

## About Enbridge Inc.

Enbridge Inc. is a leading North American energy infrastructure company. We safely and reliably deliver the energy people need and want to fuel quality of life. Our core businesses include Liquids Pipelines, which transports approximately 25 percent of the crude oil produced in North America; Gas Transmission and Midstream, which transports approximately 20 percent of the natural gas consumed in the U.S.; and Utilities and Power Operations, which serves approximately 3.7 million retail customers in Ontario and Quebec, and generates approximately 1,750 MW of net renewable power in North America and Europe.

Our regulated utility Enbridge Gas Inc. (“Enbridge Gas”) is Canada’s largest natural gas storage, transmission and distribution company based in Ontario with a more than 170-year history of providing safe and reliable service to customers and heats over 75 percent of Ontario homes. Enbridge Gas is recognized as a leader in energy efficiency and conservation. Since 1995, Enbridge Gas has been delivering natural gas conservation programming to assist customers reduce gas consumption and lower energy bills.

## DSM CDM Background/Context

The Ontario Energy Board (“OEB”) as the regulator for natural gas utilities initially established a regulatory framework (EBO 169) to govern Demand Side Management (“DSM”) programs in Ontario in 1993. These programs continue to serve Enbridge Gas’s residential, commercial and industrial customers by reducing their natural gas consumption through energy efficient equipment choices and energy conservation practices. Funding for these programs are recovered from the natural gas ratepayers. Through periodic DSM framework reviews with the OEB, DSM programming continues to expand and evolve to remain responsive to market changes and supportive of government policy goals.

Natural gas conservation programs in Ontario have had tremendous value, with customers saving almost \$3 for every dollar invested, allowing customer to lower their residential bills and businesses to become more competitive.<sup>1</sup> Between 1995 and 2019<sup>2</sup>, Enbridge Gas’s energy efficiency programs reduced customer consumption by 30 billion cubic metres of natural gas, which is enough natural gas savings to serve nearly 12.5 million homes<sup>3</sup> for one year. These gas savings have resulted in a reduction of 56.2 million<sup>4</sup> tonnes of greenhouse gas emissions, roughly equal to removing 12.2 million cars from the road for one year<sup>5</sup>.

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<sup>1</sup>Environmental Commissioner of Ontario Annual Energy Conservation Report 2016/2017, Chapter 5. Natural Gas Conservation, p. 57.

<sup>2</sup> 2019 spending and results are unaudited and subject to change.

<sup>3</sup> Assumes a residential customer using 2,400 m<sup>3</sup> per year to heat their home and water.

<sup>4</sup> Assumes 1.875kg of CO<sub>2</sub>e are emitted for each m<sup>3</sup> gas that is consumed.

<sup>5</sup> Assumes the average passenger vehicle produces 4.6 tonnes of CO<sub>2</sub> per year.

<https://www.epa.gov/greenvehicles/greenhouse-gas-emissions-typical-passenger-vehicle>

Natural gas DSM and electricity Conservation Demand Management (“CDM”) programs have been operating in the market since the mid-2000’s with CDM activities under the purview of the Independent Electricity System Operator (“IESO”). While the frameworks for DSM and CDM are distinct and separate, both recognize the need to reduce energy consumption that will result in potential cost savings to ratepayers.

In light of the evolving energy landscape and provincial priorities, now is an opportune time to examine the efficacy of alignment between the CDM and DSM frameworks.

## DSM and CDM Framework Consultations

For over two decades, the DSM Framework has provided a tested and transparent process for the design and delivery of cost effective energy conservation programs, and has enabled assessment of program plans and results by the OEB and a wide range of stakeholders.

The OEB initiated a consultation process for the Post-2020 DSM Framework in the spring of 2019 (EB-2019-0003). This consultation remains in its preliminary phases and the underlying Goals, Objectives and Principles of the next DSM Framework remain outstanding as of the time of filing this submission. Having concern for maintaining program continuity and avoiding energy conservation market confusion in Ontario, Enbridge Gas filed an application in November 2019 requesting that the Board extend the current 2015-2020 DSM framework into 2021 and approve a rollover of the current OEB-approved 2020 DSM Plan into 2021. The OEB recently approved this application on July 16, 2020; however, no further communication has been forthcoming regarding the OEB’s plans to move forward with the next DSM framework consultation. Enbridge Gas is concerned that if the OEB has not issued a Post-2020 DSM Framework by November 2020 [or made significant progress towards this end] that Enbridge Gas may be forced to contemplate a similar rollover application for the 2022 DSM program year to ensure program continuity and avoid energy conservation market confusion in Ontario.

With the CDM framework currently under review, it is entirely appropriate to prioritize the advancement of the Post-2020 DSM Framework consultation process. Enbridge notes that the new CDM framework proposal contemplates a four-year term beginning in 2021, extending to the end of 2024. In both the CDM and DSM context, in order to provide Ontarians with the desired integrated approach to energy efficiency, it is critical that the next DSM framework and subsequent DSM plan applications also extend across a multi-year timeframe.

## Customer Centric Conservation Programming

Ontarians are looking for integrated and accessible ways to manage their home and business energy needs. Enbridge Gas supports CDM and DSM frameworks that continue to enable cooperation between CDM and DSM program administrators in designing, promoting and delivering DSM programs to identify appropriate areas for collaboration that will achieve the policy goals of their respective frameworks, and provide value to Ontarians. Enbridge Gas supports a similar approach to the policy outlined in the current DSM framework regarding attribution of energy savings where kWh savings are claimed by the

CDM administrator (IESO)<sup>6</sup> and natural gas utilities claim the gas savings<sup>7</sup>. Wherever reasonable, this effort should focus on collectively increasing overall efficiency, reducing delivery costs, and maximizing program impacts. It is important that programs contemplated under the next DSM framework and those envisioned under the CDM framework, and/or through other government initiatives, are complementary and not duplicative. Income eligible households and indigenous communities have been identified in the DSM and CDM frameworks as distinct customer segments, each with unique challenges. Respecting the differences in the frameworks and their respective funding mechanisms, Enbridge Gas believes these customers will be best served by adopting a coordinated approach that promotes ease of access to energy conservation programming. Such efforts should streamline program entry, encourage deeper participation and drive greater energy savings. Doing so should also provide an opportunity for cost efficiencies as well as delivery efficiencies for gas and electricity ratepayers

## Optimizing Ontario's Existing Infrastructure

Enbridge Gas believes the next CDM framework should look to reintroduce combined heat and power (CHP) as CHP systems reduce draw from the electricity grid, thus reducing the system peak reduction objective of CDM. Located at the customer's site, it helps reduce system congestion while meeting regional needs of non-wire solution. These systems provide resiliency, backup emergency power, and cost savings and are ideally suited for multiunit residential buildings including social housing, healthcare, and other commercial and recreational facilities. Flexible CHP systems are designed to meet the base load of the host facility plus an incremental generation capacity that could be seamlessly supplied to the local distribution system when needed.

## Integrated Resource Planning (IRP)

Separate and distinct from the Ontario Energy Board's pending consultation regarding the next DSM framework, the OEB has recently initiated a hearing to review Enbridge Gas's Integrated Resource Planning ("IRP") Proposal (EB-2020-0091) which is anticipated to include broad consideration of the definition and goals of IRP, and the process by which IRP should be incorporated into Enbridge Gas's system planning processes.

Once the IRP proceeding is completed and a policy framework for natural gas IRP is established, Enbridge Gas may have intersections with CDM planning given the possibility for peak hour driven energy efficiency and/or demand response to be used to potentially impact system needs for both natural gas and electricity. Intersections may include, although not be inclusive of, planning and stakeholder processes, cost-benefit framework alignment, local achievable potential studies and related cost inputs.

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<sup>6</sup> Prior to the implementation of the Interim CDM Framework in 2019, kWh energy savings were attributed to the rate-regulated electric distributors .

<sup>7</sup> EBO-2014-0134, Attribution of Benefits Between Rate-Regulated Natural Gas Utilities and Rate-Regulated Electricity Distributors, Filing Guidelines to the Demand Side Management Framework for Natural Gas Distributors (2015-2020), Ontario Energy Board, December 22, 2014, p. 22

Given the increasing interconnectedness between energy systems, programs that reduce peak on one energy system network may have unintended consequences on the other energy system network, caused by fuel switching initiatives or implementation of demand response measures that increase peak demand on the other energy system. It is important therefore to be fully aware of the consequences of investment in natural gas and electricity IRP alternatives on both of Ontario's natural gas and electricity systems. This knowledge will enable utilities and system planners to maximize overall system benefits/efficiencies and to avoid or mitigate adverse system consequences/inefficiencies. This requires coordination and transparent communication between planning for gas and electric systems. As set out in its Reply Submission on the IRP Proposal Issues List, Enbridge Gas believes that it would be appropriate to have Government direction before moving to coordinate IRP planning across natural gas and electricity sectors.<sup>8</sup>

## Closing Comments

For nearly two decades, investments in natural gas DSM programming in Ontario have delivered exceptional value to ratepayers in the form of industry leading bill reductions, energy savings and emissions reductions. These benefits have largely been distinct from and complementary to the benefits resulting from historic investments in electricity CDM programming. This distinction is a direct result of the nature of each energy system (natural gas and electricity) and is reflected in the establishment of unique policy frameworks. Despite these differences, a contributing factor to the historic success of DSM/CDM programming in Ontario is that these policy frameworks enable DSM/CDM program collaboration and cooperation, where appropriate. As set out in Enbridge Gas's responses to interrogatories in the 2021 DSM Plans proceeding:<sup>9</sup>

“Collaborative offers present another opportunity for increasing the reach of programs. In the past, collaboration between Enbridge Gas's Home Energy Conservation/Home Reno Rebate offer, IESO and GIF [Green Investment Fund], provided customers with a streamlined approach to identifying and implementing both natural gas and electric savings measures. More recently, this February, Enbridge Gas and IESO launched a jointly delivered Direct Install offer for Demand Control Kitchen Ventilation that will provide business customers with access to natural gas and electric incentives through a single point of contact.”

Considering that Ontarians are increasingly demanding integrated energy solutions, it is critical that DSM/CDM policy frameworks maintain and enhance support for such collaboration in the future. Enbridge Gas emphasized the importance of such collaboration in its Written Submissions in the Post-2020 DSM Framework consultation, where it proposed the following guiding principle for the Board's consideration:<sup>10</sup>

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<sup>8</sup> EB-2020-0091, Integrated Resource Planning Proposal – Enbridge Gas Reply Submission on Draft Issues List, June 11, 2020, p. 5.

<sup>9</sup> EB-2019-0271, Exhibit I.OSEA.6, p. 2.

<sup>10</sup> EB-2019-0003, Enbridge Gas Written Submissions, June 6, 2019, p. 6.

**“2. Where appropriate, coordinate and integrate DSM and electricity CDM efforts and/or other conservation initiatives to achieve efficiencies and accessibility for customers.** Gas utilities should pursue coordination and integration in designing, promoting and delivering DSM with the IESO and/or other partners, where appropriate and possible, to enhance customer convenience, increase overall efficiency, reduce delivery costs, and maximize program impacts.”

In order to achieve the benefits of collaboration discussed, future DSM and CDM policy frameworks must: (i) seek to ensure that DSM, CDM and other government programming remains complementary and not duplicative; and (ii) be aligned with regard to their timing (effective dates and terms) to ensure that they are not driven by differing government policy/directives. Further, as energy systems become increasingly interconnected and program collaboration is enhanced it is important that utilities, system planners/operators, regulators and other stakeholders recognize and consider the impacts of investments in DSM/CDM on other energy systems. It is only through such recognition and consideration, together with enhanced system transparency and communications, that balanced decisions which optimize Ontario’s overall energy efficiency, affordability and environmental impacts will be made.