ongoing | Alex Tiessen – Project Director Dave Shipley – Technical Director Erika Aruja – Project Manager & Analyst |
|---|--------------------------|-------------------|---|

Enbridge retained Posterity Group to conduct the Energy Transition Scenario Analysis project to consider the operations impacts from a range of climate policies that Enbridge could face over the next 20 years. The project involves modelling future load at the granular level of energy end uses, different building types, rate classes, and regions, and model several scenarios that consider possible economic and policy environments. The scenarios assess impacts on natural gas demand, GHG emissions and peak load. Posterity Group will also provide Enbridge with an online visualization platform to enable Enbridge staff to interact with the outputs of the analysis to support decision making.





| Project | Client | Start-End Date | Team Member – Role |
|---|---|----------------------------|---|
| Residential Prescriptive Building Envelope Research | Enbridge Gas Inc. | April 2021-Ongoing | Paula Claudino – Project Manager Chris Pulfer – Project Director |
| <p>Enbridge would like to develop and substantiate several new DSM insulation measures for the single-family residential sector. This assignment will provide Enbridge with technical and market information to support the development of prescriptive or quasi-prescriptive measures for inclusion in the Ontario Technical Resource Manual.</p> | | | |
| Non-lighting Prescriptive Measure Development | Independent Electricity System Operator (IESO) | August 2020-September 2020 | Alex Tiessen – Project Director |
| <p>Posterity Group led an effort to review and update electricity savings measures for the IESO in support of their internal DSM planning. The project team collected and reviewed energy performance data for the most efficient unitary HVAC equipment, chillers, demand-control ventilation controls, and compressed air equipment currently available in the Ontario market. Posterity Group also conducted an outreach study with local equipment manufacturers and suppliers to establish incremental costs for high-performance equipment over code-minimum equipment.</p> | | | |
| DSM Expenditure Plan | FortisBC Gas (FEI) and FortisBC Electric (FBC) | September 2021 - Ongoing | Chris Pulfer – Project Director Talha Mirza – Project Manager and Residential Lead Paula Claudino – Industrial Lead Alanna Komisar – Commercial Lead |
| <p>Following the successful completion of FortisBC’s 2021 Conservation Potential Review, Posterity Group has been retained to help FortisBC Gas and FortisBC Electric develop their five-year SDM Expenditure plans for submission to the BC Utilities Commission. Posterity Group is leveraging CPR modelling and conducting internal and external consultation activities to develop a cost-effective portfolio of programs that will guide several hundred million dollars of DSM spending from BC from 2023-2027.</p> | | | |





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CANADA

October 27, 2021

BY EMAIL

Ms. Mei Xu
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**Subject: Proposal – Third-Party Consultant – Demand Side Management Pilot Program
For discussion (ref. OSP3420)**

Dear Ms. Xu,

Econoler is pleased to submit this brief proposal to advise EPCOR Ontario in scoping, designing, implementing, and evaluating its first DSM programs. Our extensive work on DSM program evaluation makes us Canada's leading strategic advisory consulting services firm for DSM programs. Having undertaken program evaluation work in almost all Canadian jurisdictions for virtually all types of programs in market. We are very confident in being able to work with EPCOR Ontario on this assignment toward useful and insightful research findings across all program development phases.

EPCOR Ontario will be in good hands for this project – our team has deep expertise in identifying barriers to the successful launch of DSM programs and is geared towards finding appropriately adapted solutions using our vast knowledge about virtually all aspects of DSM program.

We look forward to further communication with you more detailed discussions and further information on how Econoler could efficiently support EPCOR Ontario in framing, designing, implementing and evaluating its first DSM program.

Kind regards,

Geneviève Gauthier
National Director – Strategic Innovation
ggauthier@econoler.com

c. c. Bryan Flannigan, Senior Strategic Advisor, Econoler

A. About Econoler

Econoler is a Canadian consulting firm with a global reputation for excellence in the design, implementation, evaluation and financing of energy efficiency projects and programs. Econoler has been operating for the past 40 years in Canada as well as in other industrialized and emerging countries on more than 4,000 assignments spanning 140 countries. Most of the projects have been carried out for government ministries or agencies (GHG emission reduction and energy efficiency), electric and gas utilities, private firms as well as major multilateral and bilateral organizations.

Econoler offers an exceptional range of professional services suited to the specific needs of its partners and clients. The firm's services include market studies, surveys, statistics, consulting services, capacity building, design of financing mechanisms, development and management of specialized funds, design and implementation of projects and programs, measurement and verification of project performance, and project and program evaluation.

B. Experience with Utilities

Econoler expanded its operations into Demand-side Management (DSM) in the early 1990s (an emerging field at the time), focusing on market research potential studies and program design and program implementation projects.

Since the 2000s, Econoler has had a greater focus on evaluation, conducting more than 200 DSM program evaluations for different utilities and government agencies in Canada, thereby gaining substantial knowledge of the various types of DSM programmes (both for prescriptive approaches and for large custom measure programs), targeted markets, programme characteristics (delivery process, eligible measures, incentive levels, etc.), and key parameters to be considered when designing and delivering technically sound and cost-effective programs.

Econoler is objectively the leading provider of DSM program evaluation services to Canadian utilities, energy efficiency agencies and grid operators. Our work in this area spans nine Canadian provinces and the Northwest territories in the past three years alone. We are the evaluators of record for the entire portfolio of programs several Canadian jurisdictions and provide strategic advice for all major programs for most major utilities and delivery agencies across Canada.

Our specialization in this field of expertise demands that we master most of the elements within the entire program development lifecycle – program strategy, regulatory context, program planning, program potential and target setting, cost-effectiveness testing, measure development, customer and stakeholder engagement and program implementation process quality. Further, our detailed exposure to so many Canadian programs and program administrators gives us unique insights into program administration best practice and precedent - we know what works well and what does not from our first-hand experience evaluating exactly this.

List of Client Canadian Utilities

Our Utility clients are listed below:

- › BC Hydro
- › EfficiencyOne
- › efficiencyPEI
- › Efficiency Manitoba
- › Efficiency New Brunswick
- › Efficiency Nova Scotia
- › Enbridge Gas Distribution
- › Énergir
- › Energy Efficiency Alberta
- › Fortis BC
- › Gazifère
- › Hydro-Québec
- › Independent Electricity System Operator (IESO)
- › Manitoba Hydro
- › New Brunswick Power Corporation
- › Newfoundland Power
- › Union Gas
- › Yukon Energy Corporation

C. DSM and DR Programs: From Strategic Thinking to Delivering Impact

As demonstrated in the image below, Econoler considers the entire program lifecycle in its utility advisory services.



EPCOR's objective of developing offerings in the energy efficiency marketplace ought to be considered in the broader national and provincial policy and regulatory context. This context increasingly requires natural gas utilities to:

- › Clearly enunciate their role in the transition to a low-carbon economy
- › Map the stakeholders' expectations with regards to launching a DSM program, for instance those of the Ontario Energy Board and interveners before the board

- › Identify and prioritize the desired outcomes, for instance job creation, energy poverty, and deferring infrastructure investments
- › Demonstrate the appropriate uses and important role of natural gas relative to the near-term demands of the electricity grid
- › Demonstrate the importance of energy efficiency as the “first-fuel” in the decarbonization and electrification discussion.
- › Enunciate the case for natural gas energy efficiency investments relative to a range of cost-benefit scenarios including natural gas distribution system investments, renewable natural gas investments, carbon abatement costs, and consumer relationship and retention.

For these reasons, Econoler would promote an approach to DSM program planning with a « whole program lifecycle » mindset which carefully consider each step in the development lifecycle with this context front-and-centre in the process.

Further, and importantly, Econoler would promote that it acts first-and-foremost as an extension of EPCOR’s team, as a close strategic advisor, rather than as a “external consultant”. Taking this approach would allow EPCOR to benefit from our skills and experiences, even for elements where Econoler may not directly offer services (such as in turn-key program delivery) where advice and guidance on procuring and managing these external services would still be highly beneficial. Our strong preference, therefore, is to develop the close, long-term, collaborative and mutually beneficial relationship of a trusted advisor, rather than that of a simple service provider.



« Our strong preference, therefore, is to develop the close, long-term, collaborative and mutually beneficial relationship of a trusted advisor, rather than that of a simple service provider. »

We present below a summary of how we would envision this unfolding, and the nature of supports that Econoler could provide for EPCOR at various steps in the process.

1. Strategy Thinking

- Objective: Clarify strategy and determine program approach
- Typical Budget and Timeline: ██████████ 4 to 12 weeks
- Econoler's Role: Facilitate discussions to enunciate corporate strategy and make appropriate linkages to program business case and strategy

In this first-step, we would aim to identify, clarify, and document EPCOR’s corporate strategies and business needs in the Ontario marketplace, and how energy efficiency programming would support these. Econoler would accomplish this by convening key internal stakeholders at EPCOR and reviewing internal plans and constraints. We would then work to develop a consensus among the program development team via meetings and workshops around how energy efficiency will serve the strategic position of EPCOR in the decarbonization context.

The outcomes of this step would be a brief report documenting the program concepts and identifying linkages that show how they support strategy in the short and medium terms.

2. Potential Analysis

- Objective: Estimate program potential, identify priorities.
- Typical Budget and Timeline: ██████████ 4 to 6 months
- Econoler's Role: Prepare the potential study

In this step Econoler would propose to undertake an analysis of potential for EPCOR to affect the market via energy efficiency initiatives and in alignment with its overall strategy.

We would do this by further refining existing provide-wide results and scale these to EPCOR's service territory and priority market segments in support of the strategy. Where required, we will undertake primary research with important market actors to further inform the analysis. We will then develop a realistic picture of potential program impacts and uptake for the priority market segments and technologies.

The outcome of this step will be a document and a set of potential analysis models that will build policy support and help to make the case for the energy efficiency program portfolio and funding. We are currently undertaking a very similar assignment for a gas utility in Quebec using an innovative approach.

3. Program Design, Implementation and Evaluation Planning

- Objective: Identify barriers, market influencers, develop program logic, incentives and delivery mechanisms.
- Typical Budget and Timeline: ██████████ per program
- Econoler's Role: Design portfolio of programs or Strategic advisor to EPCOR*

In this step, Econoler would propose to design a portfolio of programs (or "offerings"), based on both the outcomes of the Strategic Thinking and Potential Analysis Steps. Once the portfolio of programs is clear, we would work to develop detailed program implementation plans including delivery approach, budgets, staffing requirements, communication and marketing plans, and as required terms of reference for outsourcing any or all the program implementation and delivery functions. At this time, we would also develop the preliminary program evaluation plans to support the programs for process (EPCOR Internal) and Impact (OEB Evaluator of Record) evaluations.

Our approach to program design is to work within the priorities established in the potential analysis to further understand local market actors, influencers, supply chain structures and barriers, and consumer attitudes and motivations. Depending on the portfolio mix, this would be a combination of primary research and data collection with local market actors, which, as appropriate, may build from program concepts developed internally or from successes in other jurisdictions

The outcome of this step will be a series of document outlining each program's design (logic, outcomes, eligibility requirements, target market, uptake estimates, marketing strategy, cost effectiveness), a document summarizing the portfolio of programs (cost-effectiveness at the program level) and a set of implementation plans for each program with detailed operations plans, budgets, IT requirements and implementation approach. As required, we can also include terms of reference for procuring any of the required program delivery services. This step would also outline the proposed scope, timing, research objectives and suggested methodologies of the evaluations of each program.

We would expect that the outcomes of this step would also be ready for regulatory submission to the OEB in annex of EPCORS DSM plan submission.

We'd like to note that for this step, Econoler can either undertake the work as turnkey, or act as an advisor to EPCOR if it chooses to procure program design service with another firm, or bundled with implementation services.

4. Regulatory Support

- Objective: Obtain regulatory approval of the DSM plan
- Typical Budget and Timeline: Time and material as required (allow perhaps [REDACTED]), timing depends on OEB timetable
- Econoler's Role: Strategic advisor to EPCOR

We would propose to act as EPCOR's expert advisor in this stage to respond to any questions and develop and provide any additional submissions or evidence required of the OEB. We would also offer expert testimony if and when required.

5. Program Implementation

- Objective: Deliver programs to meet the desired outcomes
- Typical Budget and Timeline: Estimated during Step 2 and confirmed during Step 3, one to several years
- Econoler's Role: Strategic advisor to EPCOR*

For this step, Econoler would propose to act as an expert advisor to EPCOR if it chooses to deliver some portion of the programming internally, or if it chooses to procure outside services with another firm. Members of our staff have deep experience in program launch and delivery and would be well positioned to augment EPCOR's capacity as an "owner's representative" in program implementation procurement negotiations, quality assurance and contract administration/enforcement.

6. Program Evaluation

- Objective: Ensure that programs meet requirements of OEB evaluator
- Typical Budget and Timeline: [REDACTED] per program for process evaluation
- Econoler's Role: Develop initial program evaluation plans, Strategic Advisor to EPCOR*

For this step, Econoler would propose to act as an advisor to EPCOR as it procures 3rd party evaluation, as well as in its dealings with the OEB Evaluation Advisory Committee or the OEB's Evaluator of Record. As indicated above, Econoler is a leader in program evaluation in Canada, and would be an excellent advisor to have in your corner as you undertake program evaluation activities.

Of course, if Econoler is not chosen to undertake program design and advisory services, we would be delighted to undertake EPCOR's independent process evaluation activities as required by the regulator.

D. Econoler's Positioning

Econoler's usual methodological approach and teams of experts have several distinctive elements that make it a strategic partner of choice when thinking about designing and implementing new DSM and DR programs. These elements are grouped mainly around three themes:

- › Strategic innovation
- › Experience and proximity to the market
- › Efficiency

Strategic Innovation

Innovation is one of our three core values, along with complementary values of Excellence and Respect. The project team's approach to DSM/DR planning is to think about those three dimensions when determining desired outcomes, estimating the technical, economic and achievable potential and designing programs:

- › Stakeholders: the government and regulator, the utility and its clients.
- › Time horizon: work for the immediate needs but plan for future needs.
- › Benefits: corporate reputation, customer service, environmental stewardship, job creation, financial return, etc.

Although Econoler has a wide range of experiences that we can draw on to advise EPCOR Ontario, we pay particular attention in the early stages to ensure that activities are carried out as personalized as possible based on of the topics listed above.

Experience and proximity to the market

Econoler's team is made up of several seasoned experts who:

- › Have unparalleled experience in program evaluation across Canada. This provides access to and extensive knowledge of programs, their conditions for success, their profitability, trends and an ease in finding public data useful for establishing the potential and designing the programs.
- › We are able to suggest avenues for innovation and offer strategic advice.

Also, Econoler's team is made up of experts who have a large network of contacts and who are recognized experts in their fields. That network can be leveraged to support the DSM/DR program planning at a lesser cost and maximize the odds of a successful program launch. This network of contacts is made up of:

- › Contacts with Canadian energy efficiency utilities and agencies: provide access to information and data that is not necessarily public.
- › Contacts in sectorial associations: provides access to key people who can provide information on trends, best practices, and additional costs associated with certain measures for specific market segments
- › Contacts with customer associations and customers: Part of Econoler's service offering is to serve as a strategic advisor to building and manufacture managers. These contacts are very useful for identifying key information on trends, best practices, and additional costs associated with certain measures for specific market segments.
- › Suppliers network: Through its involvement in several industry committees, Econoler's network with product and service suppliers is very important. It is also network that can be used to provide

information on trends, best practices, and additional costs associated with certain measures for specific market segments.

Efficiency

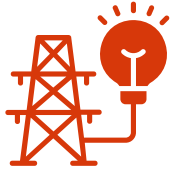
Most potential studies across Canada require budgets in the hundreds of thousands of dollars. So, few firms can claim that they have performed high-quality potential studies on a budget of less than [REDACTED]. However, this is the case with Econoler: with innovative thinking and common-sense approaches, we have carried out potential studies (building sector and industrial sector) for a budget of less than [REDACTED], thanks to a methodological approach that scales effort according to the impact on the findings of potential.

In fact, the Econoler experts make the following observation in connection with the traditional approach to realizing potential: most studies of potential give an impression of great precision by their methodological approach (modeling of archetypes, large amounts of data). etc.), but the reality is quite different. These hundreds of data points are often imprecise and poorly documented, which has the effect of considerably reducing the precision of the potential, and therefore its usefulness, despite the sums invested. Thus, a lot of effort is expended to generate a large amount of data without any real positive impact.

This example demonstrates the ways that Econoler's approach modulates efforts according to where value and impact are important. This is very important in our work for all utilities, but of particular importance to utilities operating in smaller territories, where human resources and budgets are a very real constraint. Using our approach, we are able to stay on budget and provide the utility with useful information that serves the expected outcomes.

E. Next Steps

We were delighted to speak to the EPCOR team a few short weeks ago and are pleased to be able to present some more information about our approach. The information we've presented above is necessarily at a very high-level, and presents very approximate ranges of effort, budget and timing. We would appreciate the opportunity to meet again, and to continue the conversation with the aim of developing a more specific service proposal.



DSM Framework Design Services and Expertise

SUBMITTED ON:

October 20, 2021

SUBMITTED TO:

EPCOR Ontario
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Toronto, ON M5J 2H7

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October 20, 2021

Tim Hesselink,
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Subject: DSM Framework Design Services and Expertise

Dear Tim and Team,

We appreciate EPCOR engaging us on the development of your DSM framework. We look forward to speaking with you at your earliest convenience about CLEAResult's capacity to support EPCOR Ontario.

If you have any questions, comments, or concerns, I am your primary point of contact for this program. Please reach out to me at any time: Ryan.Shaw@clearesult.com or 416-270-4158.

Kind Regards,

A handwritten signature in black ink, appearing to read 'RS' with a flourish underneath.

Ryan Shaw
Vice President Business Development – Canada

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This proposal includes information that shall not be disclosed outside EPCOR and shall not be duplicated, used, or disclosed, in whole or in part, for any purpose other than to evaluate this proposal. If, however, a contract is awarded to this offer, as a result of, or in conjunction with, the submission of this information, EPCOR shall have the right to duplicate, use, or disclose the information to the extent provided in the resulting contract. This restriction does not limit EPCOR's right to use the information if it is obtained from another source without restriction. The information subject to this restriction is contained in this volume and its appendices and attachments.

Executive Summary

We understand that EPCOR desires to present a Demand Side Management (DSM) framework to the Ontario Energy Board for approval and delivery. CLEAResult proposes to assist EPCOR in that endeavor. We describe our experience and capabilities for DSM framework design, program design and program implementation in this document.

Aligning on the Objectives

Building a new DSM framework is challenging and complex, and if done correctly, the resulting program or programs will benefit all stakeholders, including EPCOR and your customers. In our view, a successful DSM framework would accomplish the following objectives:

1. Align with EPCOR's overall business and revenue objectives
2. Augment any business or expansion activities currently in EPCOR's strategic roadmap
3. Provide an opportunity to build positive brand awareness (as demonstrated by increased net promoter scores)
4. Provide an opportunity to drive for meaningful and positive customer engagement
5. Provide measurable energy savings and numerous environmental benefits
6. Optimize funding and investment levels to balance benefits with rate impacts
7. Provide consistent, stable, and sustainable DSM programs over multiyear terms
8. Ensure all stakeholders (EPCOR, customers, market participants, etc.) are properly incentivized for ideal outcomes and behaviors

Given the experience of our team, we are well positioned to support EPCOR in creating a multi-year DSM framework that accomplishes all objectives above.

CLEAResult's Proposed Approach

As we understand it, EPCOR is in the preliminary design stage for a DSM framework. We understand that this first positive step occurs before funding mechanisms are defined and/or clarified. In other words, we see EPCOR as still in the investment and ideation stage, meaning any costs incurred at this point may not be funded through an existing DSM framework. CLEAResult's mission is to change the way people use energy, and we are fully supportive of EPCOR's DSM goals. To demonstrate this, we are discounting our rates during the Program Design stage as an acknowledgement of the increased risk that EPCOR is taking at this stage of the framework before regulatory approval. Specifically:

- We propose a discounted T&M rate structure that provides a low-risk option for both EPCOR and CLEAResult for all DSM framework planning activities
- We propose a flexible and dynamic scope of work that allows EPCOR to modify, fast track, or evolve the process as needed by EPCOR (or requested by the OEB) without constant revisiting of the contract or scope of work

Overview

About CLEAResult

CLEAResult has 30+ years of experience implementing energy programs for utilities, governments, and agencies. With 2200 professionals, 150 clients, and 900 active programs, we are the largest provider of energy efficiency services in North America. We focus exclusively on implementing energy efficiency and carbon reduction programs - it is all we do.

Headquartered in Austin, Texas, CLEAResult is owned by the Texas Pacific Group (TPG), a global alternative asset firm with more than \$82 billion under management. We are part of TPG's Rise Fund, the world's largest global fund committed to achieving measurable, positive social and environmental outcomes.

Our Canadian operations consist of more than 115 energy professionals with offices in Toronto, Burnaby, and Calgary. We currently deliver the largest and most energy efficiency programs in Canada. Since 2000, we have served the Canadian market and providing guidance in areas related to sustainability, emerging technologies, energy efficiency, energy planning, and energy management. In collaboration with our utility and government clients and their partners, we have delivered more energy efficiency savings than any other company.

We have extensive experience working with organizations similar to EPCOR in Ontario including utilities, governments, and other agencies managing DSM programming across Canada. Our notable clients include Enbridge, the Independent Electricity System Operator (IESO), FortisBC, CleanBC, BC Hydro, Hydro One Networks, Toronto Hydro, Ottawa Hydro, the Green Ontario Fund, Energy Efficiency Alberta (EEA), MCCAC, NRCAN, and others. We would be honored to support EPCOR Ontario as well.

Impact at a Glance

850+

active programs

60+

Offices across the continent to better serve you locally

130+

clients

5,200+

GWh saved annually

195M+

M3s saved annually

200,000+

Home energy assessments annually

100,000+

Insulation upgrades performed annually

5.5M+

customer interactions in 2020

CLEAResult client information on this page is considered confidential and not to be shared or duplicated.

Professional Services

Our team has the experience and ability to support EPCOR across the entire lifecycle of DSM Services. We can support EPCOR ideation through framework design, framework submission, program design, program launch, program implementation, and evaluation. For the purposes of this proposal, we have categorized all applicable services into either “Design Services” or “Implementation Services.”

DSM Framework and Program Design Services

We engage with several utilities and government agencies across Canada on framework planning and program design.

CLEARResult’s Design Services. Some services we offer that may be of interest related to EPCOR’s Gas DSM framework design include (but are not limited to):

- Framework design and rate balancing across Industrial, Commercial and Residential market sectors
- DSM governance structures
- DSM program design
- DSM target setting
- DSM budget setting
- Market research, analysis, and benchmarking
- Working group set up, engagement and management, and stakeholder engagements
- Cost Effectiveness goals (including net to gross, free-ridership, etc.)
- DSM framework evaluations plans (rules for evaluation & intervening)
- DSM framework scorecard and payment analysis (SSM, LRAM, etc.)
- DSM payment and reimbursement structures
- DSM rate distribution and balancing
- Carbon mitigation planning and infrastructure impacts
- DSM risk assessments and risk mitigation plans
- Assessing and applying Achievable Potential Studies to obtain program results
- Impacts of various delivery options
- Training and capacity-building assessment to meet goals

DSM Design Experience. CLEARResult’s Canadian team has deep experience in DSM framework and program design, including direct prior experiencing leading and designing three separate DSM frameworks in Ontario and supporting the associated regulatory filings. We are the only organization that can offer EPCOR these qualifications. We describe the specific qualifications of the individuals with this experience in the Key Team Members section, beginning on p. 9. The specific DSM filings we have supported include:

2010 and 2011 Union Gas DSM Plan (EB-2009-0166 and EB-2010-0055)

- Supported the development of evidence for Low Income and Market Transformation programs (program design, budgets, targets)
- Supported the responses to interrogatories

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- Presented at rate-payer consultative meetings on Residential program matters

2012 – 2014 Union Gas DSM Plan (EB-2011-0327)

- Developed evidence for Union Gas' Low Income portfolio (program design, budgets, targets)
- Responded to all interrogatories related to LI program design
- Presented at rate-payer consultative meetings on Low Income program matters

2015 – 2020 Union Gas DSM Plan (EB-2015-0029)

- Supported Program budget build
- Supported Program KPI and scorecard development
- Conducted ratepayer impact analysis
- Managed the DSM Strategy
- Oversaw the development of evidence across all sector groups (Residential, LI, C&I, Industrial)
- Hosted and presented at all rate-payer consultative meetings on framework matters
- Appeared as a key witness at the OEB technical conference and oral hearing

In addition to DSM framework support, the CLEAResult team has extensive experience in program design. In conducting DSM Program and Pilot Design Services, we apply our energy efficiency program implementation experience from throughout Canada as well as from programs we deliver across North America, as the foundation of our program design work. This ensures that the programs we design and implement consider real-world market actors, include tested program delivery processes, and incorporate effective solutions for addressing barriers to program delivery. The work our Canadian team has performed for utilities has led directly to successful program implementation, including:

- Custom pilot program designs for the largest utilities in Ontario including Hydro One, Toronto Hydro and Enwin.
- Design of the Residential Direct Install and Energy Review program for GreenON
- Enbridge upstream Jurisdictional Scan and Program Design
- CDM plans with numerous Ontario utilities to help achieve their provincially mandated conservation targets in the Conservation First Framework
- Reviews, analysis, comprehensive market characterization and business case creation that contributed directly to the Retrofit program redesign.
- We have worked with clients across North America to perform market research, market segmentation, jurisdictional scans, opportunity assessments, etc.

DSM Program Implementation Services

We partner with utilities and government agencies across Canada on program implementation.

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DSM Implementation Services Offered. Some services we offer that may be of interest to ECPOR at a later date include:

- **Program Management:** Includes target and budget tracking, reporting and forecasting as well as issue management
- **Outreach and Account Management:** Includes customer and trade ally engagement, marketing and communications, application support, supplier network recruiting and training
- **Opportunity Identification, Energy Audits and Energy Savings Assessments:** CLEARResult has performed approximately 475 ASHRAE Level I, II, and III audits over the past five years. We are a licensed Service Organization with NRCAN. We perform Virtual Assessments by leveraging our proprietary solution
- **DSM Program Technical and Engineering Services:** This core CLEARResult offering includes performing technical reviews on customer applications, analyzing energy data, energy modeling, pre-project site assessments, verification audits, metering, evaluating emerging technologies, verifying demand and consumption savings estimates, updating technical reference manuals (TRMs) and more.
- **Site Inspections, Quality Assurance and Quality Control:** CLEARResult performs various onsite services for clients, including pre site assessments, post site assessments, and metering. All site visits are supported with appropriate photos, documentation, and safety protocols
- **Measurement & Verification (M&V) Plans, Metering and Analysis:** Includes supporting customers, consultants in developing and implementing M&V plans to ensure reasonable and defensible energy savings analysis

DSM Program Launch. For all new DSM program launches, CLEARResult leverages our proven three-team approach:

- **Local Team:** Regional staff with local knowledge and program expertise work directly with the client to ensure local requirements are understood and met.
- **Launch Team:** Centralized subject matter experts (SMEs) who focus on program launch bring specialized skills as well as innovative ideas from across the continent to leverage for each client.
- **Executive Sponsors:** Senior leaders and SMEs support the program to ensure program launch goals are met.

DSM Implementation Experience. DSM Program Implementation Services is our primary business. Our implementation expertise helps clients achieve their program goals. As an organization we:

- Actively implement **850+ programs** across North America
- Actively implement programs for **130+ utility and government clients**
- Process **750,000+ incentive applications** and **US\$530M+ in incentives** annually
- Work with **30,000+ contractors**

- Help **save 650 Mt CO₂e every year** - equivalent to the approximate emissions of Alberta, Ontario, Quebec, Saskatchewan and British Columbia, having delivered more DSM programs in Canada than any other party
- Deliver industrial, commercial, residential and low income programs in Canada
- Deliver downstream, midstream, upstream, retail, SEM, and direct install programs
- Setup and operate all program elements including outreach strategies, process requirements, program materials and training, technical and compliance reviews, payment processing
- Provide extensive support to the market on application processes, identifying new opportunities, determining energy savings, adopting emerging technologies, decommissioning, documentation collection, and more.

In the last 5 years in Canada our team has achieved the following:

- **32,000 C&I retrofit applications** across Canada
- **872 large industrial applications** across Canada
- **40,000+ in-home audits** and thermostat installations
- More than 40 current downstream and midstream programs
- 16 current Energy Manager and SEM programs as North America's leading provider of SEM programs with more than 200,000 MWh savings each year
- Program Delivery for the IESO, Hydro One, Enbridge, BC Hydro, Fortis BC, Government of Alberta - Environment and Parks (formerly Energy Efficiency Alberta), Natural Resources Canada, as well as the Municipal Climate Change Action Centre

Specific DSM Program Technical and Engineering Experience. Our engineers excel in every aspect of energy efficiency program support and standalone energy engineering consulting. Our team has experience in all sectors including retrofit and new build, residential, commercial, industrial, and agriculture. Some additional facts about our capabilities:

- The largest dedicated M&V team in Canada (60+ engineers dedicated to DSM technical review)
- The largest engineering team dedicated to M&V in North America (200+ energy engineers)
- The sole M&V provider for the IESO on Large Industrial Programs since 2010
- Experience evaluating incentives for complex technologies as high as \$30,000,000
- Trusted advisor on Technical Reference Manual (TRM) creation, validation, maintenance, and defense
- Established tools, calculators, methodologies, M&V approaches, and benchmarks
- Industry leading net to gross and realization ratios

CLEARResult client information on this page is considered confidential and not to be shared or duplicated.

Key Team Members

We have identified the skilled and experienced staff whom we believe are best positioned to support EPCOR Ontario in DSM Planning, Program Development and Delivery.

| Name and Title | Directly Related Experience |
|---|--|
| <p>Ryan Shaw <i>Vice President (Canada)</i></p> | <p>Ryan has 15+ years of DSM experience. In his current role as Vice President of Canada, Ryan oversees all client relationships and growth-related initiatives.</p> <p>Ryan joined CLEARResult in 2016 following several years as the Head of Energy Products with Rogers Communications and more than 5 years with Union Gas Limited in their conservation portfolio. He also led the development of Union Gas’s Commercial Industrial DSM Filing to the OEB in 2012.</p> |
| <p>Tracey Brooks <i>Vice President, Policy</i></p> | <p>Tracey has over 15+ years of experience advancing energy efficiency and climate change programs and policies across Canada. In her current role, Tracey works with government officials and industry stakeholders to advance energy policy initiatives and bring energy efficiency solutions to local markets.</p> <p>Prior to joining CLEARResult, Tracey spent ten years at one of Ontario’s largest natural gas companies, where she held management roles in program design and strategy within their DSM department. In these roles she led the design and execution of the utility’s long-standing Low Income, Residential Home Retrofit and Market Transformation New Construction programs. During her time with the utility, Tracey honed her proficiency in the policy and regulatory arena through her work on numerous regulatory proceedings with Ontario’s Energy Board that led to the expansion of DSM programming in the province.</p> |
| <p>Ehsan Dibaji, <i>Snr Program Director,</i></p> | <p>Ehsan is currently overseeing CLEARResult’s Technical Review practice, which provides engineering services for several programs, including the Save on Energy Retrofit, Process and Systems Upgrade, and Energy Manager Programs. Ehsan provides strategic direction and operational best practices to ensure client’s goals and objectives are not only met but exceeded.</p> <p>Ehsan has 10+ years’ experience working in the energy industry, joining CLEARResult Canada in June of 2017, after spending more than six years with Union Gas Limited. While at Union, Ehsan played a critical role in the development of Union’s 2015-2020 DSM Plan, specifically managing all aspects of the budgets, scorecards, and targets. Ehsan has a comprehensive understanding of the Ontario energy conservation landscape and the interplay between ratepayer funded DSM and taxpayer funded energy conservation.</p> |

| Name and Title | Directly Related Experience |
|---|---|
| <p>Emily Kemper, <i>Director, Residential Solutions Architecture</i></p> | <p>In her role as Director for Residential Customer Solutions, Emily is responsible for development and design of solutions and product specifications across CLEAResult’s entire residential portfolio, including technical design, business requirements, and workflow efficiencies. She serves as the primary point of contact for residential solutions at CLEAResult. She is CLEAResult’s subject matter expert (SME) in the areas of smart and zero-energy ready homes, as well as providing general residential energy program expertise. She has more than 18 years of experience in building science and architectural design, and she actively participates in the local residential building industry through volunteer activities and committees.</p> |
| <p>Katie Fotheringham, <i>Program Director</i></p> | <p>Katie has been designing and delivering efficiency programs for more than 13 years. Katie currently oversees Commercial and Industrial Programs, Low Income Programs, SEM Programs, M&V and feasibility studies across Canada. She also manages IESO’s Process and Systems Upgrade, Energy Manager, Industrial Accelerator and Energy Performance Programs. A seasoned Program implementer and Certified Energy Manager with a penchant for creative solutions and a passion for efficiency, Katie applies her enthusiasm and experience to achieve positive outcomes for clients, participants, and stakeholders.</p> |
| <p>Michael Deane, <i>Snr Program Manager</i></p> | <p>Michael Deane has more than 10 years of experience in energy efficiency, successfully providing energy efficiency services to more than 450 industrial, commercial, institutional and municipal sites. Michael leads the Canada Strategic Energy Management (SEM) team. He manages programs that help participants drive behavioral and operational changes through a holistic approach to achieving energy savings. The SEM approach is personal and long term, working with traditionally hard-to-reach customers to implement innovative operations and maintenance programs that drive energy efficiency.</p> |
| <p>Ben Burger <i>Senior Engineering Manager</i></p> | <p>Ben is a Mechanical Engineer with more than 20 years of DSM experience. His technical consulting experience is mainly focused on heating, ventilation and air-conditioning (HVAC), plumbing and gas distribution systems. He is experienced in value engineering and helping client and project teams find the best solutions. His experience includes projects in boilers, thermal oxidizers, hydraulic systems, filtration systems, heavy engineering fabrication processes, water and wastewater treatment, mining, manufacturing, material handling, petrochemical, and food and beverage industries. As a study leader he works with major clients to plan and execute energy feasibility studies through analysis of the collected information and in cooperation with the utilities. He also fulfills the role of project manager by managing the budgets, schedules and resources involved in the projects. As a technical expert, Ben provides input to all phases of the project, including concept and detail design development.</p> |

| Name and Title | Directly Related Experience |
|--|--|
| <p>Steve Mooney, <i>Snr Program Manager</i></p> | <p>Steve Mooney is a Senior Program Manager at CLEARResult. Steve has led Account Management and Technical Review teams in the delivery of the Save on Energy Business programs. Steve is a Professional Electrical Engineer with a Master’s degree in Environmental Studies. Steve has more than 20 years of management and technical experience working with utilities, businesses and government. Steve has deep experience in DSM program design and business case development for residential and business sectors, including stakeholder engagement, budget, savings and cost-effectiveness analysis, as well as in developing and delivering training for utilities, customers and trade allies.</p> |
| <p>Meghan Murray <i>Snr Program Manager</i></p> | <p>Meghan Murray is an experienced energy management professional, manager, and leader with a proven ability to deliver complex projects for clients with large portfolios. She has diverse experience working across disciplines within the energy conservation industry, currently leading a team of energy professionals providing outreach and support services for Ontario’s largest C&I CDM program. Meghan knows how to build and execute new programs within aggressive timelines, having previously launched and managed the first residential mass market program delivered by the Green Ontario Fund, as well as the Save on Energy Retrofit program help desk. Prior to joining CLEARResult, Meghan was contractually involved for three years in the third-party Process and Impact Evaluation of both Efficiency Nova Scotia’s energy conservation programming and IESO’s industrial programs (IAP and PSUI). During her tenure with Equilibrium Engineering, Meghan provided direct consulting and design services and project management in the residential, multi-residential, and C&I sectors including net zero building design, building commissioning, HVAC design and specification, building automation systems, renewable energy systems, and whole building energy auditing and modeling.</p> |

Roadmap

We have proposed a flexible scope of work that allows EPCOR to modify, fast track, or evolve the process as needed. We have identified six phases and 27 steps to framework submission.

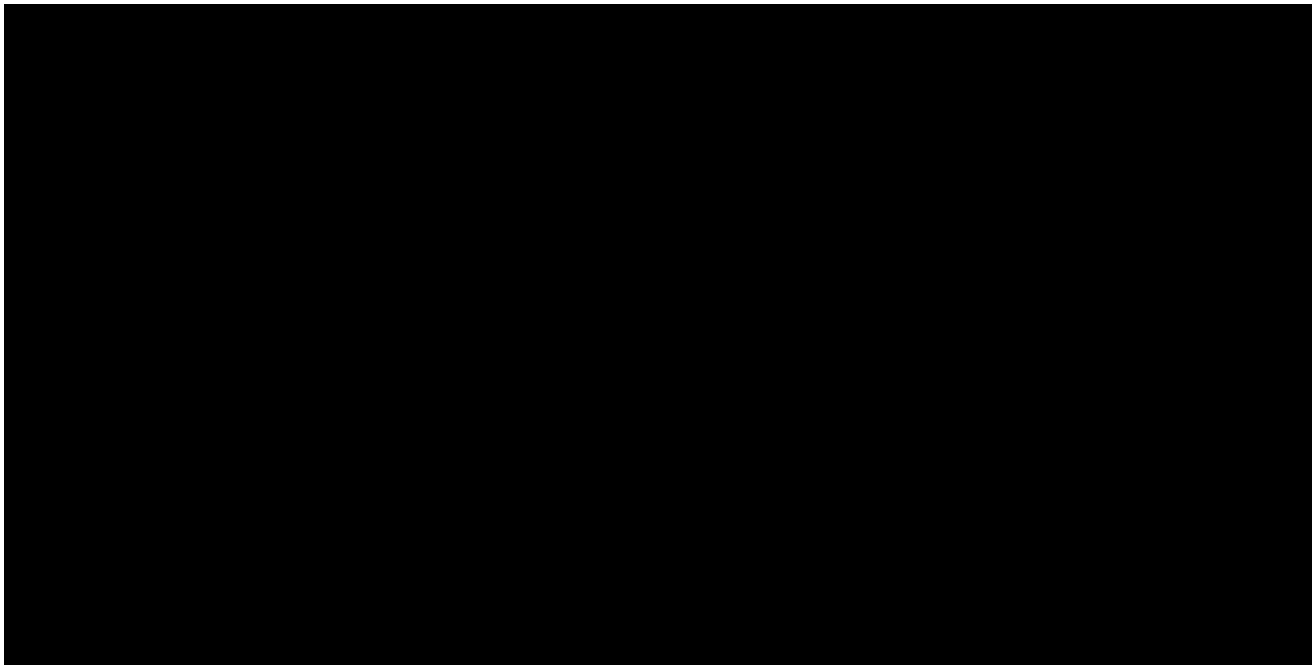
| Phase | Phase Name | Scope of Work |
|-------|--------------------------------|--|
| 1 | Core Principles & Planning | <ul style="list-style-type: none"> Align on high-level project roadmap Identify EPCOR business objectives Identify EPCOR DSM objectives Identify regulatory approval considerations (OEB & Intervenor needs assessment) Establish detailed workplan & timelines |
| 2 | Market Characterization | <ul style="list-style-type: none"> Assessment of EPCOR customer base Segmentation by market, size, technology, and savings potential Assess achievable potential study for regional validity Stakeholdering & working groups (market needs assessment) Jurisdictional scans Market research |
| 3 | DSM Framework Design | <ul style="list-style-type: none"> Develop DSM framework core principles, general approach, & recommendations Preliminary budgetary recommendations Preliminary savings recommendations Cost effectiveness recommendations Preliminary program recommendations Integration considerations (how programs interact with Enbridge, IESO, &/or NRCAN) Considerations for evaluating programs Identify financial considerations (rate impacts, SSM, LRAM, etc.) |
| 4 | Initial Review | <ul style="list-style-type: none"> Present market characterization, insights, relevant facts, & findings (EPCOR only) Present initial DSM framework recommendations Present financial impacts, recommendations, &/or scenarios |
| 5 | Second Review | <ul style="list-style-type: none"> Integrate feedback, close potential gaps, refine assumptions, & modify design Present revised framework design and recommendations (EPCOR only) |
| 6 | Final Design & Ongoing Support | <ul style="list-style-type: none"> Create final report Support regulatory filing Provide plan defense and supporting information as needed |

Pricing

We understand that EPCOR is currently in the preliminary design stage of a DSM framework. To underscore our commitment to supporting EPCOR during this phase, we are discounting our rates for Program Design stage as an acknowledgement of the increased risk that EPCOR is taking at this stage of the framework before regulatory approval. Specifically:

- We propose a discounted T&M rate structure that provides a low-risk option for both EPCOR and CLEAResult for all DSM framework planning activities
- We propose a flexible and dynamic scope of work that allows EPCOR to modify, fast track, or evolve the process as needed by EPCOR (or requested by the OEB) without constant revisiting of the contract or scope of work

Pricing for consulting services related to DSM Portfolio and Plan development as well as program design are as follows:



Note: pricing is considered confidential and is not to be shared with any party for any reason.

CLEAResult General Terms and Conditions

The following terms and conditions apply generally to all commitments by CLEAResult Canada Inc., a corporation incorporated under the *Business Corporations Act* (Ontario) and located at 393 University Ave, Suite 1622, Toronto, Ontario M5G 1E6 (“CLEAResult”) to perform work (the “Services”) for another party (“Client”) as contained in a proposal executed by both parties (the “Agreement”). CLEAResult reserves the right to supplement with additional terms and conditions as they may apply under the circumstances of a specific program or project.

1. Scope. CLEAResult will complete the Services (i) in a professional, competent, and reasonably efficient manner in accordance with the prevailing standards in CLEAResult’s industry; (ii) in accordance with the work schedule and for the price set forth in the proposal (“Proposal”); and (iii) in accordance with applicable laws and regulations.
2. Term and Termination. Either party may terminate this Agreement by providing thirty (30) day notice, with or without cause, at any time before its expiration following written notice of deficiency to the other party and a reasonable period to cure. Upon termination of this Agreement, the parties agree to cooperate with one another wind up work under any active Proposals and to transfer pending work to other persons designated by Client. CLEAResult shall be entitled to receive accrued but unpaid compensation and reimbursement as of the date of termination for authorized services actually and properly performed as of the termination date as well as services committed to by CLEAResult prior to termination. The provisions of Sections 2 and 4 through 10 shall survive termination of this Agreement.
3. Payment. Client agrees to compensate CLEAResult as described in the applicable Proposal. If not otherwise specified in the Proposal, CLEAResult shall invoice Client, and Client shall make payment to CLEAResult within thirty (30) days of receipt of that invoice.
4. Independent Contractor Relationship. This Agreement shall not create the relationship of employer and employee, a partnership, or a joint venture. Each party shall be solely liable for the wages, fringe benefits, payroll taxes, work schedules and work conditions of any assistants, partners or employees that that party may engage. For any assignment of work from Client, CLEAResult shall determine the days and hours of performance necessary to complete the assignment, as well as the number of any assistants, partners or employees. CLEAResult may contract with one or more qualified subcontractors to perform a portion of the work specified in any applicable Proposal.
5. Conflicts of Interest. During the Term of this Agreement, CLEAResult is free to perform services for other businesses or persons so long as such other work does not interfere with CLEAResult’s ability to perform the Services or the actual performance of the Services.
6. Non-Solicitation. The parties agree that during the Term of this Agreement and for a period of one (1) year thereafter (the “Restriction Period”) neither party nor any of its officers, directors, owners, employees, or agents will suggest to a business relation of the other party that such business relation should reduce or terminate the business relation’s business or relationship with the other party. During the Restriction Period, for itself or on behalf of another, neither party nor any of its officers, directors, owners, employees, or agents will, without the consent of the other party (which may be withheld or conditioned in the other party’s absolute discretion), solicit any employee of the other party to become an employee or independent contractor of any other person or entity, suggest to an employee of the other party that the employee should reduce or terminate the employee’s relationship with the other party, or hire as an employee or engage as an independent contractor any person who was an employee of the other party at any time during the Restriction Period.
7. Intellectual Property. Any drawings, specifications, data, graphic representations, sketches, information, calculations, plans, models, report and other documents that CLEAResult is required to prepare and deliver to Client as a part of the Services is deemed “Work Product.” Client and CLEAResult agree that Client shall own the Work Product; provided that CLEAResult shall retain the copyright in such Work Product. CLEAResult grants to Client a nonexclusive, worldwide, royalty-free, irrevocable license (with rights to sublicense to others) in such Work Product to translate, reproduce, distribute, and prepare derivative works, to publicly perform, and to publicly display all Work Product and to authorize others to do so. The scope of this grant is limited to the Work Product, and CLEAResult does not grant any rights to pre-existing intellectual property owned by CLEAResult that are not expressly granted in this Section 7.
8. Confidentiality. Neither party will use any Confidential Information of the other party for any purpose other than as needed to perform its obligations under this Agreement. Each party will hold all Confidential Information of the other party in strict confidence and will not disclose any Confidential Information to any person other than to its employees and independent contractors who: (i) have a “need to know;” (ii) have been advised of the confidential and proprietary nature of the Confidential Information; and (iii) have signed a written agreement that is as protective of the Confidential Information as that set forth in this Section; except as compelled by court order or otherwise required by law. If either

party is required by law to disclose Confidential Information, that party will immediately notify the other party and cooperate with the other party to obtain a protective order or other appropriate remedy to maintain the confidentiality of the information. The term “**Confidential Information**” means all information and materials relating to either party’s business, in whatever form or medium, disclosed to or received by the other party, whether visually, by perception, orally or in writing, whether disclosed before or after the Effective Date, and whether or not specifically marked or otherwise identified as “Confidential” or “Proprietary,” including all summaries and notes prepared by or on behalf of either party, except that “Confidential Information” does not include any information that the receiving party demonstrates: (i) has become generally available to the public without breach of this Agreement; (ii) was later received by that party from another person who did not violate any duty of confidentiality; or (iii) was developed by that party without use of any Confidential Information by persons who were not exposed to the Confidential Information.

9. Indemnity; Limitation on Damages. To the fullest extent permitted by law, the parties shall indemnify, defend, reimburse, and hold harmless each other and their successors, respective directors, officers, members, employees, representatives, and agents from, for, and against any and all allegations, claims, liens, liabilities, losses, demands, damages, expenses, suits, actions, proceedings, judgments, and costs of any kind whatsoever, whether actual or merely alleged and whether directly incurred or from a third party, including, without limitation, settlement costs, court costs, and legal fees and expenses (on a substantial indemnity basis) and expert witness fees and expenses, arising out of, or relating to: (a) the Services or any Work Product; (b) conduct of the indemnifying party, its employees, agents, subcontractors at any tier or independent contractors (including the filing of any liens); (c) infringement or misappropriation of any intellectual property right of any third party; (d) personal injury (including death) and property damage (real and personal, tangible or intangible, resulting in physical or solely economic losses); (e) negligence or willful misconduct; or (f) breach of confidentiality obligations. NEITHER PARTY SHALL BE LIABLE FOR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE PERFORMANCE OF THIS AGREEMENT. LIABILITY OF CLEARRESULT UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AMOUNT CLEARRESULT RECEIVES IN EXCHANGE FOR SERVICES AND REIMBURSABLE EXPENSES UNDER THIS AGREEMENT. LIABILITY OF CLIENT UNDER THIS AGREEMENT SHALL BE LIMITED TO THE AMOUNT CLIENT IS OBLIGATED TO PAY IN EXCHANGE FOR SERVICES AND REIMBURSABLE EXPENSES UNDER THIS AGREEMENT.

10. Miscellaneous.

a. Applicable Law. This Agreement shall be governed by and construed under the laws of the Province of Ontario and the federal laws of Canada applicable therein.

b. Legal Fees. In the event an action is brought to enforce any provision of or declare a breach of this Agreement, the prevailing party shall be entitled to recover, in addition to any other amounts awarded, reasonable legal costs including legal fees the prevailing party incurs (on a substantial indemnity basis), including, but not limited to, those related to or arising from any appeal.

c. Assignment. Neither party shall assign this Agreement, except to an affiliate, without the prior written permission by the other party.

d. Entire Agreement. This Agreement, including the applicable Proposal, contains the entire agreement of the parties regarding the subject matter described in this Agreement, and all other promises, representations, understandings, arrangements and prior agreements related thereto are merged in this Agreement and superseded by this Agreement. The provisions of this Agreement may not be amended, except by an agreement in writing signed by the party against whom enforcement of any amendment is sought.

e. Severability. If any provision of this Agreement is invalid or unenforceable in any jurisdiction, the other provisions in this Agreement shall remain in full force and effect in such jurisdiction and shall be liberally construed in order to effectuate the purpose and intent of this Agreement. The invalidity or unenforceability of any provision of this Agreement in any jurisdiction shall not affect the validity or enforceability of any such provision in any other jurisdiction.

f. Waiver of Breach. The failure of either party to enforce strict performance by the other of any provision of this Agreement, or to exercise any right available to the party under this Agreement, shall not be construed as a waiver of such party’s right to enforce strict performance in the same or any other instance.

g. Force Majeure. Neither party will be liable for a delay in performing its obligations under this Agreement to the extent that delay is caused by insurrection, war, riot, explosion, nuclear incident, fire, flood, earthquake, or other catastrophic event beyond the reasonable control of the affected party, provided the affected party immediately notifies the other party and takes reasonable and expedient action to resume operations.

No Third-Party Beneficiaries. Nothing in this Agreement shall confer any rights or liabilities upon any person that is not a party to this Agreement, except as expressly provided in this Agreement.

MEMORANDUM

TO: Mark Egbedeyi-Emmanuel and Tim Hesselink, EPCOR Utilities Inc.
 FROM: Leslie Kulperger, SeeLine Group Ltd
 DATE: 09 February 2021
 RE: Prospective DSM Plan Proposal Outline

EPCOR Utilities Inc (EPCOR) has expressed interest in exploring Demand Side Management (DSM) program opportunities for their commercial and agriculture customers. This memorandum has been prepared for EPCOR to provide an outline of services the SeeLine Group Ltd (SLG) can offer in support of submitting a DSM Plan to the Ontario Energy Board (OEB). At a high level, there are five main aspects of support that SLG has outlined for EPCOR's consideration summarized in the table below with associated cost estimates.

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The remainder of this memorandum provides an overview of activities in relation to the services noted above, as well as associated timing and costs.¹ The intent of this document is to provide EPCOR with options and associated timing and cost estimates to help inform an approach that would serve their objectives.

I. CUSTOMER PROFILE RESEARCH

Initiating DSM programming requires an understanding of the customers EPCOR serves to ensure the offering(s) effectively address their needs in addition to EPCOR's goals and those of the OEB's DSM Framework. Undertaking research and analysis of EPCOR's existing and new construction customers, SLG would focus on anonymized data gathering and analysis on the following businesses and building archetypes to inform DSM activity opportunities:

- Warehouse
- Retail
- Office
 - Low-rise
 - Mid-rise

¹ Note, this non-binding memorandum is not a proposal for services.

- Multi-unit Residential (includes Long Term Care)
 - Low-rise
 - Mid-rise
- Municipal Community Centres, Pools and Spas
- Restaurant/Commercial Kitchen
- Small Industrial/Manufacturing
- Agriculture

SLG would work with EPCOR to gather the following data from EPCOR's customer tracking system for each of the above businesses and building archetypes:

- Number of customers
- Nature of building stock – number, size and age
- Natural gas consumption

In addition, insights into relevant agriculture and manufacturing practices (i.e. non building related loads) would also be captured.

In the event elements of these data are not currently being tracked, SLG will undertake secondary research to attempt to fill in data gaps. Once the data is gathered, SLG would undertake analysis to create customer profiles to identify specific customer segments with the highest potential for DSM savings. SLG would then triangulate the findings with the *2019 Integrated Ontario Electricity and Natural Gas Achievable Potential Study* as well as OEB program evaluation and audit findings to validate the customer specific potentials, or provide supporting rationale where EPCOR customer profiles differ from the findings of that study.

Customer Profile Research

An EPCOR DSM customer profile report, including recommendations for segments with the highest DSM potential.

Timing (4-6 weeks):

Allowing time for information gathering, presentation of findings, and EPCOR's review process, SLG expects this activity would require approximately 4-6 weeks to complete.

Cost Estimate:

II. DSM PROGRAM PLAN DEVELOPMENT

DSM programs have been operating in Ontario for over 25 years. Although Union Gas Ltd and Enbridge Gas Distribution amalgamated to form Enbridge Gas Inc (EGI) in 2019, both legacy utilities had DSM Plans approved in 2015 that have been extended to the end of 2021. While some differences in the DSM program offerings still exist between the legacy utilities, there will be only one EGI filing for the next OEB DSM Plan phase on May 1st, 2021.³ In light of the Plan filing timeline, it would be prudent to align any DSM activities EPCOR envisions with EGI's plan where possible.

² Dependent on data available from EPCOR's customer tracking system.

³ See OEB Letter <https://www.oeb.ca/sites/default/files/OEBLtr-Post-2020-DSM-Framework-20201201.pdf>

Aligning with Enbridge Gas Inc programs will not only enable a seamless customer experience across the province but would likely reduce the regulatory burden associated with a new DSM Plan Filing for EPCOR.

Alignment with EGIs DSM programming may provide easily adaptable opportunities for EPCOR, however establishing performance targets specific to EPCOR is one important distinction. Given the SLG team's experience with DSM Plan development and regulatory proceedings, SLG understands the detailed evidence required to support a plan through an OEB hearing to achieve approval. Of particular importance is the establishment of compelling evidence and rationale for a one-time rate-based budget application specific to EPCOR's DSM strategy development.

A recent precedent worth noting is the OEB approval of a \$5M budget request for a new IT Customer Tracking & Reporting System, charged back to rate-payers over five years as part of the 2015-2020 DSM framework.⁴ In light of this precedent, SLG believes it is reasonable to include an incremental budget request in the DSM Plan application to the OEB to support EPCOR's DSM strategy and plan development. Based on a preliminary discussion, it is SLG's understanding that EPCOR would prefer to outsource all of its DSM activities, including tracking and reporting, and program delivery.

For the purpose of this proposal outline, SLG can provide the following services to support a DSM plan application for EPCOR:

1. Research & Tailor DSM Program Pilot

SLG would provide 3-5 program recommendations to EPCOR to reflect the needs of their customer profiles, DSM potential, and understanding of OEB/intervenor support. Based on EPCOR's preferred approach, SLG would tailor one DSM program offering/pilot, associated strategy, budget, and targets.

2. Stakeholder Engagement

To support positive reception of a DSM Plan, SLG can help facilitate stakeholder engagement with EPCOR. In light of the larger OEB Plan proceeding that will initiate May 1st, 2021, EPCOR may prefer to conduct outreach directly to a sub-set of intervenors rather than hold a broader consultative meeting. SLG can help EPCOR solidify an engagement plan, and create content to outline EPCOR's plan to present to intervenors.

3. DSM Plan Application:

Develop content for a DSM Plan Application in a layout consistent with applications in response to the OEB's 2015-2020 Framework, which remains the fundamental parameters

⁴ See Application Exhibit B, Tab 4, Schedule 5:

<https://www.rds.oeb.ca/CMWebDrawer/Record/472300/File/document>

and Decision & Order, Schedule A <https://www.rds.oeb.ca/CMWebDrawer/Record/518036/File/document>

guiding DSM activities in Ontario.⁵ This would include background and overview of EPCOR's business (to be provided by EPCOR), EPCOR's approach to DSM, proposed performance target(s), budgets, a shareholder incentive mechanism, and how EPCOR's Plan meets the goals and requirements of the OEB's framework. SLG envisions this to be an iterative and collaborative process to ensure the deliverables meet with EPCOR's vision.

SLG leverages its extensive experience in supporting utilities and the government with CDM and DSM program design.

1. DSM Program Development Deliverables:

Tailoring a DSM Program pilot would require a stage-gate approach for the following two deliverables:

- a. A Draft Report outlining 3-5 program options for EPCOR's consideration.
- b. A Final Report with a fully developed program concept based on EPCOR's feedback on Deliverable 1.a. that could be included in a DSM Plan Application.

Timing (4-5 weeks):

Program strategy development, including budgets and target setting activities would require input and direction from EPCOR. SLG estimates the provision of a Draft Report and Final Report would require approximately 4-5 weeks, which would allow one week for EPCOR to review and provide feedback before the Final Report is delivered.

Cost Estimate:

2. Engagement Deliverables:

SLG would provide a stakeholder engagement plan for EPCOR's approval. For the purpose of providing an understanding of time and cost requirements, this deliverable envisions organizing 5-8 virtual meetings with key intervenors to present EPCOR's program concept and gather intervenor perspectives and feedback. Intervenor perspectives would be documented in a draft memorandum, including any recommendations to revise the program concept. SLG would provide a Final Memorandum that reflects any feedback from EPCOR.

Timing (Assumes ~ 5 days):

Timing for this activity is dependent on availability of participants and EPCOR's preferred approach. SLG assumes approximately 0.5 days for each intervenor outreach effort, which includes content preparation efforts. An additional 1.5 days is expected to be required for Draft memorandum preparation, internal SLG review, and incorporation of any feedback into a Final Memorandum.

Cost:

⁵ As examples, please see Exhibit A Tab 1 (with the exclusion of Appendices):

<https://www.rds.oeb.ca/CMWebDrawer/Record/518036/File/document> and Exhibit B, Tab 1, Schedule 4:

<https://www.rds.oeb.ca/CMWebDrawer/Record/484768/File/document>

3. DSM Plan Application Deliverable:

Content for a DSM Application that responds directly to the OEB's framework and includes one program pilot concept and associated budget and performance targets (approximately 25 pages).

Timing (6-8 weeks):

This deliverable will require input, content, and review from EPCOR. SLG would deliver the draft application content within six weeks, provide one week for EPCOR to review and offer feedback. SLG would work to provide the Final Report one week after receiving feedback on the Draft Report.

Cost Estimate:



III. OUTSOURCING PROGRAM DELIVERY & TRACKING OPTIONS

EPCOR has expressed interest in exploring inclusion of DSM programming for its commercial customers in a manner that limits any associated administrative burden. To support this objective, SLG would consult with EPCOR and provide insights into critical considerations to mitigate risks associated with the OEB's impact evaluation process and meet the needs of PEPIDA cyber security compliance requirements. As program design, delivery and evaluation experts, we understand the nuances of DSM beyond components that are immediately obvious, and will work to ensure EPCOR has the tools to select a 3rd party organization that has proven capabilities for DSM Program Delivery, Tracking & Reporting.

SLG can also provide ongoing contract management support, including reviewing performance towards program targets on a quarterly basis, undertaking quality assurance testing on the data outputs from the delivery agent's tracking and reporting system, and providing oversight/guidance to the delivery team(s) on DSM rules such as free-ridership and technology eligibility clarifications.

Outsourcing Program Delivery & Tracking Deliverables

SLG would provide three deliverables to support EPCOR's efforts to find a program delivery agent with tracking and reporting methods that meet the requirements of the OEB's DSM program evaluation process, and do so at a cost that also aligns with the OEB's budgetary objectives for customer rate impacts. The three deliverables to support this include:

- a detailed RFP
- a proposal evaluation rubric
- a short-list of recommended 3rd party delivery agents to request proposals from

** If EPCOR would find value in additional support in the proposal review and selection process, SLG can also support with proponent selection as an added service using our standard hourly fees.*

Timing (3 weeks):

The time allotment for this deliverable includes a one week review and feedback loop window for EPCOR such that SLG would deliver the RFP, Proposal Evaluation Rubric, and shortlist of prospective 3rd party delivery agents at the end of week one, receive feedback from EPCOR at

the end of week two, and finalize the deliverables by the end of week three.

** This timing does not include proposal review and evaluation or ongoing contract management support.*

Cost Estimate:



IV. REGULATORY PROCEEDING SUPPORT

In the event EPCOR requires support through the regulatory process to respond to interrogatories (IRs), SLG can provide those services. To ensure responses are in line with EPCOR's vision and other regulatory proceedings would benefit from a strategy session between SLG and EPCOR to review IRs and any related evidence on record and devise a plan of action. In our experience, the time sensitive IR process can be very demanding, and SLG would be prepared to support delivering IR responses to meet the timeline.

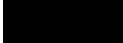
Regulatory Proceeding Support Deliverables

SLG would provide an Excel workbook with tabs for each intervenor to track the IRs, highlight IRs that require further investigation, those that are of a similar theme, and document the proposed responses for EPCOR's review. Additionally, SLG would provide the content in a word document to be filed with the Board.

Timing (TBD – 2 weeks for illustrative purposes):

To determine a cost estimate, SLG assumes 1.5 principal consultants would be dedicated to supporting IR responses over the course of two weeks, regular business hours. (Note that it is understood that the cost for this element would be variable based on hours of effort).

Cost Estimate:



V. ANNUAL DSM REPORT PREPARATION

The OEB requires a draft annual DSM report to be filed by April 1st that documents specific reporting requirements for the preceding year, such as the utility DSM efforts, program performance, shareholder incentive earnings, expenditures broken out by rate class, as well as updated performance targets based on the previous year's results.⁶ This report is then provided to the OEB's Evaluation Contractor responsible for auditing the draft program performance with oversight by the Evaluation & Audit Committee (EAC) comprised of three intervenor representatives, two independent industry experts, representatives from the utilities. The evaluation process and the EAC are managed by OEB Staff. Findings from the evaluation process are then applied to the Draft DSM results, and the utility submits a Deferral Application to the OEB to reconcile the costs associated with expenditures and earnings.

⁶ For reference, see EGI's Draft 2019 DSM Annual Report: <https://www.oeb.ca/sites/default/files/EGI-2019-Draft-DSM-Annual-Report-20200529.pdf>

Although rate portions of the Annual Report would need to come from EPCOR, SLG can prepare DSM program specific content to support the OEB's filing requirements.

Annual DSM Report Preparation Deliverable

Provision of Draft Report content specific to EPCOR's DSM programming.

Timing (3-4 weeks)

This timeline includes a one week review window for EPCOR, and additional time for SLG to update the Draft Report to reflect feedback.

Cost Estimate:

