GOWLING WLG

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VIA RESS

Ms. Nancy Marconi
Registrar
ONTARIO ENERGY BOARD
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Long:

Re: EB-2022-0007 – Enbridge Gas Inc. (EGI) 2020 Demand Side Management (DSM) Deferral and Variance Account (DVA) Disposition Application.

Industrial Gas Users Association (IGUA) Submission.

As indicated in our February 2, 2022 letter on behalf of IGUA requesting intervenor status in this matter, our engagement in this process has been focussed on understanding and validating the basis for the variance account balances allocated to the rate classes through which IGUA's members take gas distribution service. To that end we filed two interrogatories related to DSM expenditures and variances in a number of rate classes through which IGUA's members take gas delivery service.

Through those inquiries and review of the evidence herein we have determined that:

1. There are four rate classes through which IGUA's members take delivery service in which variance dispositions requested would result in additional customer charges; M4, M7 and 100 in the Union rate zone and Rate 100 in the EGD rate zone. EGI has allocated material balances for recovery from customers in rate classes M4 and M7, including DSM VA balances ~$2.4 million and ~$3.2 million respectively. The balances allocated for recovery from customers in Union Rate 100 and EGD rate 100 are relatively smaller; ~$127 thousand and ~$72 thousand, respectively. (For the T2 rate class, through which many of IGUA's members take delivery service, there is a sizable credit of ~$1 million.)[1]

2. EGI has indicated that the main driver for the DSM VA customer charges noted above is higher actual incentive payments to customers in these rate classes than was forecasted in

[1] ExB/T2/S1/p5/Table 2 and ExC/T2/S1/p10/Table 4.

the underlying budget assumptions[2]. (It is our understanding that DSM VA balances are not subject to independent review by the Evaluation Contractor (EC).)

EGI has also confirmed that in respect of the Union Rate T2 and Union Rate 100 Direct Access large volume customer DSM program approximately 20% of the amounts recovered from those customers in rates is consumed in evaluation and administrative activities and not returned to customers for investment in energy efficiency.[3] This is the case despite the fact that in 2020 there were no LV Program evaluation costs allocated to these rate classes.

The forced leakage of 20% or more of customer funds that are required to be paid for large volume DSM costs included in gas delivery rates and that would otherwise be available for energy efficiency spending by these customers remains of concern to IGUA, as does the lack of independent oversight of DSM VA spending. However, based on the record herein and our understanding of the scope of this process, these issues are more properly considered in the concurrent EGI Multi-Year Demand Side Management Plan (2022-2027) review proceeding [EB-2021-0002]. Accordingly, for the purposes of this proceeding, IGUA takes no objection to clearance of the DSM related balances proposed by EGI herein.

Yours truly,

Ian A. Mondrow

c: S. Rahbar (IGUA)
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Intervenors of Record

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[2] ExI.IGUA.1, part a).
[3] ExI.IGUA.2