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Enbridge Gas Inc.
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VIA EMAIL and RESS

November 29, 2024

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario, M4P 1E4

Dear Nancy Marconi:

**Re: Enbridge Gas Inc. (“Enbridge Gas” or the “Company”)
Ontario Energy Board (“OEB”) File No. EB-2024-0198
2026-2030 Demand Side Management (“DSM”) Plan
Application and Pre-Filed Evidence**

On November 15, 2022, the OEB issued its Decision and Order (“Decision”) in respect of Enbridge Gas’s 2022-2027 DSM Plan Application following an oral hearing in matter EB-2021-0002 (the “Proceeding”). Within the Decision, the OEB approved a three-year DSM plan for Enbridge Gas effective from January 1, 2023 to December 31, 2025. The OEB also approved a Natural Gas DSM Framework (“DSM Framework”) effective on a going forward basis beginning January 1, 2023.

The OEB Decision stated:

The OEB expects that Enbridge Gas’s next multi-year natural gas conservation plan will result in meaningful natural gas savings each year between 2026 and 2030.¹

and

[The DSM Framework] should be used going forward to guide the development of future ratepayer funded DSM activities. The OEB will consider future updates or revisions to the DSM Framework where necessary. The DSM Framework includes guidance related to the OEB’s expectations for the current 2023-2025 DSM Plan term, as well as the expectations, stakeholdering and planning processes that should be used to prepare the next DSM Plan, which the OEB expects Enbridge Gas will file in mid-2024.²

¹ EB-2021-0002, OEB Decision (November 15, 2022), p. 4.

² EB-2021-0002, OEB Decision (November 15, 2022), p. 16.

Accordingly, enclosed please find Enbridge Gas's 2026-2030 DSM Plan Application ("2026-2030 DSM Plan" or the "DSM Plan").

The development of Enbridge Gas's DSM Plan was guided by:

- the OEB's DSM Framework, including the OEB's objectives for ratepayer funded natural gas DSM and the OEB's guiding principles;
- the OEB's Decision;
- the Ontario Minister of Energy's November 29, 2023 Letter of Direction to the OEB; and,
- customer and stakeholder feedback, including feedback from the OEB DSM Stakeholder Advisory Group ("SAG").³

Within the Decision, the OEB stated its expectation that:

...at a minimum, the level of natural gas savings from DSM programs during the next multi-year term will be the equivalent of at least 0.6% of sales in 2026, 0.8% of sales in 2027 and 1.0% of sales in each year from 2028 through to the end of 2030, relative to the prior year on a weather normalized basis.⁴

It is important to note that when the OEB set these expected natural gas savings targets for Enbridge Gas's 2026-2030 DSM Plan term there had been no evidence adduced in the Proceeding regarding the budget levels that would be required to achieve these expectations. Stated differently, the customer bill impacts of the budgets required to meet the OEB's expectations as expressed in the Decision were not canvassed by parties to the Proceeding and were therefore unknown.

Enbridge Gas notes that the same Decision approved the DSM Framework, which included, as the very first guiding principle:

DSM plans should balance the achievement of cost-effective natural gas savings and customer bill impacts.⁵ (emphasis in original)

The OEB stated in the Decision that "the results of an updated natural gas conservation potential study will be the primary input into future natural gas savings targets".⁶ Since that time, the OEB commissioned and published the 2024 Achievable Potential Study ("2024 APS").⁷

Notwithstanding Enbridge Gas's concerns with the 2024 APS,⁸ the Company acknowledges that the 1.1% natural gas savings level associated with Scenario A of the

³ Exhibit C, Tab 1, Schedules 4 and 5.

⁴ EB-2021-0002, OEB Decision and Order, November 15, 2022, p. 4.

⁵ EB-2021-0002, OEB Decision and Order, November 15, 2022, p. 2.

⁶ EB-2021-0002, OEB Decision and Order, November 15, 2022, p. 91.

⁷ EB-2022-0295, OEB 2024 APS (Dated October 2024; Published November 5, 2024).

⁸ Exhibit C, Tab 1, Schedule 3.

2024 APS most closely aligns with the OEB's expected natural gas savings targets of 1.0% of sales for 2028 to 2030. Scenario A can therefore be used as a directional estimate of the annual budget that would be required to achieve the OEB's expectations of 1.0% reductions for 2028 to 2030.

Based on Scenario A of the 2024 APS, Enbridge Gas estimates that in order to achieve a 1.1% net annual reduction in natural gas sales, a DSM budget of approximately \$1.1 billion per year would likely be required.⁹ This would result in an estimated residential customer bill impact of over \$15 per month (or 15% of the total bill cost).¹⁰ In contrast, the current OEB-approved DSM budget for 2024 is \$183 million,¹¹ resulting in a residential customer bill impact of \$2.67 per month¹² (or 2.5% of the total bill cost).¹³

Given the above-noted OEB DSM Framework guiding principle regarding the need to balance the achievement of cost-effective natural gas savings and customer bill impacts, Enbridge Gas does not support the DSM budget level that is estimated to be required to achieve the OEB's expected natural gas savings targets. The resulting increase in customer bills would be in addition to other inflationary impacts that are currently being experienced by consumers, exacerbating the existing affordability crisis.

Enbridge Gas's proposed 2026-2030 DSM Plan includes a more balanced budget of \$252 million in 2026, increasing to \$423 million by 2030.¹⁴ This results in a residential customer bill impact of \$3.24 per month (or 3.0% of the total bill cost) in 2026, increasing to \$6.10 per month (or 5.7% of the total bill cost) by 2030.¹⁵

Importantly, Enbridge Gas's proposed 2026-2030 DSM Plan is projected to achieve meaningful and enhanced natural gas savings of approximately 0.6% of sales in 2026 and increasing to approximately 0.8% of sales by 2030.¹⁶ The proposed DSM Plan will provide comprehensive energy conservation programming for residential,¹⁷ income qualified,¹⁸ commercial,¹⁹ industrial,²⁰ and large volume²¹ customers and represents a reasonable balance between natural gas savings and customer bill impacts while generating significant net benefits.

⁹ Exhibit D, Tab 2, Schedule 2, para. 26.

¹⁰ Exhibit F, Tab 1, Schedule 1, para. 12; figures reflect average Rate 1 residential customer.

¹¹ Exhibit F, Tab 1, Schedule 3, p. 1, line 28, column (a).

¹² Exhibit F, Tab 1, Schedule 3, p. 1, line 1, column (e); \$32.02 / 12 months = \$2.67 per month.

¹³ Exhibit F, Tab 1, Schedule 1, para. 9; figures reflect average Rate 1 residential customer.

¹⁴ Exhibit B, Tab 1, Schedule 1, Table 1.

¹⁵ Exhibit F, Tab 1, Schedule 1, para. 9; figures reflect average Rate 1 residential customer.

¹⁶ Exhibit B, Tab 1, Schedule 1, Table 1.

¹⁷ Exhibit E, Tab 2.

¹⁸ Exhibit E, Tab 3.

¹⁹ Exhibit E, Tab 4.

²⁰ Exhibit E, Tab 5.

²¹ Exhibit E, Tab 6.

As noted above, Enbridge Gas's current OEB-approved DSM Plan ends December 31, 2025. For Enbridge Gas to maintain DSM program continuity on January 1, 2026 and into the 2026 program year, the Company respectfully requests final approval from the OEB for this Application by September 30, 2025. In support of this goal, Enbridge Gas is providing a proposed procedural timeline that could be followed to meet a September 30, 2025 OEB decision date.²² Should the actual procedural timelines deviate materially from that proposed, Enbridge Gas expects there will be impacts to DSM program continuity for customers as of January 2026.

Enbridge Gas believes that a September 30, 2025 OEB decision date is achievable as the Company anticipates a more efficient regulatory process for this Application than has been experienced in previous DSM Plan application proceedings. This is the result of two procedural processes established by the OEB in the Decision:

1. The OEB DSM Framework – As noted above, the OEB Decision approved the DSM Framework on a going forward basis beginning January 1, 2023 to guide the development of future DSM plan applications. Although the OEB acknowledged that it will consider updates or revisions to the DSM Framework where necessary, by establishing the fundamental aspects of the DSM Framework in advance of this proceeding, Enbridge Gas expects that the proceeding will benefit from a limited scope of framework/policy-related issues.
2. The OEB DSM Stakeholder Advisory Group (“SAG”) – The Decision also established a new DSM SAG with the primary objective of providing third-party expert input on the makeup of Enbridge Gas’s 2026-2030 DSM Plan in advance of the Application’s filing, to “allow for a more efficient and effective regulatory process”.²³ Since its establishment, Enbridge Gas has formally met with the DSM SAG over 38 times from April 2023 to October 2024.²⁴ On November 11, 2024 the DSM SAG issued its Report to the OEB, stating:

[The DSM SAG’s] recommendations, most of which were consensus, related to program development should provide the basis for stakeholders to have confidence that industry experts have thoroughly reviewed key program concepts and proposals and have concluded that they are largely consistent with best practice and there are no material omissions.²⁵

Enbridge Gas believes that the significant time expended by the Company, OEB staff, and members of the DSM SAG was valuable and trusts that this will translate into regulatory efficiencies in terms of the interrogatories asked, the need for intervenor and OEB staff expert evidence, and the time expended at the

²² Exhibit A, Tab 2, Schedule 2.

²³ EB-2021-0002, OEB Decision and Order, November 15, 2022, pp. 90-92.

²⁴ Exhibit C, Tab 1, Schedule 4, para. 3.

²⁵ EB-2022-0295, Natural Gas DSM SAG Report to the OEB, November 11, 2024, p. 6.

oral hearing. These are matters which the OEB may wish to consider when establishing future procedural orders.

If you have any questions, please contact the undersigned.

Sincerely,



Haris Ginis
Technical Manager, Regulatory Applications

cc: Dennis O'Leary (Airs & Berlis LLP, Enbridge Gas Counsel)
Josh Waslyk (OEB Staff)

EXHIBIT LIST

A – ADMINISTRATION

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
A	1	1	Exhibit List
	2	1	Application
		2	Proposed Procedural Timeline
	3	1	Glossary of Terms
		2	Acronyms and Abbreviations

B – 2026-2030 DSM PLAN OVERVIEW

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
B	1	1	DSM Plan Overview

C – 2026-2030 DSM PLAN DEVELOPMENT

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
C	1	1	DSM Framework
		2	DSM Policy Environment
		3	2024 Achievable Potential Study
		4	DSM Stakeholder Advisory Group
		5	Attachment 1 - Natural Gas Demand Side Management Stakeholder Advisory Group Report to the OEB (November 11, 2024)
		Stakeholder Engagement	

C – 2026-2030 DSM PLAN DEVELOPMENT

Exhibit Tab Schedule Contents of Schedule

C	1	5	Attachment 1 – Enbridge Gas 2026-2030 DSM Plan Development Intervenor Engagement Presentation Deck (March 26, 2024)
			Attachment 2 – Intervenor Feedback Form and Responses (from March 26, 2024 Session)
			Attachment 3 – Enbridge Gas DSM Intervenor Stakeholder Meeting Presentation Deck (June 27, 2024)
			Attachment 4 – Enbridge Gas DSM Plan Development Overview Presentation Deck (August 15, 2024)
			Attachment 5 – Enbridge Gas Commercial Program Overview Presentation Deck (August 15, 2024)
			Attachment 6 – Enbridge Gas Industrial Program Overview Presentation Deck (August 15, 2024)
			Attachment 7 – Enbridge Gas Residential/Income Qualified DSM Program Overview Presentation Deck (August 22, 2024)
			Attachment 8 – Enbridge Gas 2026-2030 DSM Plan Portfolio Summary Presentation Deck (October 3, 2024)
	6		Coordination of Natural Gas DSM Programs with Electricity CDM Programs and Other Parties
	7		Integrated Resource Planning

D – 2026-2030 DSM PLAN

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
D	1	1	Approach to the 2026-2030 DSM Plan
	2	1	DSM Targets and Annual Performance Scorecards
	2	2	DSM Plan Budget
			Attachment 1 – Apex Analytics Gas Utility Benchmarking Presentation Deck (March 20, 2024)
		3	DSM Plan Shareholder Incentives and Annual Performance Scorecard Design
	3	1	Benefit-Cost Analysis
	4	1	DSM Staff Budgets
	5	1	System Maintenance and Improvements Budget
	6	1	Regulatory and Stakeholdering Budget
7	1	Research and Innovation Overview	
	2	Research, Development & Market Data Budget	
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8	1	Program Evaluation	
	2	Net-to-Gross	
9	1	DSM Plan Inputs	
		Attachment 1 – Custom EUL Guide	
		Attachment 2 – Net-to-Gross Values	

D – 2026-2030 DSM PLAN

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
D	9	1	Attachment 3 – Avoided Costs
			Attachment 4 – Enbridge Gas Jurisdictional Scan of Free Ridership In Behavioural Programs, January 2024

E – 2026-2030 DSM PROGRAMS

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
E	1	1	Program Overview
	2	1	Residential Program
		2	Whole Home Offering
		3	Single Measure Offering
		4	Smart Home Offering
		5	Moderate Income Direct Install Offering
		6	Energy Education and Outreach Offering
		7	Residential Building Beyond Code Offering
3	1		Income Qualified Program
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	3		Affordable Housing Multi-Residential Offering
4	1		Commercial Program
	2		Commercial Custom Offering

E – 2026-2030 DSM PROGRAMS

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
E	4	3	Commercial/Industrial Prescriptive Downstream Offering
		4	Commercial/Industrial Prescriptive Direct Install Offering
		5	Commercial/Industrial Prescriptive Upstream Offering
		6	Commercial Existing Building Commissioning Offering
	5	7	Commercial Microbusiness Offering
		1	Industrial Program
		2	Industrial Custom Offering
6	1	Large Volume Program	
	2	Large Volume Direct Access Offering	

F – 2026-2030 DSM PLAN RATE IMPACTS AND ACCOUNTING CONSIDERATIONS

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
F	1	1	Rate Impacts and Allocation Methodology
		2	2026-2030 DSM Budget – Proposed Allocation to Rates
		3	2026-2030 DSM Budget – Bill Impacts
		4	2026-2030 DSM Total Costs – Bill Impacts

F – 2026-2030 DSM PLAN RATE IMPACTS AND ACCOUNTING CONSIDERATIONS

<u>Exhibit</u>	<u>Tab</u>	<u>Schedule</u>	<u>Contents of Schedule</u>
F	1	5	2024 Achievable Potential Study Budget – Scenario A Bill Impacts
	2	1	DSM Accounting Considerations

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Schedule B, as amended;

AND IN THE MATTER OF an application by Enbridge Gas Inc. pursuant to Section 36(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, for an order or orders approving its Demand Side Management Plan for 2026-2030.

APPLICATION

1. Enbridge Gas Inc. (“Enbridge Gas” or the “Company”), was formed by the amalgamation of Enbridge Gas Distribution Inc. and Union Gas Limited, on January 1, 2019 pursuant to the *Ontario Business Corporations Act*, R.S.O. 1990, c. B. 16. Enbridge Gas carries on the business of selling, distributing, transmitting, and storing natural gas in Ontario and undertakes Demand Side Management (“DSM”) activities.
2. On November 15, 2022, the Ontario Energy Board (“OEB”) issued its Decision and Order for Enbridge Gas’s 2022-2027 DSM Plan Application (EB-2021-0002) (“Decision”). Within the Decision, the OEB approved a three-year DSM plan for Enbridge Gas effective from January 1, 2023 to December 31, 2025. The OEB also approved a Natural Gas DSM Framework (“DSM Framework”) effective on a going forward basis beginning January 1, 2023. The OEB’s Decision stated that the DSM Framework:¹

...should be used going forward to guide the development of future ratepayer funded DSM activities. The OEB will consider future updates or revisions to the DSM Framework where necessary. The DSM Framework includes guidance related to the OEB’s expectations for the current 2023-2025 DSM Plan term, as well as the expectations, stakeholdering and planning processes that should be used to prepare the next DSM Plan, which the OEB expects Enbridge Gas will file in mid-2024.

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.16.

3. Accordingly, Enbridge Gas hereby applies to the OEB pursuant to Section 36 of the *Ontario Energy Board Act, 1998*, for an Order or Orders effective January 1, 2026 approving the Company's DSM Plan for the years 2026 to 2030.
4. Enbridge Gas further applies to the OEB for the following:
 - a. Approval of the DSM programs for the years 2026 to 2030, including:
 - i. Approval of the **Residential Program**, including the budget, scorecard, and shareholder incentive mechanism and amounts related thereto;
 - ii. Approval of the **Income Qualified Program**, including the budget, scorecard, and shareholder incentive mechanism and amounts related thereto;
 - iii. Approval of the **Commercial Program**, including the budget, scorecard, and shareholder incentive mechanism and amounts related thereto;
 - iv. Approval of the **Industrial Program**, including the budget, scorecard, and shareholder incentive mechanism and amounts related thereto; and,
 - v. Approval of the **Large Volume Program**, including the budget, scorecard, and shareholder incentive mechanism and amounts related thereto.
 - b. Approval of the DSM portfolio-level budgets for the years 2026 to 2030, including:
 - i. Approval of the **Evaluation, Measurement & Verification budget**;
 - ii. Approval of the **Process Evaluation budget**;
 - iii. Approval of the **System Maintenance and Improvements budget**;
 - iv. Approval of the **Regulatory and Stakeholdering budget**; and,
 - v. Approval of the **Portfolio Administration budget**.
 - c. Approval of the research and innovation budgets for the years 2026 to 2030, including:
 - i. Approval of the **Research, Development & Market Data budget**; and,
 - ii. Approval of the **Energy Innovation Fund**.

- d. Approval to include the **DSM budget in rates for each year of 2026 to 2030**, based on the associated methodology;
 - e. Approval for **deferred participant costs** for the Residential Building Beyond Code Offering and **budget carryover** for the Large Volume Direct Access Offering and the Energy Innovation Fund; and,
 - f. Approval of the proposed **modifications to the DSM Framework**.
5. As noted above, Enbridge Gas's current OEB-approved DSM plan ends December 31, 2025. In order for Enbridge Gas to maintain DSM program continuity on January 1, 2026 and into the 2026 program year, the Company respectfully requests final approval from the OEB for this Application by September 30, 2025.
 6. Enbridge Gas is providing a proposed procedural timeline that could be followed to meet a September 30, 2025 OEB decision date (Exhibit A, Tab 2, Schedule 2). Should the actual procedural timeline deviate materially from the proposed procedural timeline, Enbridge Gas expects there will be impacts to DSM program continuity for customers as of January 2026.
 7. The persons affected by this Application are the customers residing or located in the municipalities, police villages, and Indigenous communities served by Enbridge Gas, together with those to whom Enbridge Gas sells natural gas, or on whose behalf, Enbridge Gas distributes, transmits or stores natural gas. It is impractical to set out the names and addresses of all the customers because they are too numerous.
 8. Enbridge Gas requests that all documents relating to this Application and its supporting evidence, including the responsive comments of any interested party, be served on:

a) The Applicant: Haris Ginis
Technical Manager, Regulatory Applications

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Telephone: 416-495-5827

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b) The Applicant's Counsel: Dennis M. O'Leary
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Dated: November 29, 2024

ENBRIDGE GAS INC.

Haris Ginis

Haris Ginis
Technical Manager, Regulatory Applications
Regulatory Affairs

PROPOSED PROCEDURAL TIMELINE

1. As set out at Exhibit A, Tab 2, Schedule 1, Enbridge Gas's current OEB-approved DSM Plan ends December 31, 2025. For Enbridge Gas to maintain DSM program continuity on January 1, 2026 and into the 2026 program year, the Company is requesting final approval from the OEB for this Application by September 30, 2025. In support of this goal, Enbridge Gas is providing a proposed procedural timeline at Table 1 that could be followed to meet a September 30, 2025 OEB decision date.
2. Should the actual procedural timeline deviate materially from the proposed procedural timeline, Enbridge Gas expects there will be impacts to DSM program continuity for customers as of January 2026.

Table 1
Proposed Procedural Timeline

Milestone #1 – November 29, 2024 Enbridge Gas files 2026-2030 DSM Plan Application and Pre-filed Evidence
Milestone #2 – By February 20, 2025 OEB issues Decisions regarding: <ul style="list-style-type: none">• Intervenor Status Requests• Issues List• OEB Staff and Intervenor Evidence Proposals (if applicable)
Milestone #3 – By May 22, 2025 Technical Conference
Milestone #4 – By June 19, 2025 Oral Hearing
Milestone #5 – By September 30, 2025 OEB issues Decision

GLOSSARY OF TERMS

<i>Adjustment Factor</i>	An adjustment factor reflects the percentage of savings being claimed as a result of Net-to-Gross Adjustments and Verification Adjustments.
<i>Avoided Costs</i>	Assumptions relating to the benefit of not having to supply an extra unit of natural gas or other resource (e.g., electricity, water, propane or heating fuel) through the delivery of DSM programs.
<i>Base Case (or Baseline)</i>	The base case or baseline is a frame of reference which represents either the existing condition, the code compliant requirement, or the standard practice.
<i>Evaluation Advisory Committee (“EAC”)</i>	The EAC provides input and advice to the OEB on the evaluation and audit of DSM results.
<i>Evaluation Contractor (“EC”)</i>	The EC (sometimes referred to as the DSM Auditor) is the independent third party that executes impact evaluation, TRM updates and annual verification activities for Enbridge Gas’s DSM programs.
<i>Free Rider / Free ridership</i>	Free riders are program participants who would have installed the energy efficient measure or practice without the influence of the utility. Free ridership refers to the portion of gross savings not influenced by the utility. Gross savings attributed to a DSM offering are often adjusted downward to account for free ridership.
<i>Gross Measurement</i>	The method(s) used by the program administrator (Enbridge Gas) to determine the gross resource savings claimed by a DSM program offering.
<i>Gross Savings</i>	The amount of natural gas or other resource savings claimed by the utility regardless of whether the utility has influenced these savings. Gross savings are converted to net savings through application of a Net-to-Gross (“NTG”) factor.

<i>Incentive</i>	An incentive is generally a financial payment from the utility to encourage participation in a DSM program. Incentives can be paid to customers, vendors, or other parties.
<i>Incremental Cost</i>	The incremental cost is the difference in cost between the high efficiency technology and the baseline technology. The incremental cost includes incremental installation costs where appropriate.
<i>Input Assumption</i>	Assumptions such as operating characteristics and associated units of resource savings for DSM technologies and measures.
<i>Measure</i>	Equipment, technology, process, practice, or behaviour that, once installed or working, results in a reduction in natural gas use (not to be confused with “to measure” defined as estimate or assess the extent, quality, value, or effect of (something)).
<i>Metric</i>	A metric is the unit used to assess the performance of a DSM offering or program.
<i>Net Benefits</i>	It is a measure of all the benefits realized as a result of the underlying DSM activity, minus the cost to achieve the benefit, expressed in present value. Mathematically, it is the difference of the TRC-Plus Benefits (see TRC-Plus Benefits definition) and the TRC costs (see TRC Costs definition).
<i>Net Annual Savings</i>	Net annual savings refers to first-year net natural gas savings or other resource savings.
<i>Net Savings</i>	Natural gas or other resource savings that have been adjusted for net-to-gross or other adjustment factors as necessary.
<i>Net-to-Gross Ratio (“NTG”)</i>	The ratio of net savings to gross savings for a particular DSM offering, program, or measure type. The ratio accounts for the amount of savings claimed by the utility that it has influenced. The ratio includes consideration of free ridership and spillover.

<i>Non-Energy Benefits (“NEBs”)</i>	The wider socio-economic or environmental outcomes that arise from energy efficiency improvements, aside from energy savings. The TRC-Plus test includes a 15% adder to the benefits calculation to account for NEBs.
<i>Offering (DSM)</i>	One or more DSM activities or measures a utility may use to affect a specifically identified target market in their choices around the amount and timing of energy consumption.
<i>Portfolio (DSM)</i>	A group of DSM programs which have been selected and combined in order to achieve the objectives of a utility’s DSM Plan.
<i>Program (DSM)</i>	The programs outlined in Enbridge Gas’s Multi-Year Plan (Residential, Income Qualified, Commercial, Industrial, and Large Volume) are comprised of one or more offerings to address the needs of a subset of Enbridge Gas’s customers.
<i>Resource Acquisition Program</i>	Resource Acquisition programs are those that seek to achieve direct, measurable savings customer-by-customer and often involve the installation of energy efficient equipment or may involve the adoption of more energy efficient operations or the implementation of process improvement(s) to optimize energy use.
<i>Stakeholder Advisory Group (“SAG”)</i>	An OEB staff-led advisory group established to provide input on the OEB’s natural gas conservation potential study and Enbridge Gas’s next multi-year 2026-2030 DSM plan.
<i>Spillover</i>	Spillover refers to energy savings associated with customers that adopt energy efficiency measures because of past participation, or they are influenced by a utility’s program related information and marketing efforts but do not actually participate in the program. Gross savings are often adjusted upward to account for spillover.
<i>Technical Resource Manual (“TRM”)</i>	The TRM is maintained by the OEB and provides essential information and source materials underpinning prescribed energy savings assumptions for a number of energy efficient technologies that are or may be promoted by the Ontario gas utility energy efficiency programs.

<i>Total Resource Cost (“TRC”)-Plus Test</i>	The TRC-Plus test is a screening mechanism intended to measure the benefits (see TRC-Plus Benefits definition) and costs (see TRC Costs definition) of a DSM portfolio or DSM program for as long as those benefits and costs persist.
<i>TRC-Plus Benefits</i>	TRC-Plus Benefits are generally expressed as the net present value of Avoided Costs. They are driven by avoided resource costs, which are based on the marginal costs avoided by not producing and delivering the next unit of natural gas to the customer. These include the benefits of gas as well as other resources saved through the DSM program, such as electricity, water, propane and heating fuel oil, including carbon. A 15% non-energy benefits adder is applied to each of these avoided resource costs (excluding carbon benefits).
<i>TRC Costs</i>	TRC Costs generally include the net present value of all program costs associated with delivering the program to the market (except incentives) in addition to participant incremental costs, incurred over the lifetime of a DSM program or portfolio.
<i>TRC-Plus Ratio</i>	The TRC-Plus Ratio is an expression (ratio) of benefits to costs and is applied to screen the cost effectiveness of a program or portfolio. If the ratio of the present value (“PV”) of benefits to the PV of the costs (the “TRC-Plus Ratio”) exceeds 1.0, the DSM portfolio or program is considered cost effective from the perspective of the TRC-Plus Test as it implies that the benefits exceed the costs. Note: A TRC-Plus Ratio screening threshold of 0.7 is applied to the Income Qualified Program but offerings also may be considered at a lower threshold.
<i>Verification Adjustments</i>	Verification Adjustments are adjustment factors that reflect post-implementation assessments that have been conducted to verify actual installation of measures, as well as validate the calculations and inputs used to estimate savings claims.

ACRONYMS AND ABBREVIATIONS

AHMR	Affordable Housing Multi-Residential
APS	Achievable Potential Study
CDM	Conservation and Demand Management
CPSV	Custom Project Savings Verification
DA	Delivery Agent
DPC	Deferred Participant Cost
DSM	Demand Side Management
DSMI	Demand Side Management Incentive
DSMVA	Demand Side Management Variance Account
EAC	Evaluation Advisory Committee
EBCx	Existing Building Commissioning
EC	Evaluation Contractor
EM&V	Evaluation, Measurement & Verification
EMIS	Energy Management Information System
EOTNGRI	End-of-Term Natural Gas Reduction Incentive
EPS	Emissions Performance Standards
ESA	Energy Solutions Advisor
GHG	Greenhouse Gas
HER-O	Home Efficiency Rebate – Optimized
HWP	Home Winterproofing
HVAC	Heating, Ventilation, and Air Conditioning
IESO	Independent Electricity System Operator
IRP	Integrated Resource Planning
LRAM	Lost Revenue Adjustment Mechanism

LTO	Limited Time Offer
M&V	Measurement and Verification
MURB	Multi-Unit Residential Building
MUSH	Municipal, University, School and Hospital
NEB	Non-Energy Benefits
NRCan	Natural Resources Canada
NTG	Net-to-Gross
NZER	Net Zero Energy Ready
OBC	Ontario Building Code
REA	Registered Energy Advisors
SAG	Stakeholder Advisory Group
SEM	Strategic Energy Management
SO	Service Organization
TRC	Total Resource Cost
TRM	Technical Resource Manual
WAML	Weighted Average Measure Life

DSM PLAN OVERVIEW

1. The first regulatory framework governing DSM activities in Ontario's natural gas sector was established in 1993 under EBO 169-III. Since that time the OEB has continuously supported DSM through guidelines, frameworks, and other directives that shape the design, operation, approval and cost recovery of DSM activities for natural gas utilities.
2. Since the inception of DSM, Enbridge Gas has been a proud and active supporter of the efficient use of natural gas and the associated reductions in greenhouse gas ("GHG") emissions.
3. Enbridge Gas is encouraged by the Ontario Minister of Energy's Letter of Direction to the OEB dated November 29, 2023¹ confirming the government's continuing support for natural gas conservation programs and acknowledging the important role the programs play in helping to achieve provincial GHG emissions reductions. As the largest natural gas system operator for Ontario, Enbridge Gas expects to play an integral role in both contributing to Ontario's economy and supporting provincial GHG emission reductions for years to come.
4. This evidence is organized as follows:
 1. The DSM Framework
 2. The Stakeholder Advisory Group
 3. Targets and Budgets
 4. Programs
 5. Maximizing Energy Efficiency

¹ MC-994-2023-864, Ministry of Energy, Office of the Minister, Letter to OEB, November 29, 2023.

1. The DSM Framework

5. On November 15, 2022, the OEB issued the DSM Framework (EB-2021-0002) effective January 1, 2023.² Importantly, the DSM Framework does not include a sunset date, leaving it in place on a going forward basis. Regarding updates to the DSM Framework, the OEB stated that it “will consider future updates or revisions to the DSM Framework where necessary”.³
6. As such, Enbridge Gas’s 2026-2030 DSM Plan Application has been developed in the context of the OEB-approved DSM Framework, subject to proposed modifications set out at Exhibit C, Tab 1, Schedule 1.

2. The Stakeholder Advisory Group

7. In its Decision and Order for Enbridge Gas’s 2022-2027 DSM Plan Application (EB-2021-0002) (“Decision”), the OEB established a DSM Stakeholder Advisory Group (“SAG”) “with the objective of providing input on the makeup of Enbridge Gas’s next DSM plan to ensure it will align with the OEB’s direction to achieve increasing levels of natural gas savings with the ultimate objective of Enbridge Gas’s DSM Plan helping reduce overall natural gas consumption.”⁴
8. Enbridge Gas spent considerable time and effort working with the SAG with the goal of achieving the OEB’s directional objective that “[a]lthough not a requirement, gaining the agreement of the DSM SAG should be considered a top priority to allow for a more efficient and effective regulatory process.”⁵ The SAG provided significant feedback to Enbridge Gas through ongoing discussions and more formally through the November 11, 2024 Natural Gas DSM SAG Report to the OEB (“SAG Report”).

² EB-2021-0002, OEB Decision, November 15, 2022, Schedule E.

³ EB-2021-0002, OEB Decision, November 15, 2022, p.16.

⁴ EB-2021-0002, OEB Decision, November 15, 2022, p.91.

⁵ EB-2021-0002, OEB Decision, November 15, 2022, p.92.

The Decision stated: "The SAG's report should include members' comments on Enbridge Gas's 2026-2030 DSM Plan, including material concerns about the DSM plan that remain unresolved within the SAG."⁶

9. Enbridge Gas is pleased with the outcome of this significant effort. While the SAG Report notes that certain policy issues remain unresolved, "[m]any of these items are too broad to be acted upon by the SAG."⁷
10. Importantly, the SAG Report states that its recommendations regarding DSM program development:

...should provide the basis for stakeholders to have confidence that industry experts have thoroughly reviewed key program concepts and proposals and have concluded that they are largely consistent with best practice and there are no material omissions.⁸

Enbridge Gas believes that the OEB's decision to establish the SAG and to require the investment of time and effort by the utility, non-utility members, and experts to consider matters relevant to the 2026-2030 DSM Plan, was for the purpose of ensuring that the 2026-2030 DSM Plan is developed with input from industry experts and is consistent with best practices. Enbridge Gas further believes that it was the OEB's intent that with the SAG's acknowledgement of this, a good portion of the questions that parties to this Application might otherwise ask are rendered moot. This should allow the OEB to streamline the proceeding.

11. Further details regarding SAG engagement can be found in Exhibit C, Tab 1, Schedule 4.

⁶ EB-2021-0002, OEB Decision, November 15, 2022, Schedule D, p. i.

⁷ EB-2022-0295, SAG Report, November 11, 2024, p.14.

⁸ EB-2022-0295, SAG Report, November 11, 2024, p.6.

3. Targets and Budgets

12. In its Decision, the OEB set out expectations for natural gas savings targets for the 2026-2030 DSM Plan term. Specifically:

The OEB expects that, at a minimum, the level of natural gas savings from DSM programs during the next multi-year term will be the equivalent of at least 0.6% of sales in 2026, 0.8% of sales in 2027 and 1.0% of sales in each year from 2028 through to the end of 2030, relative to the prior year on a weather normalized basis.⁹

13. It is important to note that when these expectations were set, there was no evidence, orally and in writing, regarding the budget levels that would be required to achieve the expectations. During the development of Enbridge Gas's 2026-2030 DSM Plan, the Company considered several inputs, including the OEB staff-led 2024 Achievable Potential Study, jurisdictional research, and its own program experience, to determine that very significant budget increases would be needed to achieve the OEB's expectations.

14. Enbridge Gas engaged with stakeholders, through meetings with intervenors who participated in the previous DSM Plan proceeding as well as through a residential customer survey, to obtain input regarding DSM budget levels. The feedback received was mixed, reflecting a range of opinions and considerations among stakeholders and customers.

15. Enbridge Gas was concerned that filing a 2026-2030 DSM plan that proposed to achieve the OEB's expected targets would require such a substantial budget that it would result in rate impacts that would be unacceptably high and would therefore not be approved, resulting in an extended and inefficient regulatory process. Furthermore, Enbridge Gas does not support the DSM budget level that is estimated

⁹ EB-2021-0002, OEB Decision, November 15, 2022, p.4.

to be required to achieve the OEB's expected natural gas savings targets. The resulting increase in customer bills would be in addition to other inflationary impacts that are currently being experienced by consumers, exacerbating the existing affordability crisis.

16. As a result, Enbridge Gas developed a 2026-2030 DSM plan that strikes a more appropriate balance between aggressive reductions in natural gas usage and appropriate rate impacts.
17. Table 1 displays the program budgets along with the total natural gas savings (at the 100% target) for the 2026-2030 DSM Plan portfolio, and the total natural gas savings as a percentage of forecasted natural gas sales, with and without the Large Volume Program.¹⁰ The portfolio budget items are shown on line 7 and the overall DSM budget envelope on line 8. The TRC-Plus ration is shown on line 9.

¹⁰ Since Enbridge Gas is proposing an opt-out framework for large volume customers, developed in consultation with customers and the Industrial Gas Users Association ("IGUA"), targets will be modified based on customers who opt-out.

Table 1

Total Budgets and Net Annual Natural Gas Savings Target (at 100% Target) as a Percentage of Forecasted Natural Gas Sales

Line No.	Particulars (in millions)	2026	2027	2028	2029	2030
1	Total Program Budget* (excl. Large Volume Program)	\$ 232.70	\$ 266.85	\$ 315.96	\$ 357.20	\$ 402.35
2	Net Annual Gas Savings (m ³) (excl. Large Volume Program)	122.40	133.80	147.13	158.56	168.62
3	% Savings of Forecast Sales** (excl. Large Volume Program)	0.61%	0.67%	0.73%	0.79%	0.84%
4	Total Program Budget* (incl. Large Volume Program)	\$ 236.16	\$ 270.34	\$ 319.52	\$ 360.82	\$ 406.05
5	Net Annual Gas Savings (m ³) (incl. Large Volume Program)	144.90	158.55	174.58	186.01	196.07
6	% Savings of Forecast Sales** (incl. Large Volume Program)	0.58%	0.63%	0.68%	0.72%	0.75%
7	Portfolio Admin, Evaluation, Regulatory and Research*	\$ 15.78	\$ 15.94	\$ 16.26	\$ 16.58	\$ 16.92
8	Total Budget Envelope* (incl. Large Volume)	\$ 251.93	\$ 286.28	\$ 335.77	\$ 377.4	\$ 422.96
9	TRC-Plus Ratio	1.98	1.97	1.95	1.91	1.85

* Includes a 2% proxy inflation factor applied in 2027 to 2030.

** The numerator is the respective year's net annual gas savings target. The denominator is the adjusted forecast natural gas sales volume for that year. Adjusted volumes exclude volumes from natural gas-fired generators, wholesale customers, rate classes ineligible for DSM and Enbridge Gas's own fuel use. Refer to Exhibit D, Tab 2, Schedule 1.

4. Programs

18. With the above context in mind, Enbridge Gas developed a robust and comprehensive 2026-2030 DSM Plan consisting of programming for residential, income qualified, commercial, industrial, and large volume customers. Enbridge Gas has ensured programs are focused on achieving ambitious yet cost effective natural gas savings for customers, with a strong commitment to the OEB's guiding principles set out in the DSM Framework. Enbridge Gas's proposed DSM Plan programs and offerings are outlined in Table 2.

Table 2
Proposed 2026 – 2030 DSM Plan Program and Offerings

Program	Offering	Evidence Reference
Residential	Whole Home Offering	Exhibit E, Tab 2, Schedule 2
	Single Measure Offering	Exhibit E, Tab 2, Schedule 3
	Smart Home Offering	Exhibit E, Tab 2, Schedule 4
	Moderate Income Direct Install Offering	Exhibit E, Tab 2, Schedule 5
	Energy Education and Outreach Offering	Exhibit E, Tab 2, Schedule 6
	Residential Building Beyond Code Offering	Exhibit E, Tab 2, Schedule 7
Income Qualified	Home Winterproofing Offering	Exhibit E, Tab 3, Schedule 2
	Affordable Housing Multi-Residential Offering	Exhibit E, Tab 3, Schedule 3
Commercial	Commercial Custom Offering	Exhibit E, Tab 4, Schedule 2
	Commercial / Industrial Prescriptive Downstream Offering	Exhibit E, Tab 4, Schedule 3
	Commercial / Industrial Prescriptive Direct Install Offering	Exhibit E, Tab 4, Schedule 4
	Commercial / Industrial Prescriptive Upstream Offering	Exhibit E, Tab 4, Schedule 5
	Commercial Existing Building Commissioning Offering	Exhibit E, Tab 4, Schedule 6
	Commercial Microbusiness	Exhibit E, Tab 4, Schedule 7
Industrial	Industrial Custom Offering	Exhibit E, Tab 5, Schedule 2
Large Volume	Large Volume Direct Access Offering	Exhibit E, Tab 6, Schedule 2

19. The proposed DSM programs include offerings that target a broad spectrum of customers, have careful consideration for equity, pursue deep energy savings and include innovative technologies. Offerings are customer-centric, aiming to help customers navigate their energy journey, which often includes providing tools, incentives, technical assistance, and resources tailored to each stage, making energy efficiency accessible to all eligible customers.

20. In addition, Enbridge Gas has continued to collaborate with the IESO on offerings (such as the Home Winterproofing Offering) and expects to grow that collaboration in alignment with the Minister's direction to expand on the success of one-window programming for income tested customers to residential customers. Details of current and proposed collaboration with the IESO as well as other parties can be found in Exhibit C, Tab 1, Schedule 6.

5. Maximizing Energy Efficiency

21. There was significant discussion regarding the impacts of energy transition as part of Enbridge Gas's 2024 Phase 1 Rebasing proceeding, which would be inefficient to repeat here. However, Enbridge Gas believes it is important to reiterate its position that energy efficiency is a "safe bet". Specifically, Enbridge Gas stated:

Maximizing energy efficiency is considered to be a safe bet because it will be required regardless of the pathway to net-zero taken. Energy efficiency is well recognized in the climate change and energy transition plans developed by all levels of government, as discussed above. In addition, energy efficiency provides near term GHG emission reductions, it supports any energy transition pathway that unfolds, and it supports customer choice ¹¹

22. This position is still valid and is consistent with the evidence put forward as part of this Application. The 2026-2030 DSM Plan is designed to support energy conservation by advancing measures that optimize energy use and reduce energy demand.

¹¹ EB-2022-0200, Exhibit 1, Tab 10, Schedule 6, p.19.

DSM FRAMEWORK

1. This evidence is organized as follows:
 1. Overview
 2. Proposed Modifications to the DSM Framework
 - 2.1 Section 5.1 Annual Targets
 - 2.2 Section 5.2 Target Adjustment Mechanism
 - 2.3 Section 6 Shareholder Incentive
 - 2.4 Section 7.3 Attribution
 - 2.5 Section 8.2.1 Components of the DSM Annual Report
 - 2.6 Section 9.2.1 Net-to-Gross Adjustments
 - 2.7 Section 9.3 Changes to Input Assumptions and Adjustment Factors (Shareholder Incentive and Cost-Effectiveness)
 - 2.8 Section 11.1 Inflation Rate
 - 2.9 Section 12.2 Demand Side Management Variance Account (“DSMVA”)

1. Overview

2. The OEB’s DSM Framework provides the basis for planning, consideration and decision-making related to ratepayer funded natural gas DSM activities in Ontario. Within Enbridge Gas’s 2022-2027 DSM Plan Application (EB-2021-0002), the Company included a proposed DSM Framework effective January 1, 2023, with no end date (i.e., no defined term), and noted that “it will propose appropriate evolutionary changes to the framework approved by the OEB in this proceeding as part of the next multi-year DSM filing.”¹
3. In its Decision for the above-noted proceeding (“Decision”), the OEB approved a revised DSM Framework (included at Schedule E of the Decision) effective January

¹ EB-2021-0002, Exhibit B, Tab 1, Schedule 1, pp.9-10.

1, 2023, with no end date. The OEB noted that it “will consider future updates or revisions to the DSM Framework where necessary.”²

4. This evidence sets out Enbridge Gas’s proposed modifications to the DSM Framework to support the Company’s 2026-2030 DSM Plan Application. Enbridge Gas’s proposed modifications to the DSM Framework are either: (i) a result of OEB findings or direction from the Decision; (ii) a result of direction provided by the OEB for Enbridge Gas to discuss certain topics with the DSM Stakeholder Advisory Group (“SAG”) and/or other stakeholders; (iii) being made in an effort to better support collaboration in Ontario; or (iv) minor in nature with the intention of improving and/or simplifying DSM policy guidance in Ontario.
5. It is important to note that any material changes to the DSM Framework as a result of this proceeding, beyond the modifications being proposed by Enbridge Gas, will likely require the Company to reconsider and potentially revise its 2026-2030 DSM Plan Application.

2. Proposed Modifications to the DSM Framework

6. Enbridge Gas proposes the following modifications to the DSM Framework.

2.1 Section 5.1 Annual Targets

7. As a result of the OEB’s findings in its Decision regarding weighted average measure life (“WAML”) in which the OEB stated that “DSM programs should continue to prioritize efficiency measures and technologies with long useful lives,”³ and consistent with the language proposed by Enbridge Gas in an undertaking response for the technical conference in that proceeding,⁴ the Company proposes

² EB-2021-0002, OEB Decision and Order, November 15, 2022, p.16.

³ EB-2021-0002, OEB Decision and Order, November 15, 2022, pp.67-68.

⁴ EB-2021-0002, Exhibit JT2.5.

adding the following language to the DSM Framework at the end of “Section 5.1 Annual Targets”:

Enbridge Gas’s WAML should not fall below 14 years across its portfolio of programs, excluding the Large Volume Program. The WAML should be verified and reported annually and included in the annual verification report produced by the OEB’s Evaluation Contractor and included in Enbridge Gas’s Annual DSM Report.

The portfolio WAML will be calculated as the sum of a program year's cumulative net gas savings divided by the sum of that program year's net annual gas savings. The minimum WAML threshold will be subject to adjustments to account for changes in measure life assumptions outside of the utilities control, i.e. updates to TRM measure lives and the Custom Measure Life table as may be revised as part of the annual TRM review process.

8. Additionally, as described in Section 2 of Exhibit D, Tab 2, Schedule 3, Enbridge Gas proposes the following modification to the DSM Framework, in alignment with the recommendations made by the SAG. Specifically, the last paragraph of “Section 5.1 Annual Targets” in the DSM Framework is proposed to be replaced with the following:

Enbridge Gas will respond to target guidance provided by the OEB and propose targets for metrics specified across defined scorecards. Three levels of achievement will be established for each individual metric on a given scorecard: one at 70%, 100% and 130%. No shareholder incentive will be paid on a given scorecard for achieving a scorecard weighted result of less than 70%. 0-100% of the

incentive will be awarded for achievement from 70%-100% and 100-200% of the incentive will be awarded for achievement above 100-130%. No additional incentive will be awarded above 130% achievement. Where more than one metric is defined on a given scorecard, the minimum achievement for each individual metric will be 0% and the maximum achievement will be 200%.

2.2 Section 5.2 Target Adjustment Mechanism

9. The DSM Framework sets out a target adjustment mechanism (“TAM”) for the 2023 to 2025 period; however, the OEB Decision found that “...it would not be appropriate for the TAM to be proposed for use as part of the next multi-year DSM plan”.⁵ As a result, Enbridge Gas proposes that “Section 5.2 Target Adjustment Mechanism” of the DSM Framework be replaced with the following:

Section 5.2 Fixed Targets

Enbridge Gas should put forward fixed targets as part of its plan application that are subject to adjustments as outlined in Section 9.3 Input Assumptions and Adjustment Factors.

2.3 Section 6 Shareholder Incentive

10. As described in Section 2 of Exhibit D, Tab 2, Schedule 3, Enbridge Gas proposes the following changes to the DSM Framework to align with recommendations made by the SAG. Specifically, the second paragraph of “Section 6 Shareholder Incentive” in the DSM Framework should be replaced with the following:

The shareholder incentive amounts should focus on the dollar amount available at 100% performance. The shareholder incentive

⁵ EB-2021-0002, OEB Decision and Order, November 15, 2022, pp.72.

amount available each year at 100% should be 5% of Enbridge Gas's total DSM annual budget.

11. Additionally, as described in Section 4 of Exhibit D, Tab 2, Schedule 3, Enbridge Gas proposes to remove language regarding the specific timing for an End-of-Term Natural Gas Reduction Incentive ("EOTNGRI") and instead simplify the language to state that EOTNGRIs should be considered. Specifically, the last three paragraphs of "Section 6 Shareholder Incentive" in the DSM Framework that deal with the EOTNGRI should be replaced with the following:

End-of-term incentives can be important in motivating meaningful action towards the objective of DSM. Enbridge Gas should consider the merits of an End-of-Term Natural Gas Reduction Incentive and propose one if appropriate.

If approved, the End-of-Term Natural Gas Reduction Incentive will be allocated to rate classes in an equal manner, consistent with the approved shareholder incentive related to program scorecards.

2.4 Section 7.3 Attribution

12. As described in Section 3 of Exhibit C, Tab 1, Schedule 6, Enbridge Gas proposes the following changes to the DSM Framework to reinforce and support (rather than disincentivize) collaboration between Enbridge Gas and other parties. Specifically, the language under "Attribution of Benefits Between Enbridge Gas and Other Parties" within "Section 7.3 Attribution" of the DSM Framework should be replaced with the following:

To avoid a disincentive to collaborate with other parties, 100% of savings from a DSM program that involves Enbridge Gas and other

parties should be attributed to the relevant Enbridge Gas DSM program.

2.5 Section 8.2.1 Components of the DSM Annual Report

13. In this section of the DSM Framework, the OEB sets out the reporting requirements for Enbridge Gas's DSM Annual Report. The requirements include the reporting of a large amount of historical data, typically for the previous 10 years.
14. It is challenging to maintain and report 10 years worth of historical DSM data as this timeline can span multiple DSM plan terms, across two legacy utilities, involving different and changing scorecards, programs, and metrics. Furthermore, it can be challenging to present this data in a way that will be useful to the reader, considering the evolving context associated with the data.
15. As a result, Enbridge Gas proposes simplifying the reporting requirements for Enbridge Gas's DSM Annual Report to consist of historical data from the beginning of the previous DSM plan term, rather than from the previous 10 years.
16. By way of example, for the 2026-2030 DSM Plan term, historical data would be provided as of the 2023 program year (i.e., the first year of the previous 2023-2025 DSM plan term). The 2023 program year also aligns with first year in which Enbridge Gas administered a single DSM plan for the EGD and Union rate zones.
17. To reflect this change in the DSM Framework, Enbridge Gas proposes that the relevant language in "Section 8.2.1 Components of the DSM Annual Report" within the DSM Framework be changed to the following:

At a minimum, the DSM annual report should include the following key elements, in a clear and concise manner, at the beginning of the report:

- Annual and long-term DSM budgets (\$/year, and \$/plan term);
- Actual annual total DSM costs (including total DSM spend, shareholder incentive, and lost revenues) for each rate class dating back to the beginning of the previous plan term;
- Historic actual annual DSM spending (\$/year) dating back to the beginning of the previous plan term;
- Historic annual shareholder incentive amounts available and earned (\$/year) dating back to the beginning of the previous plan term;
- Shareholder incentive earned as a percent (%) of DSM spend; and
- Total historic annual and cumulative gross and net natural gas savings (m^3) dating back to the beginning of the previous plan term;
- DSM spending as a percentage of distribution revenue;
- Historical annual natural gas savings targets ($m^3/year$) dating back to the beginning of the previous plan term;
- Total historical annual and cumulative gross and net natural gas savings (m^3) as a percentage of total annual natural gas sales dating back to the beginning of the previous plan term;
- Total historical natural gas sales ($m^3/year$) dating back to the beginning of the previous plan term;
- and, Number of customers, by rate class and by customer type in each year dating back to the beginning of the previous plan term.

2.6 Section 9.2.1 Net-to-Gross Adjustments

18. As described in Section 3 of Exhibit D, Tab 8, Schedule 2 Enbridge Gas proposes adding the following language to the end of “Section 9.2.1 Net-to-Gross Adjustments” of the DSM Framework.

When new DSM measures are introduced, and there is not sufficient research available to support a more informed net-to-gross adjustment, a NTG adjustment of 0.80 will be deemed for application into results until a NTG value is established by the EAC

2.7 Section 9.3 Changes to Input Assumptions and Adjustment Factors (Shareholder Incentive and Cost-Effectiveness)

19. As a result of several considerations discussed below, Enbridge Gas is proposing modifications to “Section 9.3 Changes to Input Assumptions and Adjustment Factors (Shareholder Incentive and Cost-Effectiveness)” of the DSM Framework.
20. The first consideration is a result of the OEB’s direction within its Decision that “fixed targets will be set for future DSM programs”. This requires changes to “Section 9.3.1 Retroactive Changes” and “Section 9.3.2 Prospective Changes” to remove certain language regarding how retroactive and prospective changes are applied to targets. It also requires the addition of a new section (proposed by Enbridge Gas as “Section 9.3.3 Prospective Changes to Targets”) to address necessary changes to fixed targets.
21. In addition, for the reasons given and as described in Exhibit D, Tab 8, Schedule 2, and in alignment with SAG recommendations, Enbridge Gas proposes to apply all NTG updates prospectively to results and to prospectively apply updates to deemed NTG values to targets one time per NTG value per term. This requires modifications to Sections 9.3.1 and 9.3.2, and additional language under Section 9.3.3.

22. Enbridge Gas is also proposing additional language to Sections 9.3.1 and 9.3.3 that describes how input assumptions and adjustment factors should be changed in order to better support collaboration with other parties, such as the IESO. This supports alignment between Enbridge Gas and other parties to appropriately plan, evaluate and report on joint offerings.

23. Additionally, to address the complexity of adjusting results and targets due to codes and standards changes that occur in the middle of a year, Enbridge Gas is proposing that all changes that result from codes and standard changes that occur in the middle of a year are applicable as of the start of the following year. This approach will simplify the process while ensuring that targets and results are set on the same basis. Enbridge Gas has proposed language to address this proposed change under Section 9.3.3.

24. Enbridge Gas's proposed modifications to Sections 9.3.1 and 9.3.2, and the addition of Section 9.3.3, are provided below:

9.3.1 Retroactive Changes to Results

Retroactive changes are applied to the results of the program year being evaluated. For example, if a change is finalized by the Evaluation Contractor in mid-2024 as part of the evaluation of the 2023 program year, the change will be applied to the results of the 2023 program year.

Retroactive changes are appropriate for factors that were directly within the utility's influence during the program year being evaluated. Specifically, any change to project-specific input assumptions are applied retroactively since those changes were developed by the utility during the program year in question.

Verification adjustments are retroactively applied for all situations. Any changes to input assumptions or adjustment factors required to remain in alignment with third parties, such as IESO, with whom Enbridge Gas collaborates, will also apply retroactively.

9.3.2 Prospective Changes to Results

Prospective changes are applied to the results of the year following the year the change is finalized by the Evaluation Contractor. For example, if a change or update is finalized by the Evaluation Contractor in mid-2023, regardless of the year being evaluated, the change will come into effect as of 2024 for results.

Prospective changes are appropriate for changes outside of the utility's direct influence during the program year including changes to input assumptions caused by changes to codes and standards. Any change to prescribed input assumptions are applied prospectively, since those changes are not controlled by the utility. Once the changes are known to the utility, the utility can plan accordingly and adjust as necessary for the following program year. Additionally, changes to NTG adjustments are applied prospectively. Once a new NTG adjustment is known, the utility can adjust program parameters based on that information for the following program year.

Table 1 provides a summary of when updates are treated as retroactive vs. prospective to results.

Table 1

Retroactive vs. Prospective Application of Input Assumptions and Adjustment Factors to Results*

Timing	Input Assumptions	Adjustment Factors	
		NTG Adjustments	Verification Adjustments
Retroactive	Changes to project-specific input assumptions (ex. unique savings calculations determined by the utility)	N/A	All adjustments
Prospective	Changes to prescribed input assumptions (ex. TRM or Custom Measure Life Table) including those resulting from changes to codes and standards.	All adjustments	N/A

* Retroactive changes are applied to results of the program year being evaluated. Prospective changes are applied to results of the year following the year the change is finalized by the Evaluation Contractor.

9.3.3 Prospective Changes to Targets

There will be no changes to targets with the exception of the items below, which will be applied to any impacted targets within the term on a prospective basis.

- TRM updates: Updates to input assumptions within the TRM will be applied to term targets starting in the year following the year the change is finalized by the Evaluation Contractor.
- Codes and Standards changes: Updates to input assumptions and adjustment factors caused by changes to codes and standards will be applied to term targets starting the year following the change. This ensures targets are not inappropriately set based on outdated codes and standards. For example, if a code change comes into effect mid-way during the 2023 program

year, term targets starting in 2024 will be adjusted to account for the change.

- One-time change for deemed NTG updates: Term targets will be updated starting in the year following the year a NTG study is completed or a NTG value is otherwise updated by the Evaluation Contractor. This update to term targets will occur only once per NTG value updated in the plan term.
- Changes to input assumptions or adjustment factors required to remain in alignment with third parties, such as IESO, with whom Enbridge Gas collaborates.

2.8 Section 11.1 Inflation Rate

25. When avoided cost estimates are required to extend beyond their forecasted periods, the DSM Framework states that “a four-quarter moving inflation rate based on the Gross Domestic Product Implicit Price Index for Final Domestic Demand will be used”.⁶ However, during periods of short-term increases in the rate of inflation (as has been experienced in recent years), it is not reasonable to assume that inflation will remain at those levels over the 35-year forecast period used in the avoided cost table. Rather, using the Bank of Canada’s 2% target inflation rate⁷ is a more appropriate assumption. As a result, Enbridge Gas proposes replacing “Section 11.1 Inflation Rate” in the DSM Framework with the following:

11.1 Inflation Rate

⁶ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p. 33.

⁷ <https://www.bankofcanada.ca/core-functions/monetary-policy/inflation/>

In some cases, avoided cost estimates are required to extend beyond their forecasted periods. If necessary, a 2% inflation rate will be used.

2.9 Section 12.2 Demand Side Management Variance Account (“DSMVA”)

26. As an outcome of the OEB expectation that Enbridge Gas engage with stakeholders regarding the Large Volume Program and the subsequent feedback provided by customers, the Company is proposing changes to the Large Volume Direct Access Offering that allows carryover of unused budget amounts to a future year. This is described at Section 2 of Exhibit E, Tab 6, Schedule 1, and Section 5 of Exhibit E, Tab 6, Schedule 2.
27. A similar carryover of unused budget to a future year is described for the proposed Energy Innovation Fund at Section 7 of Exhibit D, Tab 7, Schedule 3.
28. Accounting considerations for this provision is discussed in Section 2 of Exhibit F, Tab 2, Schedule 1.
29. To accommodate the need for budget carryover, Enbridge Gas proposes the following sections be added under “Section 12.2 Demand Side Management Variance Account (“DSMVA”)” of the DSM Framework:

12.2.2 Budget Carryover

Some program designs or initiatives require a multi-year budget approach where the timing of identifying, executing and completing projects may span more than one calendar year and projects may not otherwise proceed if greater flexibility of funding was not available. For example, in the Large Volume Program, customers have a direct access budget, but may benefit from utilizing more than

one year of the budget to implement a large project that cannot be completed in the calendar year.

To ensure that the approved budgets can drive the intended results, Enridge Gas will be able to carry forward unused funds through the term of the DSM Plan. Enbridge Gas should specifically identify programs that require this treatment when they request approval for the program. Carryover amounts will not include any utility staff related costs. A multi-year budget approach is only available for ring-fenced budgets.

Enbridge Gas will track the funds retained from one calendar year to another through the DSMVA. When the plan term period ends, final balances will be cleared to rate payers through the DSM Deferral and Variance Account Disposition application for the final year of the plan term.

DSM POLICY ENVIRONMENT

1. The regulatory framework governing DSM in Ontario's natural gas sector was first established in 1993 under EBO 169-III. Since then, the OEB has continuously supported DSM through guidelines, frameworks, and other directives that shape the design, operation, approval and cost recovery of DSM program activities for natural gas utilities. These efforts align with the OEB's original mandate under the *Ontario Energy Board Act, 1998*, which includes protecting the interests of consumers regarding prices and promoting energy conservation and energy efficiency in accordance with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances.¹
2. The current OEB Natural Gas DSM Framework ("DSM Framework") came into effect on January 1, 2023.² The DSM Framework clarifies the OEB's current main objective for DSM: "Ratepayer funded DSM programs should result in meaningful reductions in overall annual natural gas sales volumes with consequent cost savings for ratepayers."³ Additional guiding principles and expectations are included in the DSM Framework. Enbridge Gas's 2026-2030 DSM Plan is responsive to the OEB's objectives and guiding principles, which is discussed in Exhibit D, Tab 1, Schedule 1.
3. Enbridge Gas has been a proud and active supporter of the efficient use of natural gas and the associated reductions in greenhouse gas emissions by customers relative to what would have occurred absent the Company's DSM activities.

¹ Ontario Energy Board Act, 1998, c.11 as amended.

² EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.1.

³ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.1.

4. The 2026-2030 DSM Plan was developed amid evolving Ontario energy policies such as the Ontario Government's Powering Ontario's Growth plan.⁴ The DSM Framework, along with these evolving energy policies, provide important context for the proposed 2026-2030 DSM Plan. Specifically, they underscore the importance and continued need for energy efficiency to "...help residential and business consumers manage their natural gas usage and bills through the installation of energy-saving measures."⁵ In addition they highlight that, along with the need for energy efficiency, there is a need to "...attract industrial investment, to drive economic growth, to maintain customer choice and ensure overall energy system resiliency, reliability and affordability".⁶
5. Economic and market factors, such as Ontario's growth plans and evolving energy codes, also play a role in Enbridge Gas's DSM policy environment. For example, updates like Amendment 15 result in increased baselines, reducing the viability of certain DSM measures. This requires Enbridge Gas to compensate for substantially impacted commercial and industrial market savings in order to maintain prior savings levels. In residential and income qualified markets, inflation impacts on materials, labour, and energy increase the urgency of addressing affordability in DSM planning. Addressing these pressures is essential to ensure that energy efficiency measures remain accessible and beneficial for all customer segments across Ontario's evolving energy landscape.
6. Federal policies, including the Federal Carbon Charge and federal energy efficiency initiatives, such as the Canada Greener Homes Grant and Canada Green Buildings

⁴ Powering Ontario's Growth – Ontario's Plan for a Clean Energy Future,
<https://www.ontario.ca/files/2023-07/energy-powering-ontarios-growth-report-en-2023-07-07.pdf>

⁵ Powering Ontario's Growth – Ontario's Plan for a Clean Energy Future, p.28,
<https://www.ontario.ca/files/2023-07/energy-powering-ontarios-growth-report-en-2023-07-07.pdf>

⁶ Province Launches Largest Competitive Energy Procurement in Ontario History, Ontario Newsroom (August 28, 2024). <https://news.ontario.ca/en/release/1004981/province-launches-largest-competitive-energy-procurement-in-ontario-history>.

Strategy, contribute additional layers to Ontario's energy landscape. These national programs support consumer adoption of energy efficient technologies, aligning with Canada's climate goals for 2030 and 2050. By complementing provincial efforts, they aim to drive energy conservation initiatives across jurisdictions, though achieving full alignment and reducing program duplication remain ongoing challenges.

7. Enbridge Gas recognizes the political and public policy risk associated with the Federal Carbon Charge continuing as planned until 2030. Any changes to the Federal Carbon Charge could materially impact the design and delivery of Enbridge Gas's 2026-2030 DSM Plan and the ability for the Company to achieve the proposed targets. Given the uncertainties associated with the Federal Carbon Charge (for example, whether changes will occur, the timing of any changes, and the scope of alternative policies that could replace it) it is premature for Enbridge Gas to speculate how its proposed 2026-2030 DSM Plan could be impacted. If information becomes known regarding changes to the Federal Carbon Charge, Enbridge Gas will assess the information at that time to determine whether they result in a material impact to the Company's 2026-2030 DSM Plan and will notify the OEB whether any subsequent action is required.

2024 ACHIEVABLE POTENTIAL STUDY

1. This evidence is organized as follows:
 1. Background
 2. 2024 Achievable Potential Study Limitations and Challenges
 - 2.1 Natural Gas Savings Targets
 - 2.2 Measure Characterization
 - 2.3 Exclusion of Free-Riders from Budget Estimates
 - 2.4 Electricity Grid Winter Peaking Assumption
 - 2.5 Reliance on Fuel-Switching and Electrification
 - 2.6 Residential Sector: Electric Heat Pump Water Heater Measure
 - 2.7 Commercial Sector: Electrification of New Construction Buildings
 - 2.8 Commercial Sector: Energy Recovery Ventilation Measure
 - 2.9 Industrial Sector
 - 2.10 Timing and Delays
 3. Conclusion

1. Background

2. In its Decision and Order for Enbridge Gas's 2022-2027 DSM Plan Application ("Decision"), the OEB set out its expectations regarding a new Achievable Potential Study ("APS"):

The OEB expects that OEB staff will undertake a new conservation potential study to inform Enbridge Gas's next multi-year DSM Plan, with input provided by the SAG. To guide OEB staff, Enbridge Gas and the SAG, the OEB is interested in at least three scenarios being considered in the analysis: an annual reduction in total natural gas sales year-over-year of 0.5%, 1% and 1.5%. The study should focus on how these levels of annual natural gas reductions can be achieved through DSM programs in the most cost-effective manner while still providing opportunities for all customer segments to participate in DSM programs. This will

play a key role in the development of the next DSM plan that strives for gradual increases in natural gas savings from DSM programs beginning with an initial target of net annual DSM savings that are the equivalent to 0.6% of annual sales in 2026, 0.8% of annual sales in 2027 and 1.0% of annual sales beginning in 2028 and continuing annually in 2029 and 2030, relative to the prior year on a weather normalized basis.¹

3. In response to the OEB's expectations, OEB staff began engaging the DSM Stakeholder Advisory Group ("SAG") in 2023 regarding the development of the new APS. At the April 11, 2023 SAG meeting, OEB staff announced that it had decided to retain Guidehouse Inc. ("Guidehouse") to develop the new APS, the same consultant that developed the previous OEB/IESO 2019 APS. Additionally, in its role of overseeing the development of the new APS, OEB staff provided a project overview and timeline which indicated a target completion date of February 2024 for the study.
4. The February 2024 target completion date was later extended, with Guidehouse finalizing the study data in September 2024 and publishing the final report (i.e., the 2024 APS) on November 5, 2024.
5. The 2024 APS and its outputs are the work product of the OEB and for reference can be found on the "Engage with Us" page, on the OEB's website.²
6. Throughout the development of the 2024 APS, OEB staff provided oversight to Guidehouse to complete the relevant work products. Enbridge Gas, as part of the SAG, committed considerable resources to support the effort, including but not limited to providing data and feedback where requested.

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.66.

² OEB (November 5, 2024). Demand Side Management Stakeholder Advisory Group. Engage with Us. <https://engagewithus.oeb.ca/dsm-sag>

7. Notwithstanding consultation with the SAG, decision making for the 2024 APS was the responsibility of OEB staff. As noted in the 2024 APS: “Where feedback was contested, Guidehouse and OEB staff facilitated further discussion with OEB Staff ultimately determining the most appropriate compromise and directing Guidehouse to apply it.”³

2. 2024 Achievable Potential Study Limitations and Challenges

8. Importantly, despite the OEB’s expectations that the 2024 APS “will be the primary input into future natural gas savings targets”,⁴ as outlined in the SAG Report, “SAG members agreed that the APS is not and should not be used as a primary input to Enbridge Gas’ next DSM plan or to the development of future natural gas savings targets.”⁵

9. Furthermore:

Non-utility members agreed that an APS should be viewed as directionally informative and not as a prescriptive source to determine the measures that should be included in a utility DSM plan. Non-utility members suggested that at best the APS should be used to provide context to the scale and magnitude of Enbridge’s proposed DSM budgets over the 2026-2030 term.⁶

10. Enbridge Gas agrees with the SAG regarding the significant limitations and challenges with the 2024 APS and cautions against using the 2024 APS as more than a directional input into the development of a DSM plan.

11. Guidehouse also recognizes that “[a]n Achievable potential study is not a program planning document,”⁷ and consequently “...DSM program planning projected

³ 2024 Natural Gas Achievable Potential Study, Guidehouse Inc., November 5, 2024, p.32.

⁴ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.91.

⁵ EB-2022-0295, SAG Report, November 11, 2024, p.12.

⁶ EB-2022-0295, SAG Report, November 11, 2024, p.8.

⁷ 2024 Natural Gas Achievable Potential Study, Guidehouse Inc., November 5, 2024, p.31.

outcomes will not necessarily match those of the potential study, nor should they be expected to.”⁸

12. Some examples of Enbridge Gas’s concerns with the 2024 APS are set out below.

2.1 Natural Gas Savings Targets

13. Guidehouse makes it clear in the 2024 APS that their interpretation of the objectives of the 2024 APS differs from the objectives of the 2026-2030 DSM Plan:

This distinction is explicitly recognized by the OEB in its Decision that provides the motivation for this study [i.e. the APS] clearly differentiating the goals of the potential study:

To guide OEB staff, Enbridge Gas and the SAG, the OEB is interested in at least three scenarios being considered in the analysis: an annual reduction in total natural gas sales year-over-year of 0.5%, 1% and 1.5%

...from those of the DSM plan:

the next DSM plan that strives for gradual increases in natural gas savings from DSM programs beginning with an initial target of net annual DSM savings that are the equivalent to 0.6% of annual sales in 2026, 0.8% of annual sales in 2027 and 1.0% of annual sales beginning in 2028 and continuing annually in 2029 and 2030”).⁹

14. Guidehouse explains:

“The OEB directed that the potential study considers scenarios which could deliver a decrease of 0.5% (1%, 1.5%) in total gas consumption in each year of the period of projection, relative to the consumption in the year prior. This is equivalent to applying a compound annual growth rate of negative 0.5% (negative 1%, negative 1.5%) to some starting year value of natural gas consumption.”¹⁰

⁸ 2024 Natural Gas Achievable Potential Study, Guidehouse Inc., November 5, 2024, p.31.

⁹ 2024 Natural Gas Achievable Potential Study, Guidehouse Inc., November 5, 2024, p.32.

¹⁰ 2024 Natural Gas Achievable Potential Study, Guidehouse Inc., November 5, 2024, p.100.

15. Guidehouse goes on to state:

For the APS, this was interpreted to mean that cumulative potential should be sufficient to deliver the requisite annual reduction in consumption relative to the reference year. The potential required to meet these targets is substantial since the underlying reference forecast used for this study assumes substantial growth, absent the effects of programmatic DSM.¹¹

16. By way of example, using the 0.5% scenario requested by the OEB, Enbridge Gas understands this to mean that the 2026 natural gas savings potential output (i.e., for the first year of the 2026-2030 DSM Plan) in the 2024 APS reflects three years of cumulative compounding 0.5% reductions for the 2024, 2025, and 2026 forecast consumptions.

17. Guidehouse, in consultation with OEB staff, interpreted that the OEB's direction for the 2024 APS should reflect the goal of achieving absolute year-over-year annual reductions for each scenario relative to the "current" base year, which was originally set at 2022. This was later revised. In the 2024 APS Guidehouse explains that "OEB staff directed Guidehouse to proceed with the period of analysis as specified: 2023 as the base year from which targets are developed, and 2024 as the first year in the period of projection."¹²

18. This direction was provided by OEB staff to Guidehouse, despite differing views from some members of the SAG,¹³ because of timing/delay concerns,¹⁴ and what Guidehouse explains as "interpretation concerns":

¹¹ 2024 Natural Gas Achievable Potential Study, Guidehouse Inc., November 5, 2024, p.7

¹² 2024 Natural Gas Achievable Potential Study, Guidehouse Inc., November 5, 2024, p.204.

¹³ 2024 Natural Gas Achievable Potential Study, Guidehouse Inc., November 5, 2024, p.204.

¹⁴ 2024 Natural Gas Achievable Potential Study, Guidehouse Inc., November 5, 2024, p.204.

Deviating from convention and beginning the period of analysis coincident with the timing of the DSM Plan might imply that the potential study results should act as a blueprint to the plan. The study, as noted in Section 1.2, is intended only to inform the DSM Plan. The two pieces of work have different targets, make use of different inputs, and are intended for different purposes. The potential study highlights key emerging issues and concerns that inform the program design decisions that define the DSM Plan.¹⁵

19. To be relevant to the 2026-2030 DSM Plan, Enbridge Gas advocated to Guidehouse and OEB staff that 2025 should be the base year used to assess potential natural gas reductions for 2026 and beyond. This approach would be more relevant to the OEB's expectation that natural gas savings targets for the 2026-2030 DSM Plan are relative to prior year volumes, on a weather normalized basis, while incorporating the reality of Enbridge Gas's forecasted year-over-year natural gas throughput growth.

2.2 Measure Characterization

20. The 2024 APS employs a representative and, in some cases, bundled approach to measure characterization. As summarized in the SAG Report:

It should be noted that the final measure list, particularly for the industrial sector, included some measures that were deemed to be bundled. The residential and commercial sectors included some measures that were representative of the average of a given type of measure.¹⁶

Additionally: "Some SAG members expressed reservations toward this approach, as it raised the potential of misinterpretations during measure list reviews."¹⁷

¹⁵ 2024 Natural Gas Achievable Potential Study, Guidehouse Inc., November 5, 2024, p.204.

¹⁶ EB-2022-0295, SAG Report, November 11, 2024, p.10.

¹⁷ EB-2022-0295, SAG Report, November 11, 2024, p.10.

21. As acknowledged by Guidehouse in the 2024 APS, “measures included on the measure list should be understood as averages, reflecting a range of more specific individual installations. The measure list used for this study represents a series of compromises”¹⁸ and “[m]easures and their parameters (savings, costs, etc.) should therefore be understood as being representative of an underlying diverse distribution of installation, behaviours and equipment.”¹⁹
22. Enbridge Gas’s concerns with the representative measure/bundled measure approach includes possible discrepancies between actual results compared to averages, lack of transparency in the composition of the bundles, and the challenges with interpreting estimates based on bundled information into actionable DSM programming. The SAG report acknowledges related concerns, stating:

SAG members provided input on measure characterization inputs, however, SAG members were not informed of the mechanisms that Guidehouse’s model used to develop outputs, such as how measures were prioritized or layered. SAG members noted that this was particularly difficult and limited their ability to provide useful feedback in some instances and understand the broader implications of decisions.²⁰

2.3 Exclusion of Free-Riders from Budget Estimates

23. The budgets associated with the natural gas savings targets for each scenario in the 2024 APS do not account for participation from free-riders. As a result, the actual budget required to achieve the natural gas savings would be significantly higher in practice than are represented, as participation from free-riders is reasonable to expect in any DSM program. This is described in the 2024 APS as follows:

...the estimated incentive costs of the Achievable potential account only for the incentive costs attributable to net new participants. It is reasonable to expect,

¹⁸ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.60.

¹⁹ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.61.

²⁰ EB-2022-0295, SAG Report, November 11, 2024, p.10.

however, that programs offered to consumers will have free-riders (whose actions are implicitly embedded in the potential study's reference forecast).

Program planners or those assessing program plans should, in their use of the estimated Achievable potential to inform their analysis, carefully consider how free-ridership may impact estimated incentive costs, and make adjustments appropriate to the sector and measure, and consistent with the implications of the reference forecast.²¹

2.4 Electricity Grid Winter Peaking Assumption

24. The year in which the Ontario electricity grid is forecasted to become winter peaking significantly impacts the economics of full-electrification fuel switching measures. For the 2024 APS, the year in which the province becomes winter-peaking is assumed to be 2036, based on the IESO's 2022 Annual Planning Outlook ("APO").²² It is important to note that, under this assumption, full electrification for the residential sector via electric heat pumps is not cost-effective after 2025 in any of the Achievable potential scenarios.²³

25. However, during the development of the 2024 APS, the IESO published its 2024 APO, which "projects the province to switch to winter-peaking in 2030," rather than 2036.²⁴ While this update was acknowledged by Guidehouse and OEB staff, updates to the 2024 APS were not made for the following reasons:

Guidehouse and OEB staff assessed that updating the 2024 APS to reflect all the updated values included in the 2024 APO would be time-consuming, would require significant additional consultation with the SAG, and would result in an unacceptable delay to the delivery of this report. As such, OEB staff directed

²¹ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.103.

²² 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.110.

²³ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.166.

²⁴ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.95.

Guidehouse to proceed with the values already included in the model, those derived from the 2022 APO.²⁵

26. While this decision was made to avoid delays to the 2024 APS, it is important to note that incorporating the IESO's best available information would provide a more accurate reflection of the potential scenarios related to electrification measures and would result in these measures being even less cost-effective than represented in the 2024 APS. As noted in the 2024 APS Report, the earlier the year in which the electricity grid in Ontario becomes winter peaking (i.e., 2030 compared to 2036) will:

primarily impact full electrification space heating measures. More specifically, the sooner the province becomes winter-peaking, the less cost-effective full electrification measures in the early part of the period of analysis will become. Hybrid space-heating measures (which use natural gas at the time of system peak) are unaffected. Water heating fuel switching measures would be somewhat less cost-effective in the earlier years of the period of projection which would (via the incentive-capping mechanism) also reduce projected adoption in the case of an earlier assumed winter-peaking transition year.²⁶

2.5 Reliance on Fuel-Switching and Electrification

27. A key observation from the 2024 APS is that:

[T]he 1% reduction target scenarios specified by the OEB for the potential study can be achieved only through substantial amounts of fuel-switching. The 0.5% reduction target scenario can be achieved without fuel switching through the late 2030s only when incentives and non-economic adoption factor assumptions are set to their maximum values.²⁷

²⁵ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.112.

²⁶2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.112

²⁷2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.135

28. In consideration of this finding, Enbridge Gas notes that in its stakeholder engagement with intervenors, some parties questioned whether it is appropriate for natural gas ratepayer DSM programs to actively fund customers leaving the natural gas system. In its Decision the OEB stated:

On the role of natural gas DSM as part of the broader issue related to the electrification of the energy sector, the OEB believes that it is premature for the OEB to impose broad new requirements on Enbridge Gas in the absence of the Ontario Government developing and releasing a comprehensive policy on the topic of electrification. It is likely that any discussions regarding electrification will require the involvement of the IESO and other relevant stakeholders in contributing to those policies.²⁸

2.6 Residential Sector: Electric Heat Pump Water Heater Measure

29. The 2024 APS determined that the electric “heat pump water heater is the Residential measure with the largest Achievable potential,”²⁹ and “residential water-heating appears to offer the most significant opportunity for achievable natural gas reductions.”³⁰ However, Enbridge Gas’s experience with offering significant incentives for the installation of electric heat pump water heaters to residential customers (through its partnership with Natural Resources Canada and the collaboration between the Canada Greener Homes Grant with the Home Efficiency Rebate Plus program) demonstrated that uptake of this measure is underwhelming.

30. Despite this measure being identified as the measure with the largest Achievable potential in the residential sector, the 2024 APS also cautions implementation:

²⁸ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.16.

²⁹ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.25.

³⁰ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.135.

Guidehouse's adoption modeling does not necessarily reflect reality of Ontario's water heater rental oligopoly and how that could impact consumers' equipment choices.³¹

Guidehouse also acknowledges a significant barrier to uptake for the measure, stating: "...the focus of water heater fuel switching was, only a decade ago, on moving customers away from electric water heaters for reasons of cost."³²

2.7 Commercial Sector: Electrification of New Construction Buildings

31. Regarding the commercial sector, the 2024 APS states:

Cost-effective Commercial space-heating electrification opportunities are principally limited to smaller buildings, and more substantial for new construction than for existing buildings...[t]his is reflected in the Economic potential which is higher for NEW measure types than it is for [Replace On Burnout] measure types (as a share of the reference forecast), indicating that the most significant opportunity for cost-effective electrification of Commercial buildings lies in new construction.³³

32. Guidehouse further recommends that:

implementers consider focusing their efforts at electrification primarily on new construction. Electrification of new construction (again, either with hybrid or fully electric systems) does not require costly infrastructure retrofits required to adapt existing building systems (wiring, ducting, etc.) to electrified equipment. This is particularly true for Commercial buildings.³⁴

33. Despite this recommendation, Enbridge Gas submits that it is inappropriate for natural gas ratepayers to fund DSM resource acquisition programs for new construction fully-electric commercial buildings that will never be connected to the natural gas system. While the OEB's Decision allowed for funding of market

³¹ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.135.

³² 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.145.

³³ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.133.

³⁴ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.145.

transformation programs that might result in supporting new construction fully-electric commercial buildings, this was not (and should not be) extended to resource acquisition programs. Given the magnitude of the budget that would be required to support a natural gas ratepayer funded resource acquisition program for new construction fully-electric commercial buildings, without clear direction from the OEB that natural gas ratepayers are required to cross subsidize non-natural gas ratepayers to such an extent, Enbridge Gas does not believe it is appropriate to propose such program offerings.

2.8 Commercial Sector: Energy Recovery Ventilation Measure

34. The 2024 APS outputs suggest that the Energy Recovery Ventilation (“ERV”) measure for new construction is far and away the top potential achieving measure for the entire commercial sector in all six of the 2024 APS scenarios. Without understanding the methodology and algorithms applied in Guidehouse’s proprietary model to prioritize and quantify measure opportunities, it is unclear to Enbridge Gas whether this result is appropriate (in contrast, ERVs, for both retrofit and new installations, was 13th in ranking in the 2019 OEB/IESO APS). Additionally, the 2024 APS report itself makes no mention and provides no commentary regarding new construction ERVs being the top achieving measure in the commercial sector.
35. Based on Enbridge Gas’s understanding of this finding, it suggests at least 10,000 new commercial buildings would need to be constructed each year in Ontario in order to provide the opportunity to achieve this potential, which the Company does not believe is realistic.

2.9 Industrial Sector

36. For the 2024 APS industrial sector outputs, Guidehouse took a top-down, fully bundled approach to quantifying potential. Guidehouse determined that the primary

source of industrial measure inputs would be the U.S. Department of Energy's, Industrial Assessment Centre ("IAC") database. Guidehouse explains that the:

[i]ndustrial sub-sectors are...highly idiosyncratic in their building, equipment, and energy-using process characteristics. This presents a major data collection challenge for bottom-up "widget-based" potential studies, particularly given the sometimes commercially sensitive nature of the information needed to identify energy efficiency and fuel switching opportunities. Guidehouse's use of the IAC database of audit-recommended measures addresses this challenge by including a wide range of actually identified sub-sector-specific opportunities.³⁵

37. Although Enbridge Gas agrees with the challenges of inadequate data availability and limitations in extrapolating to sector-wide conclusions through a bottom-up approach for this sector, the outputs of the 2024 APS for the industrial sector provide little useful insight into DSM program design for industrial facilities.
38. Enbridge Gas has always emphasized the importance of custom, directed, customer-by-customer engagement and analysis to identify energy efficiency opportunities and support project implementation for this sector. Notwithstanding the outputs of the 2024 APS, this remains best practice for the sector and will continue to be the primary programmatic approach for Enbridge Gas's DSM efforts with these customers.

2.10 Timing and Delays

39. To ensure sufficient time to develop and design DSM programs (including consultation with stakeholders) and to complete the regulatory approval process for the 2026-2030 DSM Plan Application in advance of January 1, 2026, Enbridge Gas was required to start engaging the SAG and stakeholders no later than March 2024 and to file the Application by November 2024.

³⁵ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.131.

40. The timeframe that was available: (i) to complete the 2024 APS; and subsequently (ii) for the 2024 APS to be used to inform the development of the 2026-2030 DSM Plan, was significantly compressed. The issue was further exacerbated with the delays to the final report. As noted above, Guidehouse and OEB staff's initial targeted completion date for the 2024 APS was February 2024. In actuality, while some information was provided earlier, a full draft of the 2024 APS was not provided to the SAG (including Enbridge Gas) until September 26, 2024 and the final report was not published until November 5, 2024 (three weeks prior to the filing of the 2026-2030 DSM Plan Application).

3. Conclusion

41. Enbridge Gas acknowledges that achievable potential studies are very challenging. As Guidehouse notes, "The study makes use of thousands of inputs from hundreds of sources, including, in some cases, the expert opinions of SAG member reviewers."³⁶ Each one of these inputs represents an opportunity for error or differences of opinions.

42. Despite the concerns noted above that limit the ability to use the 2024 APS towards the development of Enbridge Gas's 2026-2030 DSM Plan, in an effort to be responsive to stakeholder requests the Company has provided a summary of Scenario A of the 2024 APS at Exhibit D, Tab 2, Schedule 2, to indicate, directionally, the budgets that would be required to achieve the natural gas savings for the scenario.

³⁶ 2023 Natural Gas Achievable Potential Study Final Report, Guidehouse Inc., November 5, 2024, p.33.

DSM STAKEHOLDER ADVISORY GROUP

1. This evidence is organized as follows:

1. Background and Context
2. Enbridge Gas's Comments
 - 2.1 Updated Natural Gas Conservation Potential Study
 - 2.2 Natural Gas DSM Stakeholder Advisory Group Report to the OEB
 - 2.3 Input on Future DSM Programs
 - 2.4 Opt-out Protocols for the Large Volume Program
 - 2.5 Research and Development
 - 2.6 Review of Target Adjustment Mechanism
 - 2.7 Consideration of New Programs
 - 2.8 Review of Avoided Costs
 - 2.9 DSM Framework and Policy Considerations
3. Conclusions

1. Background and Context

1. In its Decision and Order for Enbridge Gas's 2022-2027 DSM Plan Application (EB-2021-0002) ("Decision"), the OEB outlined its expectations regarding the establishment of a DSM Stakeholder Advisory Group ("SAG"). The OEB established the focus for the SAG as follows:

The primary work items that the DSM SAG should undertake include: input on an updated natural gas achievable potential study to inform Enbridge Gas's next DSM Plan, provide input to Enbridge Gas on its draft 2026-2030 DSM Plan before it is filed with the OEB, including recommendations on how to prioritize what programs should be expanded and how to generate the greatest level of cost-effective natural gas savings.¹

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.91.

2. The key activities that the OEB expected the SAG to undertake were provided at Schedule D of the Decision² and are outlined in Table 1.

² EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule D, p.i.

Table 1
DSM Stakeholder Advisory Group Activities

Activity	Responsibility	Priority Level	Reference	Enbridge Gas's Comments
Updated Natural Gas Conservation Potential Study	OEB Staff	High	<p>OEB staff will lead a new natural gas conservation potential study to help inform the next DSM Plan, with input provided by the Stakeholder Advisory Group. To guide OEB staff, Enbridge Gas and the SAG, the OEB is interested in at least three scenarios being considered in the analysis: an annual reduction in natural gas sales year-over-year of 0.5%, 1% and 1.5%. The study should focus on how these levels of annual natural gas reductions can be achieved through DSM programs in the most cost-effective manner while still providing opportunities for all customer segments to participate in DSM programs. (4.6 Issue 9 – Performance Scorecards)</p> <p>The OEB expects that Enbridge Gas's next DSM Plan will result in meaningful reductions to annual natural gas sales volumes beginning with 0.6% in 2026, 0.8% in 2027 of annual gas sales, and 1% of annual gas sales in each of 2028, 2029 and 2030, relative to each prior year on a weather normalized basis. This target should be used as the basis for the next natural gas achievable potential study, with alternative scenarios, such as 0.5% and 1.5% reductions in annual gas sales also considered to provide alternatives and allow the plan to be responsive to future policy direction. (4.13 Issue 17 – Stakeholder engagement)</p> <p>The OEB is of the view that a greater understanding is required of the relationship between adjustments to targets and budgets and the impacts of increases to either has on the overall DSM plan, including performance metrics, program opportunities, and overall costs including rate impacts. (4.6 Issue 9 – Performance Scorecards)</p>	See Section 2.1

Table 1 (continued)*
DSM Stakeholder Advisory Group Activities (continued)

Activity	Responsibility	Priority Level	Reference	Enbridge Gas Comments
Input on Future DSM Programs	Enbridge Gas	High	<p>The OEB expects that Enbridge Gas will seek input from the SAG to identify programs that should be expanded as part of the next DSM plan. It is expected that Enbridge Gas will also consider the program recommendations that were advanced by experts in this proceeding. Based on the input provided by the SAG, Enbridge Gas should propose expanded delivery of those programs that will result in the greatest natural gas savings, particularly those that are the most cost-effective and which have the greatest opportunity for significant upgrades to efficiency.</p> <p>Additionally, it will also be important for Enbridge Gas to identify any customer segments and programs that lend themselves most favourably to integration with electricity CDM programs as well as those areas of the market that have the greatest potential for further fuel switching and seek input from the SAG. (4.2 Issue 10 – Programs)</p>	See Section 2.3
Opt-out Protocols for the Large Volume Program	Enbridge Gas	Medium	<p>With respect to an opt-out framework, more evidence is required before an opt-out provision can be implemented. Enbridge Gas is expected to work with relevant stakeholders, such as IGUA, to develop opt-out protocols and share with the SAG for input. The resulting opt-out framework should be included as part of Enbridge Gas's next DSM plan application. (4.2.5 Large Volume Program)</p>	See Section 2.4
Research and development Plan	Enbridge Gas	Medium	<p>The OEB expects that Enbridge Gas will, at a minimum, share its research and development plan with the SAG for comment. (4.7 – Issue 11 – Research and Development Activities)</p>	See Section 2.5

Table 1 (continued)*
DSM Stakeholder Advisory Group Activities (continued)

Activity	Responsibility	Priority Level	Reference	Enbridge Gas Comments
Review Target Adjustment Mechanism	OEB Staff	Medium	As the OEB has allowed the continuation of the TAM for the three-year term, Enbridge Gas's proposal to continue adjusting both targets and evaluated results in a given year to account for updated input assumptions is reasonable. However, the OEB would like the SAG to review this practice and provide recommendations on the most ideal balance of risk between Enbridge Gas and customers based on changes to input assumptions and adjustment factors. (4.9 Issue 13 – Input Assumptions, Cost-Effectiveness and Avoided Costs)	See Section 2.6
Consideration of New Programs	Enbridge Gas	Low	The OEB expects that the additional program opportunities identified by parties in this proceeding, including retro-commissioning, an Energy Manager Subsidy program and Municipal Support and Incentive programs should be explored by Enbridge Gas with input from the SAG. It is the OEB's expectation that Enbridge Gas's next DSM plan application will address the nature of these discussions and include any program opportunities that will result in material benefits. (4.2.10 Issue 10j – Other Programs)	See Section 2.7
Review of Avoided Costs	OEB Staff	Low	The SAG should review key avoided costs, namely electricity avoided costs, and coordinate with the IESO as necessary. The outcomes of this review and any new proposals or updated avoided cost figures should be included as part of Enbridge Gas's next DSM plan application. (4.9 Issue 13 – Input Assumptions, Cost-Effectiveness and Avoided Costs)	See Section 2.8

2. Enbridge Gas's Comments

3. Enbridge Gas formally engaged with the SAG over 38 meetings from April 2023 to October 2024. It should be noted that these 38 meetings do not include the many more meetings specifically convened to discuss, provide input on, and review various aspects of the 2024 Achievable Potential Study ("2024 APS") work.

4. In addition to meetings that focused on the interpretation of the OEB's DSM Framework and broader policy items, many of these SAG meetings involved Enbridge Gas sharing program ideas and soliciting input on plans for the residential, income qualified, commercial, and industrial sectors. Enbridge Gas engaged in discussions with SAG members, elaborated on program details, answered questions, and solicited feedback with the intention of ensuring its DSM programming was comprehensive, that designs were well considered, and that any program gaps were identified.
5. As per the Natural Gas DSM SAG Report to the OEB ("SAG Report"), "[n]on-utility members agree that, generally, the proposals presented by Enbridge throughout this engagement include positive improvements which should lead to an increase in cost-effective natural gas savings."³ Enbridge Gas believes that the significant time and resources spent developing its plans, engaging with the SAG and considering feedback and recommendations of SAG members has yielded a positive outcome. As captured in the final sentence of the General Process Feedback and Future Considerations section of the SAG Report:

[T]he recommendations, most of which were consensus, related to program development should provide the basis for stakeholders to have confidence that industry experts have thoroughly reviewed key program concepts and proposals and have concluded that they are largely consistent with best practice and there are no material omissions.⁴

6. This section of the evidence endeavours to provide an overview of key SAG recommendations. Enbridge Gas was challenged with addressing every recommendation as the SAG Report was not finalized until November 11, 2024, just weeks prior to the filing of this Application. In addition, the SAG Report includes

³ EB-2022-0295, SAG Report, November 11, 2024, p.14.

⁴ EB-2022-0295, SAG Report, November 11, 2024, p.6.

recommendations or suggestions that were broad in nature, that did not have SAG member consensus, or were identified as out of scope. As a result, it was not practical for Enbridge Gas to consider and respond to all commentary in the SAG Report.

7. The following sections outline how Enbridge Gas has addressed the OEB's key activities for the SAG (listed in Table 1) and how the Company considered or incorporated SAG recommendations into its 2026-2030 DSM Plan, as requested by the OEB.⁵

2.1 Updated Natural Gas Conservation Potential Study

8. The OEB requested that the SAG provide input into the 2024 APS.⁶ Enbridge Gas largely agrees with the SAG's concerns regarding the 2024 APS and that its value lies primarily as a directional input. As noted in the SAG Report, "SAG members agreed that the APS is not and should not be used as a primary input to Enbridge Gas' next DSM plan or to the development of future natural gas savings targets."⁷ Further, "SAG members agreed that the APS is directionally informative, in that it can be used to provide a directional understanding of high-level opportunities and their costs."⁸
9. Enbridge Gas also concurs with the SAG's acknowledgement of the limitations of the 2024 APS:

SAG members acknowledged some inherent realities of an APS, including the need to make numerous assumptions based on limited data that are assumed to apply equally to all customers (i.e., potential studies are based on average

⁵ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.91.

⁶ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.91.

⁷ EB-2022-0295, SAG Report, November 11, 2024, p.12.

⁸ EB-2022-0295, SAG Report, November 11, 2024, p.12.

savings, average costs, etc.), resulting in numerous limitations to the direct application of APS results on Enbridge's DSM plan.⁹

10. Further details regarding Enbridge Gas's consideration of the 2024 APS for the Company's 2026-2030 DSM Plan Application can be found at Exhibit C, Tab 1, Schedule 3.

2.2 Natural Gas DSM Stakeholder Advisory Group Report to the OEB

11. The OEB set out its expectations for the outcome of the SAG as follows:

OEB staff is expected to lead the development of the DSM SAG's Report that should include a summary of the work the SAG has completed, a list of all recommendations and material concerns about the DSM plan that remain unresolved within the DSM SAG. A copy of the DSM SAG's report should be provided to Enbridge Gas so it can be included as part of its application seeking approval of a new multi-year DSM plan from 2026 to 2030.¹⁰

12. As per the OEB's direction, the SAG Report can be found at Exhibit, C, Tab 1, Schedule 4, Attachment 1.

2.3 Input on Future DSM Programs

13. Regarding Enbridge Gas's DSM program proposals, the SAG Report states that “[t]he non-utility members worked collaboratively amongst the group and with Enbridge. No material disagreements regarding program concepts remain outstanding.”¹¹ Furthermore, it is important to note the following summary statement from the SAG Report:

... the recommendations, most of which were consensus, related to program development should provide the basis for stakeholders to have confidence that

⁹ EB-2022-0295, SAG Report, November 11, 2024, p.8.

¹⁰ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule D, p.91.

¹¹ EB-2022-0295, SAG Report, November 11, 2024, p.36.

industry experts have thoroughly reviewed key program concepts and proposals and have concluded that they are largely consistent with **best practice** and there are **no material omissions.**¹² (*emphasis added*)

14. This view is also highlighted within the program sections of the SAG Report, such as:

- a) Within the Commercial Program section: “Non-utility members noted that this mix of offers is common in leading jurisdictions and generally consistent with **best practice** program implementation.”¹³ (*emphasis added*); and,
- b) Within the Industrial Program section: “The group agreed that the conceptual approach to using dedicated account managers to work with larger customers on an on-going basis to drive efficiency projects is **best practice** allows [sic] for detailed one-on-one interactions that are required in the industrial sector.”¹⁴ (*emphasis added*).

15. Furthermore: “Overall, non-utility members indicated they were supportive of Enbridge’s general proposed program concepts (including key areas of focus, the mix of strategies, target markets, etc.), including the proposed updates Enbridge presented, but not necessarily the levels of natural gas savings being proposed.”¹⁵

16. Although the SAG did not have time to review every assumption that makes up Enbridge Gas’s 2026-2030 DSM Plan, the SAG Report acknowledges the following regarding overall program spending and targets:

The savings levels presented by Enbridge have been summarized in the program sections of this report, along with general budgets for each sector. Non-utility

¹² EB-2022-0295, SAG Report, November 11, 2024, p.6.

¹³ EB-2022-0295, SAG Report, November 11, 2024, p.57.

¹⁴ EB-2022-0295, SAG Report, November 11, 2024, p.67.

¹⁵ EB-2022-0295, SAG Report, November 11, 2024, p.36.

members acknowledged that the general level of savings relative to spending was directionally consistent with their expectations, however, non-utility members were not in a position to provide detailed feedback on the specific savings levels and budgets presented.¹⁶

17. This is important, as much of the consensus feedback within the SAG Report is supportive of the DSM programs and offerings that were presented to members, with many of the recommendations amounting to adjustments or additional considerations. Complete details regarding Enbridge Gas's proposed DSM programs can be found at Exhibit E.
18. Enbridge Gas has made adjustments to its proposed DSM programs based on SAG feedback, for example, by removing the Energy Education & Kits Offering initially proposed (this change is also consistent with feedback heard during the formal intervenor engagement session) and by limiting incentives to electric cold climate air source heat pumps (rather than all electric air source heat pumps) in the residential Single Measure Offering. Enbridge Gas believes it has reasonably considered all of the key comments and suggestions made by members of the SAG and views the positive nature of the SAG Report as evidence of this. As is the case with the SAG Report overall, it is not practical to try and summarize here each and every comment and recommendation that was raised and Enbridge Gas's response.
19. In addition to program or offering-specific suggestions, the SAG Report also outlined some general recommendations that applied more broadly.
20. The SAG stressed the need for expanded collaboration with the IESO,¹⁷ which Enbridge Gas acknowledges and supports. However, as stated in the SAG Report,

¹⁶ EB-2022-0295, SAG Report, November 11, 2024, p.18.

¹⁷ EB-2022-0295, SAG Report, November 11, 2024, p.58.

Non-utility members acknowledged current limitations to fully integrated programming due to the IESO not having formal approval of its portfolio and programs beyond 2024 and Enbridge's future DSM plan requiring OEB approval, but stressed the significance of fully integrated offerings and an expectation that when able, Enbridge will endeavor to do so.¹⁸

21. Details regarding Enbridge Gas's current and future collaboration with the IESO can be found in Exhibit C, Tab 1, Schedule 6.

22. Finally, the SAG recommended that, in addition to the proposed level of natural gas savings and program budgets Enbridge Gas includes in its 2026-2030 DSM Plan Application, the Company should also address the OEB's expectation of achieving 1% reductions in annual natural gas sales by 2028.¹⁹ Enbridge Gas has addressed this topic at Exhibit D, Tab 2, Schedule 2.

2.4 Opt-out Protocols for the Large Volume Program

23. In response to the OEB's expectations regarding this activity, Enbridge Gas undertook extensive engagement with relevant stakeholders including the Industrial Gas Users Association ("IGUA") to develop opt-out protocols for large volume customers and shared this work with the SAG. Non-utility members stated that they were appreciative of Enbridge Gas's efforts but were not in a position to provide formal feedback on the matter.²⁰

24. The resulting opt-out framework, with support from large volume customers, is provided at Exhibit E, Tab 6, Schedule 1.

¹⁸ EB-2022-0295, SAG Report, November 11, 2024, p.58.

¹⁹ EB-2022-0295, SAG Report, November 11, 2024, p.37.

²⁰ EB-2022-0295, SAG Report, November 11, 2024, p.70.

2.5 Research and Development

25. Enbridge Gas provided information to the SAG regarding its plans for research and development for the 2023-2025 DSM Plan term as well as the 2026-2030 DSM Plan term, which was based on the expectation of similar funding as the 2023-2025 term. The SAG, however, recommended that Enbridge Gas increase its research and development efforts and that a material amount of budget be focused on research and development:

Non-utility members reached consensus that as part of Enbridge's next DSM plan, greater emphasis on research and development will be needed. Research and development should not be isolated to any specific customer group/sector but done in a more comprehensive manner which includes market research and market intelligence actions. Non-utility members also recommended that a material amount of budget should be directed to research and development efforts.²¹

26. Enbridge Gas is generally supportive of this recommendation and proposes to continue with a research fund, with further details provided at Exhibit D, Tab 7, Schedule 2. The SAG Report also notes that "non-utility members recommended that energy innovation should be considered more broadly, across all programs/sectors, in concert with any approved research and development budget/work."²² Consequently, Enbridge Gas is proposing the introduction of an Energy Innovation Fund for the commercial and industrial sectors, details of which can be found at Exhibit D, Tab 7, Schedule 3.

27. Regarding the budget amount, the SAG Report states that "[n]on-utility members noted that it will be critical to have a material portion (e.g., approximately 5%) of its future DSM budget dedicated for the development and deployment of new ideas."²³

²¹ EB-2022-0295, SAG Report, November 11, 2024, p.36.

²² EB-2022-0295, SAG Report, November 11, 2024, p.36.

²³ EB-2022-0295, SAG Report, November 11, 2024, p.36.

While Enbridge Gas generally supports the emphasis on research and development, the Company is not proposing to increase total research and development related budgets to as much as 5% of the total DSM budget due to rate impact concerns.

2.6 Review of Target Adjustment Mechanism

28. The SAG considered the practice of target adjustments based on prior year performance and provided recommendations regarding balancing risk between Enbridge Gas and customers with respect to changes to input assumptions and adjustment factors. Non-utility members agreed that Enbridge Gas's future targets should not be adjusted to account for prior year results, which has been the practice in the past through the target adjustment mechanism.
29. The SAG made numerous recommendations around adjustments to targets and results. Non-utility members provided specific recommendations regarding updated net-to-gross ("NTG") values and suggestions on how NTG values should be applied to targets and results.²⁴ Enbridge Gas is generally supportive of these recommendations and believes it is critical to ensure that impacts to both the utility and ratepayers are considered. Further details regarding Enbridge Gas's proposal including incorporation of SAG recommendations for this topic are outlined in Exhibit D, Tab 8, Schedule 2.
30. Many of the SAG recommendations adopted by Enbridge Gas require updates to the DSM Framework, and this was acknowledged by the SAG. The specific language being proposed by Enbridge Gas to update the DSM Framework is described at Sections 2.2, 2.6, and 2.7 of Exhibit C, Tab 1, Schedule 1.

²⁴ EB-2022-0295, SAG Report, November 11, 2024, pp.25-28.

2.7 Consideration of New Programs

31. In addition to the request for feedback regarding the program concepts that Enbridge Gas was considering for its 2026-2030 DSM Plan, a key question posed to the SAG by the Company was whether SAG members believed there were any gaps in the DSM program proposals and/or whether there were other DSM program concepts or ideas that should be explored and considered by Enbridge Gas.
32. No specific DSM program gaps were identified, and no new or missing DSM program proposals were recommended by the SAG. Rather, SAG members concluded that Enbridge Gas's proposals "are largely consistent with best practice and there are no material omissions."²⁵

2.8 Review of Avoided Costs

33. Regarding the OEB's expectation that the SAG "consider reviewing key avoided costs, namely electricity avoided costs, and coordinate with the IESO as necessary,"²⁶ the SAG Report states that "[n]on-utility members indicated the importance of using as up-to-date electricity avoided costs as possible and agreed that Enbridge should use the best available information regarding electricity avoided costs as provided by the IESO."²⁷
34. Enbridge Gas consulted with the IESO in the review of electricity avoided cost assumptions, with details provided at Exhibit D, Tab 9, Schedule 1.

2.9 DSM Framework and Policy Considerations

35. During the course of the many SAG meeting discussions, a number of policy issues arose. While there were many robust conversations, the SAG acknowledged that

²⁵ EB-2022-0295, SAG Report, November 11, 2024, p.6.

²⁶ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.84.

²⁷ EB-2022-0295, SAG Report, November 11, 2024, p.34.

these items were largely outside the scope of the SAG: “Many of these items are too broad to be acted upon by the SAG. The group did not achieve consensus on the broader items.”²⁸

36. Further, the SAG identified practical considerations with respect to the DSM Framework and acknowledged that Enbridge Gas’s 2026-2030 DSM Plan Application should be based on the currently approved DSM Framework, incorporating direction from the OEB in its decision for the previous DSM Plan:

The group agreed that for practical purposes, non-utility member feedback and Enbridge’s pending multi-year DSM plan application must proceed based on the guidance provided in the OEB’s DSM Decision and the current policy framework.²⁹

37. Non-utility members further agreed that:

...should participants in Enbridge’s next multi-year DSM plan proceeding raise policy concerns (for example, regarding the primary objective of DSM, reasonableness of guiding principles, or other structural items), that these be addressed separately, either simultaneous to the DSM plan application proceeding (but not directly applicable) or immediately following the OEB’s decision. This way, updated policy direction will be available to inform Enbridge’s DSM planning efforts for its next multi-year plan.³⁰

38. Additionally, as requested by the OEB: “[I]t would be appropriate for alternative or additional shareholder incentive structures to be considered by Enbridge Gas and the SAG in the development the next DSM plan.”³¹ Consequently, the SAG made specific recommendations regarding the shareholder incentive structure.³² Enbridge

²⁸ EB-2022-0295, SAG Report, November 11, 2024, p.14.

²⁹ EB-2022-0295, SAG Report, November 11, 2024, p.14.

³⁰ EB-2022-0295, SAG Report, November 11, 2024, p.14.

³¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.60.

³² EB-2022-0295, SAG Report, November 11, 2024, p.20.

Gas was supportive of the SAG's recommendations on shareholder incentive with the exception of the End-of-Term Natural Gas Reduction Incentive, with further details provided at Exhibit D, Tab 2, Schedule 3.

39. In the course of the discussions regarding shareholder incentive, the SAG also made recommendations regarding scorecard design and metrics.³³ While Enbridge Gas considered the merits of the SAG's recommendations for this topic, the Company did not adopt the SAG's recommendations in this instance, with further details provided at Exhibit D, Tab 2, Schedule 3.

3. Conclusions

40. In the Decision, the OEB stated: "Although not a requirement, gaining the agreement of the DSM SAG should be considered a top priority to allow for a more efficient and effective regulatory process."³⁴ Enbridge Gas has spent considerable time and effort engaging with the SAG and endeavoring to incorporate the SAG's feedback. Enbridge Gas is appreciative of and values the input from the SAG and believes it will contribute to a more efficient and effective regulatory proceeding for the Company's 2026-2030 DSM Plan Application, especially regarding the areas where Enbridge Gas has received consensus support from the SAG.

³³ EB-2022-0295, SAG Report, November 11, 2024, pp.16-17

³⁴ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.92.

**Natural Gas Demand Side Management
Stakeholder Advisory Group
Report to the OEB**

November 11, 2024

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1.0 Introduction and Overview

This report documents feedback and recommendations received from the Natural Gas Demand Side Management (DSM) Stakeholder Advisory Group (SAG). The SAG was involved in detailed discussions related to Enbridge Gas Inc.'s (Enbridge) future natural gas DSM plan. As part of this engagement, the SAG also worked closely with Ontario Energy board (OEB) staff on the development of a natural gas energy efficiency achievable potential study (APS). The SAG worked professionally and collaboratively with Enbridge to give input and feedback on many aspects of its upcoming multi-year DSM plan application. This included programs for residential, income-qualified, commercial and industrial customers, performance targets, shareholder incentives, in addition to a number of policy considerations.

Feedback and recommendations from non-utility members of the SAG are intended to help inform parties and the OEB as part of Enbridge's upcoming DSM plan application proceeding. OEB staff's engagement with the SAG was in response to direction in the OEB's Decision and Order approving a new DSM plan for Enbridge from 2023 to 2025 (the DSM Decision).¹ The OEB indicated that it needed assurance that a robust consultative process had been followed, which included a provision for a meaningful opportunity to participate, a record of what was discussed and a summary of how Enbridge incorporated the results of the consultation into its next DSM plan.

The OEB also stated the following, which has been used by the SAG to guide its work and this report:

“The DSM SAG should meet on a regular basis during the term of the 2023-2025 DSM plan with the objective of providing input on the makeup of Enbridge Gas's next DSM plan to ensure it will align with the OEB's direction to achieve increasing levels of natural gas savings with the ultimate objective of Enbridge Gas's DSM Plan helping reduce overall natural gas consumption. The primary work items that the DSM SAG should undertake include: input on an updated natural gas achievable potential study to inform Enbridge Gas's next DSM Plan, provide input to Enbridge Gas on its draft 2026-2030 DSM Plan before it is filed with the OEB, including recommendations on how to prioritize what programs should be expanded and how to generate the greatest level of cost-effective natural gas savings. OEB staff is expected to lead the development of the DSM SAG's Report that should include a summary of the work the SAG has completed, a list of all recommendations and material concerns about the DSM plan that remain unresolved within the DSM SAG.”²

The OEB's DSM Decision listed several activities for the SAG to undertake, encouraging the group to address as many as practical while prioritizing efforts to respect the time and resources each item may require.

¹ EB-2021-0002, Decision and Order, November 15, 2022

² Ibid, p. 91

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In concluding its guidance for the SAG, the OEB acknowledged the potential for divergent perspectives, stating: “The OEB expects that parties will work cooperatively and strive to reach consensus on as many aspects of Enbridge Gas’s future DSM plan application as possible. Ultimately, Enbridge Gas will be responsible to defend its application and the proposals within. Although not a requirement, gaining the agreement of the DSM SAG should be considered a top priority to allow for a more efficient and effective regulatory process.”³

Consistent with the OEB’s direction, the SAG has worked collaboratively, strived for consensus where possible and documented its conclusions and recommendations in this report. A list of consensus recommendations can be found in Appendix A. Non-utility members acted professionally and provided expert opinion and recommendations to help facilitate the completion of the APS and inform Enbridge’s DSM plan development.

The recommendations outlined below have been provided to Enbridge by the non-utility members of the SAG. OEB staff participated in all SAG discussions and largely support the non-utility member consensus recommendations. Enbridge’s responses to non-utility member recommendations will be included in its DSM plan application. Ultimately, non-utility members that may represent intervenor groups and thus participate in the OEB’s proceeding to review Enbridge’s application will offer their opinion and support based on the actual proposals put forth by Enbridge in its application. This is expected to include additional supporting details and analysis that could not be provided due to the time constraints of this process. It is the expectation of all involved that recommendations made in this process be consistent with those made in any formal OEB proceeding, subject to new information and the opportunity to review the collection of all proposals as a package, with the most relevant policy direction providing critical context. Additionally, it needs to be acknowledged that there will be additional topics and discussion points raised, either in response to Enbridge’s proposals or independently by parties in the proceeding which the SAG has not discussed. It is a reasonable expectation that SAG members are likely to provide additional input or have new opinions related to these items that may expand on feedback provided in this engagement or be entirely new.

The group collectively acknowledged that not all stakeholder perspectives were perfectly represented on the SAG. Because of this, there will likely be some level of disagreement among stakeholders regarding the SAG’s recommendations. The group acknowledged that this is a practical reality, which the OEB also concluded in its findings when establishing the SAG. Nonetheless, the SAG is hopeful that its feedback is useful to parties and the OEB when reviewing Enbridge’s DSM plan application and leads to some regulatory efficiencies.

³ Ibid, p. 92

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2.0 Stakeholder Advisory Group

2.1 Membership

On March 1, 2023 the OEB issued a [letter](#) confirming the membership to the Natural Gas DSM SAG and confirmed the updated membership to its DSM Evaluation Advisory Committee (EAC).

The OEB's Decision and Order on Enbridge Gas Inc.'s (Enbridge Gas) DSM plan required an enhanced stakeholder engagement process, including a new OEB staff-led advisory group, to inform the development of Enbridge's next multi-year DSM plan from 2026-2030.

The OEB indicated that it expected the SAG to provide input on the OEB's upcoming natural gas conservation potential study and the makeup of Enbridge's next multi-year DSM plan. As part of the DSM Decision, the OEB indicated that it expects Enbridge's next multi-year DSM plan to achieve increasing levels of natural gas savings and contribute to greater reductions in overall natural gas consumption.

The OEB also indicated that the EAC will continue as a sub-committee of the SAG. However, the OEB indicated that any recommendations or decisions made by the EAC are not subject to the agreement of the SAG. Rather, working items from the EAC will be shared periodically with the DSM SAG for informational purposes.

The OEB selected seven (7) non-utility members for the SAG and four (4) non-utility members for the EAC. Representatives from OEB staff (who acted as the Chair for SAG meetings) and Enbridge Gas were also confirmed as members of the SAG. Additionally, the OEB included observers representing EPCOR, the Independent Electricity System Operator (IESO), Natural Resources Canada, the Ministry of Energy and Electrification and the Ministry of Environment, Conservation and Parks.

Throughout the consultation process, two non-utility members, Jay Shepherd and Ted Weaver, resigned from the SAG. While their contributions were considered by the group, all conclusions, feedback and recommendations included below are only reflective of the active members. Discussion topics and comments provided by these two members were left for the remaining non-utility members to consider, however, consensus and agreement noted throughout the report is only representative of the non-utility members active throughout the duration of the SAG engagement.

The current non-utility members of the SAG and EAC include:

Stakeholder Advisory Group Members

- Erika Lontoc, Erika Lontoc Consulting
- Francis Wyatt, Green Energy Economics
- Robert Wirtsafter, Wirtsafter Associates, Inc.
- Chris Neme, Energy Futures Group

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- Ted Kesik, University of Toronto

Evaluation Advisory Committee

- Robert Wirsafter, Wirsafter Associates, Inc.
- Chris Neme, Energy Futures Group
- Katherine Johnson, Johnson Consulting Group
- Dan Violette, Rolling Energy Consulting

The OEB's direction of what work activities should be considered, by whom and in what priority sequence, is included in the table below.

Table 1 – SAG Activities

Activity	Responsibility	Priority Level	Completed
Updated Natural Gas Conservation Potential Study	OEB Staff	High	Yes. SAG feedback summarized below and incorporated as part of the development of the APS.
DSM SAG report on the next DSM Plan application before it is filed with the OEB	OEB Staff	High	Yes.
Input on Future DSM Programs	Enbridge Gas	High	Yes. SAG feedback and recommendations are summarized below and will be considered by Enbridge as part of its DSM plan development.
Opt-out Protocols for the Large Volume Program	Enbridge Gas	Medium	Yes. SAG members were briefed on Enbridge's developments and provided an opportunity to submit feedback. Enbridge will be including a discussion and proposal as part of its DSM plan application.
Research and development Plan	Enbridge Gas	Medium	Yes. Enbridge provided information to the SAG regarding its research and development plan.
Review Target Adjustment Mechanism	OEB Staff	Medium	Yes. SAG feedback and recommendations are summarized below.
Consideration of New Programs	Enbridge Gas	Low	Yes. SAG feedback and recommendations are summarized below.
Review of Avoided Costs	OEB Staff	Low	Yes. SAG feedback and recommendations are summarized below.

Terms of Reference

As instructed by the OEB in the DSM Decision, Terms of Reference were established for the SAG. The Terms of Reference outlined the group's priorities and scope of work, roles and responsibilities, issues resolution procedures, confidentiality and how to address conflicts of interest, amongst other administrative items. The final document was posted on the OEB's Engage With Us [webpage](#).

2.2 Project Timelines

The SAG began formal meetings in April 2023. Initial input focused on establishing the Terms of Reference, developing a general work plan and identifying key issues to

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discuss, including input on broader policy considerations. The group shifted focus to the APS and provided significant input and review, primarily between May to December 2023. Appreciating the time constraints, the group worked collaboratively to support the completion of the APS in phases so that Enbridge would have sufficient information to undertake internal planning for its future DSM programs. Specific attention was given to completing the potential analysis for each sector to allow for program development and stakeholder engagement. This process led to draft final industrial sector potential results being made available in January 2024, commercial potential results in March 2024 and residential potential results in April 2024. Feedback and recommendations on the APS are included in a standalone chapter below.

While the APS analysis was in its latter stages and the SAG APS sub-committee continued to meet, the full group had limited meetings in the early part of 2024, as attention shifted to providing input on Enbridge's future DSM programs. The group met regularly between March and September to discuss Enbridge's future DSM programs and related items, including shareholder incentive, performance target and net-to-gross considerations. Detailed feedback on each sectoral program is included in standalone chapters below.

Several broader stakeholder meetings were also held during the SAG engagement period. These were convened to provide status updates to all interested parties that have actively participated in past DSM proceedings. Enbridge hosted four sessions (one in March, two in August and one in October) while OEB staff held a pre-application conference in June. These sessions were useful in that they provided an ability to engage a broader group of stakeholders (intervenors from Enbridge's past DSM proceeding were invited) at various intervals of the process to provide progress updates, receive general feedback and respond to areas of interest. Although each session was timebound and materials were of a reasonably detailed level considering the timing of engagement amidst active program planning, SAG members were able to consider important ratepayer and environmental perspectives directly from parties.

2.3 General Process Feedback and Future Considerations

The SAG offered some recommendations for the OEB to consider regarding the overall engagement and process. SAG members agreed that the sequence and schedule of events was not ideal. The SAG recommended that if a similar process is undertaken in the future, consideration be given to a standalone process at the outset to address any potential policy concerns and considerations. The SAG acknowledged that the OEB had recently released an updated DSM policy framework in conjunction with the approval of Enbridge's 2023-2025 DSM plan, but agreed that ideally, there would have been an opportunity for stakeholder consultation regarding potential policy updates required in consideration of future DSM programming. The SAG noted that in a changing environment and increasing levels of expectations of energy efficiency programs, having an open policy consultation at the outset would enable the OEB to understand the perspectives of various stakeholders and clearly establish the baseline for any future work to be completed, including direction on acceptable budget levels. As is

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highlighted below, the group considered current policy direction and identified several areas it believes the OEB and stakeholders should consider updating to optimize future DSM programming in Ontario.

Similarly, the SAG agreed that future analysis of available potential energy efficiency opportunities should focus on more detailed analysis of specific sectors and segments of customers and rely on empirical field data as opposed to academic theoretical assumption-based modelling exercises such as the APS. In any event, the SAG recommended that future potential analysis be afforded sufficient time to be completed and without the expectation that Enbridge be actively working on DSM plan development and program design simultaneously.

The SAG recommended that ongoing stakeholder consultation be directed by the OEB. However, SAG members agreed that the level of rigor undertaken through the SAG process is not needed on an annual basis. Rather, during an approved plan term, Enbridge should hold open meetings periodically with interested parties to provide plan and program updates, solicit stakeholder feedback, and ensure a process of continual improvement. Some members suggested that as part of the in-term stakeholder process, a small subset of experts be convened to provide more detailed feedback to Enbridge to help optimize its programs, potentially in concert with the OEB's evaluation efforts.

SAG members were of the view that this process was useful from the perspective that such a detailed engagement has not taken place in the past. SAG members agreed that it is important to periodically undertake a detailed, comprehensive review of plan details. SAG members agreed that the composition of the group likely limited the overall impact of the group's recommendations due to the lack of formal ratepayer and environmental representation on the SAG. However, the feedback on policy considerations should be useful in advancing broader stakeholder opinion and the recommendations, most of which were consensus, related to program development should provide the basis for stakeholders to have confidence that industry experts have thoroughly reviewed key program concepts and proposals and have concluded that they are largely consistent with best practice and there are no material omissions.

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3.0 Achievable Potential Study

Background

OEB staff oversaw the development of a natural gas conservation APS in response to direction provided by the OEB in the DSM Decision.¹ OEB staff retained Guidehouse Canada Ltd. (Guidehouse) to undertake the APS, with input provided by the SAG over the course of 2023 and 2024. The final APS report and supporting Excel-based workbooks can be found on the OEB's Engage with Us [webpage](#).²

Overview

As part of the DSM Decision, the OEB had expressed an interest in at least three APS scenarios being analyzed: annual absolute reductions in natural gas sales year-over-year of 0.5%, 1.0% and 1.5%.³ The APS year-over-year potential reduction outcomes were determined relative to 2023 reference year sales. The targets were selected based on the direction provided by the OEB in its EB-2021-0002 Decision and Order, which indicated that the OEB was interested in an APS that considered scenarios that target annual year-over-year reductions in natural gas sales of 0.5%, 1% and 1.5%. For the APS, this was interpreted to mean that cumulative potential should be sufficient to deliver the requisite annual reduction in consumption relative to the reference year. The potential required to meet these targets is substantial since the underlying reference forecast used for this study assumes substantial growth, absent the effects of programmatic DSM.

It is important to note that 2022 was used as the base year, in that data corresponding to that year in the reference forecast was used to determine the distribution of consumption by end-use and sub-sector. However, 2023 data from the reference forecast was used as the start year, in that the targets are all differences in consumption relative to the forecast for 2023. Some SAG members noted that this target definition relative to a 2023 reference year resulted in an APS output that provided little value to the exercise of building a 2026-2030 DSM plan in terms of forecasting reductions, as the APS' starting year to derive savings targets does not align with the starting year of the 2026-2030 DSM plan.⁴ Ultimately, project schedule constraints prevented the alignment of the savings target reference year with the starting year of the 2026-2030 DSM plan.

Table 1 below summarizes the six scenarios analyzed as part of the APS. The 0.5% and 1.0% year-over-year annual reduction scenarios suggested by the OEB were included in the analysis. Note that because Enbridge is forecasting an average annual increase in sales of 0.65% without DSM, the 0.5% and 1.0% absolute reductions translate to approximately 1.15% and 1.65% annual reductions relative to forecast annual sales. Based on recommendations from the SAG and to support the OEB's review of the next DSM plan, OEB staff decided to replace the 1.5% year-over-year target (equivalent to 2.15% annual reduction relative to forecast sales) with a maximum achievable scenario to show the full extent of natural gas savings that could be achieved under unconstrained conditions. Further, the factors considered by each

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scenario (i.e., measures included and carbon value) were varied across the scenarios to provide insights into the end results based on different potential regulatory outcomes.

Table 2 – Summary of APS Scenarios

Scenario	Target	Measures Included	Carbon Value
A	0.5% year-over-year reduction in sectoral consumption relative to 2023 reference year sales	Energy efficiency & fuel switching	Federal carbon price
B	1.0% year-over-year reduction in sectoral consumption relative to 2023 reference year sales	Energy efficiency & fuel switching	Social cost of carbon
C	Maximum Achievable	Energy efficiency & fuel switching	Social cost of carbon
D	Maximum Achievable	Energy efficiency & fuel switching	Federal carbon price
E	Maximum Achievable	Energy efficiency	Federal carbon price
F	1% year-over-year reduction in sectoral consumption relative to 2023 reference year sales	Energy efficiency & fuel switching	Federal carbon price

The APS is based on input data available at the time of the study and is intended as one of several potential points of reference to inform Enbridge's next DSM plan. SAG members agreed that the APS should not be relied upon as a prescriptive input to Enbridge's next DSM plan as the methods of analysis included within an APS greatly differ from those required by Enbridge when developing its DSM plan. SAG members acknowledged some inherent realities of an APS, including the need to make numerous assumptions based on limited data that are assumed to apply equally to all customers (i.e., potential studies are based on average savings, average costs, etc.), resulting in numerous limitations to the direct application of APS results on Enbridge's DSM plan.

Non-utility members agreed that an APS should be viewed as directionally informative and not as a prescriptive source to determine the measures that should be included in a utility DSM plan. Non-utility members suggested that at best the APS should be used to provide context to the scale and magnitude of Enbridge's proposed DSM budgets over the 2026-2030 term. Even then, it is important to recognize that the study estimated only the total costs of acquiring savings and does not address whether portions of those costs might be borne by the IESO and electric LDCs (for measures affecting both gas and electricity consumption) or by federal, provincial and/or local governments. Further, it is important to note that all program costs estimated by the APS are associated with net achievement and do not account for any rebates paid to free riders. Consideration needs to be made to scaling up program budgets output by the APS to account for any effects of free ridership on program spending.

Non-utility members noted that since the APS relies on a largely academic and theoretical basis, it cannot consider potential program designs that might be deployed, including specific paths to market, and measure groupings. Instead, the APS may be useful in identifying possible opportunities in the various sectors and provides a

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directional indication as to the level of natural gas consumption savings available.-SAG members cautioned that the OEB and intervenors will need to consider Enbridge's proposed DSM plan application based on the merits of the specific proposals and consider historic program performance, industry feedback on how influential Enbridge's offers have been on participation and adoption, future market outlooks, jurisdictional comparisons, and expert opinion (which non-utility SAG members have provided in their feedback on all of Enbridge's proposed programs).

To be considerate of the evolving DSM landscape, this version of the APS included both energy efficiency and fuel switching measures in a fully integrated manner for the first time. Due to the ongoing development of broader electrification efforts and fuel switching measures in each sector, particularly the electric and hybrid heat pump market, empirical data was limited or not available for certain applications. As a result, expert judgement was relied upon for some inputs and in other cases (e.g., the entire industrial sector), electrification measures were omitted completely. Non-utility members indicated that although positive improvements (e.g., development of different scenarios for heat pump sizing and selection for the residential sector) were made generally in this area of the APS, the lack of empirical data and cost-effectiveness of electrification and fuel switching measures both limited the overall potential natural gas savings reported. As a result, non-utility members agreed that there are likely significantly greater opportunities for natural gas savings from electrification than identified in the APS, particularly from the commercial and industrial sectors.

Process for APS Completion

To develop the APS, OEB staff provided oversight and general guidance to Guidehouse. SAG members, including staff from Enbridge and non-utility members, worked collaboratively and provided input for Guidehouse's consideration. Prior to going into the details that follow, it is important to note that an APS has thousands, if not tens of thousands, of discrete inputs and assumptions. SAG review of every input was therefore not possible. What was reviewed was based on a prioritization of the inputs and assumptions that are expected to be the most impactful.

Schedule and Project Plan

The initial project plan and schedule were developed by OEB staff and Guidehouse, who subsequently presented it to Enbridge and the non-utility SAG members for input. Feedback from the SAG was that the original project schedule of approximately 10 months was overly optimistic and unrealistic considering the nature of the study and the level of stakeholder input and engagement the OEB expected. SAG members agreed that a more realistic timeline for APS completion would allow for timely consideration of the results by Enbridge Gas to support its development of a DSM plan intended to be in-market for January 2026. APS draft results were shared regularly with SAG members, including Enbridge Gas, throughout the development process. Ultimately, the APS data set was not finalized until September 2024 and the APS report was not delivered until October 2024.

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3.1 Measure Characterization

OEB staff divided SAG members into measure characterization sub-committees, each tasked with developing sector specific measure lists (i.e., residential, including low-income, commercial, and industrial). These sub-committees were chaired by OEB staff, with discussions led by Guidehouse and consisted of SAG representatives including staff from Enbridge, and non-utility SAG members with relevant experience in the respective sector.

SAG members provided input on measure characterization inputs, however, SAG members were not informed of the mechanisms that Guidehouse's model used to develop outputs, such as how measures were prioritized or layered. SAG members noted that this was particularly difficult and limited their ability to provide useful feedback in some instances and understand the broader implications of decisions. Further, it was challenging, if not impossible, for individual non-utility SAG members to fully review and critique all key assumptions for the study due to the sheer volume of said assumptions. Although Enbridge Gas has the benefit of multiple staff which could be deployed to analyze key assumptions, the number that could have benefitted from critique was still too great to allow for a review of all assumptions. With that said, Enbridge Gas was very limited in the staff it could divert from DSM plan development, which was being done in parallel to the APS to support review of APS outputs with the intent of reviewing and providing input to as many critical assumptions as possible.

It should be noted that the final measure list, particularly for the industrial sector, included some measures that were deemed to be bundled. The residential and commercial sectors included some measures that were representative of the average of a given type of measure. This was recommended by Guidehouse in response to feedback from some SAG members to incorporate aspects of a top-down approach to improve the output of the study. Some SAG members expressed reservations toward this approach, as it raised the potential of misinterpretations during measure list reviews. In general, SAG members had different views on the value and appropriateness of bundled measures.

Led by Guidehouse, the measure characterization sub-committees provided significant input and recommendations in the development of the sector measure lists, including the necessary input data associated with each (e.g., cost, natural gas savings, applicability, etc.). This work spanned months and involved regular meetings with the teams to review and comment on deliverables prepared by Guidehouse and asynchronous review and comment. With each round of review, the measure lists were further developed with incremental attributes added over time. OEB staff was responsible for determining the point at which the measure lists were deemed complete, and the project could proceed to the technical potential task.

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3.2 APS Outputs

SAG input was considered by Guidehouse as it developed technical, economic, and achievable potential. OEB staff established a sub-committee consisting of one non-utility SAG member from each of the sector-specific measure characterization sub-committees and Enbridge staff. The new sub-committee was tasked with reviewing and providing feedback to Guidehouse on the potential outputs for all three sectors analyzed as part of the APS. Guidehouse engaged the SAG in multiple rounds of review and comment for each potential output for each sector. The sub-committee operated in a similar fashion to the measure characterization sub-committees, in that regular meetings were held to review and comment on deliverables as they were prepared and subsequent asynchronous review and comment.

The sub-committee also provided input regarding what sensitivity analysis to undertake. Various options were considered, including increasing natural gas commodity costs to reflect those associated with renewable natural gas, using the sensitivity module built into Guidehouse's APS model to adjust select parameters, modifying the carbon value, and shifting the suspected year when Ontario's electricity system becomes winter-peaking. Based on the input received from the sub-committee, OEB staff decided that the best use for the APS sensitivity analysis was to re-run Scenario B (1.0% natural gas savings target) with the federal carbon price applied in lieu of the social cost of carbon. This output was selected as it would provide the OEB and stakeholders with another full scenario and complete set of outputs to compare estimated natural gas savings potential and budget levels based key variables that will likely garner material attention as part of the next DSM plan application. Further, use of the federal carbon price for the sensitivity provided a 1.0% targeted natural gas reduction scenario that was aligned with the existing DSM Framework.⁵

3.3 APS Conclusions and Interpretation

Discrete natural gas savings potential and the associated DSM program budgets output by the APS can be found in the final APS report, as well as the supporting Excel-based workbooks on the OEB's Engage with Us webpage.⁶ From the final APS results, a series of high-level conclusions can be drawn; a selection of which are presented below.

1. Achieving some of the higher levels of natural gas consumption savings estimated by the APS requires a significant expansion of DSM programs and funding. Further, the ability to achieve the targeted natural gas reductions specified by the OEB over the long-term can be achieved only through substantial amounts of electrification.
2. Little reliable data is available to characterize the opportunities, technical suitability, and costs of electrification. As a result, the commercial and industrial electrification potential is likely understated in the APS.

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3. Considerable uncertainty exists around the technical suitability and cost of electrification of commercial space-heating, especially in existing buildings. These concerns have been reflected in the estimated technical suitability of these measures and their incremental costs.

SAG members agreed that the APS is directionally informative, in that it can be used to provide a directional understanding of high-level opportunities and their costs. The APS brings value as a tool to support the spending magnitude required of a DSM program that includes electrification. Further, it can be used to provide a flavour of where savings opportunities lie (e.g., proportion of energy efficiency versus electrification opportunities). However, SAG members agree that the APS should not be viewed as a definitive plan of what can be realistically achieved by a DSM plan. In particular, the ranking of measures output by the APS should not be blindly transferred over to a DSM plan without consideration of data and information through other sources, for example historical DSM program experience.

SAG members agreed that the APS is not and should not be used as a primary input to Enbridge Gas' next DSM plan or to the development of future natural gas savings targets, as specified by the OEB in its EB-2021-0002 Decision and Order.⁷ The APS is an analysis of discrete scenarios and cannot by its nature be reflective of every market dynamic that a DSM plan would need to respond to. For this reason, the APS should be considered as a secondary input or as part of a broader suite of inputs to DSM plan development.

The APS report itself and the associated appendices (including but not limited to Appendices B and E) detail the important interpretation considerations of the APS. However, it is important to briefly discuss the most pertinent consideration that had a material contribution to the SAG interpretation recommendations above, that being data uncertainties and limitations. Select uncertainties introduced by data limitations are noted below, however, a full review of the APS report is recommended to gain a full appreciation of data-based uncertainties and limitations.

1. The primary data input to industrial measure characterization was limited to industrial assessment data which focused only on small to medium sized US customers developed by parties that may not have the specialized expertise necessary to industry-specific and/or site-specific opportunities. This data source also focused primarily on historically cost-effective-measures rather than comprehensive assessments and only on efficiency (i.e., no electrification measures).
2. There is a lack of available studies on which to base assumptions about the current mix of opportunities for building envelope measures in the current housing stock. This is one example where SAG expert judgement was leveraged to address one data limitation challenge.
3. Uncertainty exists around the practicality and cost of some commercial electrification opportunities. These concerns are reflected in technical suitability

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and the incremental costs of some measures. This is one example where a lack of data restricts the degree to which the APS outputs could be aligned with real-world activities.

4. The study analyzed only measures that are currently commercially available. This likely understates potential, particularly in the medium to longer-term when new technologies are likely to emerge.
5. The study largely assumed that current costs and performance of efficiency measures will remain unchanged over the next twenty years. In other words, it does not account for the potential of economies of scale to drive down measure costs or for the evolution of technology to continue.

3.4 APS Future Considerations

SAG members recommended that the OEB should not commission or produce an all-encompassing natural gas potential study. APSs are too broad and as a result, the outputs are of limited value to be applied to a practical effort, such as the development of a DSM plan. In lieu, the OEB should consider leveraging-primary research or data collection that focuses on specific subsectors, such as audits conducted by individuals with specialized expertise in select industry or market sectors, to gain an understanding of market participants potential for energy conservation.

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4.0 DSM Policy Framework Considerations

The group acknowledged that the OEB just considered many policy issues as part of the most recent DSM proceeding and approved an updated DSM policy framework. The group agreed that for practical purposes, non-utility member feedback and Enbridge's pending multi-year DSM plan application must proceed based on the guidance provided in the OEB's DSM Decision and the current policy framework.

Non-utility members agreed that should participants in Enbridge's next multi-year DSM plan proceeding raise policy concerns (for example, regarding the primary objective of DSM, reasonableness of guiding principles, or other structural items), that these be addressed separately, either simultaneous to the DSM plan application proceeding (but not directly applicable) or immediately following the OEB's decision. This way, updated policy direction will be available to inform Enbridge's DSM planning efforts for its next multi-year plan.

Non-utility members agree that, generally, the proposals presented by Enbridge throughout this engagement include positive improvements which should lead to an increase in cost-effective natural gas savings. Non-utility members agreed that the evolution and ramp-up of DSM efforts should not be impeded or slowed due to requests for the OEB to reconsider its recently issued policy direction. Rather, considerations of clarified or updated policy direction should happen separately and be applied to the future DSM plan.

If, through a separate process, the OEB determines that significant policy updates are reasonable, it could then consider the urgency and pace at which the updated policy direction should be incorporated by Enbridge. This may lead to considerations of a mid-term assessment and plan updates or direction to be considered by Enbridge and stakeholders in advance of Enbridge's next multi-year DSM plan application. All of which should be based on the nature and materiality of any potential policy changes.

Non-utility members shared a number of possible policy considerations throughout the engagement. These have been summarized in the table below. Many of these items are too broad to be acted upon by the SAG. The group did not achieve consensus on the broader items. Other items are more discrete and have direct application to Enbridge's current DSM plan (for example, consideration of net-to-gross values and application as part of plan development and annual performance and are in response to OEB direction in the DSM Decision). These more discrete items have been discussed in greater detail in the sections that follow.

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Table 3 – General Policy Considerations – Non-Consensus

No.	General Policy Consideration	Notes
1	What specific outcome(s) does the OEB expect ratepayer funded DSM to produce?	It is crucial for the OEB to be very clear on what outcomes it expects Enbridge to achieve, including clarity and specifics on future natural gas reductions.
2	Is it appropriate to include decarbonization as a primary policy objective?	An improved understanding of likely pathways and cost implications of decarbonizing buildings and industry is critically important in addressing the OEB's articulated goals of "meaningful reductions in annual natural gas sales with consequent cost savings for ratepayers" and the role of DSM. This consideration will be made even more challenging by the higher costs that will be borne by ratepayers in decarbonizing Ontario's gas and electricity systems should energy efficiency, which non-utility members agreed is the least costly decarbonization tool, is under-invested in now. If and how reductions in carbon emissions is incorporated as part of DSM considerations warrants discussion.
3	How should Enbridge's activities as a whole, inclusive of system planning, DSM, IRP and other areas, be considered on a combined basis?	In order to properly determine the most effective path forward for Enbridge as part of an evolving energy landscape that includes policies targeted at reducing carbon emissions, it will be necessary to discuss and consider all natural gas utility activities in a combined manner to determine the most effective strategy, and reasonable costs, going forward.
4	Should the role of DSM and integrated resource planning be aligned, particularly in the context of the impacts of electrification?	Included within this would be a more comprehensive consideration of need and appropriate costs of future capital expansion projects, stranded assets, overall costs and bill impacts.
5	How should critical inputs, such as the cost of carbon and discount rate, be valued and applied as part of analysis of cost-effectiveness and program benefits?	The value of reducing natural gas can vary widely and have a material impact on the program choices depending on the inputs used as part of key calculations when determining the value of Enbridge's DSM programs, particularly in an evolving energy landscape with an increasing focus on fuel switching from gas to electric.
6	How should alternative approaches and methodologies for setting budgets and targets from other jurisdictions be considered?	What has been successful in other jurisdictions, including areas such as policy guidance on major topics (budgets, targets), plan development process, and stakeholder engagement, that should be adopted in Ontario?

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No.	General Policy Consideration	Notes
7	Should the central components of Enbridge's DSM plan, including how budgets, targets and incentives are structured, be reassessed?	<p>If natural gas energy efficiency is relied on to a greater extent as part of the energy transition, inclusive of material increases in budget and goals, it may be beneficial for the OEB to consider the fundamental structure of how Enbridge is compensated and incentivized to ensure the most effective use of ratepayer funds and have greater certainty in achieving expected outcomes. The following areas were acknowledged as outside the scope of the SAG and identified for additional consideration:</p> <ul style="list-style-type: none"> a) the OEB awarding DSM program delivery to successful vendors (which can include Enbridge) through a competitive bidding process b) developing an inclusive DSM delivery rate structure that includes program costs, lost revenues and an incentive premium only recoverable on the basis of verified natural gas savings realized c) including both incentives and penalties to establish a risk-reward framework for Enbridge and ratepayers;

4.1 Targets and Shareholder Incentive

As part of the DSM Decision the OEB indicated that “in the future, the OEB expects DSM programs to result in a greater reduction of total natural gas consumption, and it would be appropriate for alternative or additional shareholder incentive structures to be considered by Enbridge Gas and the SAG in the development of the next DSM plan.”⁴ Consistent with this direction, the SAG discussed shareholder incentive options.

As part of this discussion, a natural continuation extended to non-utility recommendations regarding how future natural gas savings targets should be focused and how Enbridge should consider arranging its performance scorecard.

Non-Utility Member Consensus Recommendations

Non-utility members agreed that Enbridge's DSM plan should primarily focus on natural gas savings. Further, non-utility members recommended that Enbridge not develop sector specific scorecards. Rather, Enbridge should develop one annual performance scorecard that is made up of metrics that focus on total natural gas savings with specific

⁴ Ibid, p. 60

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focus in those areas that require specific attention to ensure equitable results and access to programming.

Non-utility members agreed to the following metric categories and the general weighting of metrics as shown in the table below.

Table 4 – Recommended Annual Performance Scorecard Structure

Metric	Weight	Notes
Total Annual Natural Gas Savings (excluding Large Volume)	50%	Non-utility members agreed that ultimately, Enbridge should be focused on maximizing annual natural gas savings and optimize across the portfolio. Former metrics dedicated to commercial and industrial savings are captured in this broader metric. This maintains the OEB's main objective for ratepayer funded DSM that it results in meaningful reductions in overall annual natural gas sales with consequent cost savings for ratepayers.
Income Qualified Annual Natural Gas Savings	20%	Non-utility members agreed that it is important to have specific metrics for income-qualified, residential and small business programming so that sufficient resources are dedicated to these segments and Enbridge is motivated to deliver results. Ultimately, this will help ensure a greater level of equity across the portfolio.
Residential Annual Natural Gas Savings	15-20%	
Small Business Annual Natural Gas Savings	10-15%	
Large Volume Annual Natural Gas Savings	1%	Non-utility members agreed that there still remain cost-effective savings opportunities and that a minimum level of effort should be required in the Large Volume segment.

Non-utility members agreed that a utility shareholder incentive is not intended, nor should be used, to attach a metric to all utility activity. The group engaged in discussion related to the need for Enbridge to incorporate various enabling, capacity building, and market support activities. Non-utility members agreed that discrete performance metrics for each of these items are not needed, nor are they appropriate. The greater the number of metrics, the less focus is assigned to the core objectives. Rather, non-utility members agreed that, if reasonably challenging natural gas savings targets are set for multiple years, Enbridge will be required to pursue and implement a sufficient amount of ancillary activity.

Non-utility members also agreed that it is reasonable to continue with first-year annual natural gas savings as the primary metric (as opposed to annual lifetime savings), but only if the OEB include a requirement that in order for Enbridge to be eligible for any shareholder incentive amounts, it must, on an annual basis, continue to meet the weighted average measure life threshold established in the 2022 DSM Decision (i.e., 14.3 years) to ensure focus on deeper measures that will continue to provide savings, unless the makeup of the new plan requires reconsideration of the specific average measure life value, which should be requested by Enbridge as part of its application to the OEB. Related to this recommendation, non-utility members suggested that the OEB consider the value of undertaking an assessment and review of the current measure

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lives for key measures in Enbridge's portfolio so the most accurate estimate of measure lives are used as part of program evaluation.

4.2 Natural Gas Savings Levels

The group acknowledged the OEB's expectations provided in the 2022 DSM Decision that stated:

"For the approved three-year term of the pending DSM plan, the OEB is satisfied that the level of targets are reasonably sufficient considering the budget levels and mix of approved programs. The OEB is not prepared to apply a blanket increase to the proposed targets as suggested by some parties. However, the OEB is of the view that a greater understanding is required of the relationship between adjustments to targets and budgets and the impacts of increases to either has on the overall DSM plan, including performance metrics, program opportunities, and overall costs including rate impacts. This is an area that should be explored further, likely as part of the next natural gas conservation potential study and is expected to be a significant component of consultations undertaken by the SAG."⁵

Non-utility member comments and feedback on the APS was discussed in Section 3.1. This includes several considerations regarding the overall level of savings. With respect to the interaction between spending and natural gas savings, non-utility members acknowledged that generally, Enbridge will require growing budget levels and likely a higher average \$/m3 to meet growing natural gas savings targets, particularly if certain levels of focus on smaller and vulnerable customers is maintained (as opposed to bigger, more sophisticated commercial and industrial customers where natural gas reductions can be achieved more cost-effectively).

Enbridge provided illustrative natural gas savings forecasts by sector (broken down further by each anticipated offer within each sector) with commensurate budget requirements when it provided program proposal presentations to the group. The savings levels presented by Enbridge have been summarized in the program sections of this report, along with general budgets for each sector. Non-utility members acknowledged that the general level of savings relative to spending was directionally consistent with their expectations, however, non-utility members were not in a position to provide detailed feedback on the specific savings levels and budgets presented. Non-utility members provided feedback on the sectoral based programs so that Enbridge could consider additional opportunities to maximize natural gas savings and use its future budgets as effectively as possible. Non-utility members agreed that in order to provide the level of feedback that would be useful to Enbridge, they would require detailed information, which could not be provided in the limited amount of time available following the completion of the APS and Enbridge needing to file its DSM plan

⁵ Ibid, p. 65

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application. This additional information would ideally include the detailed build-up of the budget and savings underpinning Enbridge's proposed goals and budgets. It was suggested that this could be provided in the form of a detailed spreadsheet for each program/offer, where Enbridge lists all measures it plans to promote; the estimated per unit incremental cost, savings and lives of each measure; the estimated rebate/incentive level per measure; the estimated number of measures that will be installed each year, along with an assumed NTG; and the estimated non-incentive budget per program. Providing comparable values for actual claimed savings and budgets for the most recent program year(s) (2023 or 2024) would provide valuable context.

Additionally, it was also suggested that the ability to do more focused research and analysis of how comparable programs in other jurisdictions are developed and budgeted can provide value for future considerations.

4.3 Adjustments to Targets

Non-utility members acknowledged the OEB's direction related to Enbridge's future DSM plan is that it will have fixed targets to allow for greater certainty of natural gas savings in the future. The group also considered the OEB's request to review the practice of annual target adjustments relative to prior year performance and provide recommendations on the most ideal balance of risk between Enbridge and customers based on changes to input assumptions and adjustment factors. Non-utility members agreed that Enbridge's future targets should not be adjusted to account for prior year results as had been done in the past through the current target adjustment mechanism.

The non-utility members provided recommendations on how the OEB should update its policy regarding adjustments for applying updated NTG ratios which is discussed in Section 4.6.

Non-utility members also discussed adjustments to targets should unexpected circumstances develop, such as changes in building code, equipment standards and Technical Reference Manual. Some non-utility members thought it would be reasonable that the OEB consider adjusting approved targets in certain situations. Other members did not think that any adjustments should be made, noting that Enbridge will be seeking approval of a multi-year plan so has the ability to make adjustments over that period, particularly since it will have a full suite of programs, offers and measures to all customer types and the ability to move funds into different areas.

Non-utility members agreed that Enbridge should make best efforts to identify any program areas that it deems highly sensitive to external forces (for example, heat pumps), so that the OEB and intervenors can consider if any additional flexibility is required.

Non-utility members recommended that if NTG values from future evaluations vary in a material way from the non-utility member estimates provided through this process (e.g. +/- 10%) that the OEB allow targets to be recalibrated once and then not adjusted

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throughout the remainder of the next plan term. Non-utility members agreed that it would be reasonable to consider a one-time target amendment to recognize NTG values determined through evaluations, appreciating that the updated NTG values recommended by the non-utility members are only educated estimates, and empirical results will be available, which have the potential to impact savings in either a positive or negative manner. Non-utility members agreed that this would provide for reasonable flexibility early in the next plan period and recognize the variability in actual versus estimated results in response to a number of program changes, some material in nature.

4.4 Shareholder Incentive

Non-utility members discussions regarding shareholder incentive options primarily centered on the current structure whereby the OEB approves an eligible annual shareholder incentive amount and performance scorecards. Non-utility members recommended to maintain the general structure currently in place.

Non-utility members considered the current shareholder incentive structure, including the maximum amount available each year (\$20.9 million in 2023, increased annually for inflation), earning thresholds (\$0 until a minimum of 75% of scorecard target is met, 40% of maximum available between 75-100%, 60% of maximum available between 100-125%) and considered if any updates should be considered. Non-utility members agreed the OEB should consider the following changes.

4.4.1 Amount Available at 100% of planned performance

Acknowledging that the OEB is seeking greater results from Enbridge's DSM efforts, non-utility members reviewed the current shareholder incentive structure, which has largely remained unchanged since 2016, and identified potential updates for the OEB's consideration.

The group acknowledged that Enbridge's recent shareholder incentive earnings has not come close to reaching the maximum available shareholder incentive and has averaged \$5.47 million (or approximately 65% of the \$8.36 million available at 100%, or 26% of the maximum \$20.9 million available at 125% achievement) between 2020 and 2023 (based on draft 2023 results).

Instead of basing the maximum available shareholder incentive on a fixed dollar figure, non-utility members recommended that the future shareholder incentive structure revise the amount available at 100% to an amount equal to 5.0% of Enbridge's total annual budget. Non-utility members agreed that the shareholder incentive available at 100% target achievement should remain at 5.0% of budget for the next DSM plan term and be reviewed and considered relative to the OEB's expectations and natural gas savings targets approved.

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Based on Enbridge's estimated budget figures for 2026 of \$240 million, this would result in an eligible shareholder incentive of \$12 million should Enbridge meet 100% of all its performance scorecard targets.

Non-utility members agreed that the increase in amount at 100% is important to provide the proper signals to Enbridge to ensure the important goals the OEB expects to be met from its DSM programs are achieved.

Additionally, non-utility members agreed that the increase in amount at 100% from the approved 2023 amount of \$8.36 million to \$12 million reflects a reasonable shift in focus, particularly with the OEB's expectation that increasing levels of natural gas savings are to be met. Non-utility members agreed that the current scorecard structure does not achieve a proper balance in motivating performance, particularly since budget levels are determined on the basis that those funds are required to meet the 100% savings goals. Additionally, non-utility members noted that setting the 100% shareholder incentive value at 5% of budget is generally lower than other jurisdictions when compared to those included in expert evidence provided in Enbridge's last DSM proceeding, with most others being closer to 8.0% of budget, with Massachusetts' incentive that is 3.5% of its budget being lower, but with significantly higher annual budgets.⁶

4.4.2 Earnings Thresholds

Non-utility members also agreed to the following recommendations to other aspects of the shareholder incentive structure:

- a) Consensus that three earnings thresholds should continue to be established
- b) Consensus that lower and upper bands should be revised slightly to acknowledge increased levels of uncertainty in the new plan term due to changing energy landscape.
 - i. Lower band: 70%
 - ii. Target: 100%
 - iii. Upper band: 130%
- c) Consensus that the current requirement to meet lower band is maintained before any incentive is available (therefore, no incentive dollars can be accessed below 70% target achievement)
- d) Consensus that a change in pace of earning between bands be revised from current 40/60 split between lower and upper thresholds results in a more reasonable balance in available rewards, acknowledges that it has been challenging for Enbridge to meet 100% of targets in the past, and appreciates that budgets approved do not allow for significant expansion of efforts beyond 100% target, particularly to achieve 30% greater savings.
 - i. 0-100% of available annual shareholder incentive (i.e., 5% of annual budget) for achievement from 70% to 100%

⁶ Ibid, Exhibit L.OEB STAFF.1, p. 28, Table 6

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- ii. 100-200% of available annual shareholder incentive for achievement above 100% to 130%.

An example of this structure on a \$240M annual budget is below:

- a) Shareholder Incentive at 100% = Annual budget (\$240M) x 5% = \$12M
- b) Achievement below 70% of target = \$0
- c) Achievement from 70% to 100%, available shareholder incentive increases linearly, up to \$12M at 100% target achievement
- d) Achievement above 100 to 130%, available shareholder incentive increases linearly, up to a max of 10% of annual budget or \$24M at 130% target achievement

4.4.3 End-of-Term Incentive

The group generally discussed the OEB's current End-of-Term incentive structure for absolute reductions in gas sales. Non-utility members agreed that this type of incentive is important given the pending provincial climate goals in 2030. Non-utility members also agreed that DSM is not the only Enbridge activity that affects the magnitude of gas sales. Thus, while such an incentive included as part of a future DSM plan would provide helpful direction to Enbridge, it might be even more effective if adopted as a broader incentive across all Enbridge activities such as through a rates case.

4.5 DSM Plan and Program Considerations

As part of the DSM Decision, the OEB instructed the SAG to provide input on the programs that will make up Enbridge's next DSM plan. The group actively discussed and provided feedback to Enbridge on all proposed programs which is discussed in greater detail later in this report.

As an overarching guide to program considerations, non-utility members largely agreed with the premise that ultimately, decarbonizing the energy system entirely would represent an ideal state (albeit, far beyond the scope and ability of Enbridge's DSM programming). To achieve this, non-utility members noted that Enbridge will need to employ strategies that are realistic, cost-effective, and flexible enough to react to evolving technology and market conditions. The group agreed that unless a more cost-effective means to decarbonizing emerges (which many think is highly unlikely), electrification will need to be a major contributor to accomplishing this objective. Non-utility members noted that the types of measures to include in a DSM program should consider the long-term implications and avoid locking consumers into using fossil fuels for many years to come, where other practical, cost-effective options exist.

Non-utility members agreed that when choosing what measures to include as part of its DSM programs, Enbridge should follow the prioritized list below:

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1. Measures that decrease energy usage, regardless of the fuel source (e.g., weatherization that would still provide savings if the heating system were later switched from gas to electric)
2. Electrification measures (switching from gas to electric)
3. Measures that make gas equipment more efficient in existing buildings.

There was discussion about incentives for gas equipment for new construction centered on Enbridge's relationship with builders and the potential to influence the new construction market and more generally promote natural gas in new buildings. Non-utility members generally supported incentives for gas efficiency measures in new buildings with some suggesting that this effort should be led by a fuel agnostic organization. Some non-utility members suggested that there should not be any incentives for gas equipment in new construction to discourage long-term gas usage. Others noted that if incentives for gas equipment do not exist, it may lead to continued gas connections, but without efficiency gains. However, it was acknowledged that with the high minimum efficiency standards for residential gas furnaces put in place by government several years ago, the remaining energy savings potential from gas furnace rebates is very small.

Although the group agreed that electrification and decarbonization of space and water heating should be an important part of future DSM plans, some non-utility members noted that the question of the ideal program administrator and delivery agent should be considered, noting the fundamental conflict of interest present with Enbridge as a gas distribution company (particularly in the new construction market). The group acknowledged that these considerations are beyond the scope of the SAG.

Comments were also provided by some non-utility members related to the range and types of programs Enbridge can and should offer. Some examples provided were residential home energy benchmarking reports. This is an area that the OEB has rejected in the past as a standalone offering. Non-utility members agreed that this should be reconsidered. While not all agreed that the offering should contribute towards savings goals, all agreed that, at a minimum Enbridge should be allowed to use home energy benchmarking reports to drive customers to available offers, and act as a form of marketing. All members also supported the benefit of benchmarking towards a multi-year goal targeting reduction in gas sales volumes.

Similarly, non-utility members also agreed that other program areas, including market transformation, education, research and development, workforce development, capacity building and innovation should all be considered as they will all be critical in helping develop key aspects of the industry that will be required if future DSM plans will be able to achieve absolute reductions in natural gas sales volumes. Some non-utility members suggested that the OEB consider allowing Enbridge to claim savings from market transformation efforts, including advancing codes/standards, where it can show that its DSM efforts have led to these savings and improvements. Non-utility members

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acknowledged this is a very challenging area to definitively determine Enbridge's role which will also require certain considerations as part of evaluation efforts.

4.5.1 Attribution of Benefits from Partnerships

Non-utility members also discussed the current policy guidance related to attribution of benefits. Non-utility members agreed that it is in the best interest of ratepayers to encourage Enbridge to seek all possible collaboration opportunities, including funding, program support, opportunities in various markets, marketing, etc. Non-utility members agreed that new partnership and collaboration opportunities will likely continue to grow, both in the number of engagements and size of each engagement – the recent partnership between Natural Resources Canada and Enbridge being one example. Non-utility members could not agree to an ideal approach for a framework to attribute natural gas savings and overall program benefits, but generally agreed that the simple approach of allocating savings and benefits relative to entities' funding contribution is likely not ideal. This approach doesn't acknowledge the role of each party, whose efforts lead the initial work, who has greater responsibilities as part of the partnership, etc. Some non-utility members were of the view that it may be easiest for all involved if instead of constructing an attribution framework, the OEB acknowledged that Enbridge collaborating and partnering with other entities will lead to better overall results and as such, it should be encouraged to do so. Similarly, with an expectation that Enbridge will be collaborating more in the future, non-utility members acknowledged the need for the OEB and intervenors to consider the impact on Enbridge's natural gas savings targets and how and when the impacts of potential future partnerships be addressed (for example, at or after partnership agreements are determined, or at the outset of the plan term. Non-utility members noted there are complexities with each option).

The group largely agreed that providing Enbridge with a high level of flexibility will allow it the possibility to be able to react to the market and pursue opportunities, which are likely to only continue to grow as more focus is placed on achieving climate goals. However, non-utility members also noted that there are likely reasonable thresholds for which Enbridge should inform the OEB of changes to its plan. Additionally, accompanying a high level of flexibility is the expectation that there needs to be a similar high level of accountability on Enbridge relative to its actions and the ultimate outcomes of its efforts.

4.6 Program Evaluation (Input Assumptions and Adjustment Factors)

Non-utility members provided several recommendations regarding net-to-gross values as they relate to Enbridge's programs. The recommendations below would represent changes to the OEB's current policy guidance related to NTG values. Non-utility members appreciate that, similar to its other policy recommendations, other interested stakeholders may take differing views. Supporting rationale has been provided below to assist the OEB and parties when considering this topic.

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As part of the DSM Decision the OEB instructed the SAG to review the practice of adjusting targets and evaluated results in a given year to account for updates input assumption. The OEB asked the SAG to provide recommendations on the ideal balance of risk between Enbridge and customers based on changes to input assumptions and adjustment factors.⁷

Non-utility members acknowledged the OEB's direction that future targets be set based on a fixed natural gas savings value, which are DSM savings that are the equivalent to certain percentage reduction thresholds in annual natural gas sales.

Members also agreed that it was reasonable to continue the practice of calculating savings from mass market programs based on assumptions in the OEB's Technical Resource Manual (TRM). If changes to TRM values were made during an evaluation cycle, those changes would apply to savings for the next DSM program year.

With respect to net-to-gross (NTG) values for Enbridge's programs, non-utility members provide the following recommendations.

4.6.1 Net-to-Gross Values

4.6.1.1 Custom Commercial and Industrial Offers

As part of discussions related to Enbridge's proposed commercial and industrial programs, non-utility members identified that the current net-to-gross values were those that were the result of an evaluation conducted by the OEB several years ago in relation to Enbridge's 2018 custom commercial and industrial programs. Non-utility members agreed that the 2018 NTG values were quite dated and likely non-reflective of the influence its future programs are likely to have on customer participation in 2026. Non-utility members indicated that Enbridge should be using NTG values that are the best estimate of expected NTG levels relative to the programs that are proposed to be available as part of its next DSM plan application.

Non-utility members stressed the importance that as part of its planning process, Enbridge develop budgets and targets with estimated NTG values that consider future programs. It was acknowledged by non-utility members that forecasting budgets and targets for future programs with a NTG ratio that is too high or too low provides risk to ratepayers (through inflated budgets that are not required to meet the natural gas savings targets, or a windfall shareholder incentive for Enbridge) or Enbridge (through natural gas savings targets that cannot be met).

Non-utility members agreed that if the NTG values from the OEB's NTG evaluation of 2018 programs is used to develop budget and savings forecasts, budgets will be proposed at levels higher than necessary, either leading to inefficient use of ratepayer funding or budget figures and bill impacts not reflective of the actual costs to achieve the expected natural gas reductions.

⁷ Ibid, pp. 82-83

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Non-utility members agreed that these outcomes are not ideal nor necessary. Enbridge acknowledged that should it be instructed to rely on historic NTG values it would likely result in it receiving a shareholder incentive windfall. If the non-utility members' expectation that future NTG evaluations will result in improved results Enbridge will be credited with more net savings and in turn, qualify for higher shareholder incentive earnings. Enbridge and non-utility members agreed that this would not be reasonable.

Non-utility members agreed that the NTG values from the OEB's study of 2018 custom commercial and industrial DSM programs would not be consistent with program delivery of Enbridge's new suite of programs that will be in market in 2026. Non-utility members agreed that Enbridge's proposed program changes, most notably the increase in customer incentives, have a high probability to reduce free ridership.

For context, the NTG values determined through the OEB's evaluation of 2018 programs were:⁸

1. Commercial (aggregate 54%)
 - a. Multi-Unit Residential Building (MURB) - 70.6%
 - b. Municipal, Universities, Schools, and Hospitals (MUSH) - 29.5%
 - c. Other - 30.7%
2. Industrial (aggregate 50%)
 - a. Agriculture - 51%
 - b. Manufacturing - 37.8%

Non-utility members noted that changes to core program components, enabling initiatives, delivery approaches, and customer incentives are the primary factors that lead to changes and improvements in NTG values.

The OEB's Evaluation Contractor, DNV, also provided updates to the group based on its ongoing study of NTG values of Enbridge's 2023 programs. DNV indicated that the draft final free ridership values of 2023 programs are 31.5% for custom commercial, 36.5% for industrial, and 72.05% for large volume. Non-utility members acknowledged that these results show positive developments and Enbridge's programs producing lower free ridership levels than in the past.

Non-Utility Member Consensus Recommendations

Non-utility members agreed that updated, estimated NTG values should be developed for all of Enbridge future programs, noting that greater consideration should be given to the most influential programs and/or measures.

Non-utility members agreed that although it is industry best practice to conduct NTG evaluations through the use of surveys and interviews with program participants to test the program's influence on their decision-making, that there is no perfect way to precisely assess a program's influence.

⁸ [2018 Natural Gas Demand Side Management Free Ridership Based Attribution Evaluation](#), March 13, 2020

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The group also stressed the importance of regularly evaluating NTG impacts, including both free ridership and spillover, and to do so as close to the customer's decision to proceed with the energy efficiency upgrade incentivized through Enbridge's program as possible. However, in instances where recently evaluated results are not available, or for new programs or those with material changes which require a time delay before an evaluation can take place, non-utility members agreed that it is reasonable for proxy, or estimated values to be determined through a structured expert panel decision-making forum (also known as the Delphi method).

Through the course of several meetings with the SAG and members of the OEB's Evaluation Advisory Committee, the group reached a consensus recommendation that Enbridge should use 75% as the updated NTG estimated value for its future custom commercial program and 70% for its future custom industrial program. As noted below, these values are inclusive of both free-ridership and spillover. The non-utility member recommended estimate NTG values for future custom commercial and industrial programs were developed during the course of the OEB's NTG evaluation of Enbridge's 2023 programs. Ultimately, the recommended NTG values for future programs represent an increase of approximately 5% (after incorporating both free ridership and spillover results from the 2023 evaluation).

To establish recommendations on specific NTG values to use, non-utility members began with discussions of the benefits of developing a range estimate, with suggestions including anywhere from 60% to 80%. Non-utility members experience in other jurisdictions was that NTG values tended to be higher than those found in Ontario, but that many factors, including program, market differences, and evaluation approach, all contribute to difficulties in simply applying NTG values from one jurisdiction to another.

The group also considered NTG information from other jurisdictions, including California, New York, Illinois, Wisconsin and Massachusetts. Enbridge provided analysis of program incentive dollars per term and natural gas savings to provide context in terms of how impactful changes in incentive values may be to overall savings as a result of the program. The comparator NTG values ranged from a low of 50% in New York to a high of 83% for Massachusetts, with a simple average of approximately 73% NTG ratio for custom offers in the other jurisdictions. Non-utility members considered these to be helpful comparators, while acknowledging that there are always differences across jurisdictions, including program design, delivery, service territories, maturity of programming, customer makeup, overall scale of efficiency plans amongst others. Non-utility members agreed that these differences made direct comparisons and application difficult, but that using these values as an input into the proxy discussion was reasonable. Non-utility members agreed that although individual values should not be used as the basis for a new proxy value for Enbridge's future programs, the trend that other jurisdictions have materially higher NTG values and higher incentive dollars per energy savings confirms the reasonableness of considering an updated proxy NTG value.

Based on all this information, the group agreed on the consensus recommendation that Enbridge use updated estimate NTG values as part of plan development. The group

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noted that the ability for Enbridge to improve NTG, through thoughtful project screening practices and influential offer components, including financial incentives and expert project support, can lower free ridership. Additionally, with a greater focus on trade allies and general awareness and education, Enbridge has the opportunity to increase the level of spillover, which would provide broad benefits. Non-utility members acknowledged that Enbridge has yet to develop a comprehensive and integrated approach that discretely includes increasing spillover as an objective of its offers. Some members acknowledged that this may be due to spillover appearing to be a lower priority evaluation item. However, until spillover is included as an objective of its offers, non-utility members agreed that it is more reasonable to recommend values that represent a continuation of the increasing trend in free ridership values seen from the 2018 programs to 2023 programs.

Non-utility members agreed that the updated NTG estimate values should assume modest spillover contribution and agreed that it would be reasonable to apply a 3% spillover estimate to the total NTG estimate (as a reminder $NTG = 1 - FR + SO$). Therefore, custom commercial $NTG = 75\%$ ⁹ and custom industrial $NTG = 70\%$ ¹⁰ for industrial). Non-utility members agreed that in response to the proposed program changes, namely the material increase in available customer incentives and ability for customers to access greater amounts for individual projects, NTG values should continue to improve.

Non-utility members stressed the importance of regular, ideally annual, NTG assessments, inclusive of both free ridership and spillover, to ensure the OEB, ratepayer representatives and Enbridge are receiving timely feedback to inform program results and future program delivery.

4.6.1.2 Prescriptive Commercial Offer

Non-Utility Member Consensus

Non-utility members discussed the need and reasonableness of updated NTG values for Enbridge's future prescriptive commercial offers. Non-utility members reviewed the list of measures included in the proposed prescriptive commercial offer and compared to the OEB's NTG evaluation results of Enbridge's 2017 DSM program. The OEB's Evaluation Contractor, DNV, provided some insights related to the previous prescriptive NTG assessments, noting that for certain measures, there was limited participation which resulted in very small sample groups for some measures. However, DNV noted that although some measures were evaluated based on a small sample, the projects included within that sample represented a substantial percentage of commercial prescriptive offer savings in the year evaluated. DNV noted that good evaluation practice is to continually review NTG values, discuss as part of evaluation planning, including receiving feedback from OEB staff, Enbridge and the EAC on areas that should be updated to address potentially outdated or unreasonable values.

⁹ Custom Commercial $NTG = 1 - 0.28$ (free ridership) + 0.03 (spillover)

¹⁰ Custom Industrial $NTG = 1 - 0.33$ (free ridership) + 0.03 (spillover)

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Non-utility members agreed that although some NTG values appeared low, no proposals for updated values or supporting information was provided by Enbridge. Therefore, non-utility members agreed current evaluated values are generally reasonable. Non-utility members agreed that prescriptive NTG values should be reviewed on the basis of prioritizing those measures that are forecast to provide the greatest level of impact on future portfolio level natural gas savings.

Non-utility members agreed that Enbridge should include any relevant information as part of its DSM plan should it be of the view that discrete updates to specific measure level NTG values for its commercial prescriptive offer that need to be updated.

4.6.1.3 Income Qualified Program

Non-Utility Member Consensus

Non-utility members agreed that the OEB's current policy of using a NTG value of 1.0 for income qualified programs remains reasonable and should be continued. Non-utility members confirmed that this is consistent with the approach in other jurisdictions.

4.6.1.4 Residential Program

Non-Utility Member Consensus

Non-utility members acknowledged that the current deemed NTG value of 95% for the residential program is likely within the range of anticipated utility influence. Non-utility members discussed experience in other jurisdictions and reviewed NTG values from recent evaluations that were collected by OEB staff from publicly available sources, which largely showed that an overall 90% NTG value is reasonable.

Based on this review and expert opinion, non-utility members agreed that Enbridge should incorporate the following updated NTG estimated values for its residential offers:

- Residential whole home: 90% (made up of 20% free ridership and 10% spillover)
- Smart thermostat: 86% (made up of 21% free ridership and 7% spillover)
- Single Measure – Heat Pumps: 91% (made up of 31% free ridership and 22% spillover)

For all other single measures that may be included, non-utility members could not provide a recommended NTG value due to the inability to consider the merits for any individual value.

Non-utility members recommended that the OEB undertake NTG evaluations of Enbridge's residential program that include free ridership and spillover.

4.6.2 Application of NTG values

Non-utility members agreed that the OEB should consider the following guiding

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principles as the foundation for how it values and includes NTG as part of its consideration of Enbridge's DSM portfolio and programs.

1. Prospectively apply the best estimate of the NTG impacts expected from the implementation of Enbridge's DSM plan and proposed programs.
2. Avoid unreasonable risk to ratepayers and the utility. This could include:
 - a) Ratepayers incurring risk if a pessimistic NTG assumption is used to set savings targets and future evaluation finds the NTG value to be considerably higher than that used to set savings targets, such that savings are inflated but targets unadjusted and higher shareholder incentives are recovered as a result.
 - b) The utility incurring risk if there are fixed savings targets for each year of its DSM plan, an overly optimistic assumption about NTG is used at the outset of a multi-year plan for setting those targets, future OEB evaluations finds the NTG to be considerably lower such that savings in future years are reduced but targets are unadjusted and lower shareholder incentives are earned as a result.
*Of note, minor fluctuations in NTG values would not present unreasonable risk, so this is primarily considering large variations.
3. The process to update key assumptions and/or adjustment factors (i.e., NTG values) should be done in a manner to motivate Enbridge to maximize NTG (minimize FR, maximize SO), which could include applying new results on a prospective basis, providing EGI with results during program implementation to allow it to apply corrective measures, etc.
4. NTG evaluations to be inclusive of free ridership and spillover should be included in future studies to produce net savings.

4.6.3 Process to Apply Updated Net-to-Gross Values

Members also discussed what process should be used to incorporate updated NTG values, inclusive of the estimated values recommended by the non-utility members and updated NTG values that come as a result of an OEB evaluation.

As part of these discussions non-utility members considered the impacts of how the timing of when updated NTG values were applied would impact ratepayers and Enbridge related to budgets (and costs), natural gas savings and performance targets and eligible shareholder incentives.

Non-utility members acknowledged the OEB's current policy indicates that for custom programs, updated NTG values should be applied retroactively to the program year that was the subject of the NTG evaluation. Alternatively, the OEB's current policy for prescriptive or mass market DSM programs indicates that updated NTG values are applied prospectively as Enbridge does not have control over who participates.

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Enbridge suggested that for new measures, in the event there isn't research to support a NTG ratio, a default NTG of 80% should be applied until that measure is evaluated.

Non-utility Member Consensus Recommendations

Non-utility members agreed that the OEB should apply updated NTG values on a prospective basis for all programs/offers. Non-utility members acknowledged that Enbridge has a greater level of influence and control over participants in its custom commercial and industrial offers, but that applying the updated NTG values prospectively strikes a reasonable balance of risk between ratepayers and the utility – as long as NTG assumptions are updated regularly (e.g., annually). Non-utility members recommended that the OEB consider adopting an approach for updating NTG values on an annual basis in a similar manner to that used in Illinois. The following general structure was supported by all non-utility members:

1. NTG values are determined (i.e., approved) at the outset of the plan term by the OEB, with the granularity of the NTG values commensurate with the impacts of the program/offer/measure.
2. Each year, annual adjustments to NTG values are considered by the EAC when there's a basis for making a change (e.g., an evaluation has taken place, a party has identified a value that requires consideration, etc.)
3. The OEB's Evaluation Contractor proposes its initial recommendation for changes to NTG values based on their assessment of relevant information (including recent evaluation results, NTG results from other jurisdictions, documentation and proposals from Enbridge and/or EAC members, etc.).
4. EAC members, including both non-utility and utility members, try to come to consensus on revised NTG values, informed by information provided by the independent evaluator.
5. If consensus is reached by members of the EAC, the agreed-to NTG value is used prospectively for all programs/offers/measures and included as part of the program implementation and evaluation for the program year that immediately follows.
6. If the EAC does not reach consensus, the OEB's Evaluation Contractor, based on its expert judgement and independent review (and the benefit of the discussion among the EAC and Enbridge), determines the updated NTG value to be applied going forward.

4.7 Cost Effectiveness Screening

As part of the DSM Decision the OEB approved the continued use of the TRC-Plus test to determine the cost-effectiveness of DSM programs. However, the OEB indicated that it is "mindful that the accuracy of the inputs into the test will shape decisions related to what programs are offered. The SAG should discuss the accuracy of the 15% non-energy benefits [NEB] adder, in coordination with the IESO, to ensure that an accurate

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value is being applied across natural gas and electricity conservation programs in Ontario.”¹¹

4.7.1 Non-Energy Benefits

As a first step, OEB staff consulted with the IESO to understand the recent study it had conducted that focused on updates to various NEB components, including areas such as reduced financial stress, thermal comfort, reduced equipment OM&A, improved air quality, control over energy decisions, improved lighting, reduced spoilage, improved business outcomes and improved product quality. The IESO had developed updated values for each of these components on the basis of customer feedback it received as part of its annual evaluation of its electricity conservation programs. The IESO cautioned a direct application of its results as its updated values were based on feedback from electricity customers related to electricity energy efficiency programs and applicability to natural gas DSM programs may not be appropriate. Additionally, OEB staff observed large variation in year-to-year impact for each of the NEB components, which further supported a cautious approach to directly applying the IESO’s updated values. The SAG agreed with this assessment and did not support the direct application of the IESO’s updated NEB values.

OEB staff noted that it was considering the merits of a standalone natural gas NEB study. Non-utility members agreed that the 15% value is likely understated, and although supported additional research to produce an updated figure, cautioned the value of a detailed study due to the imprecise nature of customer feedback, particularly considering the inability to discretely and accurately develop empirical data to quantify the benefits considered as part of the NEB adder. Instead, the group suggested that it may be more practical (and less time intensive and costly) to develop an updated NEB-adder value that is more general in nature, informed by values used in other jurisdictions and expert opinion from the SAG (and possibly the EAC). However, non-utility members cautioned importing values directly from other jurisdictions for the same reasons the group did not support simply accepting the IESO values. Other NEB values will be based on the energy efficiency portfolio of that state/province, including measures, incentive levels, program delivery approaches, history of programming, efficiency standards, etc. The SAG agreed that OEB staff should continue to consider methods for considering updated NEB values specific to Enbridge’s natural gas DSM programs as part of OEB staff-led DSM evaluation work, with input from the EAC and the OEB’s Evaluation Contractor.

4.7.2 Cost of Carbon

In addition to the NEB-adder, the group also discussed how to effectively value and incorporate carbon as part of the cost-effectiveness calculation. The group acknowledged direction from the OEB as part of the Mid-Term Report of the 2015-2020 DSM Framework where it stated that “[t]he cost of carbon, using the publicly available

¹¹ EB-2021-0002, Decision and Order, p. 83

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federal carbon cost, will be explicitly included as part of all cost-effectiveness analyses.”¹² Non-utility members recommended that the cost of carbon value included in both avoided costs (for Achievable Potential Study analysis and cost-effectiveness analysis) should be updated to reflect a value that better represented the true cost of avoiding greenhouse gas emissions.

Non-utility members acknowledged that the OEB’s direction in the 2015-2020 DSM Mid-Term Report was provided at a time when different considerations were central to its guidance, but that the full direction from the OEB makes it clear that the cost of carbon should be considered in both cost-effectiveness and avoided costs and that future updates are reasonable:

“The OEB agrees that all material benefits of DSM should be recognized as part of the screening and cost-effectiveness analyses. As such, the OEB agrees that the cost of carbon should be added to the TRC-Plus cost effectiveness test. This will ensure that planning and cost-effectiveness analyses fully consider the costs and benefits of the DSM programs. The natural gas utilities should include the federal cost of carbon as part of future avoided cost updates, as it is the most relevant public data source currently available. The OEB will also include the cost of carbon in the cost-effectiveness analysis undertaken as part of the annual program evaluation work. Additionally, the OEB will maintain the non-energy benefit adder of 15% currently included in the TRC-Plus cost-effectiveness test. The OEB will further consider this topic as part of the post-2020 DSM framework development.”¹³

Members provided various suggestions on how to value the cost of carbon as part of the cost-effectiveness test. Suggestions included that the cost of carbon be based on a proxy for the alternative to electrification, such as renewable natural gas or the marginal cost of GHG reduction outside of the natural gas sector. It was noted that if an appropriate alternative value to electrification is not used, then it may result in cost-effectiveness test results indicating that some forms of energy efficiency and electrification are not cost-effective when research findings show that they are cheaper than alternatives to decarbonizing gas. As part of the APS, OEB staff, with agreement from non-utility members, advised Guidehouse to apply the social cost of carbon based on the Government of Canada estimates¹⁴ due to the current carbon price acting as a floor value and not fully representative of the true cost of avoiding greenhouse gas emissions. Non-utility members agreed that at a minimum, the social cost of carbon be considered by the OEB as the baseline carbon value applied for DSM going forward.

¹² EB-2017-0127 / 0128, Report of the Ontario Energy Board, Mid-Term Review of the Demand Side Management (DSM) Framework for Natural Gas Distributors (2015-2020), November 29, 2018, p. 6

¹³ Ibid, p. 28

¹⁴ <https://www.canada.ca/en/environment-climate-change/services/climate-change/science-research-data/social-cost-ghg.html>

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4.7.3 Discount Rate

Non-utility members discussed the OEB's current guidance to use a 4% real discount rate to cost-effectiveness screening. Some members were of the view that 4% does not represent an accurate or representative societal discount rate. It was suggested that the OEB consider updating this value to 1-2% real to be consistent with current industry norms tying societal discount rates to risk free investment such as Canadian Treasury Bonds. Enbridge noted that the OEB did not give direction to update the discount rate and that collaborative programs with entities such as the IESO should use consistent inputs, noting the IESO also uses a 4% real discount rate. Non-utility members agreed that the discount rate applied to cost-effectiveness screening be included as a policy item to be updated for use in the future.

4.7.4 Avoided Electricity and Natural Gas Costs

As part of the DSM Decision the OEB indicated that:

“...the OEB is mindful that in the near-term, it is likely that greater emphasis will be placed on fuel switching and electrification. Therefore, it is important to continually ensure that customers have choice on various energy options. In order to allow for as accurate a comparison as possible, it is important that the most relevant avoided costs are being used in the calculation of cost-effectiveness, particularly between electricity and natural gas options. Therefore, the OEB encourages the SAG to consider reviewing key avoided costs, namely electricity avoided costs, and coordinate with the IESO as necessary. The outcomes of this review and any new proposals or updated avoided cost figures should be included as part of Enbridge Gas’s next DSM plan application.”¹⁵

Consistent with this direction, OEB staff led an assessment of the various aspects of avoided costs, largely with the EAC, with conclusions of these discussions provided to the SAG for information purposes and to seek any additional comments.

OEB staff coordinated initial updates with the IESO to understand when updated electricity avoided costs would be made available and how these should be used as part of DSM analysis. The IESO indicated that work and considerations of updated avoided electricity costs were ongoing. Non-utility members indicated the importance of using as up-to-date electricity avoided costs as possible and agreed that Enbridge should use the best available information regarding electricity avoided costs as provided by the IESO.

OEB staff led discussions to consider the usefulness to updates of natural gas avoided costs. Enbridge provided information regarding its current process to develop natural gas avoided costs, which includes the use of third-party consultants and certain proprietary modelling tools. Non-utility members agreed that ideally, a party other than Enbridge develop the natural gas avoided cost estimates due to Enbridge having

¹⁵ EB-2021-0002, Decision and Order, p. 84

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particular viewpoint or vested interests. Non-utility members agreed that OEB staff should lead a collaborative study, similar to the approach used by the New England states, and hire an independent consultant team that develops avoided cost estimates through an engaged stakeholder process in a transparent manner. Until such results are available, non-utility members acknowledged that Enbridge's avoided costs are the most relevant, but urged Enbridge to provide as much additional information as possible on the basis of these avoided costs to help all interested stakeholders gain a better understanding.

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5.0 Program Proposals and Recommendations

Non-utility member comments and recommendations regarding Enbridge's programs for each sector are provided below. Overall, non-utility members indicated they were supportive of Enbridge's general proposed program concepts (including key areas of focus, the mix of strategies, target markets, etc.), including the proposed updates Enbridge presented, but not necessarily the levels of natural gas savings being proposed. Non-utility members indicated that time did not permit Enbridge to provide a detailed analysis of how its program budgets and savings were developed which will be necessary to review when reviewing the final program proposals.

Non-utility members stressed the need for expanded integration of Enbridge's DSM program with IESO energy efficiency programs – and any other available programs, whether from electric LDCs or various levels of government – across Enbridge's portfolio and recommended that Enbridge explore every opportunity to enable customers access to all energy efficiency opportunities in the easier approach possible.

Non-utility member recommendations on how current programs can be expanded, which areas have the greatest possibility to produce increased natural gas savings, and recommendations for new considerations are included within each sector program chapter. The non-utility members worked collaboratively amongst the group and with Enbridge. No material disagreements regarding program concepts remain outstanding.

Non-utility members reached consensus that as part of Enbridge's next DSM plan, greater emphasis on research and development will be needed. Research and development should not be isolated to any specific customer group/sector but done in a more comprehensive manner which includes market research and market intelligence actions. Non-utility members also recommended that a material amount of budget should be directed to research and development efforts with priority placed on understanding new technologies that can lead to material natural gas savings and/or have broad applicability, responsive to the needs of customers and opportunities across each sector (e.g., customer-specific, segment applicability, large vs small, etc.) and consideration of developing an Ontario-specific building demographic database to better direct energy efficiency efforts.

Additionally, non-utility members recommended that energy innovation should be considered more broadly, across all programs/sectors, in concert with any approved research and development budget/work. Non-utility members noted that it will be critical to have a material portion (e.g., approximately 5%) of its future DSM budget dedicated for the development and deployment of new ideas.

Some members suggested that a portion of the research and development budget, including funding for energy innovation projects, be dedicated to fund academic efforts to help develop ideas, host program concept competitions, invest in technology specific studies (e.g., industrial heat pumps), funding for capacity building to develop the skills needing in the industry to advance DSM programs, as well as funding for industry

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experts to be brought in from other jurisdictions to host multi-day training courses, or expos, directly with customers. Some members suggested that the funding for some of these initiatives, academic research and competitions for example, should come from Enbridge's approved DSM budget, but that the utility act at an arms-length and not be directly involved to avoid any conflict of interest or appearance of bias.

Non-utility members also recommended that, in addition to the proposed level of natural gas savings and program budgets Enbridge includes in its application, Enbridge should also prepare information and analysis on isolated scenario(s) of program variability to be responsive to the OEB's direction for various levels of reductions in natural gas volumes throughout the 2026 to 2030 term, including a 1.0% reduction in annual gas sales by 2028. The group agreed that this should be done on a net natural gas savings basis and, at a minimum, be done at the sector level. The group noted its shared appreciation for the challenges in determining alternative approaches, but highlighted the value of identifying key underlying assumptions that have the greatest uncertainty and/or influence (for example, rapid adoption of hybrid rooftop units) and the impact changes in these assumptions could have on overall sector performance and costs. Non-utility members suggested that Enbridge consider providing the OEB with an approximation of the cost and high-level insights, supported by some analysis, on the approach it would have to take to achieve the 1.0% natural gas reduction target. This will enable the OEB and other stakeholders to determine the reasonableness of Enbridge's proposal.

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5.1 Residential Program

Residential Program

5.1.1 Enbridge Sector Overview

Enbridge Gas engaged in discussions on its future residential program, including those for income qualified customers, with the SAG over several meetings throughout July and August 2024. Similar to the other sectoral programs, Enbridge provided presentations that included market overview, historical results and its program strategy for the residential sector.

Enbridge provided residential sector information, noting that there are over 3.5 million residential premises that collectively consume 8.2 billion m³ of natural gas annually. Customers within the residential sector can be broadly classified under the following segments:

- general residential, including detached homes, townhouses and rowhomes, and semi-detached homes, accounting for approximately 80% of customers and annual consumption,
- moderate income¹⁶, including detached homes, townhouses and rowhomes, and semi-detached homes, accounting for approximately 9% of customers and annual consumption, and
- income qualified, including detached homes, townhouses and rowhomes, semi-detached homes, and municipal social housing, co-operative housing, non-profits privately owned, accounting for approximately 11% of customers and annual consumption.¹⁷

Table 5 – Residential Market Overview: Building Types

Segment	Residential	Moderate Income	Income Qualified¹⁸
Building Types	Detached, Townhouses/Rows, Semi-Detached	Detached, Townhouses/Rows, Semi-Detached	Detached, Townhouses/Rows, Semi-Detached, Municipal Social Housing Co-ops, Non- Profits Privately Owned
Customers	Approx. 2.8 million (80%)	Approx. 0.33 million (9%)	Approx. 0.43 million (11%)

¹⁶ Moderate income eligibility is consistent with IESO program eligibility and ranges from \$67,144 for 1 person in the home to \$164,467 with 6 people in the home.

¹⁷ Income Qualified includes private market-rate (44%) and social housing providers (56%)

¹⁸ Income Qualified multi-residential includes private market-rate (44%) and social housing providers (56%)

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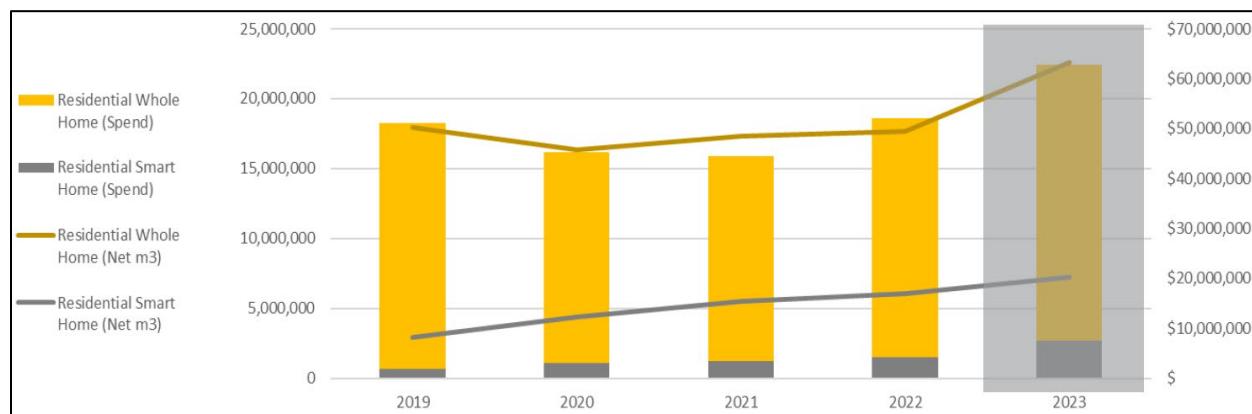
Enbridge summarized the unique characteristics of each segment of the sector which are shown in the table below. Building characteristics for multi-family buildings are summarized in the income qualified program summary below.

Table 6 – Residential Market Overview: Segments

Characteristic ¹⁹	Detached	Semi-Detached	Row/Townhouse
Average Consumption (m3)	2,560	1,958	1,602
Total Premises	2,540,580	315,233	555,548
Older than 1975	1,102,875	144,748	126,613
1975 - 2006	1,032,774	126,142	250,472
2007 - Present	336,755	42,264	159,892

Enbridge provided an overview of historical results as shown in the figure below.

Figure 1: Residential Program Results 2019-2023



Enbridge highlighted several key market challenges in the residential sector. Energy literacy amongst customers is still an area identified by Enbridge that requires additional attention, particularly in helping customers understand the benefits of thermal envelope improvements. Similarly, with market participants, including contractors, trades people and vendors, Enbridge noted that, with the inclusion of new technologies such as heat pumps, it will be critical that installation practices and general understanding of technologies improve. Enbridge also noted the need to drive greater levels of

¹⁹ Premises refer to billing addresses and average consumption is provided on a per premise basis.

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participation as the residential sector has low participation rates relative to the size of the market.

Enbridge's residential program design principles include the following items:

- 1) Explore collaboration/partnerships
- 2) Advance energy literacy
- 3) Incorporate flexibility of offers
- 4) Attract increased market activity
- 5) Promote envelope before mechanical upgrades
- 6) Increase participation and savings
- 7) Work towards the ability to scale offers
- 8) Focus on accessibility and equity

Enbridge discussed its three-prong approach to maximize energy savings in the residential sector. It proposed to focus its residential program strategy on capacity building, engagement and executing. Enbridge stressed the importance of a comprehensive package of initiatives to support diversified programming and savings opportunities across the residential sector. Part of this is building capacity in the residential market, both through customer focused initiatives such as advancing energy literacy and energy conservation awareness and market focused initiatives, including contractor training. Next, Enbridge noted it will seek to increase overall engagement with the ability for customers to take part in no or low-cost opportunities or subsidized market opportunities to engage customers with a focus on identification and execution of energy savings activities. Such initiatives to enhance engagement may include behavioural offerings, EnerGuide audits or Energy Savings Kits (weatherization and water savings). Finally, Enbridge's program strategy turns effort into action with customer focused initiatives that include flexible offers to allow customers options to meet their needs and execute on the increased capacity and engagement. Enbridge also stressed the need to develop multiple delivery paths to broaden reach.

5.1.2 Residential Program Proposal

Energy Education & Outreach

New offer aimed at enhancing residential customers' understanding of energy usage and promoting energy-saving behaviours. Customers will be able to opt-in and receive Home Energy Reports and information on other offers. Additionally, elementary school focused education program for Grade 5 students with the inclusion of Energy Savings Kits.

Smart Thermostats

Continuation of rebates for customers to replace existing thermostats with smart thermostat.

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Single Measure

Aimed to reduce entry barriers in the Whole Home offer by simplifying processes and eliminating the need for audits. Key offerings include Professional Air Sealing, Heat Pumps, Attic Insulation, and Heat Pump Water Heaters delivered through contractors and trade ally network with a focus on right-sizing heat pump installations. Enbridge noted that due to challenges with utilizing the HOT2000 energy modelling software experienced when including heat pumps, its proposal now separates heat pump incentives as a standalone measure.

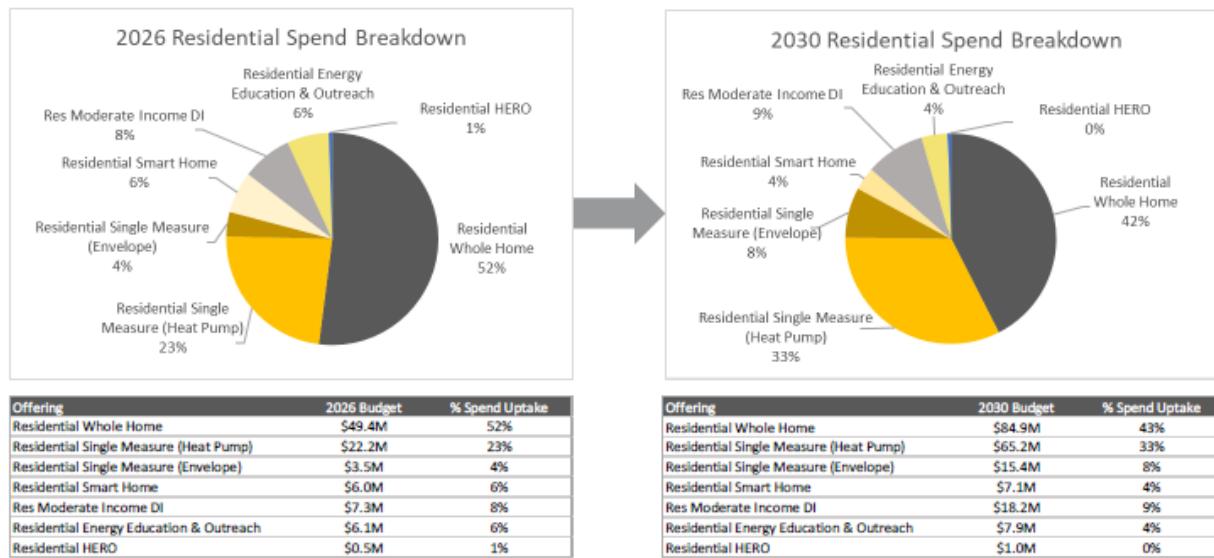
Moderate Income Direct Install

Prioritize moderate income communities that may not qualify for low-income programs but still face cost barriers. Enbridge will work with municipalities, target specific geographic regions based on high-density moderate-income zones and homes built before 1974 to maximize savings through air sealing, attic insulation and smart thermostats. The offer will be free for customers.

Whole Home Custom

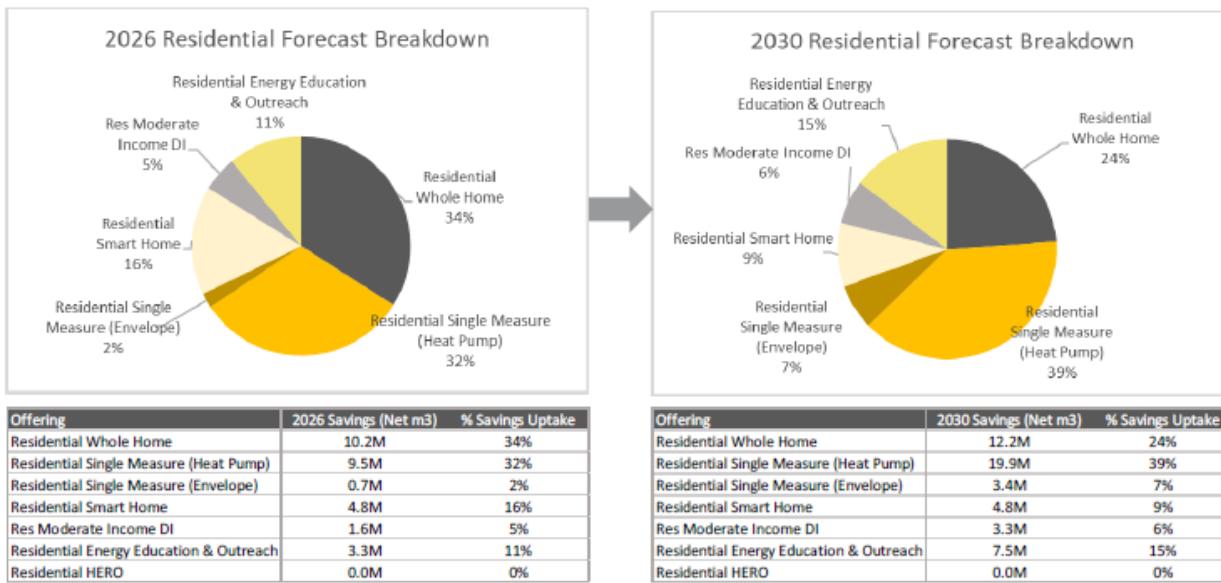
Designed to motivate customers to pursue deeper savings when considering retrofits through a multi-measure approach. Customers must perform pre and post-EnerGuide audits and install a minimum of two measures (e.g., insulation, windows and air sealing). Enbridge discussed the inclusion of a bonus incentive for customers who install a heat pump after completion of envelope measures installed through the whole home custom offer.

Figure 2 – Forecast Residential Program Budget



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Figure 3 – Forecast Residential Program Savings



5.1.3 Non-Utility Member Residential Program Considerations

5.1.3.1 Non-utility Member Consensus Recommendations

Non-utility members offered the following recommendations:

1. **Energy Education and Outreach:** Non-utility members provided the following recommendations:
 - a. Consensus that training and education in elementary schools should not be provided by Enbridge, and instead an independent technical advisor. One member indicated their concern and opposition for Enbridge leading any educational programs, other than perhaps supporting technical training in a trades school on key measures like heat pumps.
 - b. Assumptions related to behavioural changes due to Home Energy Reports should be tempered as experience in other jurisdictions has shown that first-year savings may be high but quickly decline in subsequent years. It was noted that the savings decline very quickly if they are not "re-acquired" through additional participation in subsequent years by the same customers. Additionally, and of greater importance, non-utility members indicated that it would be very problematic if Enbridge either (A) relied on behaviour programs for a large portion of their residential first year savings claims; and/or (B) got to keep re-counting the same first year savings, year over year, from participation by the same customers in the same behaviour program.
2. **Smart Thermostats:** Non-utility members were supportive of continuing to provide incentives for smart thermostats, but recommended that additional verification and assessment of savings assumptions be conducted to ensure

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smart thermostats are delivering the level of natural gas savings expected based on current assumptions. Non-utility members also noted that prioritizing thermal envelope improvements will provide greater value to any smart thermostat installation.

A non-utility member also suggested that consideration should be given to the impacts of smart thermostats when used with cold climate heat pumps to ensure natural gas savings estimates and compatibility are understood prior to significant roll-out of either technology.

3. **Single Measure:** Non-utility members supported the inclusion of the single measure offer and recommended:
 - a. Enbridge limit available heat pump incentives to cold climate air source heat pump models (both in cases in which full electrification is contemplated and for ASHPs that are part of hybrid heating systems).
 - b. Enbridge consider upstream and/or midstream incentives for heat pump water heaters to help impact the market, similar to the approach taken in Vermont, Connecticut and Massachusetts.
4. **Moderate Income Direct Install:** Non-utility members supported inclusion of the moderate income direct install offer and recommended that Enbridge consider geographically targeted delivery.
5. **Whole Home:** Members were largely supportive of Enbridge's whole home offering and the enhancements. However, it was recommended that the following be considered:
 - a. Greater support to allow for greater level of air sealing improvements and air tightness testing.
 - b. An incremental incentive to drive greater completion of whole home thermal envelope improvements, particularly for those customers that install a cold climate heat pump.
 - c. A bonus incentive for customers to undertake weatherization efforts after installing a heat pump, similar to that proposed for customers to install a heat pump after undertaking weatherization upgrades.
 - d. Inclusion of triple glazed windows.

5.1.3.2 Non-Utility Members – Additional Considerations

Non-utility members offered several additional considerations to the program recommendations above. The list that follows did not have consensus support.

- a) **Moderate Income Direct Install** – some members encouraged Enbridge to focus on training and building capacity in contractors specializing in attic insulation who can also perform air tightness testing through use of the blower door test, for application to all offers in the residential and income qualified

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segments, as well as collaboration with the IESO, including consistent eligibility with its programming.

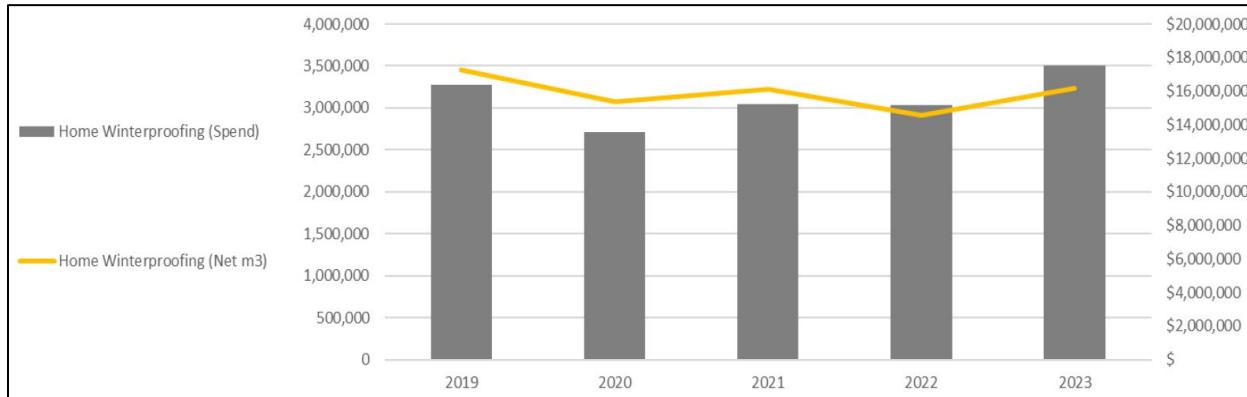
- b) **Loan Program** – non-utility members suggested that Enbridge consider incorporating a loan program, however cautioned that this type of programming is not a panacea and typically only offers a modest impact to program uptake. It was suggested that Enbridge consider any current loan programs offered by municipalities and how its programs can be offered in a complementary way.
- c) **Evolution Through Next Plan Term** – non-utility members agreed that Enbridge be given the flexibility to incorporate new program design, delivery and measures throughout the next DSM plan term, particularly should the OEB approve a 5-year term, which members acknowledged as a longer term than is customary in other jurisdictions with some noting much longer than ideal in the context of fast changing markets and significant ramping up of effort. Throughout the next term period, members identified the likelihood of new technologies (e.g., heat pumps, building envelope cladding) and advancements in existing technologies. Members noted that there will likely need to be a certain level of acceptance that offering new and evolving technologies and providing the right level of support for deep energy retrofits will require significantly increased costs, particularly on a per project basis.
- d) **Net-to-Gross Considerations** – non-utility members agreed that consistent with its recommendation that new net-to-gross values be applied prospectively for commercial and industrial programs, the same approach be applied to residential programs for consistency purposes.

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5.2 Income-Qualified Program

5.2.1 Income Qualified Program Proposal

Figure 4 – Income Qualified Home Winterproofing Results 2019-2023



Home Winterproofing Offer

Enbridge's proposed Home Winterproofing offer will continue to offer no-cost upgrades to income qualified customers, including a free home assessment, energy efficient upgrades including insulation and windows that are damaged and compromising building envelope, draft proofing and a smart thermostat by qualified contractors. The Home Winterproofing offer will also increase its health and safety budget to reduce projects being disqualified due to pre-existing problems in the house, including such things such as mold and asbestos.

Enbridge highlighted its delivery approach which aims to have specific focus for the two housing segments:

- **Non-profit Housing Market:** Provide Concierge service for housing providers that includes tenant outreach, project planning and coordination, security measures and on-site coordination during home visits. Dedicated Enbridge staff to engage Indigenous on-reserve and off-reserve housing providers with culturally appropriate concierge service.
- **Owner-Occupied Market:** Leverage existing municipal partners' programs and networks to reach out to private low-income households with co-marketing activities. Enbridge will engage in community-based outreach and partner with front-line agencies to develop marketing campaigns that reflect community values, language and culture to reduce mistrust amongst marginalized customers.

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Direct Install Heat Pumps Offer

The focus of this offer will be to help increase the ability for income qualified customers to upgrade to hybrid heating solutions, with types and sizes of heat pumps similar to those offered through the core residential program. Homes considered for heat pumps will need to have proper insulation and air sealing, with past participants contacted as they have completed these necessary thermal envelope upgrades.

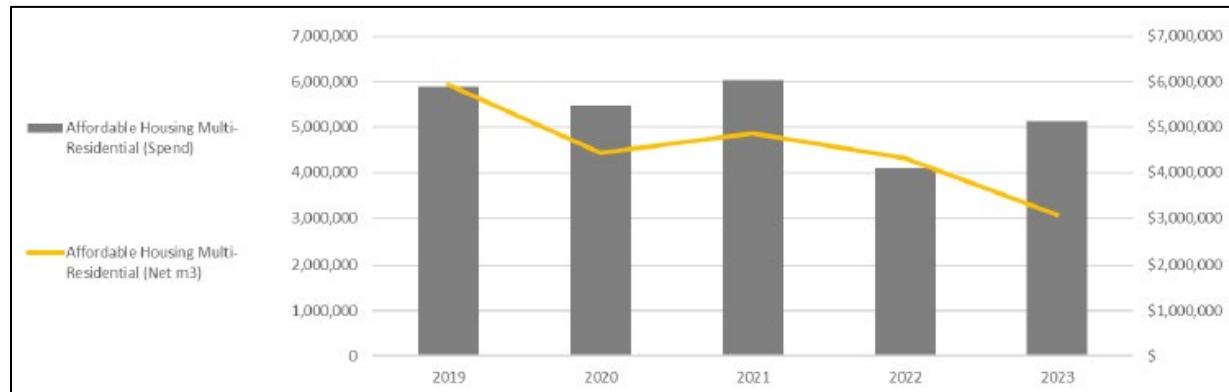
Multi-Residential Offer

In addition to the Income Qualified program focusing on single-family homes, Enbridge also has income qualified offers for multi-residential buildings. Below is a summary of the multi-residential market and recent program results.

Table 7 – Income Qualified Multi-Residential Segments

Characteristic	Social	Co-op	Non-Profit	Private Market
Total Premises	1,969	332	753	2,357
Total Premises (%)	36%	6%	14%	44%
Consumption (m3)	146,413,364	21,736,319	44,462,133	222,097,213
Consumption (%)	34%	5%	10%	51%

Figure 5 – Income Qualified Multi-Residential Results 2019-2023

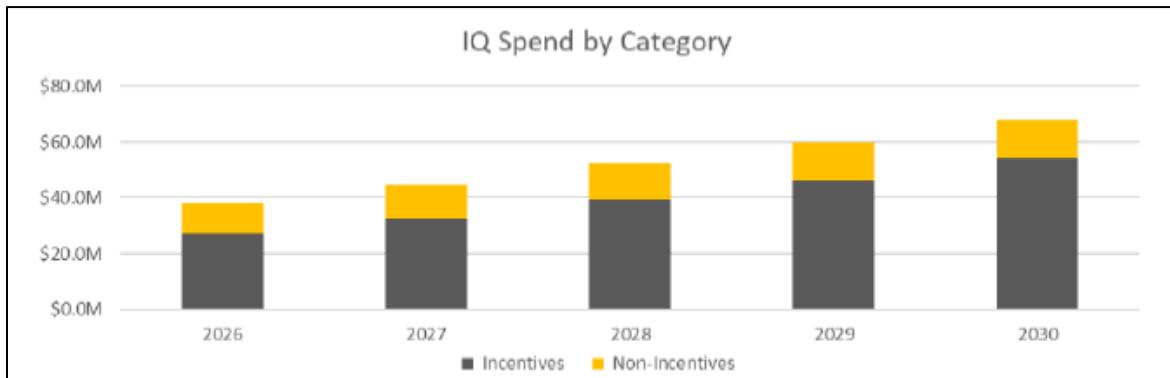


Enbridge's proposed income qualified multi-residential program offer included multiple streams: custom, prescriptive downstream, direct install, and a new operational, retro-commissioning and behavioural offer. These are summarized in the table below.

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Table 8 – Income Qualified Multi-Residential Proposal

Offer	Summary	Details
Custom	Measures that require site specific inputs to calculate savings or where multiple measures are implemented with interactive effects.	<ul style="list-style-type: none"> \$3.00/m3 saved up to 75% of incremental cost to \$300k/project Bonus incentives (e.g. limited time offers) – Increase incremental cost to 100%
Prescriptive	Standalone measures with deemed or quasi-prescriptive savings calculations.	<ul style="list-style-type: none"> Incentives varies by measure and size Bonus incentives
Direct Install	Turnkey solutions that includes installation at no cost to customers.	<ul style="list-style-type: none"> 100% cost coverage Novitherm Panels
Energy Assessments / Energy Manager	Enabling activities to support projects by providing needed expertise, coaching and hand holding for small to medium providers.	<ul style="list-style-type: none"> Energy Audits: No cost up to \$15K per project Energy Manager: No cost up to \$30K
Operational, Retro-Commissioning, Behavioural	Identification, implementation of no cost/low-cost measures.	<ul style="list-style-type: none"> No cost pre and post assessment \$0.25/m3 saved

Figure 6 – Forecast Income Qualified Budget

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Figure 7 – Forecast Income Qualified Budget Breakdown by Offer

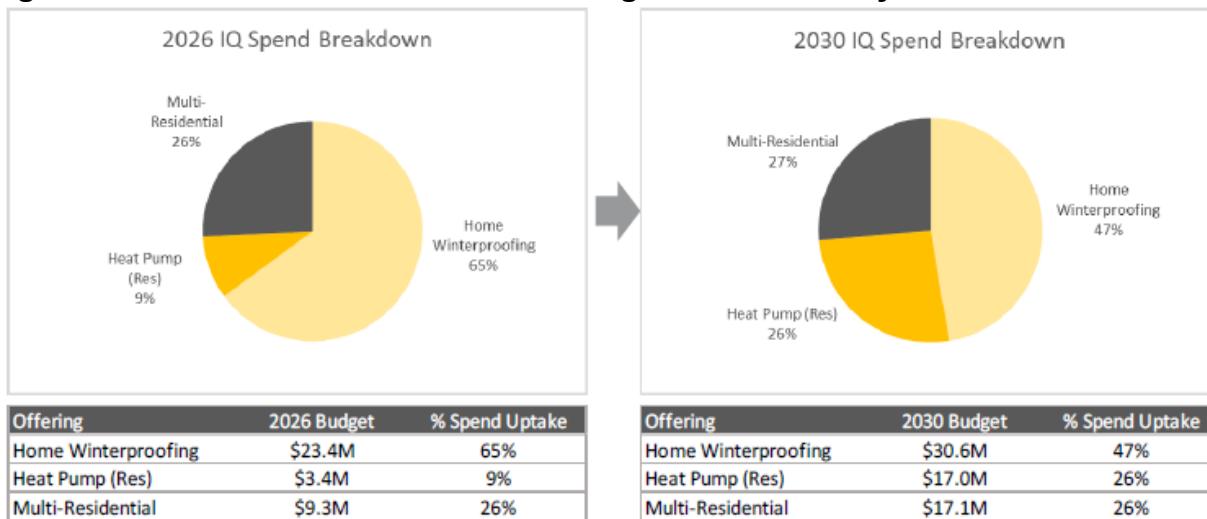
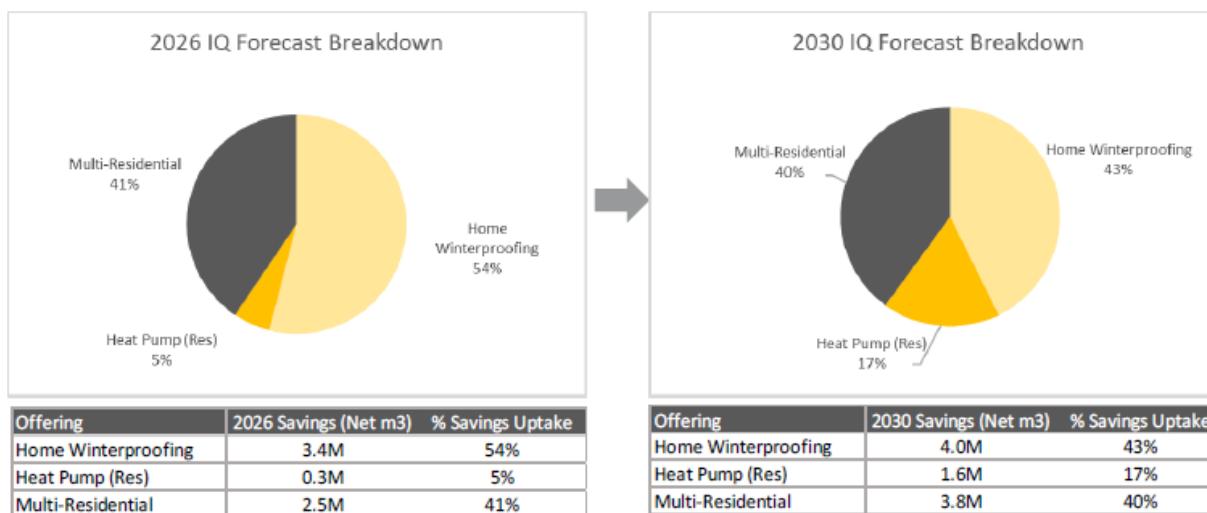


Figure 8 – Forecast Income Qualified Savings Breakdown by Offer



Non-Utility Member - General Feedback

Non-utility members indicated they were supportive of Enbridge's general proposed income-qualified program concepts (including key areas of focus, the mix of strategies, target markets, etc.). Non-utility member recommendations are detailed below.

5.2.2 Non-utility Member Consensus Recommendations

Non-utility members agreed that the continuation of no cost opportunities for income-qualified customers is a critical component of Enbridge's future DSM plan. Non-utility members agreed that income qualified funding should continue to be ring-fenced and only used for income-qualified programming, that it should increase from current/prior program budgets and that the income qualified budget as a percentage of residential

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budget should be increased, but at a minimum, maintained. Similarly, natural gas savings targets related to the income qualified program should increase.

Non-utility members had the following additional consensus recommendations related to the broader income qualified program:

1. For direct install heat pump opportunities, Enbridge should align home winterproofing opportunities so that the size of heat pump is optimized (and reduced) and consider implementing a program requirement where participation is restricted to homes built after 2000 or where the participant has completed the home winterproofing offer and/or (a) already has a reasonably efficient building envelope or (b) can be expected to see energy bill reductions. In all instances, only cold climate air-source heat pumps should be installed. Additionally, non-utility members agreed that full electrification should be considered when a case can be made that customer bills will go down. It was acknowledged that this only be for income qualified homes that are reasonable well sealed and insulated. However, non-utility members agreed that full electrification shouldn't be a blanket rejection.
2. Consider how to address cost impacts in rental scenarios when installing heat pumps, including impact on natural gas and electricity bills and tenant versus landlord/owner payment requirements. This was supported by non-utility member feedback that energy affordability should be a central component of all income-qualified offers.
3. Incorporate building operator training as part of the income qualified multi-residential offer (but should not be income qualified specific as opportunities exist in the building market generally).
4. Include on-going/continuous training for income qualified multi-residential building operations staff and/or contractors
5. Develop greater market capacity for more qualified energy advisors, through free/subsidized training and/or direct incentives, so there are a greater number of qualified energy advisors for blower door assisted air tightness testing.
6. In addition to the more general recommendation that Enbridge work with municipalities more closely, Enbridge should work with municipalities to identify, and help engage, low- and moderate-income neighbourhoods and eligible multi-residential buildings.
7. Enbridge should continue working with the IESO to ensure consistency and alignment between gas and electric programs for eligible income qualified customers.
8. Enbridge should target property management companies and asset managers to assist in optimizing delivery of the income qualified multi-residential offer.
9. Enbridge consider offering income qualified program support/contact staff in multiple languages and tenant engagement activities.

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10. Enbridge consult with other market participants to ensure consistency in terminology and nomenclature between its offers and generally used terms, examples including supportive housing, long-term care facilities and assisted living facilities provided.
11. The Operational improvements, Retro-commissioning and Behavioural (ORB) offer is a high priority area with opportunities for both direct natural gas savings and the ability to enable other program opportunities with customers.

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5.3 Commercial Program

5.3.1 Enbridge Sector Overview

Enbridge Gas engaged in discussions on its future commercial program with the SAG over several meetings throughout May 2024. Similar to the industrial sector, Enbridge provided a commercial market overview, discussed historical results, future outlook for the sector and its general sector strategy.

Enbridge provided details on the three main segments in the commercial sector: business (including long-term care, office, food service, retail, warehouses, entertainment and hospitality), multi-use residential buildings and the MUSH segment (municipal buildings, universities and colleges, primary and secondary schools, and hospitals or MURB). In total, there are approximately 235,000 premises across the commercial segments, with business premises accounting for approximately 87% of all premises. Consumption in the commercial sector is approximately 6.0 billion m³ with business accounting for approximately half, MURB 30% and MUSH at approximately 20%.

Enbridge summarized the unique characteristics of each segment of the sector which are shown in the table below.

Table 9 – Commercial Market Overview: Segments

Characteristic	Business	MURB	MUSH
Use of Natural Gas	Primarily space, water and cooking	Primarily space and domestic hot water	Space, water, cooking, CHP and other
Energy Efficiency Motivators	Cut costs, attract investors/tenants	Cut costs, property value, attract residents, comfort	Cust costs, sustainability (GHG reduction)
Decision Making	Tenant vs. Owner Corporate vs. Independent	Rental vs Condo Multiple vs. single properties	Centralized decision making
Key Influencers	Contractors/Engineering firms	Contractors/Engineering firms, Policies	Contractors/Engineering firms, Policies and grants
Typical Acceptable Payback Period	Typical 3 yrs Tolerance for 5 yrs	Typically 5 yrs Tolerance for 8-9 yrs	Typical 3-5 yrs Tolerance for 20 yrs
Asset Planning Cycle	EUL, annual or multi-year (2-5 year basis)	EUL, annual or multi-year (2-5 year basis)	EUL, annual and multi-year with rolling lists
New Technologies	Typically not early adopters	Typically not early adopters	Open to piloting new technologies

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Enbridge informed the group of various common barriers across all commercial segments, including:

- Knowledge: low awareness of incentives/offers, technologies and the value and benefits of certain technologies;
- Resources: lack of capital, lack of time/resources, multiple layers of decision makers;
- Competing Priorities: prioritization of other items, including primary business interests, other investments that are perceived to have higher return, electricity efficiency projects, and are concerned about disruption to operations to install new equipment.

Enbridge also highlighted unique barriers for each segment of the commercial sector that include:

Small Commercial

- More pronounced financial, time and resource restrictions and awareness constraints, as well as greater inability to disrupt operations to install new equipment
- Lease agreements preventing tenants from making changes to the building
- Low priority to competing capital needs

Business

- Lease agreements preventing tenants from making changes to the building
- Uncertain if upgrading equipment will make a meaningful difference

MURB

- Tenant, resident and ownership structures can impact appetite and uptake of efficiency measures, especially in-suite

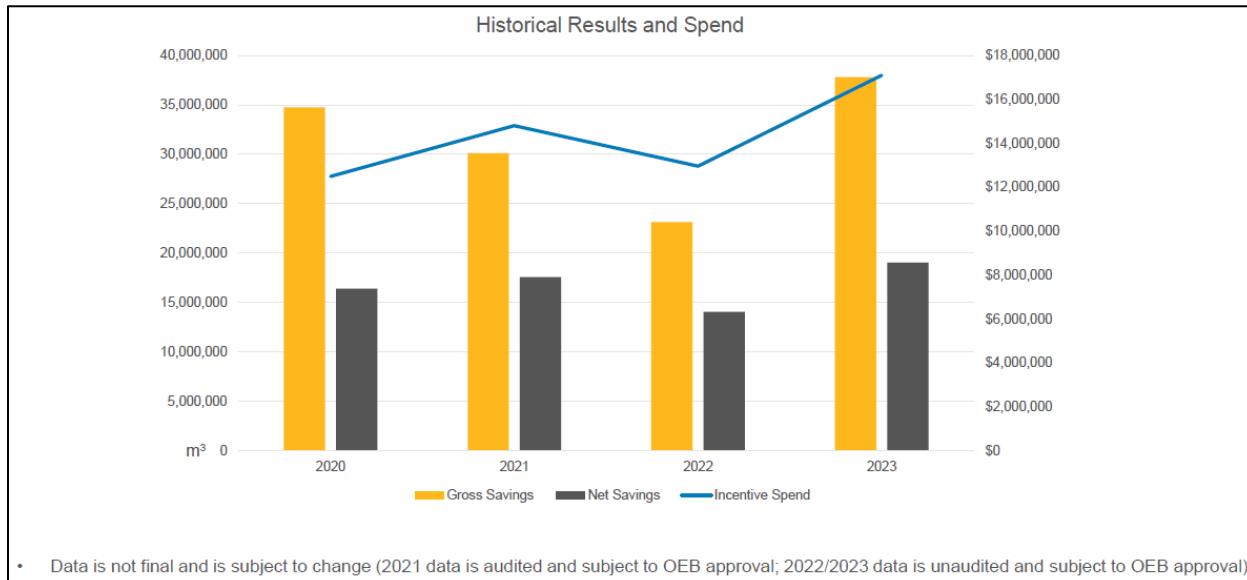
MUSH

- Bureaucracy and slow decision-making results in multi-year project planning commitments
- Prioritization of longer-term sustainability goals

Enbridge provided an overview of historical results as shown in the figure below. Of note, the fluctuation in net savings year over year is a result of natural changes in uptake of measures across the different sub-sectors (e.g., multi-residential, MUSH, etc.) which results in different overall net savings from the program.

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Figure 9: Commercial Program Results 2020-2023



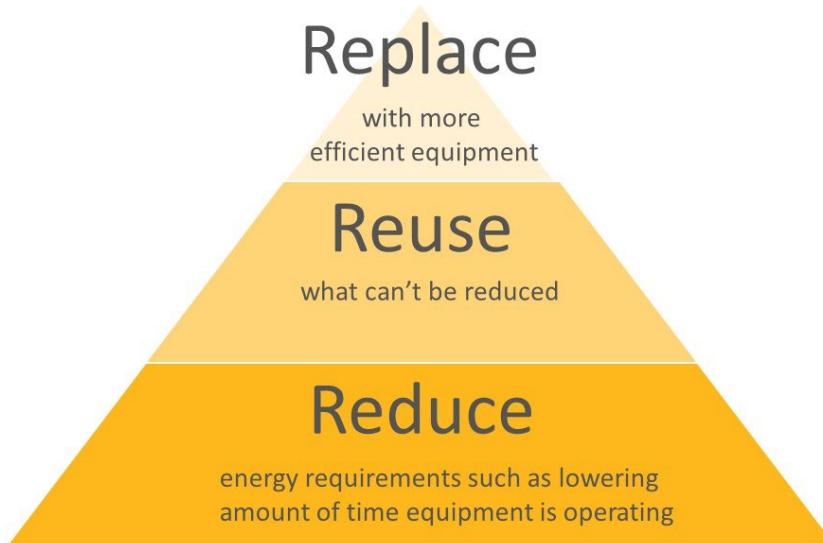
Enbridge highlighted several key market challenges that have been experienced recently and are expected to impact future programming. The most impactful of these to future DSM programming being the advancement in technologies and adoption of standards results in higher baselines, namely [Amendment 15 to the Energy Efficiency Regulations](#). The impact of Amendment 15 will raise the baseline for commercial gas boilers to condensing efficiency levels in 2025. This will effectively eliminate the incentivization of gas boilers directly based solely on the Plated AFUE of the boiler, however, there remains a number of boiler related controls, improvements and optimizations, unrelated to the AFUE value that are not mandated or standardized that Enbridge will support, especially where many customers will be dealing with unoptimized systems as a result of the A15 requirement.

Other key market challenges include price increases, including cost of raw materials and labour, which has increased the cost of business significantly. Higher interest rates, generally poor economic conditions, and declining occupancy rates of commercial properties have also led to difficulties in advancing energy efficiency through recent DSM programs.

To address the barriers identified, Enbridge discussed its sector strategy, including how it hopes to unlock different aspects of market potential. The following figure was provided by Enbridge to outline its strategy.

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Figure 10: Enbridge Commercial Program Strategy



Enbridge highlighted that its past programming and customer projects will not necessarily reflect future savings potential. Instead, going forward, Enbridge indicated that it expects a need to increase the focus beyond natural gas equipment replacement, focus more on building optimization, capacity building, ventilation and heat recovery and exploring hybrid solutions.

Enbridge highlighted how it is considering its go-to market strategies, emphasizing an increased focus on finding the right delivery channel (i.e., trade ally network, Enbridge energy solutions advisor, or third-party implementers) so that proper customer support (including internal decision-making and project facilitation) can be provided at the point in time when key decisions are being made (i.e., replace on burnout, maintenance and repair, major retrofit, capital and/or asset renewal, new build). Enbridge also highlighted how it is considering market enabling activities to help increase overall natural gas savings, which may include:

1. **Knowledge** – increase availability of site assessments, portfolio benchmarking, studies, and measurement to demonstrate value of investments and help quantify benefits; capacity building and training provided to customers and trade allies alike; and, avoid lost opportunities
2. **Resources** – increase incentives to overcome financial constraints across sector; funding to support more comprehensive audits and studies.
3. **Competing Priorities** – providing customers with tailored conservation solutions; emphasizing non-energy benefits, aligning offers to address multiple concerns where possible.

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5.3.2 Commercial Program Proposal

Category	Offer		BUS	MURB	MUSH
Custom	Custom	Enhanced	X	X	X
	Proposed incentives: - \$0.75/m3 saved up to 80% of incremental cost to \$200k/project - Bonus incentives – bundled measures - Negotiated incentives > 1 million m3/yr projects - \$3.50/m3 saved for hybrid heat pump projects				
		Enhanced	X	X	X
	Downstream	Proposed incentives: - 50% + incremental cost coverage - Bonus incentives - Approximately average cost: \$0.75/m3 saved			
		Enhanced	X	X	X
Single/Multi-measure improvements	Prescriptive	Proposed incentives: - Up to 100% cost coverage - Approx. avg. cost: \$1.75/m3 saved (measure mix) - Approx. \$3.50/m3 saved for hybrid RTUs			
	Direct Install	Enhanced	X	X	X
	Upstream	Proposed incentives: - 50%+ incremental cost coverage - Approx. avg. cost: \$1.00/m3 saved			
	Micro Business	New	X		
	Proposed incentives: - No cost assessment - Up to 100% cost coverage				
No cost/Low cost	Operational Improvement, Recommissioning, Behavioural (ORB)	New	X	X	X
	Proposed incentives: - No cost pre and post assessment - \$0.25/m3 saved				
Whole Building	Pay for Performance (P4P)	WIP	X		X
New Construction	Building Beyond Code (BBC)	WIP	X	X	X
Low Carbon Solutions	Energy Innovation	WIP	X	X	X

Forecast Budget and Target

Enbridge provided an overview of forecast budgets and targets between 2026 to 2030 as shown in the figure below.

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Figure 11 – Commercial Program Forecast Targets 2026-2030

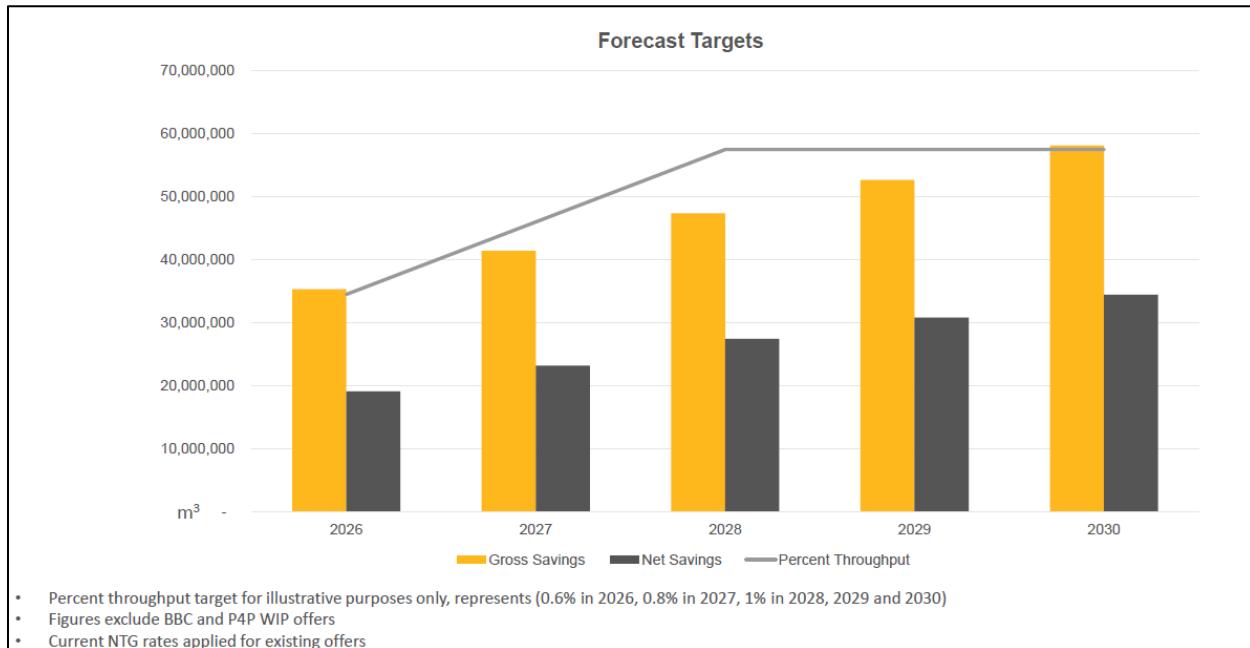
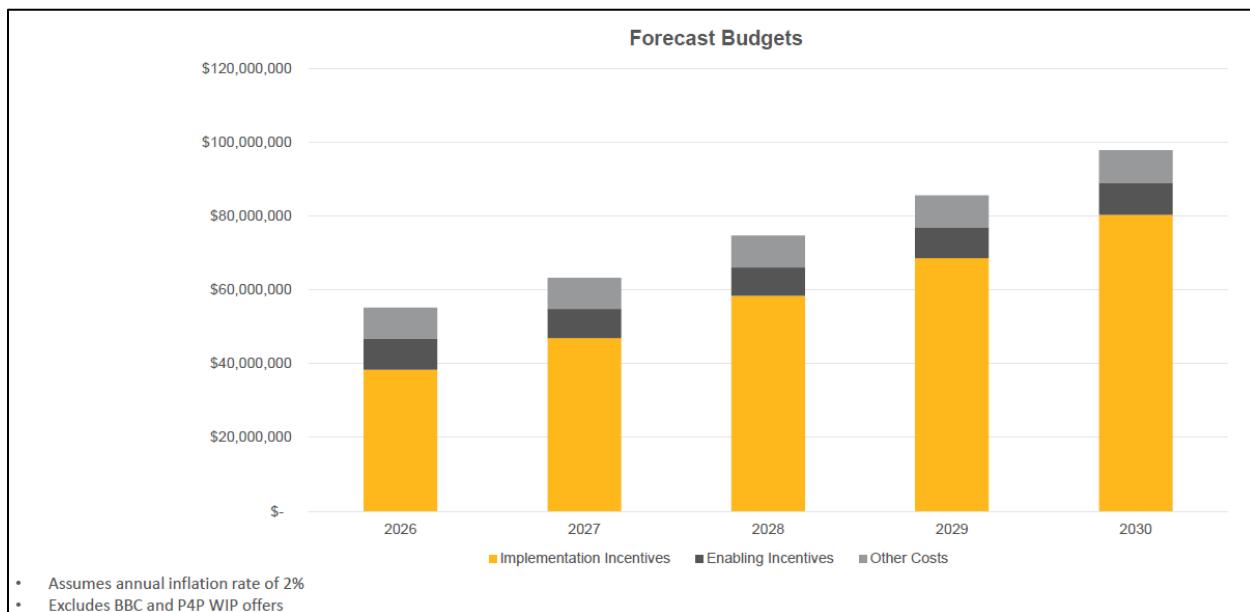


Figure 12 – Commercial Program Forecast Budgets 2026-2030



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5.3.3 Non-Utility Member General Feedback

Non-utility members supported the proposed offers included within the commercial program noting that proceeding with these will achieve a good balance of opportunities for different commercial customers to participate through custom programs through the use of an Enbridge ESA, access prescriptive rebates with advice from trade allies, and mid-stream offers and select mass market incentives where available. Non-utility members noted that this mix of offers is common in leading jurisdictions and generally consistent with best practice program implementation. Non-utility members agreed that additional offerings targeted at microbusinesses and the operational, retro-commissioning and behavioural aspects of buildings are good additions. Additionally, non-utility members agreed that Enbridge allocate a fixed amount of funding aside for innovation (either determined as a prescribed dollar value or percent of overall portfolio spend) and that consideration should be given to if all innovation funding is pooled together across sectors or a portion dedicated to opportunities within each sector. Non-utility members suggested that, amongst other things, innovation funding could be considered to be used for new technology pilots and different delivery strategies. It was suggested by a member that this could also be a way to address market/customer segments that are further along in their efficiency paths, whereby funding is available for a wider group of potential participants to allow first-time, initial efficiency improvements to be made while also allowing leaders to continue to make energy efficiency improvements.

Non-utility members identified a number of program recommendations, enhancements and considerations, which are discussed in more detail below. However, non-utility members acknowledged that although they may have proposed alternative solutions, or have indicated their support for certain proposals suggested by Enbridge, that much of this has happened in isolation and without the benefit of seeing Enbridge's entire DSM portfolio assembled. Due to these restrictions, non-utility members agreed that as part of all DSM portfolios, trade-offs are required when considering the entire package of offerings and proposals, particularly when considering budget allocation and other key factors.

Non-Utility Member – Commercial Program Considerations

5.3.4 Non-utility Member Consensus Recommendations

Non-utility members supported Enbridge's commercial program proposal and offered the following recommendations:

- 1. Municipal Engagement:** The group agreed that Enbridge should actively seek all opportunities to engage and partner with municipalities across the province to expand current collaboration. Non-utility members agreed that this will enhance programming, enable Enbridge and municipalities to leverage available funding and other resources, support local initiatives and expand the reach and participation of Enbridge's programs and trade ally network. Members highlighted

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the ability for municipalities to play a role in supporting utility programs through additional information to residents and businesses. Non-utility members also acknowledged that municipalities' capacity to provide additional support to Enbridge will likely be limited in most instances. To address this, it was suggested that Enbridge consider developing an offer or providing resource support to allow multiple municipalities access to a dedicated energy advisor. An example of an approach to consider is from Cape Light Compact where a utility staff person is assigned to several municipalities and spends one day per week at each, while also continuing a certain level of core utility responsibilities. The benefit of this approach is that, as opposed to Enbridge simply providing funding or access to energy auditors, each community gets the expertise, builds a database of resources and plans, and can increase their ability to work independently or in collaboration with other cities or towns. Additionally, this type of approach can be applied to school boards and hospitals.

Additionally, members noted that municipal policies, such as mandatory building performance standards, can be advanced through partnerships to help drive significant savings, possibly at lower cost, but acknowledged the need for a DSM regulatory policy to be in place to ensure the utility is incentivized to advocate and help support advancements in building performance standards, including reporting requirements, benchmarking, mandatory thresholds and reward systems.

2. **Integration with Electricity Programming:** The group stressed the importance of Enbridge partnering with the IESO to provide fully integrated programming opportunities for commercial customers to streamline processes, enable comprehensive efficiency upgrades and make better use of available funding. Non-utility members acknowledged that there are differing levels of integration, including a lower tier where Enbridge works with other partners for collaboration opportunities; to a higher tier where multi-fuel programs are developed independently with joint delivery; to the highest tier where multi-fuel programs are developed comprehensively and jointly and delivered to customers as a single point of contact, with one set of program requirements. Non-utility members agreed that the highest level of program integration is ideal and has a higher probability of success. Non-utility members acknowledged current limitations to fully integrated programming due to the IESO not having formal approval of its portfolio and programs beyond 2024 and Enbridge's future DSM plan requiring OEB approval, but stressed the significance of fully integrated offerings and an expectation that when able, Enbridge will endeavor to do so.
3. **Increase in Customer Incentives:** Non-utility members supported the directional increases in customer incentives presented by Enbridge in its draft program documentation.
4. **Impact of Electrification:** The group agreed that additional policy direction is required to determine the level of electrification reasonable to pursue through

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ratepayer funded natural gas DSM programming, noting that consideration should be given to if/how funding is collected through electricity rates and or subsidized by taxpayer funding.

From a programming perspective, the group agreed that there is a high level of uncertainty and variability in the uptake and adoption of heat pump technology in the commercial sector. The group agreed that Enbridge will be best positioned if it diversifies the range of heat pumps (e.g., variable refrigerant flow, split, centrally ducted, ductless, etc.) as well as other efficiency measures (e.g., large selection of varied measures across offers to help with balance). Incorporating these elements and expanding the range of opportunities should help mitigate uncertainty of heat pump adoption. The group suggested that Enbridge monitor market feedback regarding heat pump technology so that it has the ability to dedicate the right amount of resources, both staffing and budget, to support customer demand throughout the next plan term. Additionally, members suggested that additional flexibility may be appropriate to build into an innovation or contingency budget so that Enbridge is not constrained from effectively responding to increased participation rates and market adoption.

5. **Emphasis on Training and Knowledge Building** – members also largely agreed that training contractors, trade allies, commercial building managers and operators will be critical to ensuring efficiency opportunities are identified, pursued, completed and maintained. Members largely agreed that training is one of the most crucial aspects of Enbridge's next DSM plan, both in the commercial sector, but also more broadly. Some members noted that there is not a viable contractor industry to provide energy efficiency services to small commercial customers due to the limited size of projects.

Members identified the need for Enbridge to be very deliberate in its approach to incorporating training proposals as part of its DSM plan and recommended focusing the benefits of these efforts and use of ratepayer funding on the expected outcomes (i.e., enhanced levels of efficiency improvements and reductions in natural gas volumes) and suggested considering approaches used in other jurisdictions (California was provided as an example where training is an embedded component of energy efficiency portfolio administration with a certain level of savings directly attributed to these actions) to support any proposals for training-based programs and the required funding. Additionally, members recommended that, consistent with its Industrial Program recommendations, Enbridge build out its trade ally network. Members also highlighted the need to expand on general knowledge and awareness building with commercial customers, noting that helping customers understand the benefits and opportunities of energy efficiency will play a critical role in achieving higher natural gas savings reductions. Members stressed the increased delivery capacity, development of new technology knowledge, increased equity through expanded economic development as major benefits of a material focus in this area.

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It was also suggested by a non-utility member that a significant part of Enbridge's efforts in this area focus on assisting in helping to develop and enhance existing energy efficiency service industries. As part of this, the recommendation was that Enbridge should support the development of trusted partners who can advise, specify, help source funding/grant opportunities, installation, and monitor the on-going services commercial customers require. Enbridge was encouraged to review other partner development programs, including that which was part of NYSERDA's Multi-family Performance Program that had the objective of helping developers, building owners and their representatives to plan and implement energy efficiency improvements.

6. **Need to Overcome Barriers related to Multi-Family Buildings** – non-utility members agreed that Enbridge should consider how to best address the barrier to advancing projects in multi-family buildings often brought on due to “split incentives” which arise when the benefits and costs of energy efficiency improvements are split between different parties – typically landlords (or building owners) and tenants. Due to the nature of multi-family buildings, it is often the case where landlords or building owners are responsible for making decisions on building upgrades, including energy efficiency improvements like insulation, HVAC systems, or air sealing. However, often times, tenants are responsible for paying the utility bills, which does not provide the direct benefits to the landlord or building owner who paid for the capital improvements. Several recommendations were provided, including considering minimum building savings requirements (e.g., 15%), offer larger incentives for measures that lower tenant bills, leverage incentives for measures that are beneficial for landlords by requiring projects to include benefits for tenants and potentially a labelling program (in collaboration with the IESO) that provides information to potential tenants regarding the average dollars spent on energy costs per square foot in a certain building.

5.3.5 Non-Utility Members – Additional Considerations

Non-utility members offered several additional considerations to the program recommendations above. The list that follows did not have consensus support, but each was strongly supported by the majority of the group.

- a) **Operational improvements, Retro-commissioning and Behavioural (ORB)** – the group acknowledged that some of the elements discussed in this offer are those which Enbridge has proposed in the past but have either not been approved (behavioural) or has seen limited response (operational improvement through past strategic energy management programs). However, the group largely agreed that this is a high priority area to pursue as part of Enbridge's future DSM plan. Members noted opportunities for both direct natural gas savings and emphasized the ability to engage with customers, develop relationship and impact other aspects of their building must all be done in order meet increasing levels of expected natural gas reductions.

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- b) **Evolution Through Next Plan Term** – non-utility members largely agreed that Enbridge be given the flexibility to incorporate new program design, delivery and measures throughout the next DSM plan term, particularly should the OEB approve a 5-year term, which members acknowledged as a longer than ideal term - and longer than is customary in other jurisdictions. Throughout the next term period, members identified the likelihood of new technologies (e.g., heat pumps, building envelope cladding) and advancements in existing technologies (e.g., demand-controlled ventilation). Members noted that there will likely need to be a certain level of acceptance that offering new and evolving technologies and providing the right level of support for deep energy retrofits will require significantly increased costs, particularly on a per project basis.
- c) **Pay for Performance Program** – non-utility members agreed that a specific pay-for-performance program does not need to be emphasized as a high priority program, particularly if it is a natural gas-only program. Non-utility members noted that other programs, such as custom incentives, can provide similar benefits. Prior to proceeding with a future pay-for-performance program, non-utility members generally suggested that Enbridge conduct more research on the effectiveness of such programs. If a program is considered, members recommended that the program be integrated with the IESO to provide opportunities for reductions in all fuels. Additionally, non-utility members suggested that Enbridge develop a list of trusted partners and use a network of energy consulting firms as delivery partners to expand the reach of the program and increase awareness across the commercial sector.

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5.4 Industrial Program

5.4.1 Enbridge Sector Overview

Enbridge Gas engaged in discussions on its future industrial program with the SAG over several meetings through March and May 2024. As a first step, Enbridge provided an industrial market overview, discussed historical results and its general sector strategy. This was done to provide the SAG with a foundation of the Ontario industrial sector before considering Enbridge's program proposal.

Enbridge highlighted that the Ontario industrial sector is generally made up of customers in the manufacturing (spanning many industries, including automotive, chemical, asphalt, cement, mining, food and beverage, etc.) and agriculture (including facilities that cultivate plants or livestock: greenhouses, vineyards, farms, grain facilities) sectors. In total, there are approximately 45,000 industrial premises that account for greater than 5.9 billion m³ of annual natural gas consumption. Of these, manufacturing accounts for approximately 85% of premises and 82% of consumption.

Enbridge summarized the unique characteristics of each sector which are shown in the table below.

Table 10 – Industrial Market Overview: Segments

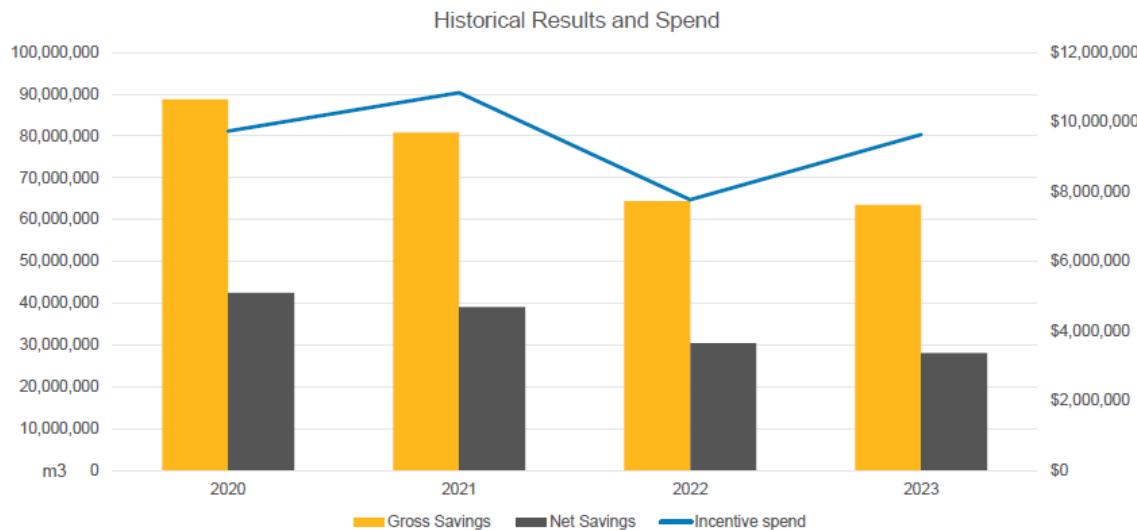
Characteristic	Manufacturing	Agriculture
Use of Natural Gas	Process, ventilation, space heating and feedstock	Climate, humidity control and CO ₂
Energy Efficiency Motivators	Productivity, reduce operating costs, ESG	Productivity, reduce natural gas costs
Typical Acceptable Payback Period	Less than 2 years	3-5 years
Facility/Equipment Investments	As determined by business requirements	As determined by business requirements
Appetite for New Technologies	Generally resistant to new technologies	Some early adopters

Enbridge emphasized the multi-layered challenges with the industrial sector. An overarching challenge being the unique characteristics across the various customers. Additionally, there are also challenges within each customer/facility. Examples of these are certain staff that will lead and inform decision-making, including Energy Champions and Plant Managers, will have differing views as to what are priority considerations and what criteria needs to be met for a project to be advanced. As a result, Enbridge stressed the importance of developing relationships with its customers, using dedicated Energy Solutions Advisors (ESAs), to increase its ability to help overcome barriers to investing in energy efficiency, such as knowledge, resources and competing priorities.

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Enbridge provided an overview of historical results as shown in the figure below.

Figure 13: Industrial Program Results 2020-2023



Enbridge highlighted several key market challenges that have contributed to the decline in overall results in recent years. These include a few current challenges such as capacity and supply chain constraints, skilled labour shortages and price increases. The latter two are likely to persist into the future. In addition, Enbridge also noted that high interest rates, poor economic conditions, advancements in technologies, and carbon pricing policy uncertainty present future market challenges.

Enbridge noted that industrial projects often require longer timelines from project initiation to completion. Shortages in skilled labour and supply chain issues have had detrimental impacts in the industrial sector, which has impacted the ability for Enbridge to influence key decisions.

Enbridge reminded the group that the time for a customer to consider energy efficiency and conservation opportunities is often during the scoping of larger projects, such as plant retooling and automation or when production expansion or procurement of new equipment occurs. If there are no large projects being considered, Enbridge noted that it works to influence customer decisions to use existing equipment in better, smarter ways.

To address the barriers identified, Enbridge discussed its sector strategy and highlighted the following key areas of opportunity:

1. Knowledge – empower customers with the knowledge to make informed decisions through enhanced audits, assessments and submetering, workshops and training sessions, and access to energy management information systems (EMIS)

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2. Resources – providing technical and financial resources necessary through enhanced incentives to reduce upfront project costs and make information gathering more affordable; and, enhanced resource support from ESAs and Trade Allies
3. Competing Priorities – strengthening relationships through increased ESA engagement to support customers in overcoming any project obstacle.

5.4.2 Industrial Program Proposal

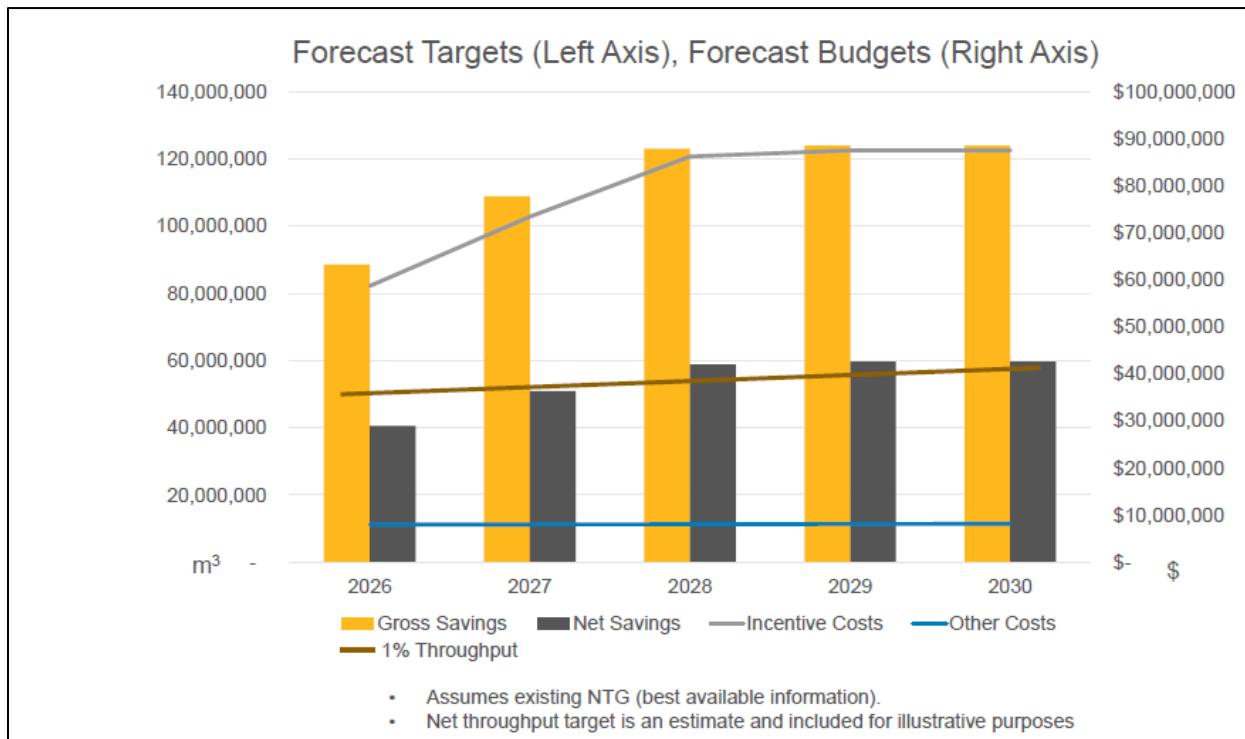
Custom (Site specific Inputs)	Prescriptive (TRM based measures)	Energy Innovation (Next Gen efficiency solutions)
<p>Enabling initiatives to support customers with the identification, quantification, prioritization and justification of efficiency opportunities. Beyond technical support from ESAs, other enabling initiatives likely to include: studies, metering, EMIS and strategic energy management (SEM) opportunities. Goal to help more customers access funds.</p>		
<ul style="list-style-type: none"> • Supports measures that require site specific inputs to calculate savings • Most applicable to Industrial customers with unique process loads • Will continue to account for bulk of savings results 	<ul style="list-style-type: none"> • Provides prescribed savings and incentive amounts at a measure level. • Measure assumptions such as estimated savings, incremental costs and NTG rates are pre- approved within the Technical Reference Manual (TRM). 	<ul style="list-style-type: none"> • Measures that support low carbon energy efficiency solutions • Examples of types of measures include: waste heat pumps, and other innovative technologies that come on the market
<p>Incentive: \$0.55/m³ saved to cover up to 100% of incremental project cost up to \$0.5M/project. Anticipated to achieve one-year payback for most manufacturing projects and two-year payback for agriculture projects.</p>	<p>Incentives to support these measures will be increased to target a payback period of less than one year of incremental cost. Some measures may be offered as direct install.</p>	<p>Enhanced incentives and enabling support to offset perceived risk of pursuing new technological solutions.</p>
<p>Uses customized approach as the basis for natural gas savings, including engineering calculations and energy modelling.</p>	<p>Effort on expanding trade ally network of technology distributors and contractors to promote the offer to customers.</p>	<p>Additional incentives to support energy modelling, feasibility studies and optimization studies to support business case development and overcome risk related concerns.</p>
<p>Delivery models include:</p> <ol style="list-style-type: none"> 1) ESAs to work directly with customers and identify opportunities, quantify savings, aid in planning, secure incentives and share best practice. 2) Trade Ally Network – work directly with customers, act as primary delivery channel for Prescriptive and Direct Install measures 3) Third-Party Implementers – Leveraged to support specific offers and initiatives, such as SEM. 		

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Industrial Program - Forecast Budget and Target

Enbridge provided an overview of forecast budgets and targets between 2026 to 2030 as shown in the figure below. In addition to the significant increase to customer incentives, Enbridge also proposes the addition of 10 incremental ESAs to support the expanded delivery of the future Industrial Program.

Figure 14 – Industrial Program Forecast Budgets and Targets 2026-2030



5.4.3 Non-Utility Member General Feedback

Non-utility members indicated that the proposed program addressed the large majority of opportunities they expect Enbridge to pursue. Non-utility members agreed that overall, the custom offer should maximize net natural gas savings per dollar spent, while having opportunities for all industrial customers to participate. Non-utility members noted the need to reduce free-ridership and increase depth of savings as areas of improvement. Some non-utility members suggested that the proposed increase to incentives should help free ridership, but that other program delivery approaches can also likely provide improvements, including strategies to attract new customers and getting existing customers to do new/different measures.

Non-utility members identified a number of recommendations, enhancements and considerations, which are discussed in more detail below. However, non-utility members acknowledged that although they may have proposed alternative solutions, or have indicated their support for certain proposals suggested by Enbridge, that much of this has happened in isolation and without the benefit of seeing Enbridge's entire DSM

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portfolio assembled. Due to these restrictions, non-utility members agreed that as part of all DSM portfolios, trade-offs are required when considering the entire package of offerings and proposals, particularly when considering budget allocation and other key factors.

5.4.4 Non-Utility Member Consensus Recommendations

Enabling Initiatives

Non-utility members agreed that the proposed enabling initiatives, including studies, metering, EMIS, and SEM should be included. Non-utility members recommended that these enabling items be part of the program and not specifically included on their own as an individual offer as they all contribute to a successful industrial program. It was suggested that as part of the program proposal, Enbridge documents why the program is needed (what barriers are being addressed), the current state of the energy efficiency market, key market barriers and opportunities for growing the markets, how the program is designed, the intended objectives and expected outcomes, why the proposed activities/interventions are being included, how they can enhance the program and overall outcomes.

Custom Offer

Non-utility members reached consensus that Enbridge should continue with the industrial custom offer. Enbridge noted that the custom offer will account for approximately 80-90% of the industrial incentive budget. Non-utility members supported this level of focus to support the complex projects undertaken by industrial customers.

Enbridge's presented a proposal to increase incentives for the custom offer to \$0.55/m³ saved to cover up to 100% of incremental project costs up to a maximum of \$0.5M per project for most of the industrial sector. Non-utility members supported Enbridge's proposals to significantly increase incentives and maximize project incentive levels, but not necessarily the specific amounts proposed by Enbridge. Enbridge noted that its incentive proposal was set based on buying down project payback period to overcome significant financial barriers associated with implementing these types of projects.

Non-utility members also reached consensus on the following:

1. Enbridge should provide incentives up to 100% of incremental project costs.
Non-utility members agreed that establishing the correct baseline is important as there may be projects with efficiency and other benefits that wouldn't proceed without support from Enbridge's DSM program. Non-utility members agreed that in these instances, it is reasonable for Enbridge to establish the maximum project incentive based on the total cost of the capital project being considered, and not just the costs of components of the project nominally associated with energy efficiency improvements, as the baseline would be no project

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proceeding. The group discussed the need for this clarification as projects are often competing internally at a customer site.

2. Enbridge should consider the overall project incentive cap of \$0.5M to be a soft cap and that flexibility be maintained so it could raise or even remove the cap to be responsive to unique projects that could result in significant benefits if program incentives could help a project proceed where it wouldn't otherwise. Additionally, Enbridge should consider ways in which it could implement a plan cycle cap as opposed to an annual cap to provide greater flexibility and be responsive to customer investment cycles.
3. Enbridge should consider including a first-time participant incentive to help drive broader participation across the sector and reach new customers.

Regarding program design, the non-utility members agreed that Enbridge should consider alternative approaches to only relying on direct-to-customer delivery through its Energy Solutions Advisors (ESAs). The group agreed that the conceptual approach to using dedicated account managers to work with larger customers on an on-going basis to drive efficiency projects is best practice allows for detailed one-on-one interactions that are required in the industrial sector. However, it was acknowledged that process evaluation results of Enbridge's approach have not been shared so it is difficult to assess the true effectiveness of Enbridge's ESAs. The group encouraged Enbridge to incorporate alternative approaches to expand participation, broaden savings opportunities, generate new ideas, and use program funds more effectively, acknowledging that the ultimate program design will require a certain level of simplicity so that it can be delivered effectively and understood by potential participants. Non-utility members also recommended that Enbridge group internal accounts/ESAs by market segment to better share developments and opportunities to leverage potential natural gas savings across multiple, similar customers.

Prescriptive Offer

Non-utility members support the continuation of the industrial prescriptive offer. The group was of the view that Enbridge should consider how it can expand the measure list so that the offer is more attractive to smaller industrial customers.

Energy Innovation Offer

Non-utility members reached consensus that Enbridge should proceed with including an energy innovation offer as part of its next DSM plan. The energy innovation offer should expand collaborative partnerships with municipalities, to generate greater level of savings and potentially engage new customers, as well as include industrial heat pumps to electrify relatively low-heat industrial processes.

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5.4.5 Non-Utility Member Additional Considerations

The following recommendations related to the industrial custom incentive design received general support, however, consensus was not reached. They are provided for Enbridge to consider:

1. A tiered incentive structure, where two levels of incentives are offered based on the amount of natural gas savings, with the second tier having the higher incentive as a way to drive deeper savings per customer/project.
2. As part of a tiered incentive design, Enbridge should consider providing additional incentives after an initial threshold is achieved. Defining the threshold will be the most challenging aspect, but ideally, it should be tied to the portion of an individual customer's annual consumption that is saved, since the objective is to encourage comprehensiveness and depth of savings. Non-utility members noted historic programs that have been delivered successfully that Enbridge could use as a reference.
3. Public solicitation through request for proposals – non-utility members recommended that Enbridge use a portion of its program funding (e.g. 5-10%) to hold open calls for proposal from a variety of entrants, including individual customers (similar to the IESOs model), but also to ESCOs, contractors and energy efficiency firms, where both unique project concepts and program design/delivery approaches could be proposed to fill gaps, address underserved industries or delivery certain levels of natural gas savings for a prescribed dollar amount could be considered. Non-utility members suggested that through this model, both industrial and medium-to-large commercial customers be considered (while also indicating that this can have beneficial impacts across the portfolio if implemented more broadly). Non-utility members suggested that the timing for when new proposals would be accepted be clearly communicated, with varying suggestions regarding timing (including annually or once per plan cycle). In years where there are insufficient viable or attractive proposals to spend all of the funds set aside for this purpose, non-utility members recommended that dollars can be reallocated to the other program offerings.
4. Negotiated incentives for projects with Enbridge's largest customers to allow greater level of discretion for Enbridge to alter incentive amount, but also offer more technical assistance and business case support.
5. The levels of tiered incentives could also be provided based on a change in per unit of production past a certain threshold (i.e., an indicator of depth of savings).
6. Incentives should also be considered for a project that includes multiple measures, with specific program rules on what would qualify to ensure incremental value and avoid ratepayer dollars not paying for easy savings.

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7. Inclusion of a first-time participant (or trade ally) bonus to encourage new entrants and expand the reach of the program
8. Annual energy innovation fair, potentially held in collaboration with post-secondary institutions in Ontario. This would enable ideas to be solicited from various stakeholders, and in particular, students across educational institutions. Awarding prizes for innovative conservation ideas could be a low cost means of shaking things up and giving a wider constituency an opportunity to propose innovative solutions.

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5.5 Large Volume Program

As part of the OEB's DSM Decision it stated:

"With respect to an opt-out framework, the OEB is of the view that more evidence is required before an opt-out provision can be implemented. Enbridge Gas is expected to work with relevant stakeholders, such as IGUA, to develop opt-out protocols and share with the SAG for input. The resulting opt-out framework, if supported by large volume customers, should be included as part of Enbridge Gas's next DSM plan application."²⁰

Enbridge worked with IGUA on developing an opt-out framework and presented a general overview of its considerations to the SAG for information purposes, consistent with the DSM Decision. Non-utility members were appreciative of Enbridge's efforts but were not in a position to provide any formal feedback due to the limited nature of the discussions. Enbridge indicated it will include all relevant details and supporting material in its application for review and consideration by the OEB and interested parties, acknowledging that the proposal will be fully considered in response to Enbridge's application.

²⁰ EB-2021-0002, Decision and Order, p. 44

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5.6 Market Transformation Programs

5.6.1 Market Transformation Proposal

Enbridge outlined its proposal to address the need for an increase in deep energy retrofits in the future. This is proposed to happen through two offers targeted at enhancing current market practices, both in the new construction and retrofit markets.

Building Beyond Code

This program's objective is to ensure new homes are energy efficient. The program has been revised with the Net Zero Energy Ready (NZER) Development Stream to support and encourage builders who have constructed demonstrations to this standard to scale up. Offers include Discovery Home/New NZER Builder Incentives and Continuous NZER labelling for participants. Details of the proposed offer are outlined below:

Discovery Home/New NZER Builder Incentives

- Cover cost of mandatory Advanced Building Science and Net Zero Builder courses (up to 2 people: ~\$1,600)
- Provide incentive to cover ~50% of incremental cost of upgrades
- Cover cost of labelling and evaluation (\$2,100) offered after proof of label provided
- Technical and trades workshops (No cost to builder)

Continuous NZER labelling participants

- Provide incentives to cover ~25% of incremental cost of upgrades (with a limit on # of homes/builder)
- Cover cost of labelling/evaluation (\$2,100) after proof of label provided (with limit on # of homes/builder)
- Ability to attend ongoing technical and trades workshops offered

Enbridge forecasts a budget of approximately \$3.5 million in 2026, ramping up to approximately \$6.5 million in 2030 with 100 new net-zero energy ready builders and 1,675 new net-zero energy ready homes by 2030.

HER-O

Pilot program to test three levels of support to help drive best practices to have a greater level of homes achieve net-zero status. Focus will include increasing levels of support to develop a comprehensive approach to high quality deep energy retrofits. This includes working with stakeholders to develop a standard for service organizations and energy advisors, pre- and post-program customer surveys, customer interviews, focus groups, optimized training and public website with information on home-as-system focus. The level of support would increase to address enhanced improvements which

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are often lost opportunities between the current state of deep retrofits that largely address only two or three measures and net zero. The middle level of support would include an integrated design process for energy advisors, template for customers to access home energy reports, customer training tools, and incentives to energy advisors for delivering additional support for customers. Final stage in the pilot would be net zero support strategies, including increased collaboration, trades and contractors, incentives for energy advisors and incentives for customers that complete and have a net zero labelled home. Overall goal

Enbridge forecasts a budget of approximately \$0.6 million in 2026 with a gradual ramp-up to approximately \$1.0 million by 2030.

5.6.2 Non-Utility Member Recommendations

HER-O

Non-utility members provided consensus support of Enbridge's proposed HER-O pilot adding that Enbridge should also develop a roadmap for a multi-year process where incremental improvements can be phased-in and enable contractors and energy advisors to work together to meet HER-O targets.

Building Beyond Code

Non-utility members agreed that the new construction market is one of the most critical segments due to the ability to influence critical decisions that have significant impacts, including decisions to fully electrify residential homes and that material lost opportunities will be realized if not addressed correctly.

Non-utility members agreed that sufficient incentives to motivate builders to test new building practices, familiarize and become informed of new technologies is critical.

Some non-utility members questioned Enbridge's continued involvement in new construction programs and indicated, that at a minimum, the ability for builders who participate to choose not to connect to the gas system must be maintained. In addition, it was noted by some members that, as new construction is the most logical market to encourage builders and customers to go all electric, parties other than Enbridge are better positioned to provide that advice and be relied on to support fully electrifying the new construction market.

It was also suggested by some members that Enbridge facilitate the development of a playbook/guide that outlines the options and various pathways for gas customers to reach net-zero for varying home configurations. Members agreed that this playbook should be developed by industry participants to ensure objective, expert opinions on best practices are available for customers and builders to refer to when considering options for fuel agnostic, high-performance retrofits.

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6.0 SAG Member Comments

Individual feedback from members is provided below.

Member	Comments
Erika Lontoc	<p>Significant strides have been made toward an energy efficient economy in Ontario, largely due to the successful delivery of natural gas DSM over the past two decades in the province. Through the years, natural gas DSM in Ontario has been following the traditional DSM model that focuses mainly on encouraging reduced natural gas consumption and energy conservation through financial rebates for energy-efficient appliances or building upgrades. In today's post-covid era where the economy was upended, and with the climate change crisis at the forefront, it is more imperative to hasten the pace and path of DSM to achieve the scale needed to meet climate change goals and create positive economic impacts, while ensuring equity outcomes are being met.</p> <p>The DSM infrastructure that EGI and Ontario built sets a solid foundation to meet the gas reduction targets set by the Board in its 2022-2025 decision. To help achieve these targets, additional focus and resources can be made on <u>data investments</u> as these are critically important in developing transformative programs that will help the understanding of, and further improve the efficiency of buildings, appliances and industrial processes. Doubling down on <u>innovation</u> particularly in technology development, utilization of smart tools and technology adoption strategies are strong suits of EGI and can be leveraged with <u>fair and appropriate utility incentives</u> to enable it to make the market changes that will take us to the clean energy future we envision for Ontario.</p> <p>Electrification especially in homes and buildings - allowing for fuel switching from natural gas heating equipment to electric heat pumps - is a major leap in natural gas DSM programming, particularly for a gas-only utility like EGI. With the fast-gaining momentum of heat pumps and inclusion of this technology in the next DSM plan, it remains unclear as to the future cost burden that will be born by natural gas ratepayers to pursue a meaningful scale of DSM funded electrification. The benefit of electrification is meant to be enjoyed by society as a whole thus it is reasonable to expect that costs towards this effort be a shared societal responsibility. As a multi-faceted concern, this will require an <u>intentional strategic alignment</u> amongst natural gas, electricity and energy transition proponents so that the full <u>costs and benefits of electrification are shared equitably</u>.</p> <p>Broadly speaking, customers seek holistic solutions to their energy needs. Customers are looking to energy experts, especially their utilities, to assist them in making informed choices and decisions when it comes to their energy requirements. A focused effort in breaking silos between gas and electricity programs across most, if not all program offerings, is likely to yield a more positive customer experience and far better outcomes for the energy ratepayers of Ontario.</p> <p>Finally, the Board's creation of the Stakeholder Advisory Group as part of the 2026-2030 DSM planning efforts is a positive step towards a transparent and collaborative engagement between the Board, EGI and an</p>

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Member	Comments
	independent group of cross functional DSM experts. This process highlighted the potential opportunities for a <u>continuing dialogue between EGI and stakeholders in a neutral space</u> whereby ideas can be advanced and deliberated, and potential issues identified/addressed/resolved before the formal annual evaluation process sets in.
Bob Wirtsafter	I am comfortable with the final report and am of the view that the areas important to me and my feedback throughout have been reasonably captured.
Chris Neme	<p>I would like to start by saying that I have found the SAG process to generally have been a net positive for the evolution of gas DSM in Ontario. Most importantly, it created a venue in which Enbridge was required to regularly engage and discuss DSM issues with a number of experts representing a range of different viewpoints and bringing significant expertise regarding successes and challenges in other jurisdictions. Of course, I and other independent experts and stakeholders also got to hear directly from Enbridge about their perspective on the same DSM issues. I think all parties learned from each other, at least to some degree, in ways that I think will help make Enbridge's next DSM a better one than it otherwise would have been. I would also like to say that I think Board Staff have done an excellent job managing the SAG discussions. There has been an awful lot of ground to cover and they have done an admirable job of keeping us moving through it all while still ensuring all voices are heard.</p> <p>To be clear, I still have some significant concerns about some key aspects of Enbridge's DSM draft plan (as it currently stands). I've been particularly concerned about how Enbridge has presented it to stakeholders (not just the SAG, but the broader stakeholder group), emphasizing the costs and rate impacts with much less emphasis – and in some presentations, no emphasis at all – on the significant benefits and/or the much higher costs that will have to be incurred in the future to decarbonize its system if lower levels of DSM ambition are pursued.</p> <p>For me, the biggest drawback of the SAG process was the inordinate amount of time spent reviewing and providing input on the Achievable Potential Study (APS). The “time sink” that the APS became had a deleterious impact on the SAG’s ability to dive more deeply into DSM planning and policy issues of much greater import and value. I understand that the time spent on the APS was driven by direction from the Board in Enbridge’s last DSM planning case. However, for all its detail, the study is fraught with uncertainty over numerous important assumptions, includes numerous conservatisms because of lack of data, and is constructed in a way that is fundamentally different from how utilities need to design DSM programs. Moreover, because of the literally thousands of assumptions embedded in the study, it was impossible for me or anyone else (probably even Enbridge, even though they could devote many more hours to it than I could) to adequately review and critique it. For all of these reasons and others, it is of only limited value. That is not a criticism specific to just this study. In my view, it is inherent in all studies of this kind. Put simply, the resources and time spent on potential studies would be much better spent on primary data collection on actual efficiency</p>

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	<p>opportunities in residential homes, commercial buildings and/or industrial facilities.</p> <p>I'll close my remarks by suggesting that I think it would be a mistake to end the SAG just because the APS has been finalized and because input to the Enbridge DSM plan has largely been provided. In my experience in numerous other jurisdictions, the kind of stakeholder engagement process represented by the SAG is most valuable if it is institutionalized and continues through multiple DSM planning and implementation cycles. Continuing to have Enbridge meet with other stakeholders and experts after its plan has been approved and is being implemented requires the utility to keep others informed of on-going challenges, to address questions about those challenges, and to get feedback on ways to improve program delivery. Again, such on-going stakeholder engagement is quite common in lead jurisdictions. I encourage the Board to consider doing the same in Ontario.</p>
Francis Wyatt	<p>I think the SAG process has been a good and worthwhile endeavour. It was great hearing the many perspectives and creative ideas. It was also encouraging to see Enbridge learning from and adopting many of those ideas.</p> <p>There is some value from an Achievable Potential Study (APS), but too much time was expended on it, which would have been better spent on discussing more specific program design. In the future it would be better to complete the APS well in advance of discussing DSM program details and have the period of the APS correspond with the DSM planning period.</p> <p>While there seems to be universal agreement on the need for coordination between Enbridge and IESO, it is hampered by the difference in planning periods. It may facilitate better coordination if the planning periods were harmonized. This is all the more important with the need to decrease greenhouse gas emissions, which will require simultaneous changes to many energy sources.</p>
Ted Kesik	<p>Stakeholder engagement is critical to the success of all kinds of initiatives, especially DSM programs in an era of climate change and a transition to a low carbon economy. Electricity demand in Ontario is expected to grow by 75 per cent by 2050, according to a recent report by the province's Independent Electricity System Operator.^[1] It may be reasonably expected that natural gas will remain part of Ontario's energy mix as it strives to meet carbon reduction targets. The efficiency of natural gas utilization will therefore continue to be an important strategy supporting sustainable economic growth.</p> <p>As a member of the Stakeholder Advisory Group providing feedback on the 2026-2030 DSM planning efforts, several critical issues emerged that in my view need to be addressed going forward.</p> <p>First, there has to be consilience between all the DSM programs in Ontario and a vision of the future of energy. The ongoing expansion of Ontario's natural gas service network runs counter to the larger goal of</p>

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	<p>decarbonization since the committed carbon associated with hooking up new customers will adversely offset DSM savings.</p> <p>Second, a realistic sunset for the expansion of natural gas infrastructure coupled to a clarity of absolute saving targets needs to be established.</p> <p>Important questions about the role of natural gas within a hybrid energy mix framework during the transition to a low carbon economy can no longer be ignored.</p> <p>Third, a comprehensive inventory of Ontario's building stock that captures its demographics, energy and water consumption, is essential to triage among the low hanging fruit, and the medium and long-term energy transition measures. A 2021 report examined the potential for improving the efficiency and electrifying the entire stock of some 10 million buildings in Canada - the total estimated reserves of retrofit potential.^[2] Ontario accounts for approximately 30% of that potential retrofit building stock. <i>One scenario reflected an emergency response that retrofitted the entire Canadian building stock by 2035. A second scenario reflected a slower implementation rate with retrofits completed by 2050. In the national scenarios, nominal program costs could range from \$580 billion to \$972 billion, breaking down to \$39 to \$62 billion annually over 15 years, or \$20 to \$32 billion annually over 30 years. These are significant capital expenditures, but they are of the same order of magnitude as the \$80 billion Canadians spend annually on building renovation or the \$57 billion spent on fuel and electricity.</i> For Ontario, expenditures of roughly \$12-\$18 billion annually over 15 years, or \$6-\$9 billion annually over 30 years, would be necessary to meet the 2035 and 2050 electrification targets, respectively. This goes far beyond the grasp of currently envisioned DSM planning and program initiatives in Ontario, and there is no way forward in the absence of building data needed to allocate societal resources effectively.</p> <p>Conventional DSM planning and programs are on the cusp of a major shift in focus across North America and around the developed world. This shift and transition will be necessary to better align initiatives across all sectors toward a secure energy future and a low carbon economy. Under the emerging paradigm, instruments like achievable potential studies are no longer capable of helping navigate future pathways. New ideas need new planning tools, new policies, new programs.</p> <p>The Stakeholder Advisory Group has proven to be a helpful start to a process that should be expanded to encourage broader societal input. The Ontario Energy Board is urged to promote the broadest and most inclusive discussions possible about the future challenges of climate change, an expanding population, growing electrification within an aging electrical grid, and a potential increase in reliance on fossil fuels to sustain economic growth in Ontario. In response to these challenges, DSM programs have to reinvent themselves to become better harmonized with the larger policies and programs needed to achieve and then sustain a low carbon economy in Ontario.</p>

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	<p>[1] https://www.ieso.ca/Corporate-IESO/Media/News-Releases/2024/10/Electricity-Demand-in-Ontario-to-Grow-by-75-per-cent-by-2050</p> <p>[2] Haley, Brendan & Ralph Torrie. 2021. <i>Canada's Climate Retrofit Mission</i>. Ottawa: Efficiency Canada.</p>
OEB Staff	<p>Natural gas demand side management (DSM) in Ontario has been, and should continue to be, a valuable tool available to ratepayers to achieve meaningful reductions in annual natural gas consumption and corresponding bill savings. The material that follows outlines the view of OEB Staff as it relates to the discussions and activities of the OEB's Stakeholder Advisory Group (SAG).</p> <p>Interpretation and use of the SAG Report</p> <p>The content of the SAG Report largely consists of views shared by non-utility SAG members based on draft materials provided by Enbridge Gas at the time of the discussion. As a result, the SAG Report should be viewed as documenting discussion and input provided by the SAG for Enbridge Gas to consider when developing its DSM plan application.</p> <p>The SAG report includes the opinions and a collection of recommendations from experts in energy efficiency programming, with a specific focus on ensuring that Enbridge Gas has considered industry best practices with respect to its programs and offers. Non-utility SAG members were not provided with a final version of Enbridge Gas's DSM application in advance of filing, so the contents of this report should not be construed as SAG opinions or recommendations on the specifics of the application. The proposals put forward by Enbridge Gas will be adjudicated based on the evidence filed in the application.</p> <p>Value of the SAG and general stakeholder engagement</p> <p>One of the primary objectives of the SAG was to provide feedback in response to Enbridge Gas's DSM program proposals with the goal that this feedback result in regulatory efficiencies in Enbridge Gas's next DSM plan proceeding. The SAG's program-related feedback was highly constructive and resulted in many recommendations for Enbridge Gas to consider. If implemented, the SAG's recommendations should result in meaningful positive program improvements that will strengthen the DSM offerings available to ratepayers in Ontario and hopefully reduce the necessary level of scrutiny of specific programs and offerings during the upcoming DSM plan proceeding. For example, the SAG recommended Enbridge Gas use updated estimated net-to-gross values as part of plan development when developing natural gas savings targets and budget forecasts. SAG members then helped develop updated estimated net-to-gross values. This should result in more refined targets and budgets for novel future programs.</p> <p>Provisioning DSM and energy efficiency experts to provide Enbridge Gas feedback on its proposed plan was valuable and, should the OEB decide to</p>

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	<p>initiate a similar group in the future, additional guidance on the scope of the SAG's review and feedback on DSM program elements and the associated evaluation, measurement and verification would be beneficial.</p> <p>Stakeholder sessions with intervenors from Enbridge Gas's last DSM plan proceeding were hosted by OEB Staff and Enbridge Gas during the tenure of the SAG (SAG members also attended these sessions). These sessions provided Enbridge Gas the opportunity to receive additional feedback to inform DSM plan and program development. OEB Staff supports Enbridge Gas continuing to host similar sessions at regular intervals during the 2026-2030 DSM plan term to allow Enbridge Gas to hear directly from stakeholders on how DSM programs can be improved.</p> <p>Interpretation of the APS</p> <p>The OEB's other primary objective for the DSM SAG was to provide feedback on the OEB's Achievable Potential Study (APS). This required material effort from all involved to review numerous inputs necessary to estimate achievable potential. OEB Staff notes that the APS will be directionally informative when considering Enbridge Gas's next DSM Plan. However, due to limitations in the availability of input data (e.g., related to technical suitability and costs of electrification in the commercial and industrial sectors, and the varied, site-specific nature of industrial processes), the applicability of the APS to specific programming decisions has limitations.</p> <p>The intention to complete an APS with input from the SAG was well placed. However, during the process the noted data availability challenges become apparent, particularly due to the important role commercial and industrial electrification will play in contributing to future natural gas reductions. Furthermore, it is important to note that the OEB's last APS, jointly completed with the IESO in 2019, did not have the same stakeholder engagement process to that in this study. As a result, there was limited provision for parties to identify, discuss, and plan to address the various challenges in completing natural gas energy efficiency potential studies.</p> <p>In general, the APS should be viewed as a general exercise that mainly provides broad understanding and context, while also identifying areas for further analysis that could be pursued prior to developing future DSM plans. Going forward, OEB Staff recommends that, until the availability of input data improves, consideration be given to prioritizing targeted, industry-specific studies and primary data collection over broad, all-encompassing potential studies.</p> <p>SAG input on DSM policy</p> <p>Many discussions with the SAG touched on various DSM policy elements (e.g., general objectives of DSM, the role of electrification, DSM program budgets) included in the OEB's existing DSM Framework. SAG members' views on these topics were varied and rarely completely aligned. SAG members acknowledged the complexity of these issues amidst a rapidly changing energy landscape. OEB Staff appreciates non-utility SAG</p>

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	<p>members identifying several broad policy topics for future consideration by the OEB to guide DSM programming beyond 2030.</p> <p>Additionally, OEB Staff agrees with non-utility members' recommended updates to more discrete, DSM plan-specific policy guidance, including how to incorporate updated net-to-gross values and revisions to the shareholder incentive mechanism, which should be considered as part of the upcoming DSM plan term from 2026 to 2030.</p>

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Appendix A – Non-utility Member Consensus Recommendations

A list of consensus recommendations and items of full agreement from the non-utility members can be found in the table below with references to the page numbers in the report where additional information can be found. There are no material concerns regarding program concepts that remain outstanding.

#	Pg.	Non-Utility Member Consensus Recommendation
1	5-6	SAG members agreed that the sequence and schedule of events was not ideal. The SAG recommended that if a similar process is undertaken in the future, consideration be given to a standalone process at the outset to address any potential policy concerns and considerations. The SAG acknowledged that the OEB had recently released an updated DSM policy framework in conjunction with the approval of Enbridge's 2023-2025 DSM plan, but agreed that ideally, there would have been an opportunity for stakeholder consultation regarding potential policy updates required in consideration of future DSM programming. The SAG noted that in a changing environment and increasing levels of expectations of energy efficiency programs, having an open policy consultation at the outset would enable the OEB to understand the perspectives of various stakeholders and clearly establish the baseline for any future work to be completed, including direction on acceptable budget levels.
2	6	[T]he SAG agreed that future analysis of available potential energy efficiency opportunities should focus on more detailed analysis of specific sectors and segments of customers and rely on empirical field data as opposed to academic theoretical assumption-based modelling exercises such as the APS. In any event, the SAG recommended that future potential analysis be afforded sufficient time to be completed and without the expectation that Enbridge be actively working on DSM plan development and program design simultaneously.
3	6	The SAG recommended that ongoing stakeholder consultation be directed by the OEB. However, SAG members agreed that the level of rigor undertaken through the SAG process is not needed on an annual basis. Rather, during an approved plan term, Enbridge should hold open meetings periodically with interested parties to provide plan and program updates, solicit stakeholder feedback, and ensure a process of continual improvement.
4	6	SAG members agreed that it is important to periodically undertake a detailed, comprehensive review of plan details. SAG members agreed that the composition of the group likely limited the overall impact of the group's recommendations due to the lack of formal ratepayer and environmental representation on the SAG.
5	8	SAG members agreed that the APS should not be relied upon as a prescriptive input to Enbridge's next DSM plan as the methods of analysis included within an APS greatly differ from those required by Enbridge when developing its DSM plan. SAG members acknowledged some inherent realities of an APS, including the need to make numerous assumptions based on limited data that are assumed to apply equally to all customers (i.e., potential studies are based on average savings, average costs, etc.), resulting in numerous limitations to the direct application of APS results on Enbridge's DSM plan.
6	8	Non-utility members agreed that an APS should be viewed as directionally informative and not as a prescriptive source to determine the measures that should be included in a utility DSM plan. Non-utility members suggested that at best the APS should be used to provide context to the scale and magnitude of Enbridge's proposed DSM budgets over the 2026-2030 term. Even then, it is important to recognize that the study estimated only the total costs of acquiring savings and does not address whether portions of those costs might be borne by the IESO and electric LDCs (for measures affecting both gas and

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#	Pg.	Non-Utility Member Consensus Recommendation
		electricity consumption) or by federal, provincial and/or local governments. Further, it is important to note that all program costs estimated by the APS are associated with net achievement and do not account for any rebates paid to free riders. Consideration needs to be made to scaling up program budgets output by the APS to account for any effects of free ridership on program spending.
7	9	Non-utility members indicated that although positive improvements (e.g., development of different scenarios for heat pump sizing and selection for the residential sector) were made generally in this area of the APS, the lack of empirical data and cost-effectiveness of electrification and fuel switching measures both limited the overall potential natural gas savings reported. As a result, non-utility members agreed that there are likely significantly greater opportunities for natural gas savings from electrification than identified in the APS, particularly from the commercial and industrial sectors.
8	12	SAG members agreed that the APS is directionally informative, in that it can be used to provide a directional understanding of high-level opportunities and their costs. The APS brings value as a tool to support the spending magnitude required of a DSM program that includes electrification. Further, it can be used to provide a flavour of where savings opportunities lie (e.g., proportion of energy efficiency versus electrification opportunities). However, SAG members agree that the APS should not be viewed as a definitive plan of what can be realistically achieved by a DSM plan. In particular, the ranking of measures output by the APS should not be blindly transferred over to a DSM plan without consideration of data and information through other sources, for example historical DSM program experience.
9	12	SAG members agreed that the APS is not and should not be used as a primary input to Enbridge Gas' next DSM plan or to the development of future natural gas savings targets, as specified by the OEB in its EB-2021-0002 Decision and Order. ⁷ The APS is an analysis of discrete scenarios and cannot by its nature be reflective of every market dynamic that a DSM plan would need to respond to. For this reason, the APS should be considered as a secondary input or as part of a broader suite of inputs to DSM plan development.
10	13	SAG members recommended that the OEB should not commission or produce an all-encompassing natural gas potential study. APSs are too broad and as a result, the outputs are of limited value to be applied to a practical effort, such as the development of a DSM plan. In lieu, the OEB should consider leveraging primary research or data collection that focuses on specific subsectors, such as audits conducted by individuals with specialized expertise in select industry or market sectors, to gain an understanding of market participants potential for energy conservation.
11	14	Non-utility members agreed that should participants in Enbridge's next multi-year DSM plan proceeding raise policy concerns (for example, regarding the primary objective of DSM, reasonableness of guiding principles, or other structural items), that these be addressed separately, either simultaneous to the DSM plan application proceeding (but not directly applicable) or immediately following the OEB's decision. This way, updated policy direction will be available to inform Enbridge's DSM planning efforts for its next multi-year plan.
12	14	Non-utility members agree that, generally, the proposals presented by Enbridge throughout this engagement include positive improvements which should lead to an increase in cost-effective natural gas savings. Non-utility members agreed that the evolution and ramp-up of DSM efforts should not be impeded or slowed due to requests for the OEB to reconsider its recently issued policy direction. Rather, considerations of clarified or updated policy direction should happen separately and be applied to the future DSM plan.

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#	Pg.	Non-Utility Member Consensus Recommendation
13	16	Non-utility members agreed that Enbridge's DSM plan should primarily focus on natural gas savings. Further, non-utility members recommended that Enbridge not develop sector specific scorecards. Rather, Enbridge should develop one annual performance scorecard that is made up of metrics that focus on total natural gas savings with specific focus in those areas that require specific attention to ensure equitable results and access to programming.
14	17	Non-utility members agreed to the following metric categories and the general weighting of metrics as shown in the table below. <ul style="list-style-type: none"> - Total Annual Natural Gas Savings (excluding Large Volume) - 50% - Income Qualified Annual Natural Gas Savings - 20% - Residential Annual Natural Gas Savings - 15-20% - Small Business Annual Natural Gas Savings - 10-15% - Large Volume Annual Natural Gas Savings - 1%
15	17	Non-utility members agreed that a utility shareholder incentive is not intended, nor should be used, to attach a metric to all utility activity. The group engaged in discussion related to the need for Enbridge to incorporate various enabling, capacity building, and market support activities. Non-utility members agreed that discrete performance metrics for each of these items are not needed, nor are they appropriate.
16	17	Non-utility members also agreed that it is reasonable to continue with first-year annual natural gas savings as the primary metric (as opposed to annual lifetime savings), but only if the OEB include a requirement that in order for Enbridge to be eligible for any shareholder incentive amounts, it must, on an annual basis, continue to meet the weighted average measure life threshold established in the 2022 DSM Decision (i.e., 14.3 years) to ensure focus on deeper measures that will continue to provide savings, unless the makeup of the new plan requires reconsideration of the specific average measure life value, which should be requested by Enbridge as part of its application to the OEB.
17	18	Non-utility members acknowledged that the general level of savings relative to spending was directionally consistent with their expectations, however, non-utility members were not in a position to provide detailed feedback on the specific savings levels and budgets presented. Non-utility members provided feedback on the sectoral based programs so that Enbridge could consider additional opportunities to maximize natural gas savings and use its future budgets as effectively as possible. Non-utility members agreed that in order to provide the level of feedback that would be useful to Enbridge, they would require detailed information, which could not be provided in the limited amount of time available following the completion of the APS and Enbridge needing to file its DSM plan application. This additional information would ideally include the detailed build-up of the budget and savings underpinning Enbridge's proposed goals and budgets.
18	19	Non-utility members agreed that Enbridge's future targets should not be adjusted to account for prior year results as had been done in the past through the current target adjustment mechanism.
19	19	Non-utility members agreed that Enbridge should make best efforts to identify any program areas that it deems highly sensitive to external forces (for example, heat pumps), so that the OEB and intervenors can consider if any additional flexibility is required.
20	20	Non-utility members agreed that it would be reasonable to consider a one-time target amendment to recognize NTG values determined through evaluations, appreciating that the updated NTG values recommended by the non-utility members are only educated estimates, and empirical results will be available, which have the potential to impact savings in either a positive or negative manner. Non-utility members agreed that this would provide for reasonable flexibility early in the next plan period and recognize the

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Stakeholder Advisory Group Report**

#	Pg.	Non-Utility Member Consensus Recommendation
		variability in actual versus estimated results in response to a number of program changes, some material in nature.
21	20-21	<p>Instead of basing the maximum available shareholder incentive on a fixed dollar figure, non-utility members recommended that the future shareholder incentive structure revise the amount available at 100% to an amount equal to 5.0% of Enbridge's total annual budget. Non-utility members agreed that the shareholder incentive available at 100% target achievement should remain at 5.0% of budget for the next DSM plan term and be reviewed and considered relative to the OEB's expectations and natural gas savings targets approved.</p> <p>Based on Enbridge's estimated budget figures for 2026 of \$240 million, this would result in an eligible shareholder incentive of \$12 million should Enbridge meet 100% of all its performance scorecard targets.</p>
22	21-22	<p>Non-utility members also agreed to the following recommendations to other aspects of the shareholder incentive structure:</p> <ul style="list-style-type: none"> a) Consensus that three earnings thresholds should continue to be established b) Consensus that lower and upper bands should be revised slightly to acknowledge increased levels of uncertainty in the new plan term due to changing energy landscape. <ul style="list-style-type: none"> i. Lower band: 70% ii. Target: 100% iii. Upper band: 130% c) Consensus that the current requirement to meet lower band is maintained before any incentive is available (therefore, no incentive dollars can be accessed below 70% target achievement) d) Consensus that a change in pace of earning between bands be revised from current 40/60 split between lower and upper thresholds results in a more reasonable balance in available rewards, acknowledges that it has been challenging for Enbridge to meet 100% of targets in the past, and appreciates that budgets approved do not allow for significant expansion of efforts beyond 100% target, particularly to achieve 30% greater savings. <ul style="list-style-type: none"> i. 0-100% of available annual shareholder incentive (i.e., 5% of annual budget) for achievement from 70% to 100% ii. 100-200% of available annual shareholder incentive for achievement above 100% to 130%.
23	22	Non-utility members agreed that [the End-of-Term] incentive is important given the pending provincial climate goals in 2030. Non-utility members also agreed that DSM is not the only Enbridge activity that affects the magnitude of gas sales. Thus, while such an incentive included as part of a future DSM plan would provide helpful direction to Enbridge, it might be even more effective if adopted as a broader incentive across all Enbridge activities such as through a rates case.
24	24-25	<p>Non-utility members agreed that when choosing what measures to include as part of its DSM programs, Enbridge should follow the prioritized list below:</p> <ol style="list-style-type: none"> 1. Measures that decrease energy usage, regardless of the fuel source (e.g., weatherization that would still provide savings if the heating system were later switched from gas to electric) 2. Electrification measures (switching from gas to electric) 3. Measures that make gas equipment more efficient in existing buildings.
25	23	While not all agreed that the [home energy benchmarking reports] offering should contribute towards savings goals, all agreed that, at a minimum Enbridge should be allowed to use home energy benchmarking reports to drive customers to available offers, and act as a form of marketing. All members also supported the benefit of benchmarking towards a multi-year goal targeting reduction in gas sales volumes.

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#	Pg.	Non-Utility Member Consensus Recommendation
26	23	...[N]on-utility members also agreed that other program areas, including market transformation, education, research and development, workforce development, capacity building and innovation should all be considered as they will all be critical in helping develop key aspects of the industry that will be required if future DSM plans will be able to achieve absolute reductions in natural gas sales volumes
27	24	Non-utility members agreed that it is in the best interest of ratepayers to encourage Enbridge to seek all possible collaboration opportunities, including funding, program support, opportunities in various markets, marketing, etc. Non-utility members agreed that new partnership and collaboration opportunities will likely continue to grow, both in the number of engagements and size of each engagement – the recent partnership between Natural Resources Canada and Enbridge being one example.
28	25	Members also agreed that it was reasonable to continue the practice of calculating savings from mass market programs based on assumptions in the OEB's Technical Resource Manual (TRM). If changes to TRM values were made during an evaluation cycle, those changes would apply to savings for the next DSM program year.
29	26	Non-utility members agreed that updated, estimated NTG values should be developed for all of Enbridge future programs, noting that greater consideration should be given to the most influential programs and/or measures.
30	27	Through the course of several meetings with the SAG and members of the OEB's Evaluation Advisory Committee, the group reached a consensus recommendation that Enbridge should use 75% as the updated NTG estimated value for its future custom commercial program and 70% for its future custom industrial program. As noted below, these values are inclusive of both free-ridership and spillover.
31	28	Based on all of this information, the group agreed on the consensus recommendation that Enbridge use updated estimate NTG values as part of plan development.
32	28	Non-utility members agreed that the updated NTG estimate values should assume modest spillover contribution and agreed that it would be reasonable to apply a 3% spillover estimate to the total NTG estimate (as a reminder $NTG = 1 - FR + SO$). Therefore, custom commercial NTG = 75% and custom industrial NTG = 70% for industrial).
33	29	Non-utility members agreed that [commercial] prescriptive NTG values should be reviewed on the basis of prioritizing those measures that are forecast to provide the greatest level of impact on future portfolio level natural gas savings.
34	29	Non-utility members agreed that the OEB's current policy of using a NTG value of 1.0 for income qualified programs remains reasonable and should be continued. Non-utility members confirmed that this is consistent with the approach in other jurisdictions.
35	29	Based on this review and expert opinion, non-utility members agreed that Enbridge should incorporate the following updated NTG estimated values for its residential offers: <ul style="list-style-type: none"> - Residential whole home: 90% (made up of 20% free ridership and 10% spillover) - Smart thermostat: 86% (made up of 21% free ridership and 7% spillover) - Single Measure – Heat Pumps: 91% (made up of 31% free ridership and 22% spillover)
36	30	Non-utility members agreed that the OEB should consider the following guiding principles as the foundation for how it values and includes NTG as part of its consideration of Enbridge's DSM portfolio and programs. [Note: the recommended guiding principles can be found on page 30]

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#	Pg.	Non-Utility Member Consensus Recommendation
37	31	Non-utility members agreed that the OEB should apply updated NTG values on a prospective basis for all programs/offers. Non-utility members acknowledged that Enbridge has a greater level of influence and control over participants in its custom commercial and industrial offers, but that applying the updated NTG values prospectively strikes a reasonable balance of risk between ratepayers and the utility – as long as NTG assumptions are updated regularly (e.g., annually).
38	32	OEB staff noted that it was considering the merits of a standalone natural gas NEB study. Non-utility members agreed that the 15% value is likely understated, and although supported additional research to produce an updated figure, cautioned the value of a detailed study due to the imprecise nature of customer feedback, particularly considering the inability to discretely and accurately develop empirical data to quantify the benefits considered as part of the NEB adder.
39	34	Non-utility members agreed that at a minimum, the social cost of carbon be considered by the OEB as the baseline carbon value applied for DSM going forward.
40	34	Non-utility members agreed that the discount rate applied to cost-effectiveness screening be included as a policy item to be updated for use in the future.
41	34-35	Non-utility members indicated the importance of using as up-to-date electricity avoided costs as possible and agreed that Enbridge should use the best available information regarding electricity avoided costs as provided by the IESO.
42	35	Non-utility members agreed that ideally, a party other than Enbridge develop the natural gas avoided cost estimates due to Enbridge having particular viewpoint or vested interests. Non-utility members agreed that OEB staff should lead a collaborative study, similar to the approach used by the New England states, and hire an independent consultant team that develops avoided cost estimates through an engaged stakeholder process in a transparent manner.
43	36	<p>Non-utility members reached consensus that as part of Enbridge's next DSM plan, greater emphasis on research and development will be needed. Research and development should not be isolated to any specific customer group/sector but done in a more comprehensive manner which includes market research and market intelligence actions. Non-utility members also recommended that a material amount of budget should be directed to research and development efforts with priority placed on understanding new technologies that can lead to material natural gas savings and/or have broad applicability, responsive to the needs of customers and opportunities across each sector (e.g., customer-specific, segment applicability, large vs small, etc.) and consideration of developing an Ontario-specific building demographic database to better direct energy efficiency efforts.</p> <p>Additionally, non-utility members recommended that energy innovation should be considered more broadly, across all programs/sectors, in concert with any approved research and development budget/work. Non-utility members noted that it will be critical to have a material portion (e.g., approximately 5%) of its future DSM budget dedicated for the development and deployment of new ideas.</p>
44	37	Non-utility members also recommended that, in addition to the proposed level of natural gas savings and program budgets Enbridge includes in its application, Enbridge should also prepare information and analysis on isolated scenario(s) of program variability to be responsive to the OEB's direction for various levels of reductions in natural gas volumes throughout the 2026 to 2030 term, including a 1.0% reduction in annual gas sales by 2028. The group agreed that this should be done on a net natural gas savings basis and, at a minimum, be done at the sector level.

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#	Pg.	Non-Utility Member Consensus Recommendation
45	42-43	Please refer to the report for a complete list of non-utility member consensus recommendations related to Enbridge's Residential Program
46	48-50	Please refer to the report for a complete list of non-utility member consensus recommendations related to Enbridge's Income-Qualified Program
47	57-60	Please refer to the report for a complete list of non-utility member consensus recommendations related to Enbridge's Commercial Program
48	66-67	Please refer to the report for a complete list of non-utility member consensus recommendations related to Enbridge's Industrial Program
49	72	Non-utility members provided consensus support of Enbridge's proposed [Residential Home Energy Retrofit Net Zero] HER-O pilot adding that Enbridge should also develop a roadmap for a multi-year process where incremental improvements can be phased-in and enable contractors and energy advisors to work together to meet HER-O targets.

STAKEHOLDER ENGAGEMENT

1. This evidence is organized as follows:
 1. Overview
 2. Intervenor Engagement Sessions
 - 2.1 First Intervenor Engagement Session
 - 2.2 Second Intervenor Engagement Session (2026-2030 DSM Plan Pre-Application Meeting)
 - 2.3 Third Intervenor Engagement Session (Commercial and Industrial Program Overview)
 - 2.4 Fourth Intervenor Engagement Session (Residential and Income Qualified Program Overview)
 - 2.5 Fifth Intervenor Engagement Session (DSM Plan Portfolio Overview)
 3. Interested Stakeholder Engagement Activities
 - 3.1 Residential Stakeholder Engagement
 - 3.2 Income Qualified Stakeholder Engagement
 - 3.3 Commercial Stakeholder Engagement
 - 3.4 Industrial Stakeholder Engagement
 - 3.5 Large Volume Stakeholder Engagement
 - 3.6 Municipal Engagement

1. Overview

1. The 2026-2030 DSM Plan was developed through consultation with various intervenors and interested stakeholders, in addition to formal engagement with the DSM Stakeholder Advisory Group (“SAG”). Building on the 2023-2025 DSM Plan (EB-2021-0002), Enbridge Gas maintained active engagement with stakeholders to stay current on evolving customer needs and market dynamics. In preparation for the new DSM Plan and in line with OEB guidance, Enbridge Gas undertook

numerous engagements with interested stakeholders, including customers, customer organizations, trade allies, manufacturers, distributors, business partners, municipalities and intervenor representatives. Insights and input received from these efforts were reviewed and incorporated into the DSM program planning process, including suggestions for program design and to enhance program reach.

2. The stakeholder engagement activities undertaken to support Enbridge Gas's DSM efforts, and the 2026-2030 DSM Plan, are too numerous to comprehensively address in this Application; however, the valuable insights and input received have been considered in its development.
3. Enbridge Gas's stakeholder engagement activities can be broadly categorized into three categories:
 - a) Intervenor engagement sessions, which include consumer groups, industry associations, environmental organizations, and other stakeholders who represent public or private interests and have a formal interest in DSM proceedings. Details are provided in Section 2.
 - b) Interested stakeholder engagement activities, which include consultations with a diverse array of industry market actors, customers, and community organizations interested in Enbridge Gas's DSM initiatives. Details are provided in Section 3.
 - c) Engagement with the DSM SAG. Details are provided in Exhibit C, Tab 1, Schedule 4.

2 Intervenor Engagement Sessions

4. In anticipation of proposing the 2026-2030 DSM Plan and to support the planning and outreach efforts for this Application, Enbridge Gas engaged with intervenors – primarily those who participated in the last DSM Plan proceeding (EB-2021-0002) – in five separate sessions, with invitations to participate remotely or in-person at OEB offices in Toronto, Ontario.
5. Four of these sessions were arranged and hosted by Enbridge Gas and one was convened by OEB staff.¹ Invitations to participate in these sessions were also extended to members of the DSM SAG including observers. These sessions included:
 - a) First Intervenor Engagement Session – March 26, 2024
 - b) Second (OEB-Led) Intervenor Engagement Session: 2026-2030 DSM Plan Pre-Application Meeting – June 27, 2024
 - c) Third Intervenor Engagement Session: Commercial and Industrial Program Overview – August 15, 2024
 - d) Fourth Intervenor Engagement Session: Residential and Income Qualified Program Overview – August 22, 2024
 - e) Fifth Intervenor Engagement Session: DSM Plan Portfolio Overview – October 3, 2024
6. These sessions provided a platform for open dialogue, allowing intervenors to share their perspectives, ask questions, and offer feedback on Enbridge Gas's preliminary

¹ OEB Letter to Intervenors and stakeholders, Facilitating Enbridge Gas Inc.'s Forthcoming Demand-Side Management Application, EB-2024-0198, June 4, 2024.

proposals, ensuring that a diverse range of views was considered in the development of the 2026-2030 DSM Plan.

2.1 First Intervenor Engagement Session

8. Enbridge Gas held its initial intervenor engagement session on March 26, 2024. The objective of this initial meeting was to present an overview of the planning process for the next DSM Plan, provide a Home Efficiency Rebate Plus (“HER+”) Offering and IESO collaboration (one-window approach) update, and solicit feedback on specific DSM portfolio topics. The supporting materials provided to participants in advance of this meeting can be found at Exhibit C, Tab 1, Schedule 5, Attachment 1.
9. OEB staff was asked to provide an update on the SAG work to date and the status of the 2024 Achievable Potential Study (“2024 APS”) including the directional draft budgets identified in the 2024 APS that would be required to achieve the OEB’s expected natural gas reduction targets.² An update was provided regarding the HER+ Offering, including program wind-down and resulting 2024 forecast ratepayer impacts, IESO collaboration on residential programming and plans for the next iteration of the residential Whole Home Offering. Finally, Enbridge Gas sought feedback on several DSM portfolio topics that had been discussed previously with the SAG, including:
 - a) Methodology for DSM Plan Target(s)
 - b) DSM Budget Envelope – including jurisdictional comparisons
 - c) Distribution of DSM Plan Targets
 - d) Collaboration and Attribution of Results

² EB-2021-0001, OEB Decision and Order, November 15, 2022, p.4.

e) Consideration of Electrification efforts in DSM Plan Targets

f) Evolution of End-of-Term Natural Gas Reduction Incentive

10. Intervenors were invited to provide written feedback following the session and prompted to respond to the following key items:

a) Do intervenors concur with the methodology for determining 2026+ DSM Plan target(s) as outlined in slides 15 & 16 (i.e., the DSM Plan natural gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities; and, should Enbridge Gas utilize a multi-year forecast to determine the annual 0.6%/0.8%/1%/1%/1% targets for each year of the DSM Plan term?)

b) Do intervenors support the significant increases in DSM budgets required to deliver on the 0.6%/0.8%/1%/1%/1% targets expected for 2026-2030?

c) Do intervenors support an even distribution of targets across scorecards (sectors) or should other considerations such as cost effectiveness, equity, etc., be taken into account. If so, how should such considerations be prioritized/weighted?

11. Some, not all, intervenors elected to provide written feedback, and responses were mixed. Notably, regarding the budget question (whether intervenors supported the significant increases in DSM budgets required to deliver on the targets expected for 2026-2030) the verbal and written feedback showed a mix of opinions. Some intervenors expressed support for the significant budget increases required, while others expressed concerns about the rate impacts associated with such large budget increases. A copy of the written feedback received from intervenors can be found at Exhibit C, Tab 1, Schedule 5, Attachment 2.

2.2 Second Intervenor Engagement Session (2026-2030 DSM Plan Pre-Application Meeting)

12. Enbridge Gas participated in OEB staff's "2026-2030 DSM Plan Pre-Application Meeting" on June 27, 2024. The objective of this meeting, as outlined by OEB staff, was two-fold:³

- a) Provide an update on the current outcomes of the relevant OEB staff-led DSM activities; and,
- b) Provide an opportunity for Enbridge Gas to receive feedback from intervenors on their DSM Plan prior to finalization.

13. OEB staff provided an update on the OEB-led 2024 APS indicating that the work completed to date suggested an estimated DSM budget of well over \$1 billion annually for the scenario that was presented. Specifically, OEB staff noted:

Materially higher DSM investment needed to achieve the natural gas savings expectations included in the DSM Decision. Recognizing the limitations above, achieving the savings from the 1.0% YoY reduction APS target scenario results in: Total average annual costs estimated to average ~\$1.3B for Years 1-6.⁴

14. OEB staff also provided a brief overview of the OEB-led SAG discussions that had taken place up to that point in time.

15. Enbridge Gas shared the results of a residential customer survey regarding DSM budget levels where customers provided mixed feedback.

16. Enbridge Gas's goal for the session was to solicit feedback on:

³ OEB Staff Slide Deck: 2026-2030 DSM Pre-Application Meeting, June 27, 2024.

⁴ OEB Staff Slide Deck: 2026-2030 DSM Pre-Application Meeting, June 27, 2024, p.6.

- a) DSM Plan budget proposal;
- b) Funding for innovation initiatives;
- c) Objectives of IESO/Enbridge Gas collaboration;
- d) Attribution of natural gas reductions; and,
- e) DSM Plan priorities.

17. Enbridge Gas's supporting materials shared at this meeting can be found in Exhibit C, Tab 1, Schedule 5, Attachment 3.

18. A significant part of the day was focused on discussing Enbridge Gas's proposed approach to the overall budget for the 2026-2030 DSM Plan. Specifically, Enbridge Gas noted that the draft budget levels in the 2024 APS were significant and budgets of this magnitude would result in large customer bill impacts. Enbridge Gas, therefore, sought feedback on an alternative approach which proposed a ramp up of the DSM Plan budget to 2 to 2.5 times the 2025 approved budget in real terms (i.e., adjusted for inflation) by the end of the 2026-2030 DSM Plan term, but that did not result in meeting the 2026-2030 targets outlined in the OEB's Decision and Order for Enbridge Gas's 2022-2027 DSM Plan Application (EB-2021-0002) ("Decision"). Enbridge Gas presented this as, what the Company felt, was a prudent alternative.

19. Similar to the first intervenor meeting in March 2024, a number of intervenors maintained concerns about the rate impacts that would result from the level of budget identified as being required in the 2024 APS. A number of intervenors verbally acknowledged that Enbridge Gas was proposing a 2026-2030 DSM Plan budget that is lower than what would be required to meet the OEB's expected natural gas savings reductions for the term. Some intervenors suggested that it

would be useful to understand what budgets Enbridge Gas estimated would be required to reach the OEB's expected targets. Specifically, it was requested that Enbridge Gas provide in its 2026-2030 DSM Plan Application, a budget estimate, rate impacts, and the net benefits the Company believes would be associated with the OEB's target expectations.

20. Enbridge Gas explained that time and resources would not permit the development of an entirely distinct DSM plan including an estimate of the budget and the specifics of a program plan that would be required to meet the OEB's 0.6%/0.8%/1%/1%/1% target expectation. Instead, Enbridge Gas pointed out that the objective of the 2024 APS was to provide a view to these target levels and the estimated associated budgets to achieve these reductions. Enbridge Gas committed to providing an illustration of the rate impacts associated with meeting the OEB's expected targets based on the output of the 2024 APS. This information can be found at Exhibit F, Tab 1, Schedule 5.
21. On the topic of innovation funding, some intervenors requested more clarity regarding what type of projects would be funded and suggested that there should be clear criteria with specific project details.
22. Intervenors highlighted multiple benefits of collaborating with the IESO, including reducing customer confusion, minimizing paperwork, and achieving marketing efficiencies.
23. On the topic of attribution of natural gas reductions, some intervenors agreed that Enbridge Gas should not face disincentives for pursuing collaborative efforts, and that a proposed solution regarding attribution should be put forward as part of this Application.

24. In addition, some intervenors acknowledge the challenge in addressing multiple priorities in the OEB's DSM Framework as well as responding to the OEB's expected targets that did not consider associated budget levels.

2.3 Third Intervenor Engagement Session (Commercial and Industrial Program Overview)

25. The third intervenor engagement session, held on August 15, 2024, followed considerable consultation in the preceding months with the SAG regarding the design of DSM programming intended for commercial and industrial customers. The objective of the session was two-fold:

- a) To provide an overview to interested parties of Enbridge Gas's current Commercial and Industrial Program proposals following engagement with the SAG.
- b) To seek relevant feedback to supplement input from the SAG.

26. In addition to the DSM program overviews provided by Enbridge Gas, OEB staff provided a summary of feedback given to the Company regarding these programs by the SAG. The supporting materials provided to participants can be found at Exhibit C, Tab 1, Schedule 5, Attachments 4 to 6.

27. Intervenors reiterated their ask that Enbridge Gas provide the rate impacts and Total Resource Cost Plus ("TRC-Plus") benefits of reaching the OEB's expected target levels as part of this Application. There was discussion about what net-to-gross ("NTG") values should be used in the Application, which originated from a discussion at the SAG. It was asked that Enbridge Gas consider an approach that focuses on fairness between Enbridge Gas and ratepayers and considers premiums for partnerships and collaboration.

2.4 Fourth Intervenor Engagement Session (Residential and Income Qualified Program Overview)

28. The fourth intervenor engagement session was held on August 22, 2024. Similar to the previous session, it followed considerable consultation with the SAG regarding the design of DSM programming intended for the residential, income qualified, and new construction sectors. The objectives of the session were as follows:
- a) To provide an overview to interested parties of Enbridge Gas's current Residential and Income Qualified Program proposals, including new construction components, following engagement with the SAG.
 - b) To seek relevant feedback to supplement input from the SAG.
29. In addition to the DSM program overviews provided by Enbridge Gas, OEB staff provided a summary of feedback given to the Company regarding these programs by the SAG. The supporting materials provided to participants in advance of this meeting can be found in Exhibit C, Tab 1, Schedule 6, Attachment 7.
30. Some intervenors again expressed concerns regarding the proposed budget overall, particularly regarding the magnitude of the increase contemplated, while others indicated that Enbridge Gas should put forward a 2026-2030 DSM Plan that meets the OEB's expected targets, focusing on net benefits.
31. Intervenors objected to a proposed education and outreach offering for grade 5 students in Ontario schools. This offering has not been proposed in this Application in response to the feedback received in this session.
32. For the Income Qualified Program, intervenors acknowledged the challenges of engaging income qualified customers and the importance of financial support to

make homes project-ready. There was a discussion about the equity challenges associated with electric heat pumps, where it was mentioned that consideration should be given to minimize the potential increase in electricity bills for income qualified customers, particularly in a scenario where there is no Federal Carbon Charge.

33. For new construction offers, intervenors discussed the importance of better building codes and what role Enbridge Gas should play in promoting above-code practices.

2.5 Fifth Intervenor Engagement Session (DSM Plan Portfolio Overview)

34. The final intervenor engagement session was held on October 3, 2024. In response to intervenor requests and feedback from prior sessions, Enbridge Gas presented a portfolio-level view of proposed budgets and targets. Some intervenors expressed concerns regarding the overall budget levels while others emphasized the importance of focusing on net benefits rather than just the budget. The supporting materials provided to participants in advance of this meeting can be found in Exhibit C, Tab 1, Schedule 5, Attachment 8.

3. Interested Stakeholder Engagement Activities

35. Enbridge Gas held consultations with a diverse group of industry stakeholders, including market actors, customers, and community organizations to gather feedback for the development of a balanced portfolio of DSM programs. Key engagements were conducted across the following stakeholders:

- a) Residential
- b) Income Qualified
- c) Commercial
- d) Industrial

- e) Large Volume
- f) Municipal

36. This engagement ensured that stakeholder perspectives were incorporated into the planning process, supporting the creation of programs that address the needs and priorities of each sector. Details of these engagements are outlined below.

3.1 Residential Stakeholder Engagement

37. Enbridge Gas engaged stakeholders for the proposed Residential Program mainly through direct outreach and surveys. The Whole Home Offering carries out routine surveys with its participants once they complete the offering. Notable findings from the survey indicate extended wait times for rebates, the necessity for clearer communication regarding rebate amounts, prolonged waits for scheduling energy audits, and insufficient information about the program.

38. Another survey targeting residential customers revealed that most customers are willing to invest in DSM, however results were inconclusive in terms of providing clear direction in support of determining a specific program budget.⁵

Single Measure Electric Heat Pumps

39. Stakeholder engagement regarding electric heat pumps for the Single Measure Offering involved extensive outreach to a variety of industry participants including manufacturers, contractors, suppliers, and program administrators. These activities highlighted the need for enhanced communication and education for both customers and contractors regarding electric heat pump technology and its energy use.

⁵ Enbridge Gas 2024 DSM Budget Customer Engagement Final Report, Innovative Research Group, July 29, 2024.

40. Key takeaways from the engagement emphasized the importance of clear and consistent communication between utilities and contractors, a streamlined process for installing electric heat pumps, and the development of more robust training programs.⁶ Additionally, stakeholders emphasized the necessity for better contractor training covering topics like proper electric heat pump sizing, retrofit considerations, and controls.⁷

Single Measure Insulation

41. The engagement process regarding insulation for the Single Measure Offering involved direct outreach, including interviews with insulation contractors and consultations with program designers from other utilities.
42. The key takeaways included the need for a quasi-prescriptive savings approach for attic insulation based on square footage. Additionally, basement insulation should be quantified by the specific sections insulated rather than the entire area, unlike attic insulation. The insights also pointed out the insufficient industry capacity in Ontario for professional air sealing.

3.2 Income Qualified Stakeholder Engagement

43. Stakeholder engagement activities for the Income Qualified Program included a combination of direct outreach, surveys, and workshops/focus groups. In addition to conducting regular surveys for general feedback on program offerings, direct outreach and workshops was employed to understand specific issues. Outreach activities were also conducted for select stakeholder groups such as housing providers.

⁶ Enbridge Gas Advancing Energy Efficiency: Insights from Manufacturer and Contractor Interviews, Brickworks Communications, May 2024.

⁷ Enbridge Gas Advancing Energy Efficiency: Insights from Manufacturer and Contractor Interviews, Brickworks Communications, May 2024, p.3.

44. A focus group workshop with housing providers highlighted several key areas for improvement: providing dedicated energy manager services, developing funding models for electric heat pump installation, designing bundled retrofit programs, aligning incentives with renewable energy goals, and creating a streamlined application process for emergency repairs.⁸

Home Winterproofing

45. Stakeholder engagement for the Home Winterproofing (“HWP”) Offering included on-going monthly surveys with past program participants, direct outreach with housing providers and stakeholders, and a co-hosted workshop with the IESO. In one-on-one interviews with the Low-income Energy Network (“LIEN”) and Ontario Native Welfare Administrators Association (“ONWAA”), parties were supportive of including electric heat pumps in the program but noted concerns about potential bill impacts. ONWAA also expressed interest in piloting electric heat pumps within an Indigenous community, emphasizing the need for tailored support and collaboration.

46. Feedback heard from workshops and focus groups with stakeholders, including various housing organizations, highlighted the program's success and the importance of collaboration between IESO and Enbridge Gas. Monthly surveys aimed to understand customer motivations and satisfaction, revealed that most respondents participated for reasons of home comfort, energy efficiency, and cost savings. Key takeaways confirmed consistent satisfaction levels, and participant endorsement of the program to others. In addition, feedback confirmed the effectiveness of bill inserts.

⁸ Enbridge Gas Stakeholder Engagement: Advancing Energy Efficiency in Canadian Housing Sectors, Brickworks Communications, June 2024.

Affordable Housing Multi-Residential

47. Regarding the Affordable Housing Multi-Residential Offering, individual interviews and discussions were carried out with the Cooperative Housing Federation (“CHF”) to obtain feedback on proposed new services like energy manager funding for eligible clients. The feedback indicated strong support for Enbridge Gas providing energy managers as many CHF members are unsure of how to begin a project and co-operatives lack internal resources.

Stakeholder Engagement with Indigenous Communities

48. An area of focus during the development of the 2026-2030 DSM Plan was stakeholder engagement with Indigenous communities. The OEB Decision states:

... the OEB expects that Enbridge Gas will undertake greater stakeholder engagement with Indigenous representatives and document these interactions and the outcomes of the engagement sessions, to help inform its next DSM plan application.⁹

49. In response to the OEB's guidance, Enbridge Gas engaged in further consultations with Indigenous stakeholders through the Indigenous Working Group (“IWG”) and a dedicated Enbridge Gas staff member. During IWG meetings, the Enbridge Gas staff member presented information regarding the various DSM offerings available for Indigenous communities and the qualifications for those offerings. Additionally, there have been direct outreach efforts to these community members, in addition to the general outreach conducted for income qualified offers described above.

50. Since 2022, Enbridge Gas has engaged with twelve Indigenous communities through the HWP Offering. Ongoing community expansion projects have resulted in

⁹ EB-2021-0002, OEB Decision and Order, November 15th, 2022, Section 4.1.7, p.51.

seven additional Indigenous communities Enbridge Gas can engage with through the HWP Offering.¹⁰

51. Enbridge Gas is also collaborating with organizations that assist Indigenous communities to develop outreach that is tailored to support income-eligible Indigenous customers in these areas. Indigenous organizations that the Enbridge Gas team will continue to work with in 2025 to help further develop outreach and marketing approach for off-reserve Indigenous housing providers include:

- a) ONWAA, a First Nation membership owned non-profit organization in Ontario
 - ONWAA will host a First Nations' Energy Forum, which Enbridge Gas will attend. Enbridge Gas is currently working with ONWAA on solutions to assist Indigenous people in Ontario to identify programs that assist with energy poverty issues.
- b) The Ontario First Nations Technical Services Corporation ("OFNTSC") – Provides technical advisory services to Indigenous communities in Ontario in the areas of Environment, Engineering, Fuel Systems Management, Fire and Safety, Housing, Infrastructure, Operations & Maintenance, and Water & Wastewater. In 2024 Enbridge Gas attended the TechNations conference with a view to developing networks with Indigenous companies as potential business partners. This organization will be approached in 2025 to identify opportunities beyond conferences.

52. Further, Enbridge Gas has been working closely with the IESO through monthly meetings to develop outreach plans for Indigenous communities so that both natural

¹⁰ They are Walpole Island First Nation, Chippewas of Kettle and Stoney Point First Nation, Chippewas of the Thames, Delaware Nation at Moraviantown, Saugeen First Nation, Scugog Island First Nation, Phase 2 for Mohawks of the Bay of Quinte and Red Rock Indian Band.

gas and electricity conservation program opportunities are jointly communicated where there are common Indigenous communities being supported by Enbridge Gas and the IESO.

3.3 Commercial Stakeholder Engagement

53. Stakeholder engagement activities were conducted for the commercial sector regarding various offers including prescriptive, midstream, microbusiness, direct install offers, and regarding expanded delivery with trade allies and service providers.
54. Key insights revealed that capital constraints remain a significant barrier for businesses of all sizes, with many lacking actionable conservation or sustainability plans. Higher incentives, clear business case support, and educational resources were identified as necessary to overcome these barriers.

Hybrid Heat Pump Rooftop Units

55. Stakeholders were engaged through interviews to discuss hybrid heat pump rooftop units (“RTU”). Three local distributors representing three of the five currently available commercial hybrid heat pump RTU products were interviewed to understand Ontario’s RTU market, develop energy savings estimates, and collect RTU cost information to fill research gaps. Key findings reveal that equipment costs vary with unit capacity, and distributors have different pathways and practices. Hybrid units generally are planned replacements, as opposed to replace-on-burnout upgrades, due to the significant lead time required to acquire equipment. The importance of training, strong communication with sales teams and installers, and establishing relationships with distributors were emphasized for effective program rollout.

Small Commercial Surveys

56. Small commercial customers and market actors were engaged through an online survey and in-depth interviews.¹¹ The goal was to understand their natural gas usage, equipment, decision-making processes, and views on electrification. The survey also aimed to identify different ownership types, assess information gaps, and gather recommendations to enhance engagement.
57. Key findings revealed that most small commercial customers do not prioritize energy efficiency due to financial constraints, lack of time or resources, and limited knowledge or awareness of available offers. Additionally, 80% of participants would not consider switching from natural gas heating to electricity predominantly due to cost concerns.¹²

Commercial Prescriptive and Direct Install In-Depth Interviews

58. Stakeholder engagement for Commercial / Industrial Prescriptive Offerings (including the Direct Install Offering) were conducted through twenty-three comprehensive interviews with market actors including contractors, installers, manufacturers and engineers involved in high-efficiency equipment.¹³ The interviews were conducted to gain insights into the market and supply chain of energy-efficient equipment, focusing on small and mid-sized businesses.
59. It was found that most high-efficiency equipment is sourced outside of Ontario and Canada, and that contractors and installers typically do not actively promote high-efficiency equipment, relying on word-of-mouth and existing relationships.

¹¹ Customers engaged were small commercial customers with consumption under 100,000 m³/year in various market segments, including accommodation, food services, office, non-profit, retail, and warehousing. The market actors interviewed were mostly contractors and installers.

¹² Enbridge Gas Small Commercial Market Research Results, Resource Innovations, June 5, 2024.

¹³ Equipment includes Air Curtains, Dock Door Seals, Destratification Fans, Ozone Laundry, Demand Control Ventilation, and Demand Control Kitchen Ventilation.

60. The COVID-19 pandemic continues to impact the supply chain for energy-efficient equipment due to global production and shipping challenges. Labour shortages and extended lead times are prevalent issues. Contractors and installers typically have preferred manufacturers but are open to alternatives that provide competitive pricing and efficiency.¹⁴

Upstream HVAC Business Partner Interviews

61. Interviews were conducted with a diverse range of business partners, including equipment retailers and distributors participating in the Commercial / Industrial Prescriptive Upstream Offering, equipment manufacturers affiliated with the offering, and contractors engaged in boiler projects. The objective of these interviews was to gather insights on market trends, assess experiences with Enbridge Gas's Commercial Program, and solicit feedback and suggestions on how Enbridge Gas can enhance its programs and offerings. This included evaluating aspects related to equipment and products, program processes, customer preferences, and market trends. A particular focus was placed on understanding trends in electrification and high-efficiency equipment, identifying barriers to adoption, and exploring opportunities within these areas.

Upstream Commercial Kitchen Supply Chain Interviews

62. Detailed interviews were conducted with four stakeholder groups in the commercial kitchen supply chain: manufacturers, equipment dealers enrolled in the current Commercial / Industrial Prescriptive Upstream Offering, equipment dealers not enrolled in the offering, and end-use customers. Stakeholder feedback provided insights into the offering supply chain, identified influence pathways and barriers to the purchase and sale of commercial kitchen energy-efficient equipment, and

¹⁴ Enbridge Gas Insights Into Market Actors Qualitative Report, Ipsos, November 2023.

clarified the role of various market actors in the offering. This feedback was instrumental to enhancing future programming and driving incremental program participation and results.

School Board Surveys

63. An online survey was administered with contacts representing school boards, including members of the Operations, Maintenance & Construction Committee (“OMC”) of the Ontario Association of School Business Officials. The survey sought to understand sustainability goals, current and future natural gas usage, energy monitoring and conservation behaviours, planned energy retrofits, perceptions of Enbridge Gas’s DSM programs, and feedback for ways these programs can support school boards in the future. The survey found that aging and inefficient natural gas equipment represent opportunities for energy efficiency gains, and while many school boards are pursuing sustainability goals, only half of those who responded have formal plans to achieve them.

3.4 Industrial Stakeholder Engagement

64. Stakeholder engagement for the industrial sector were conducted through online surveys and one-on-one interviews with select customers. Small industrial customers provided insights regarding their natural gas consumption, energy management practices, and familiarity with Enbridge Gas's DSM programs and offerings. Key takeaways included positive feedback about Energy Solutions Advisors, and suggested improvements such as predictions on pricing and regulations, project management support, additional funding for projects and studies, and more training opportunities.

65. One-on-one interviews with select industrial greenhouse customers were conducted to gain first-hand perspectives on various topics such as barriers and motivations for

energy efficiency projects, decision-making processes, business drivers for operational optimization and capital projects, and awareness and sentiment about DSM offers. Stakeholders emphasized the importance of managing natural gas efficiently and sharing best practices. It was noted that programs should provide higher incentives and consider incentives for dehumidification. Additionally, the timing of limited time offers does not always align with growing cycles, and current offerings tend to favour larger farms. Leveraging relationships with Ontario Greenhouse Vegetable Growers was also recommended.

3.5 Large Volume Stakeholder Engagement

66. The OEB's Decision included direction for Enbridge Gas to work with stakeholders to develop protocols for a large volume opt-out program:

...Enbridge Gas is expected to work with relevant stakeholders, such as IGUA, to develop opt-out protocols and share with the SAG for input. The resulting opt-out framework, if supported by large volume customers, should be included as part of Enbridge Gas's next DSM plan application.¹⁵

67. Stakeholder engagement with large volume customers consisted of workshops with customers as well as direct engagement with the Industrial Gas Users Association ("IGUA"). Enbridge Gas solicited feedback on program design as well as for protocols for an opt-out framework.

68. Feedback on the program design included a desire for increased flexibility on the timing for direct access funds.

69. Outcomes from stakeholders regarding the opt-out framework are provided in Exhibit E, Tab 6, Schedule 1.

¹⁵ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.44.

3.6 Municipal Engagement

70. Stakeholder engagement with municipalities was conducted primarily through a survey with Ontario municipalities to better understand municipal priorities associated with conservation programs.
71. The survey found that a significant number of municipalities have declared a climate emergency and have developed action plans. Municipalities lack sustained funding, have limited staff capacity, and lack control over community emissions. There is a strong interest in collaborating with Enbridge Gas on retrofit incentives, green building standards, and non-financial retrofit support. Familiarity with Enbridge Gas's DSM programs is mixed, with a high level of familiarity for residential offers, and some commercial and institutional offers, but lower familiarity for new construction and industrial/agricultural offers, indicating an opportunity to increase awareness of the full portfolio of programs.

2026-2030 DSM Plan Development Intervenor Engagement

**The following slides are provided to facilitate engagement with DSM Intervenors.
They contain illustrative forecasts, estimates and draft representations at the current point in time
and should not be interpreted or referenced in any other way.**



Agenda

• Introductions		5 mins
• Engagement Overview • SAG/OEB Staff Update	– SAG Work to date – Achievable Potential Study status/draft results	30 mins
• Engagement Expectations • 2023 DSM Results		
• Home Efficiency Rebate Plus	– Program Wind-Down – 2024 Rate Impacts – IESO Collaboration (one-window approach) – Next Iteration of Whole Home Program Offering	50 mins
BREAK	(approx 10:25 am)	10 mins
• DSM Portfolio Topics	– Methodology for DSM Plan Target(s) – DSM Budget Envelope – Replacement Program – Distribution of DSM Plan Targets – Collaboration and Attribution of Results – Evolution of End-of-Term NG Reduction Incentive	70 mins
• Wrap-Up/Takeaways		5 mins

Engagement Overview/ SAG Update

Intervenor DSM Engagement Overview



Purpose:

- To provide insight to interested parties into Enbridge Gas's planning, with reference to discussions with the DSM Stakeholder Advisory Group (SAG) as the Company develops its next DSM Plan
- To seek feedback on specific topics/questions as appropriate to supplement input from the SAG

Context:

- The OEB directed the establishment of the SAG to help guide and inform the development of Enbridge Gas's next multi-year DSM Plan

“The DSM SAG should meet...with the objective of providing input on the makeup of Enbridge Gas’s next DSM plan to ensure it will align with the OEB’s direction to achieve increasing levels of natural gas savings”
(OEB Decision, p. 91)

- Enbridge Gas is supplementing the OEB-Staff led SAG with additional broader engagement with traditional DSM intervenor participants
- SAG committee members (including observers and OEB Staff), have been invited here today to listen

Stakeholder Advisory Group/APS



• Stakeholder Advisory Group

- “*The primary work items that the DSM SAG should undertake include: input on an updated natural gas achievable potential study to inform Enbridge Gas’s next DSM Plan, provide input to Enbridge Gas on its draft 2026- 2030 DSM Plan before it is filed with the OEB, including recommendations on how to prioritize what programs should be expanded and how to generate the greatest level of cost-effective natural gas savings.*” (OEB Decision, p. 90)
- “*The objective would be that consensus is reached on most, if not all, issues within the SAG before an application is filed with the OEB, thereby improving regulatory efficiency.*” (OEB Decision, p.90)
- SAG work activities were outlined in Schedule D in the last OEB Decision

• Achievable Potential Study (APS)

- “*The OEB expects that the results of an updated natural gas conservation potential study will be the primary input into future natural gas savings targets.*” (OEB Decision, p. 91)

• Update from OEB Staff

- SAG work to date
- Draft outputs from Guidehouse of Achievable Potential
- Timing for final APS results

Intervenor Engagement Overview



Expectations:

- This is not a regulatory proceeding ... it is informal consultation intended to facilitate communication and foster understanding as Enbridge Gas progresses with planning
- Parties are expected to engage respectfully, allowing fairness in participation; acknowledging the large number of participants with potentially diverse views.
- Today Enbridge Gas will identify some specific defined topics it is seeking input on which will we highlight during the presentation
- Four Intervenor engagement meetings likely over the coming months
 - 1) DSM Overview/Portfolio – March 26th
 - 2) Commercial/Industrial programming – June 13th
 - 3) Residential/Income Qualified programming – Date: TBD
 - 4) Plan design/portfolio amalgamation – Date: TBD
- At this point in time, we are targeting the end of Q3 to file our next multi-year plan

2023 DSM Results

2023 DSM Scorecard Results



Scorecard		Target (millions m3/ participants/ homes)	Achievement (millions m3/ participants/ homes)	% of Metric Achieved	Total	Total DSM Incentive (millions \$)
Residential Program		22.1	26.2	118%	118%	\$3.9
Low Income Program	Single Family	2.9	3.3	113%	90%	\$1.1
	Multi-Residential	5.0	3.3	67%		
Commercial Program	Large Commercial	15.4	13.3	86%	82%	\$0.5
	Small Commercial	8.7	6.8	78%		
Industrial Program		50.4	28.1	56%	56%	\$0.0
Large Volume Program		9.3	12.3	133%	133%	\$0.6
Energy Perf. Program		25	30	121%	121%	\$0.2
		0.0	0	0%		
Building Beyond Code Program	Residential SBD	1,450	698	48%	95%	\$0.5
		0	0	0%		
	Commercial SBD	28	26	93%		
	Affordable Housing SBD	18	23	125%		
	Comm. Air Tightness Testing	5	5	100%		
		10	31	200%		

*Note these numbers are not final and subject to finalization before the Draft Annual Report is submitted to the OEB

Home Efficiency Rebate Plus

Home Efficiency Rebate + (“HER+”) Wind-down



- Enbridge delivering the jointly funded (Canadian Greener Homes Grant/Enbridge Home Energy Rebate) program
- Combined NRCan & DSM funding to stack consumer rebates per OEB direction
- Launched in January 2023, with forecast to run through fiscal 2026/27
 - Reference EB-2021-0002 OEB decision, Schedule B for measure level rebates
- Due to overwhelming consumer demand, entry closed February 5, 2024
- NRCan funding available for Ontario is forecast to be exhausted
- Amendment to Enbridge/NRCan contribution agreement to increase federal funding by \$54M
 - To be filed with OEB similar to original contract (i.e. some minimal redactions)
 - Primarily increases funding, with minor administrative changes – allow increased participation

HER+ Wind-down – ‘24 Forecast Ratepayer Impacts

- OEB directed allowance to exceed the 15% overspend provision specifically for incentives tied to the HER+ program offering
 - *“should participation be greater than anticipated, either due to more overall participants or average participant incentives being greater than forecast, Enbridge Gas is approved to access funding in excess of the DSM variance account overspend provision that allows for an incremental 15% of a program budget to be spent during the year should Enbridge Gas have met 100% of its performance scorecard metric on an unverified basis.”* (OEB Decision, p. 31)
- Forecast for 2024 will materially exceed budgeted amounts in rates
 - Average participant incentives are higher than originally forecast
 - Rate/number of participants in program vastly exceeds original forecast
- Current 2024 HER+ DSM forecast spend \$160 - \$200 million (budget ~\$80 million)
 - Dependency: # consumers who complete program requirements in 2024 + the combination of measures completed/associated rebates
 - Note: Participants who've completed pre-audit have until Q1 2027 to complete post-audit/submit for rebates, i.e., completion timelines currently unchanged
- Expect variance to be cleared to rates as part of annual DSM clearance in 2026

Enbridge/IESO Collaboration



- MoE letter of direction to OEB:
"I ask that the OEB consult with the IESO and Enbridge and report back in April 2024 on how electricity and natural gas low-income and residential programs could be delivered through a single window."
- Enbridge Gas and IESO have commenced discussions on “one-window” approach
- Currently expect “one-window” approach may be staged due to timing of IESO/Enbridge Gas approvals/DSM terms (Step 1: 2025 and Steps 2+: 2026-2030)
- Current Guiding Principles (in order of priority):
 1. Consumer first approach – ensure easy consumer journey for energy conservation choices regardless of; fuel, funding source or policy framework
 2. Minimize market confusion through consistent consumer information and messaging
 3. Focus on measures that contribute to greatest savings while providing consumers choice
 4. Equitable contribution towards shared costs
 5. Retention of a skilled workforce/market capacity within Ontario for the Energy Transition
 6. Where possible, have common delivery channels, market actors and infrastructure
 7. Where possible, streamline program administration
- Progress/Timeline: dependent on IESO approval process

Next Iteration of Whole Home Program Offering



- Enbridge Gas to launch a whole home program offering in 2024 to:
 - Ensure residential consumers/ratepayers have access to conservation programming that supports their choices in upgrading their home to conserve energy and save on bills
 - Preserve Energy Auditor/Service Organization capacity in Ontario for continuation of whole home type conservation programming – needed for future DSM terms
- Enbridge Gas to utilize the OEB approved parameters for Residential program
 - Deliver within the 2025 budget approval, with 15% overspend provision
 - Communication to consumers that incentives to be paid in 2025 from 2025 budget
- Initial focus on building envelope measures:
 - No changes contemplated for incenting gas appliances, will not be included for 2024/25
 - Alignment of approach on heat pumps with IESO in process, currently expect heat pumps to be staged in with dependency on Enbridge/IESO budgets and timing of approvals
- Next steps: Enbridge Gas to file letter with OEB communicating details

DSM Portfolio Topics

Methodology for DSM Plan Target(s)



The OEB expects that, at a minimum, the level of natural gas savings from DSM programs during the next multi-year term will be the equivalent of at least 0.6% of sales in 2026, 0.8% of sales in 2027 and 1.0% of sales in each year from 2028 through to the end of 2030, relative to the prior year on a weather normalized basis. (OEB Decision, p.4)

Enbridge Gas Proposal: The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities.

i.e., the following volumes would be excluded from consumption basis:

- Volumes for customers categorized as gas fired generators (excluded from DSM)
- Volumes attributed to Large Volume customers who elect to opt-out (TBD)
- Volumes delivered to other Ontario utilities
- Estimated industrial feedstock volumes
- Enbridge's own use fuel

Example calculation of 1% target*:

	million m ³
Total Consumption	27,545
Power/Wholesale/Feedstock	4,020
DSM Applicable Volumes	23,525
1% of Consumption	235
2023 Results	93

*Illustration based on 2022 volumes.

SAG Feedback

Most SAG members supported Enbridge Gas's interpretation for determining targets

Question for Intervenors

Do parties concur with Enbridge Gas proposal and SAG feedback?

Methodology for DSM Plan Target(s)



The OEB expects that, at a minimum, the level of natural gas savings from DSM programs during the next multi-year term will be the equivalent of at least 0.6% of sales in 2026, 0.8% of sales in 2027 and 1.0% of sales in each year from 2028 through to the end of 2030, relative to the prior year on a weather normalized basis. (OEB Decision, p.4)

- OEB decision states “prior year on a weather normalized basis”, but these volumes are not known until well into the calendar year – is this most practical approach?
- Leveraging a forecast to establish targets for the term of the DSM Plan will provide certainty on the target in advance, allowing the budget to be set for the term during the Regulatory application.

Enbridge Gas Proposal:

More practical than a base year be used to determine 0.6% to 1.0% for each year of the term.

SAG Feedback

Most SAG members appreciated the practicality of Enbridge Gas's original proposal however suggested utilizing a multi-year forecast to determine targets for the plan term

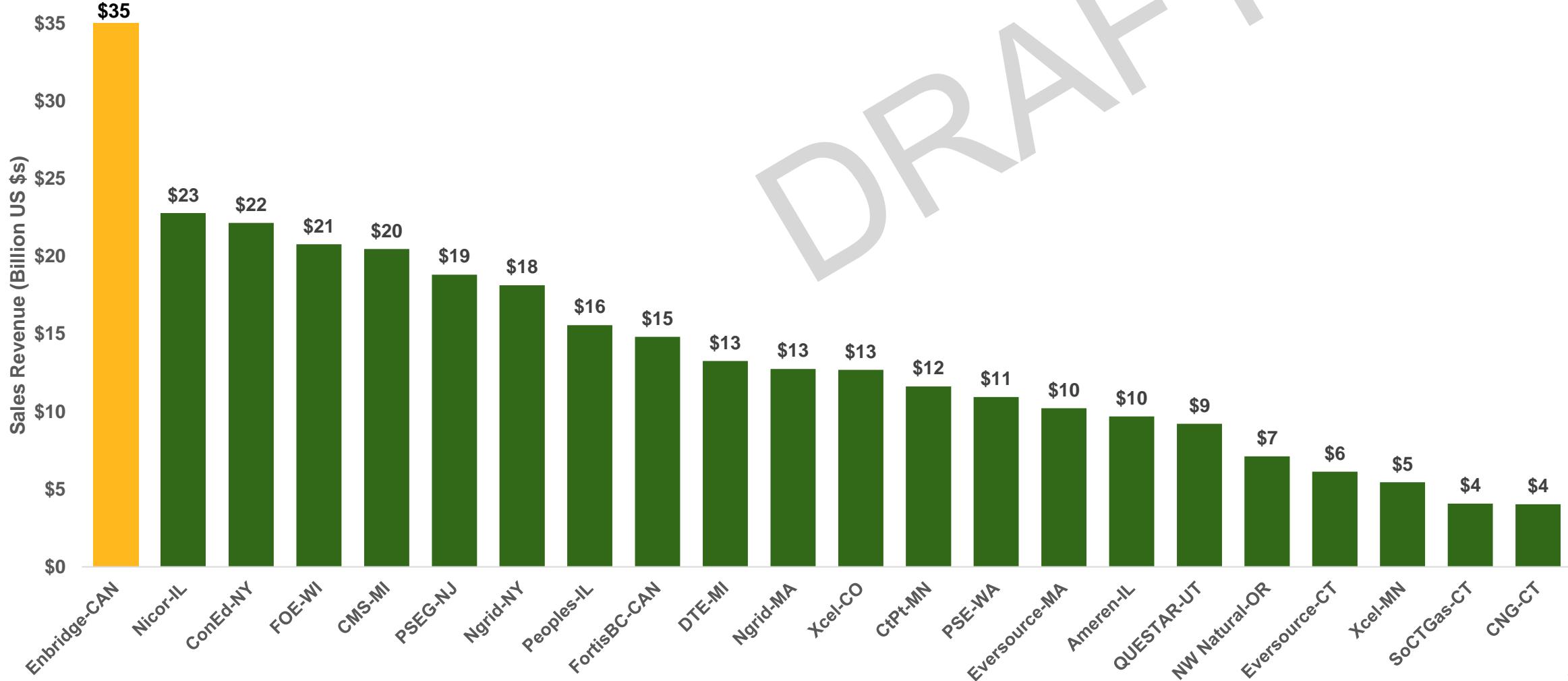
Question for Intervenors

Do parties concur with Enbridge Gas proposal adjusted for SAG feedback?

DSM Budget Envelope

Jurisdictional Comparison

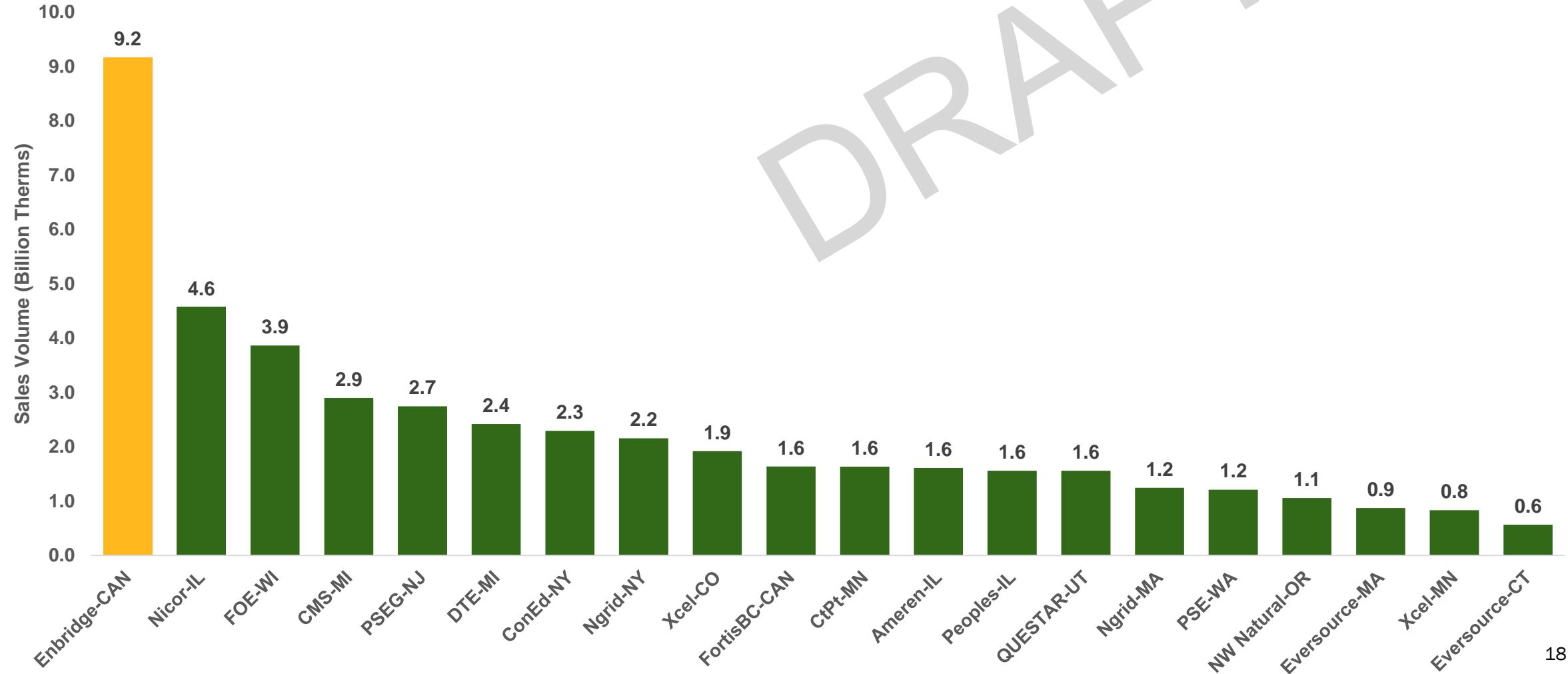
Annual Sales Revenues (2022) (Billion US \$)



DSM Budget Envelope

Jurisdictional Comparison

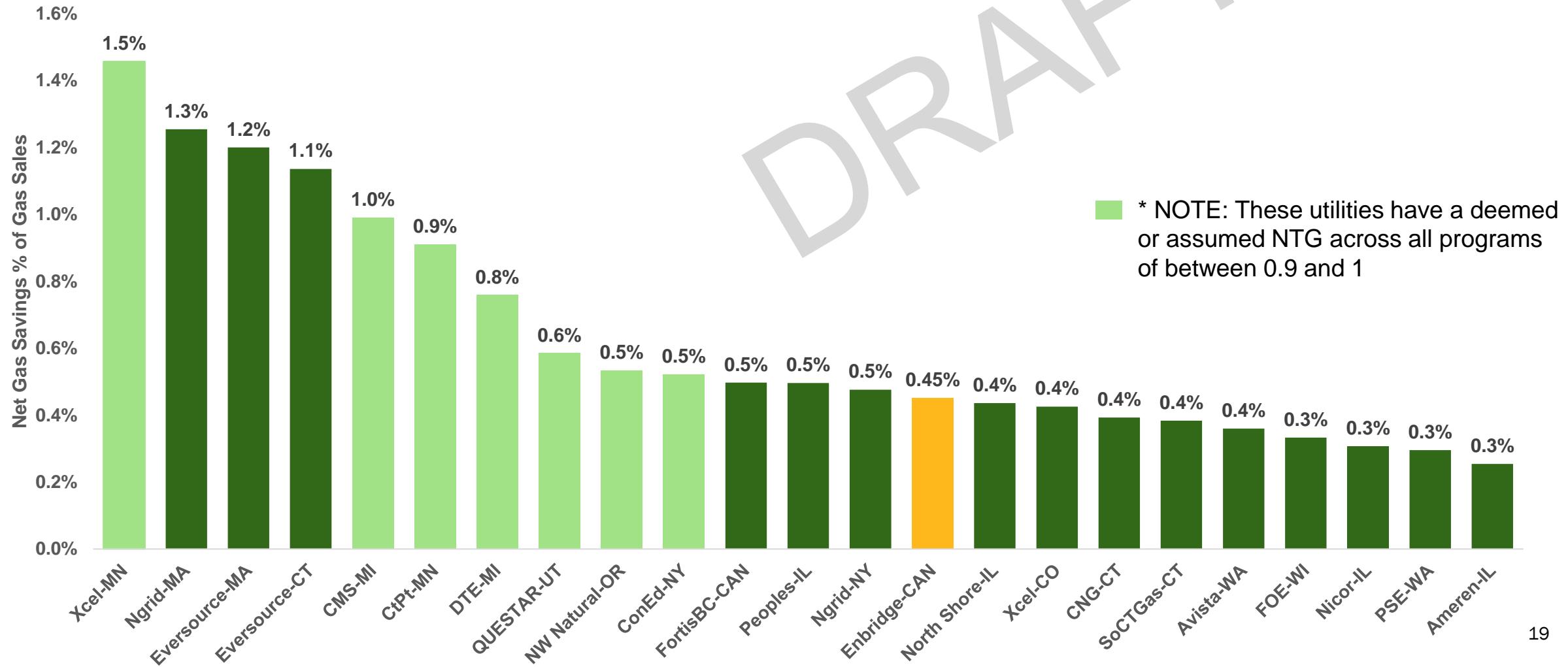
Annual Sales Volumes (2022) (Billion Therms)



DSM Budget Envelope

Jurisdictional Comparison

Targeted 2024 Net* Savings as % of Sales

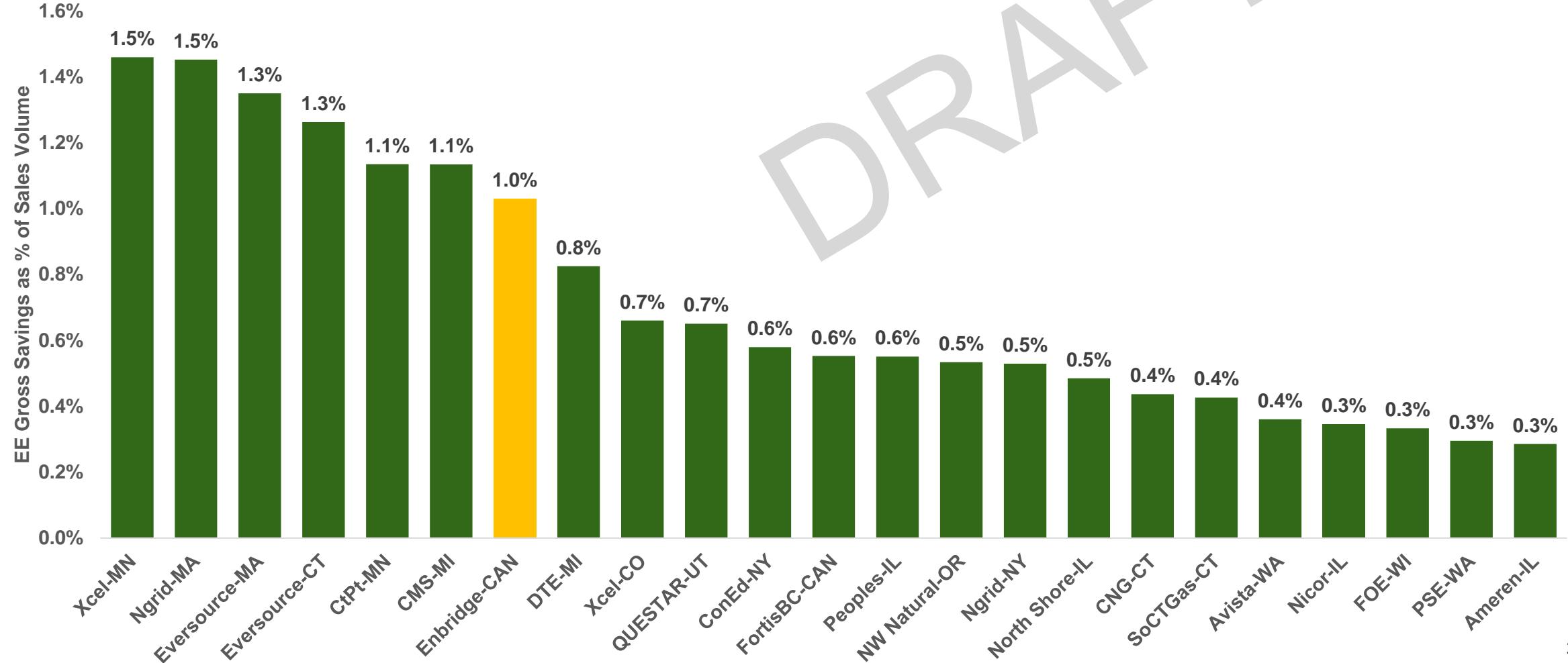


DSM Budget Envelope



Jurisdictional Comparison

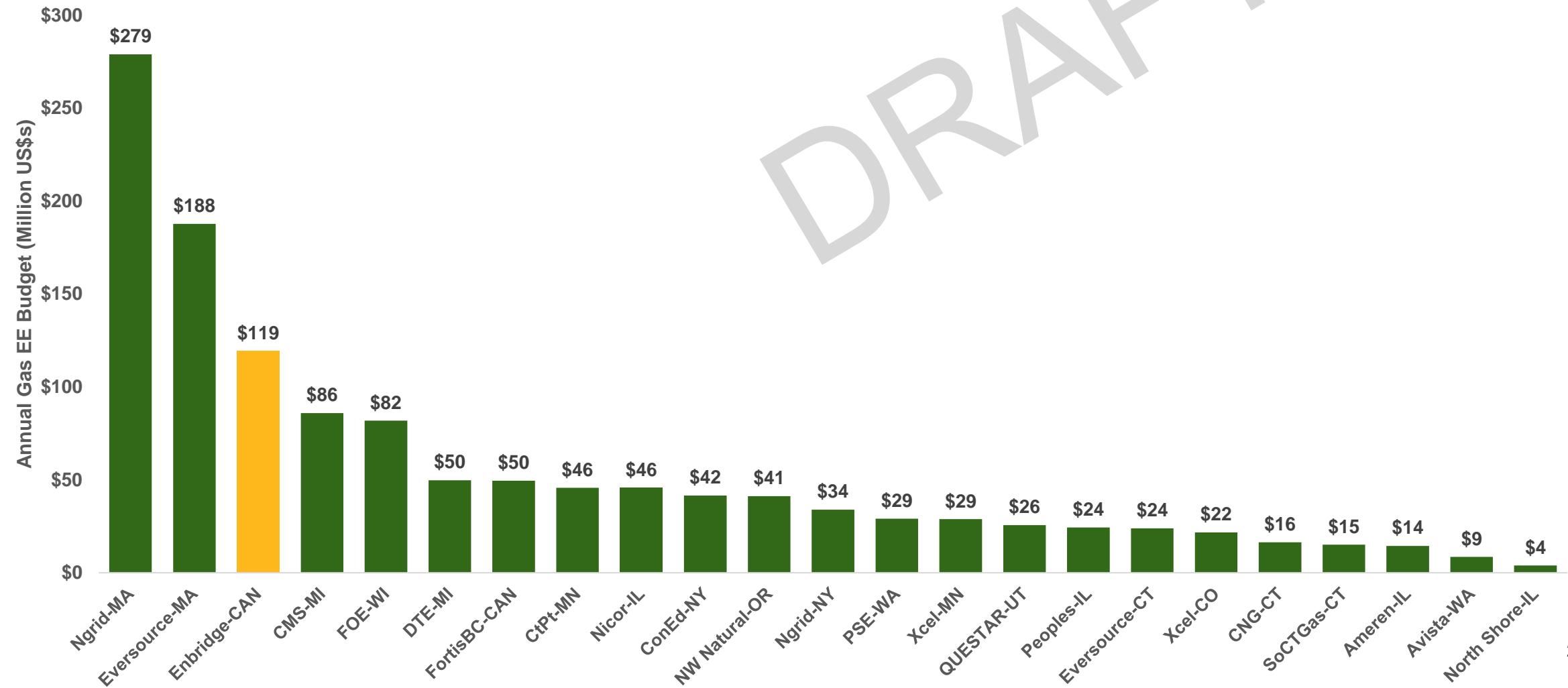
Planned 2024 Gross Savings as % of Sales



DSM Budget Envelope

Jurisdictional Comparison

2024 Energy Efficiency Budgets (Million US \$)

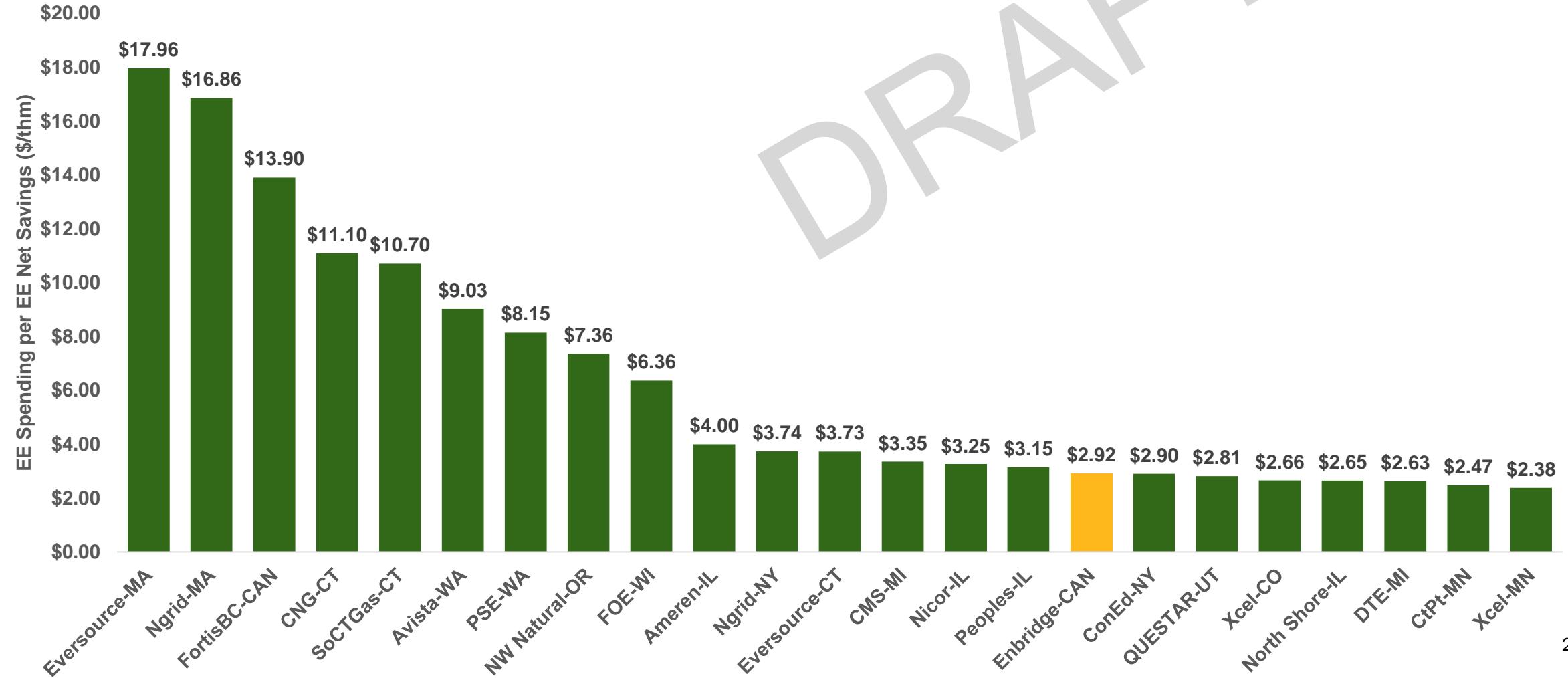


DSM Budget Envelope

Jurisdictional Comparison



2024 Budget per Unit of Net Savings (\$/therm)



DSM Budget Envelope



A Closer Look at FortisBC

- FortisBC received BCUC approval for its 2024 - 2027 gas demand side management (DSM) plan in February 2024
- The four-year plan includes an approved budget of \$627 million to support energy efficiency for gas customers
- The plan aims to reduce gas use by 3.9 million gigajoules (105 million m³) over the four-year period
- By comparison, Enbridge Gas's OEB approved 2023 budget was ~ \$180 million with an annual gas reduction target of 114 million m³
- FortisBC press release (Feb 20, 2024):

"The funding allows FortisBC to shift its efforts to more advanced energy-efficiency initiatives, build its next generation of energy-saving programs"

"With this funding, we can support some of the most challenging but impactful ways to reduce energy use and help transform how customers use energy in their homes and businesses."

"A key area will be developing programs for dual-fuel hybrid heating systems so customers can pair an electric heat pump with a high-efficiency gas furnace, ensuring they have access to reliable, affordable energy on colder days while lowering their overall emissions."

Illustrative Budget Example for Residential Sector



2023 Residential Budget/Target

Residential (excludes Low Income (LI))

2023 Residential Budget	\$ 70,378,564	OEB Decision
2023 Residential 100% OEB Net m ³ Target	22,135,911 m ³	OEB Decision

Fixed Targets for Residential sector

Residential Sector	0.60%	0.80%	1.00%
Estimated m ³ reduction targets based on 2022 sector consumption (includes Low Income)	49,200,000	65,600,000	82,000,000
Assumed % (high level estimate) LI of Residential	15%		
Residential m ³ Reduction of Annual Sales Target (excluding LI)	41,820,000	55,760,00	69,700,000

Illustrative Budget Example for Residential Sector



2023 HER+ estimated spending /result *

	Enbridge Gas	NRCAN	Total
HER/HER+ incentives	\$39,000,000	\$150,000,000	\$189,000,000
Marketing/promo	\$2,000,000	\$4,000,000	\$6,500,000
Delivery	\$1,500,000	\$7,100,000	\$9,200,000
Program Admin	\$1,800,000	\$3,000,000	\$4,800,000
Total	\$57,700,000	\$134,900,000	\$192,600,000
Forecast total m³ savings (NRCAN + Enbridge Gas combined)			28,000,000 m³

Illustrative example of OEB targets

Target gas reduction		0.60%	0.80%	1.00%
b Annual m ³ (2022 consumption based)		41,820,000	55,760,000	69,700,000
c 2023 forecast Residential m ³ excluding HER/HER+		9,420,000	9,420,000	9,420,000
d Remainder	b – c	32,400,000	46,340,000	60,280,000
2023 forecast HER/HER+m ³ (combined)				
e NRCAN/Enbridge Gas results)		30,090,000	30,090,000	30,090,000
f Remainder	d – e	2,310,000	16,250,000	30,190,000
% increase needed relative to 2023 with NRCAN + Enbridge Gas combined	f / (c+e)	5.8%	41.1%	76.4%

* Amounts for 2023 HER+ are exclusive of HER results due to different cost effectiveness are high level estimates and are intended for discussion purposes on the policy items that relate to collaboration, targets etc. Actual 2023 year figures will be reported when the Company finalizes its 2023 Draft Annual Report in April.

Budget Requirement based on Draft APS



Residential Savings/Budgets

	2024	2025	2026	2027	2028
Net Gas Savings %	0.8%	1.0%	1.3%	1.6%	1.9%
Budget	\$ 411 mil	\$ 551 mil	\$ 716 mil	\$ 901 mil	\$ 1,147 mil

Industrial Savings/Budgets

	2024	2025	2026	2027	2028
Net Gas Savings %	0.4%	0.6%	0.7%	0.8%	0.9%
Budget	\$ 45 mil	\$ 63 mil	\$ 81 mil	\$ 93 mil	\$ 110 mil

- Values summarized above from the APS are DRAFT
- Budgets include incentives only
- Draft Commercial APS outputs are not yet available
- % Savings are relative to respective year forecast volumes
- Budgets summarized above are drawn from APS Scenario A (0.5% Reduction)
- Budgets summarized above are Net not Gross and would need to be “grossed-up” to establish program budgets
- APS Scenario B (1.0% Reduction) budgets are significantly larger for residential however are maxed out for Industrial

DSM Budget Envelope



The OEB is of the view that a greater understanding is required of the relationship between adjustments to targets and budgets and the impacts of increases to either has on the overall DSM plan, including performance metrics, program opportunities, and overall costs including rate impacts. This is an area that should be explored further, likely as part of the next natural gas conservation potential study and is expected to be a significant component of consultations undertaken by the SAG (OEB Decision, p. 65)

Question for Intervenors

With the OEB's expectation of gas savings targets equivalent to at least 0.6% of sales in 2026, 0.8% of sales in 2027 and 1.0% of sales in each year from 2028 through to the end of 2030, is there support for the significant increases in DSM budgets required to deliver on these targets?

Distribution of DSM Plan Targets



Enbridge Gas Proposal:

Even distribution of targets across sectors, as overall, all sectors need to contribute to reductions and all sectors need programming that supports reductions.

Adjustments to the even distribution will be guided by potential achievable results, relative cost-effectiveness and equity considerations (broad reach, low income, etc.)

SAG Feedback

Most SAG members suggested that even percentage targets across sectors is a good starting point. Adjustments to percentages for each sector can be made based on max achievable results, cost-effectiveness and equity considerations.

Question for Intervenors

Is there a desire for even distribution of targets across scorecards (sectors) or should other considerations such as cost-effectiveness, equity, etc., be taken into account. If so, how should they be weighted?

Ability to Collaborate and Attribution of Results



- “I encourage the OEB to continue its work reviewing the current intervenor processes and to identify opportunities to improve regulatory efficiency and consequently reduce regulatory burden.” Todd Smith, Minister of Energy, from Letter of Direction to the OEB, Nov 29, 2023.
- Attribution of results by spend can discourage Enbridge from collaborating
- Example below shows a partnership that drives 56% more results but Enbridge claims 22% less results

Enbridge Offer	
Forecast Units	10,000
m ³ /Units	100
Forecast m ³	1,000,000
Incentive/unit	\$ 100
Budget	\$ 1,000,000

Partnerships - Attribution by \$	
Total Forecast Units	12,500
m ³ /Units	125
Total Forecast m ³	1,562,500
Partner incentive/unit	\$ 100
Incentive/unit	\$ 200
Total Budget	\$ 2,500,000
Enbridge Budget	\$ 1,250,000
Partner Budget	\$ 1,250,000
Enbridge m ³	781,250

Ability to Collaborate and Attribution of Results



Guiding principles:

Enbridge Gas should not have a disincentive to coordinate DSM efforts with external energy conservation and carbon reduction initiatives.

Enbridge Gas as the program administrator needs to be able to do the right thing for consumers first and foremost.

All parties should be looking for a solution that minimizes regulatory process.

Enbridge Gas Proposal:

All funding sources impact annual scorecard target (i.e. all HER+ results count toward annual sales volume reduction targets vs. only gas savings attributed to EGI)

- If not, what happens if targets become unachievable due to new collaborative funding?
- How does budget adjust to other funding coming into the Ontario market

SAG Feedback

No clear consensus discernable from SAG feedback ... Range of comments on attribution considerations in assessing/impacting targets

Consideration for DSM Plan Targets



Should there be a cap on Electrification as % of the Portfolio or Scorecard?

- Expected that APS will show large portion of hitting 1% targets will be through electrification.
- Should DSM program consider impacts on the electric system? How specifically? Maximum electrification % of target at scorecard or portfolio level? Other?
- What if electric system constraint(s) are identified during the DSM Plan term? What target adjustments would be made and how (process)?
- (Note: Enbridge understands this is likely to emerge at a regional level(s) rather than total system level and type of electrification can mitigate electric system impacts)
- High degree of uncertainty on whether this item is truly impactful for 2026-2030

SAG Feedback

No clear consensus discernable from SAG Feedback ... Comments received vary and don't address how EGI/electrification targets may need to evolve based on evolving capacity assessment. Many comments suggest no cap be implemented, a few comments acknowledge need to engage IESO/LDCs to assess grid constraints.

Evolution of End-of-Term NG Reduction Incentive

For current (2023-2025) term: *To be eligible to earn the End-of-Term Natural Gas Reduction Incentive, Enbridge Gas must achieve a total reduction in weather normalized annual natural gas sales volumes of 1.5% over the three-year term.* (OEB Decision, p. 3)

- DSM does not have the ability to impact all throughput volumes, if this is a DSM measure adjustments are needed to align with what DSM has control over
- The SAG has not indicated this is DSM only
- Are adjustments beyond weather* required?

Consider removing:

- Customer growth
- Significant carbon reduction projects (i.e. coal to gas)
- Gas fired generation (short term increase for long term refurbishments)
- Increases in feedstock volumes
- Carbon captured volumes
- RNG/Green gas volumes
- Deliveries to Ontario customers not included in DSM programming (other utilities primarily)

Takeaways



Takeaways

- Request any feedback you wish to provide on the following key items is submitted to Enbridge Gas by April 2nd
- We will send a communication following the meeting that parties can use for reply

1. Do intervenors concur with the methodology for determining 2026+ DSM Plan target(s) – as outlined in slides 15 & 16 – i.e., The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities; and, Enbridge Gas should utilize a multi-year forecast to determine the annual 0.6%/0.8%/1%/1%/1% targets for each year of the plan term ?
2. Do intervenors support significant increases in DSM budgets required to deliver on the 0.6%/0.8%/1%/1%/1% targets expected for 2026-2030?
3. Do intervenors support an even distribution of targets across scorecards (sectors) or should other considerations such as cost-effectiveness, equity, etc., be taken into account. If so, how should such considerations be prioritized/weighted?

ENBRIDGE DSM PLANNING ENGAGEMENT INTERVENOR FEEDBACK FORM

March 26, 2024

Name of Intervenor Respondent: Clement Li, Building Owners and Managers Association (BOMA)

Question 1: Do intervenors concur with the methodology for determining 2026+ DSM Plan target(s) as outlined in slides 15 & 16 - i.e., The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities; and, Enbridge Gas should utilize a multi year forecast to determine the annual 0.6%/0.8%/1%/1%/1% targets for each year of the plan term ?

On slide 15, Enbridge proposed that about 15% (i.e. 4020/27545) of total volume is not subject to DSM programs and therefore should be excluded from the target calculation. A breakdown of the 5 categories was not provided but BOMA believes that excluding gas-fired generators volume and Industrial feedstock volume seems reasonable. Enbridge's own use fuel (in particular their buildings) should be required to demonstrate exceptional performance.

On slide 16, Enbridge proposed to set the DSM target for each year of the term using one base year's volume. The OEB's Decision requires a calculation for each year's target based on prior year volume on a weather normalized basis. Enbridge should neither benefit nor be penalized for weather variances. As such, BOMA does not support Enbridge's proposal and believes the methodology stated in the OEB Decision is appropriate.

Question 2: Do intervenors support significant increases in DSM budgets required to deliver on the 0.6%/0.8%/1%/1% targets expected for 2026 2030?

BOMA supports the budget increases required to deliver on the OEB targets.

BOMA encourages Enbridge to seek out and assign high priority to cost-effective programs through additional consultation with the industry. BOMA believes a significant amount of savings can be achieved through very cost-effective DSM programs in the commercial sector.

Question 3: Do intervenors support an even distribution of targets across scorecards (sectors) or should other considerations such as cost effectiveness, equity, etc., be taken into account . If so, how should such considerations be prioritized/weighted?

BOMA does not support an even distribution of targets across sectors.

The commercial sector still has many "low hanging fruit", when compared to both the residential and industrial sectors. A large amount of natural gas and electricity savings can be achieved with highly cost-effective (low capital investment) commercial sector DSM programs. Priority should be based on cost effectiveness and amount of achievable potential savings. In order to achieve GHG targets, it is vital to increase effort/priority/incentive for higher potential DSM programs.

Other important priorities are to ensure DSM programs cover under-represented segments, and customer affordability.

Question 4: Are there any other comments you wish to share?

From the virtual meeting chat record: Mr. J Shepherd stated that:

"The APS uses the traditional approach, and in a period of significant change assuming past information is predictive of the future is just wrong.....There is no stakeholder consultation related to the APS."

Based on the virtual meeting chat record (from Mr. J Shepherd and Mr. C Neme):

"The SAG has not seen a "DSM Plan" and therefore there is no consensus with the SAG"

BOMA supports the above statements. In this time of urgency and unprecedented energy transition, orthodoxy is stifling necessary change. This begins with the APS, which is stuck in the past and will not provide the needed strong, evidence-based foundation for new frameworks, targets, scorecards and programming. BOMA believes stakeholder input is vital to a successful APS and DSM plan and encourages Enbridge to seek further input before the DSM plan is finalized.

In order to implement large-scale, cost-effective natural gas DSM, interval metered (AMI) natural gas data is considered a crucial enabler. Enbridge should assign high priority to AMI implementation so GHG/DSM targets can be achieved. AMI can also help clarify debate over M&V and free-ridership, which could otherwise limit success.

Finally, BOMA believes that in both APS and DSM planning, it is unhelpful to combine commercial with industrial programs as they are completely different in nature.

Enbridge DSM Planning Engagement Intervenor Feedback Form

March 26, 2024

Please provide feedback using this form by April 9th, 2024.

Name of Intervenor Respondent: Canadian Manufacturers & Exporters

Question 1: Do intervenors concur with the methodology for determining 2026+ DSM Plan target(s) – as outlined in slides 15 & 16 – i.e., The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities; and, Enbridge Gas should utilize a multi-year forecast to determine the annual 0.6%/0.8%/1%/1%/1% targets for each year of the plan term ?

CME view is that Enbridge's proposal seems reasonable in this respect.

Question 2: Do intervenors support significant increases in DSM budgets required to deliver on the 0.6%/0.8%/1%/1%/1% targets expected for 2026-2030?

CME supports an increase in DSM budgets in order to deliver on the targets outlined by the OEB. It is CME's view that EGI should focus additional resources on industrial related programming given the high volume of natural gas used by industrial consumers, and the (relatively) low success of industrial programs relative to other sectors.

Question 3: Do intervenors support an even distribution of targets across scorecards (sectors) or should other considerations such as cost-effectiveness, equity, etc., be taken into account. If so, how should such considerations be prioritized/weighted?

CME supports a more focused approach to DSM. While CME believes that all sectors should have access to programming, CME's view is that Enbridge should focus greater attention on industrial related programs (and therefore should focus more of their targets there). Given the potential carbon reductions that could be leverage by focusing on industrial programs and EGI's current scoring in that area (below most other sectors) CME supports an approach whereby EGI spends additional time and consideration on industrial related DSM.

Question 4: Are there any other comments you wish to share?

CME appreciates the opportunity to provide feedback with respect to DSM. We do agree with some other stakeholders that the stakeholder session might be of greater value if it was not quite as constrained on time. That way, stakeholders would be able to provide more meaningful contemporaneous feedback, rather than being required to stay strictly to the materials provided on the slides.

Enbridge DSM Planning Engagement Intervenor Feedback Form

April 10, 2024

Name of Intervenor Respondent: Environmental Defence

Question 1: Do intervenors concur with the methodology for determining 2026+ DSM Plan target(s) – as outlined in slides 15 & 16 – i.e., The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities; and, Enbridge Gas should utilize a multi-year forecast to determine the annual 0.6%/0.8%/1%/1% targets for each year of the plan term?

The targeted m3 reductions as a percent of sales should be set based on total throughput to all Enbridge distribution customers. If only a portion of sales are used, only power generation should be excluded.

If a forecast of gas consumption is used, that forecast must include customer growth. DSM must achieve reductions in overall methane gas use, including use by new customers.

Question 2: Do intervenors support significant increases in DSM budgets required to deliver on the 0.6%/0.8%/1%/1% targets expected for 2026-2030?

Yes. However, Enbridge should be aiming to achieve all cost-effective DSM, and setting the investments levels as necessary to achieve that outcome. The sales percentage targets were described as being a “minimum” in the OEB decision at page 4.

Question 3: Do intervenors support an even distribution of targets across scorecards (sectors) or should other considerations such as cost-effectiveness, equity, etc., be taken into account. If so, how should such considerations be prioritized/weighted?

No. Enbridge should aim to maximize overall customer benefits and gas reductions while also ensuring that lost opportunities are minimized. It is important to have programs in all sectors, but that will occur naturally if Enbridge pursues all cost-effective DSM and it is *not* necessary that the targets be equal between sector. That would not be the most efficient way of achieving the greatest customer benefits.

Question 4: Are there any other comments you wish to share?

We provide the following additional comments:

1. Enbridge should provide **upstream incentives** and **instant rebates** for measures such as heat pumps. This is critical to increase uptake. The existing process is too cumbersome, requires too much investment up front while waiting for reimbursement, and is too uncertain, especially after recent events with customers not receiving the rebates they expected from Enbridge. This rules out many potential participants.

2. There should be **no cap on electrification measures** as a percent of the portfolio or scorecard. The mix of measures should be based on maximizing customer benefits and gas reductions.
3. The **end-of-term gas reduction incentive** should be based on total throughput to all Enbridge distribution customers. If a subset of sales is targeted, the only exclusion should be power generation. The consumption from new and recent connections must be included. This is important in light of the purpose of the incentive (ensuring gross gas reductions) and because the consumption from new connections can be reduced through a variety of means. As for deliveries to other utilities, Enbridge should be incented to work with those utilities to try to include them in Enbridge programming or deliver their own programming.
4. We encourage Enbridge to reconsider its position on the OEB's decision with respect to **the DSMVA and the 2024 budget**. The OEB's decision did not explicitly contemplate what has transpired. A purposive reading would allow unlimited DSMVA for all approved residential whole home measures. But even if Enbridge believes the DSMVA can only apply for the period when the GHG was active, the most reasonable approach would be to pro-rate the base budget and DSMVA amounts for the portions of the year when the GHG was and was not active, such that a portion of the base budget is remaining for 2024, plus the standard 15% DSMVA.
5. Enbridge should restart providing **incentives for heat pumps** immediately and should not wait until after the building envelope measures are restarted. In the very least, incentives should be available to customers at the levels approved by the OEB in the interim (e.g. \$1,500 per qualifying air-source heat pump).
6. The targets should not be constrained by the **achievable potential study**. That study is overly conservative for the reasons that have been pointed out in the SAG meetings by experts like Chris Neme.
7. Enbridge's programming should be **more cost-effective** in comparison to jurisdictions that have achieved comparatively greater savings levels in previous years. Those jurisdictions will be moving up the cost curve after securing the low hanging fruit.
8. The above comments are made **without prejudice** to the position of Environmental Defence in future proceedings regarding DSM. The time available to make these comments have been very limited, as has been our access to information.

Enbridge DSM Planning Engagement Intervenor Feedback Form

March 26, 2024

Please provide feedback using this form by April 9th, 2024.

Name of Intervenor Respondent: Tom Ladanyi, Energy Probe

Question 1: Do intervenors concur with the methodology for determining 2026+ DSM Plan target(s) – as outlined in slides 15 & 16 – i.e., The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities; and, Enbridge Gas should utilize a multi-year forecast to determine the annual 0.6%/0.8%/1%/1%/1% targets for each year of the plan term ?

The OEB decision is an expectation by the three OEB commissioners which did not consider the costs of achieving these targets. It is not an order and Enbridge is not obliged to follow it. Energy Probe does not concur.

Question 2: Do intervenors support significant increases in DSM budgets required to deliver on the 0.6%/0.8%/1%/1%/1% targets expected for 2026-2030?

Energy Probe does not support any increase in DSM budgets. The spending on DSM is already too high and is at the point of diminishing returns.

Question 3: Do intervenors support an even distribution of targets across scorecards (sectors) or should other considerations such as cost-effectiveness, equity, etc., be taken into account. If so, how should such considerations be prioritized/weighted?

Energy Probe is a believer in the “user pay principle” and the “costs follow benefits” principle. Energy Probe believes that cost-effectiveness and equity are paramount. DSM should not be a program forcing a large group of ratepayers to subsidise a small group of ratepayers who can take advantage of DSM programs. DSM should not be a “reverse Robin Hood” program that robs the poor to give money to the rich.

Question 4: Are there any other comments you wish to share?

Since EBO 169 III, the OEB decision that started DSM, the purpose and objectives of DSM has changed greatly. Originally, natural gas was seen as valuable and scarce resource. Gas distribution service was seen as an essential service, greatly valued by its customers. The purpose of DSM was to deliver gas to customers at the lowest cost by delaying system expansion through conservation demand management. Later emphasis on reducing emissions and paying customers to transition to electricity are political objectives that were superimposed on DSM. They never should have been part of DSM. If

governments want gas customers to stop using gas, they should pay for that from tax revenue, not force other gas customers to pay for it. Energy Probe speaks for the vast majority of Enbridge Gas customers who value their gas service and have no intention of giving it up or paying someone else to give it up.

Enbridge DSM Planning Engagement Intervenor Feedback Form

March 26, 2024

Please provide feedback using this form by April 9th, 2024.

Name of Intervenor Respondent: Click or tap here to enter text.

Question 1: Do intervenors concur with the methodology for determining 2026+ DSM Plan target(s) – as outlined in slides 15 & 16 – i.e., The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities; and, Enbridge Gas should utilize a multi-year forecast to determine the annual 0.6%/0.8%/1%/1%/1% targets for each year of the plan term ?

No. EGI's limitations on the potential of DSM limits the possible and has not been tested on the assumptions behind the numbers.

Question 2: Do intervenors support significant increases in DSM budgets required to deliver on the 0.6%/0.8%/1%/1%/1% targets expected for 2026-2030?

Real investment in DSM will likely result in increased dollars to be spent. But EGI has not demonstrated efficacy in the company's ability to deliver on value for money.

Question 3: Do intervenors support an even distribution of targets across scorecards (sectors) or should other considerations such as cost-effectiveness, equity, etc., be taken into account. If so, how should such considerations be prioritized/weighted?

DSM should be spread in an equitable fashion. That does not mean equal. Consideration should be given to efficacy, alternatives, ability to pay and synergy with other initiatives.

Question 4: Are there any other comments you wish to share?

FRPO would like to have EGI give serious consideration to ensuring that apartments are included with IESO collaboration on the one window approach. Many apartments that have not been previously qualified could be when electricity energy savings are included.

Enbridge DSM Planning Engagement Intervenor Feedback Form

March 26, 2024

Please provide feedback using this form by April 9th, 2024.

Name of Intervenor Respondent: Industrial Gas Users Association

Question 1: Do intervenors concur with the methodology for determining 2026+ DSM Plan target(s) – as outlined in slides 15 & 16 – i.e., The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities; and, Enbridge Gas should utilize a multi-year forecast to determine the annual 0.6%/0.8%/1%/1%/1% targets for each year of the plan term ?

It seems reasonable to exclude from the calculation of gas consumption reduction targets volumes that cannot be impacted by DSM programs, including volumes consumed by customers not eligible for DSM programs (GFGs and customers opting out) and industrial feedstock volumes (which IGUA notes may increase substantially as certain industrial decarbonization initiatives proceed).

Question 2: Do intervenors support significant increases in DSM budgets required to deliver on the 0.6%/0.8%/1%/1%/1% targets expected for 2026-2030?

An order of magnitude increase in DSM budget would be a concern for any trade exposed industrial customers who would remain captive to DSM program costs. More information on rate impacts is required in order for IGUA to form a considered view on the matter.

Question 3: Do intervenors support an even distribution of targets across scorecards (sectors) or should other considerations such as cost-effectiveness, equity, etc., be taken into account. If so, how should such considerations be prioritized/weighted?

Consideration of distribution of DSM funding/rate recovery and targets across sectors requires information on customer impacts, including rate impacts. Impact on affordability for low-income customers is an obvious area of concern. Impact on economic consequences for trade exposed industrial customers who would remain captive to DSM program costs is also of concern to IGUA.

Question 4: Are there any other comments you wish to share?

While IGUA appreciates the stakeholder engagement, the time constraints and limited background material render current “feedback” necessarily based on superficial consideration only, and is subject to further information and consideration.

Enbridge DSM Planning Engagement Intervenor Feedback Form

March 26, 2024

Please provide feedback using this form by April 9th, 2024.

Name of Intervenor Respondent: LIEN

Question 1: Do intervenors concur with the methodology for determining 2026+ DSM Plan target(s) – as outlined in slides 15 & 16 – i.e., The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities; and, Enbridge Gas should utilize a multi-year forecast to determine the annual 0.6%/0.8%/1%/1%/1% targets for each year of the plan term ?

In the OEB Decision on the existing DSM Plan, the OEB indicated that “The OEB expects that, at a minimum, the level of natural gas savings from DSM programs during the next multi-year plan will be the equivalent of at least 0.6% of sales in 2026, 0.8% of sales in 2027 and 1.0% of sales in each year from 2028 to the end of 2030, relative to the prior year on a weather normalized basis.” However, the OEB did not define sales.

EGI is proposing that certain volumes be deleted from sales for target setting to focus only on those volumes that would be affected by DSM, excluding volumes for customers categorized as gas fired generators (now excluded from DSM), volumes attributed to Large Volume customers who elect to opt-out of DSM, volumes delivered to Ontario utilities, estimated industrial feedstock volumes, and Enbridge’s own fuel. EGI advised that most Stakeholder Advisory Group (SAG) members supported EGI’s approach.

LIEN finds this approach of excluding certain gas volumes reasonable, with the caveat that it is not clear that feedstock volumes could not be reduced through more energy efficient processing operations that process feedstock into product more efficiently, requiring less feedstock. More explanation of this volume would be appreciated before LIEN can make a final determination on reasonableness.

The OEB DSM Decision states that the forecast to establish targets for the term of the DSM Plan should be based on “prior year on a weather normalized basis”. EGI points out that these volumes are not known until well into the calendar year and recommends a base year be used to determine 0.6% to 1.0% for each year of the term. SAG members appreciated the practicality of EGI’s original proposal, however, suggested using a multi-year forecast to determine targets, with which EGI also agreed.

LIEN concurs that multi-year sales forecast with a base year rather than a forecast relative to the prior year is preferred. LIEN agrees that it is important to know the forecast before the year starts, and not have it change during the year as this disrupts planning and delivery and can negatively affect customer experience and incentive level offerings. LIEN also agrees that a sales

forecast absent DSM and then with various DSM scenarios (budget and target) would be helpful. This would make clear the contribution expected from DSM.

Question 2: Do intervenors support significant increases in DSM budgets required to deliver on the 0.6%/0.8%/1%/1% targets expected for 2026-2030?

LIEN supports significant increases in DSM budget, with the continued ring-fencing of low-income DSM program budgets to achieve aggressive savings targets for income-eligible homeowners and in the low-income multi-residential sector. Since the low-income sector lacks resources to accomplish the energy transition within the sector, the low-income sector should be given priority for budget enhancement to ensure they are not one of the last remaining groups of consumers on the natural gas distribution system and responsible for any stranded assets. The level of significant budget increase for the DSM portfolio should be set such that total budget is determined and budget allocations are made in a manner that protects ratepayers in each sector from undue rate impacts. This is especially important for low-income ratepayers, as they are least able to tolerate rate increases, especially if they do not participate in the DSM programs. EGI incentives for their DSM performance should continue and provide effective incentives for EGI to achieve aggressive targets cost-effectively, but also recognize that there is limited low hanging fruit remaining and cost per unit savings are likely to increase accordingly.

Question 3: Do intervenors support an even distribution of targets across scorecards (sectors) or should other considerations such as cost-effectiveness, equity, etc., be taken into account. If so, how should such considerations be prioritized/weighted?

LIEN does not support an even distribution of targets, not even as a starting point, as EGI has suggested. Target setting should consider budget available, equity, cost-effectiveness, and potential savings available and ease of accessing them. As previously indicated, a budget increase for low-income programming should be prioritized and a commensurate savings target set. If EGI needs a starting point for doing target-setting, then LIEN suggests starting with the current target allocations. While LIEN recognizes that some sectors can offer higher savings per dollar spent (e.g. industrial), the DSM portfolio needs to balance the high potential achieving sectors with equity considerations and continuing to adhere to the principle of DSM program access to a broad range of sectors, including low-income and indigenous populations. LIEN does not have sufficient information to opine on how the targets should be weighted and looks forward to further consultation on this matter.

Question 4: Are there any other comments you wish to share?

As expressed by some intervenors at the engagement, it is difficult to provide firm feedback with such a limited opportunity to discuss the portfolio topics. As such, LIEN provides our response and reserves the right to change, modify or refine our response as needed, based on additional information, learnings, and discussion.

Enbridge DSM Planning Engagement Intervenor Feedback Form

March 26, 2024

Please provide feedback using this form by April 9th, 2024.

Name of Intervenor Respondent: Ontario Greenhouse Vegetable Growers

Question 1: Do intervenors concur with the methodology for determining 2026+ DSM Plan target(s) – as outlined in slides 15 & 16 – i.e., The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities; and, Enbridge Gas should utilize a multi-year forecast to determine the annual 0.6%/0.8%/1%/1%/1% targets for each year of the plan term ?

OGVG does not fundamentally object to the consideration of DSM gas reduction targets specific to volumes of those customers eligible for DSM programs which can be impacted by DSM activities. However, OGVG does not believe that only considering that subset of EGI's total volumes will impact the OEB's expected annual targets, as those expected annual targets, subject to a contrary direction from the EGI, have to be considered as having been arrived at with the understanding that the total volume they applied to included volumes that would not be impacted by EGI's DSM activities. For example, if EGI's total volumes for the purpose of setting the target reduction for 2026 was 1000, the target reduction was .6%, and the subset of that volume that is related to customers eligible for DSM programs which can be impacted by DSM activities was only 500, then the target percentage reduction specific to that volume would have to be 1.2% in order to achieve the OEB's expected .6% on the total volume of 1000.

With respect to the proposal to use a multi-year forecast, OGVG is, again, not fundamentally opposed to a multi-year forecast, although it obviously depends on how that forecast is developed and how, if at all, the forecast is adjusted from year to year to reflect changes in circumstances.

Question 2: Do intervenors support significant increases in DSM budgets required to deliver on the 0.6%/0.8%/1%/1%/1% targets expected for 2026-2030?

OGVG cannot endorse significant increases in DSM budgets without understanding how the increased budgets will be spent and recovered from its members within the contract rate classes. As noted in the presentation provided to intervenors the spending on industrial programs, the sector within which OGVG's members exist, approached 50% of the target spending based on existing budget; in other words, EGI was unable to deliver the existing budget, suggesting that a significant increase in the budget may be moot. OGVG also notes that as contract class members, which only number in the order of 1000 or so entities out of EGI's several million customers, it should be possible for EGI to reach and provide extensive DSM programming to most if not all of EGI's contract rate class customers in relatively short order, such that, OGVG would expect, significant increases in DSM spending on contract rate classes should result in exhausting the most viable DSM savings opportunities within those classes in a relatively short time frame given EGI's existing penetration in that part of its

customer base, such that annual spending should decrease in relatively short order in order to reflect declining opportunities.

Question 3: Do intervenors support an even distribution of targets across scorecards (sectors) or should other considerations such as cost-effectiveness, equity, etc., be taken into account. If so, how should such considerations be prioritized/weighted?

OGVG expects that the starting position should be an even distribution of targets, with deviations from that starting position being considered on a case by case basis. For example, it may make sense to increase the targets for programs that serve classes where there are large numbers of customers that have yet to benefit from DSM spending (i.e. residential customer classes).

Question 4: Are there any other comments you wish to share?

Click or tap here to enter feedback.

Enbridge DSM Planning Engagement Intervenor Feedback Form

March 26, 2024

Please provide feedback using this form by April 9th, 2024.

Name of Intervenor Respondent: Pollution Probe

Question 1: Do intervenors concur with the methodology for determining 2026+ DSM Plan target(s) – as outlined in slides 15 & 16 – i.e., The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities; and, Enbridge Gas should utilize a multi-year forecast to determine the annual 0.6%/0.8%/1%/1%/1% targets for each year of the plan term ?

The methodology highlighted by Enbridge in the March 26, 2024 update session is the old school way of assessing targets and budgets which will result in higher costs and lower results than a more modern best practice approaches would enable. It is recommended that Enbridge consider a more modern best practice approach to target the net gas reductions (e.g. 1% and ideally more) and openly engage stakeholders (collectively is always best instead of individually) to map out the more modern innovative approaches that should be considered.

Question 2: Do intervenors support significant increases in DSM budgets required to deliver on the 0.6%/0.8%/1%/1%/1% targets expected for 2026-2030?

As noted above, the budgeting exercise used by Enbridge to align with the net volume reductions will over-estimate the cost of achieving the targeted results. Using a linear extrapolation of budget against the previous DSM approaches is not the best manner to estimate realistic costs to achieve greater levels of DSM results. A modern, inclusive and innovative approach is required. Enbridge should use a grass-roots budgeting process and include broad consultation with partners across Ontario to determine what each can bring to the table in a more cost-effective manner than the current DSM approach. There is also some very low hanging fruit available that Enbridge could achieve at low (or potentially no) cost. Some of these opportunities have been highlighted previously and Pollution Probe encourages Enbridge to maximize the DSM opportunities (even before 2025 and certainly for the future).

Question 3: Do intervenors support an even distribution of targets across scorecards (sectors) or should other considerations such as cost-effectiveness, equity, etc., be taken into account. If so, how should such considerations be prioritized/weighted?

EBO 169 (and subsequent guidance) identified that all sectors and customers should have access to DSM programs. Pollution Probe assumes that Enbridge intends to offer a broad range of programs across sectors. This should not be a barrier to maximizing DSM results if there is more DSM that can be leveraged from some sectors.

Question 4: Are there any other comments you wish to share?

The March 26, 2024 DSM session hosted by Enbridge was primarily a high level presentation, but there was very limited time for discussion and input. Pollution Probe requested a copy of the plan development timeline with major deliverables/milestones to help orient everyone on opportunities for input. It is recommended that regular sessions (bi-monthly or quarterly) be established to provide updates and enable sufficient time for discussion and input. There is a lot of opportunities being lost to advance DSM based on the approach outlined March 26th. It is also recommended that Enbridge plan for a full day session with all partners and relevant stakeholders to identify gaps and opportunities before the draft DSM plan is finalized.

Enbridge DSM Planning Engagement Intervenor Feedback Form

March 26, 2024

Please provide feedback using this form by April 9th, 2024.

Name of Intervenor Respondent: Vulnerable Energy Consumers Coalition (VECC)

Question 1: Do intervenors concur with the methodology for determining 2026+ DSM Plan target(s) – as outlined in slides 15 & 16 – i.e., The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities; and, Enbridge Gas should utilize a multi-year forecast to determine the annual 0.6%/0.8%/1%/1%/1% targets for each year of the plan term ?

VECC takes no issue with the calculation methodology as proposed.

Question 2: Do intervenors support significant increases in DSM budgets required to deliver on the 0.6%/0.8%/1%/1%/1% targets expected for 2026-2030?

VECC is not in a position to support the significant increases in DSM budgets at this time. Net savings of 1% in 2025 for Residential customers requires a budget of \$551 million. This level of investment is significantly higher than the OEB-approved total budget of \$167.24 million in 2023. Additional information on the resulting bill impacts and benefits to customers is required, and further direct input on the SAG prospective is needed, before VECC can agree the proposed budgets are reasonable and appropriate. VECC is concerned about the financial impact on low-income non-participants.

Question 3: Do intervenors support an even distribution of targets across scorecards (sectors) or should other considerations such as cost-effectiveness, equity, etc., be taken into account. If so, how should such considerations be prioritized/weighted?

VECC does not support an even distribution of targets across scorecards. In VECC's view, other considerations should be taken into account and further consultation should be undertaken to establish these considerations and associated weightings.

Question 4: Are there any other comments you wish to share?

VECC supports an enhanced stakeholder engagement process to inform the next DSM plan. VECC seeks a better understanding of how the changing energy landscape and new policy developments at the provincial and federal level are being considered in the next DSM plan with respect to targets, budgets and programs.

DSM Intervenor Stakeholder Meeting

The following slides are provided to facilitate engagement with DSM Intervenors. They may contain illustrative forecasts, estimates and draft representations at the current point in time and should not be interpreted or referenced in any other way.

DSM – Intervenor Consultation



Our objectives today as the Company develops its next DSM Plan :

- 1) To provide insight to interested parties into Enbridge Gas's direction, with reference to discussions highlighted by OEB Staff this morning with the DSM Stakeholder Advisory Group (SAG) and outcomes of the APS.
- 2) To seek feedback on specific topics/questions as appropriate to supplement input from the SAG.
- 3) To provide an update of the HER relaunch and HER+ wind-down.

Update: HER+ and Home Efficiency Rebate Program

Whole Home Program Offering Launch



- Enbridge Gas to launch a whole home program offering in 2024 to:
 - Revert to historical HER branding.
 - Ensure Ontario residential consumers/ratepayers have access to conservation programming that supports their choices in upgrading their home to conserve energy and save on bills.
 - Preserve Energy Auditor/Service Organization capacity in Ontario for continuation of whole home type conservation programming – continuity for future DSM terms.
- Following confirmation of approach from OEB, Enbridge Gas filed letter with OEB confirming July launch.
- Enbridge Gas to utilize the OEB approved parameters for the Residential program.
 - Deliver HER programming within the 2025 budget approval, incl. 15% overspend provision.
 - Communication to consumers that incentives to be paid in 2025 from 2025 budget.

HER+ Wind-Down & Ratepayer Impacts



- Per previous communications, spend in 2024 will materially exceed budgeted amounts in rates.
- Current 2024 HER+ DSM forecast spend \$190 - \$230 million (budget ~\$80 million).
 - Dependency: # consumers who complete program requirements in 2024 + the combination of measures completed/associated rebates.
 - Processing timelines for volume of participation and year end cut off dates.
- Normal practice is variance cleared to rates in annual DSM clearance (2024 DSM spend expected to clear in 2026).
 - Large \$ amount to hit residential rates in 2026.
 - Rate impact to be on top of DSM Plan budget increases starting in 2026.
 - For discussion, use \$120 million variance in 2024 and prescribed variance account rates of ~5%.

Question:

Should Enbridge Gas propose some portion be cleared to rates in 2025 to mitigate rate impacts?
What is a reasonable proportion of the forecast overspend? E.g.: \$60M cleared in '25/remainder in '26

2026+ DSM Plan Development

DSM Plan Update



Completed

- Review of current programs - performance, lessons learned, gaps, opportunities.
- Discussion/Feedback from SAG on broader portfolio items.
- Commercial/Industrial program SAG consultation - 6 sessions (March thru May).

Ongoing/In-Progress

- Research and jurisdictional scans to identify other gaps/opportunities – program measures, design or delivery to consider/follow-up for SAG feedback.
- Broader Stakeholdering – customers/industry participants.
- Discussions with IESO on collaboration/"one window" approach.

Upcoming

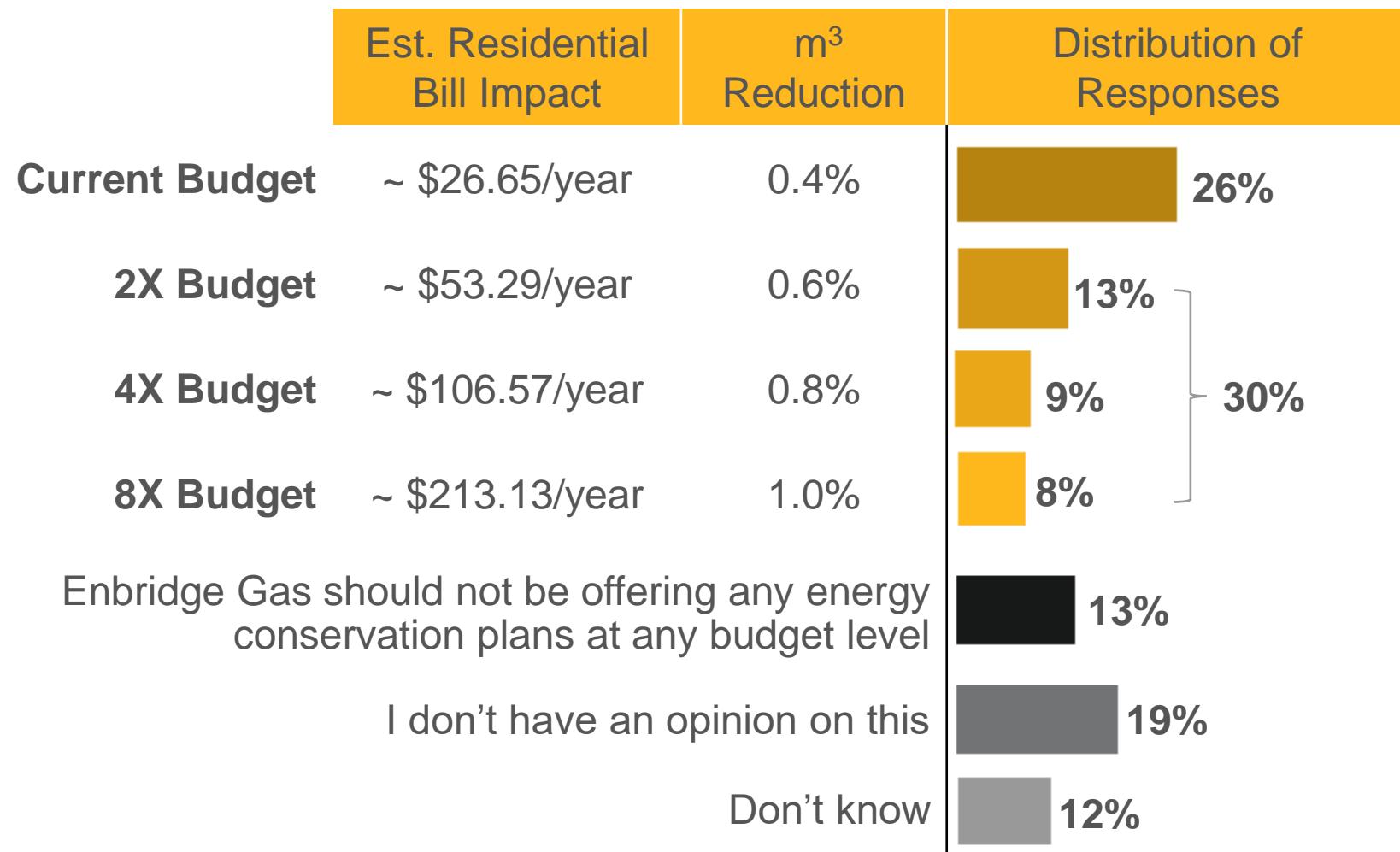
- Residential/Income Qualified SAG consultation - July 11th, 16th, August 1st.
- Commercial/Industrial Consultative - August 15th.
- Residential/Income Qualified Consultative – August 22nd.
- 2026-2030 DSM Plan filing targeted for late fall.

Customer Engagement - DSM Budget Levels



- Enbridge Gas retained INNOVATIVE Research Group to gauge customer support for various DSM budget options.
- A survey was conducted May 29 – June 19, 2024, among residential customers.
- The survey included background material and clear trade-offs for each budget option detailing benefits (such as emission reductions, available programs, and rebate levels) against estimated bill impacts.
- Bill impacts were shown in context with full projected bill amounts.
- The survey was pre-tested with in-depth interviews in May to ensure understanding of the content.
- Final report is pending – findings shown on the next slide are preliminary.

Customer Engagement - DSM Budget Levels



PRELIMINARY RESULTS

[asked of all respondents; n=3,600]

The option labels shown here have been simplified for brevity. Option labels provided to customers were more detailed and included trade-off information. Full survey content, including background information provided to respondents, will be included in the final report.

Additional DSM Budget Consideration



- Letter to OEB from Minister of Energy (November 29, 2023):

“As the OEB begins planning for future natural gas energy efficiency programming that would take effect in 2026, I continue to look to the OEB to ensure Ontario electricity and natural gas ratepayer interests are protected and that Ontario takes every opportunity to generate deeper retrofits, more energy savings, and greater emissions reductions while ensuring natural gas costs remain affordable, stable and predictable.”

- DSM Framework Guiding Principle:

“DSM plans should balance the achievement of cost-effective natural gas savings and customer bill impacts. The appropriate level of ratepayer funding expended for DSM programs must weigh the benefits of the level of cost-effective natural gas savings to be achieved against both short-term and long-term customer bill impacts.”

Next DSM Plan Budget Proposal



- With consideration for recent stakeholder feedback and direct customer survey responses, Enbridge Gas is proposing a budget that responds to government expectations for continued natural gas cost affordability and stability but supports increased natural gas savings, though likely lower than the OEB's expectations for annual net throughput reductions in the 2026-2030 term of 0.6%/0.8%/1%/1%/1% respectively.
- Enbridge Gas is proposing a ramping up of the DSM plan budget that approaches 2 – 2.5 times the 2025 annual budget adjusted for inflation by the end of the 2026-2030 term relative to the current DSM plan.**

Illustrative Program Budget 2025 vs. 2030



Program *	2025 (\$millions)	2030 ** (\$millions) +/- 10%
Residential	\$89	~ \$200
Low Income	\$29	~ \$65
Commercial	\$32	~ \$80
Industrial	<u>\$20</u>	~ <u>\$55</u>
TOTAL	\$170	~ \$400

* Amounts estimate program budgets and do not include portfolio administration

** 2030 amounts include assumed year over year inflation increases of 2%

Question:

Do these increased estimated budget levels strike the right balance of increasing focus on energy conservation and managing rate impacts?

Innovation



- Guiding principle (from DSM Framework):
 - “DSM plans should support innovation, technology development and adoption of lower-carbon alternatives to enable longer-term energy efficiency and conservation opportunities, consistent with the advancement of provincial policy goals.”
- The SAG has recommended an increase in funding for innovation.
- Current Research and Innovation Fund is ~\$3 million.

Question:

What allocation of budget is supported for these activities?

Enbridge Gas/IESO Collaboration



- Guiding principle (from DSM Framework):
 - “Where appropriate, Enbridge Gas should coordinate and integrate natural gas DSM, with other conservation initiatives, including electricity CDM efforts and municipal energy plans.”
- Enbridge Gas and IESO continue to collaborate on offerings like Home Winterproofing/EAP, Residential Smart Home, and Commercial Direct Install.
- Further to MOE communications urging coordinated delivery, Enbridge Gas and IESO have commenced discussions on a “one-window” approach for residential.
- Expectation that efforts to coordinate/launch may need to be staged due to timing of IESO/ Enbridge Gas approvals/DSM terms (Step 1: 2025 with additional coordination for the 2026-2030 plan term).
- Progress/Timeline: dependent on IESO government approval process.

Question:

What benefits are stakeholders looking for from Enbridge Gas/IESO collaboration activities?

Attribution of Natural Gas Reductions



- Guiding principle (from DSM Framework):
 - “Enbridge Gas should not have a disincentive to coordinate DSM efforts with external energy conservation and carbon reduction initiatives.”
- Enbridge Gas as the program administrator needs to be able to do the right thing for consumers first and foremost.
- Current attribution framework can discourage partnerships
- SAG has recommended 100% attribution of gas savings to Enbridge Gas for partnerships with “material” contributions acknowledging that financial contribution is only one component, and this is the trend in other jurisdictions.

Question:

What thoughts do stakeholders have on this approach?

DSM Plan Priorities



- Beyond a focus on natural gas reduction targets, the DSM plan will require consideration of tradeoffs across various priorities. Enbridge Gas is seeking feedback on consideration of the guiding principles (from the DSM Framework):
 - “DSM plans should balance the expectation that cost-effective natural gas savings should be maximized while still providing opportunities for a broad spectrum of consumer groups and customer needs to encourage widespread customer participation over time and ensure all segments of the market are reached in some capacity.”
 - “DSM plans should ensure that small volume, low-income and on-reserve First Nations communities are well-served.”
 - “DSM plans should include strategies to increase the natural gas savings by targeting key segments of the market and customers where opportunities for efficiency improvements have been identified.”
 - “DSM plans should minimize lost opportunities for energy efficiency and should be designed to pursue long term energy savings.”

Question:

How should competing objectives be prioritized/weighted?

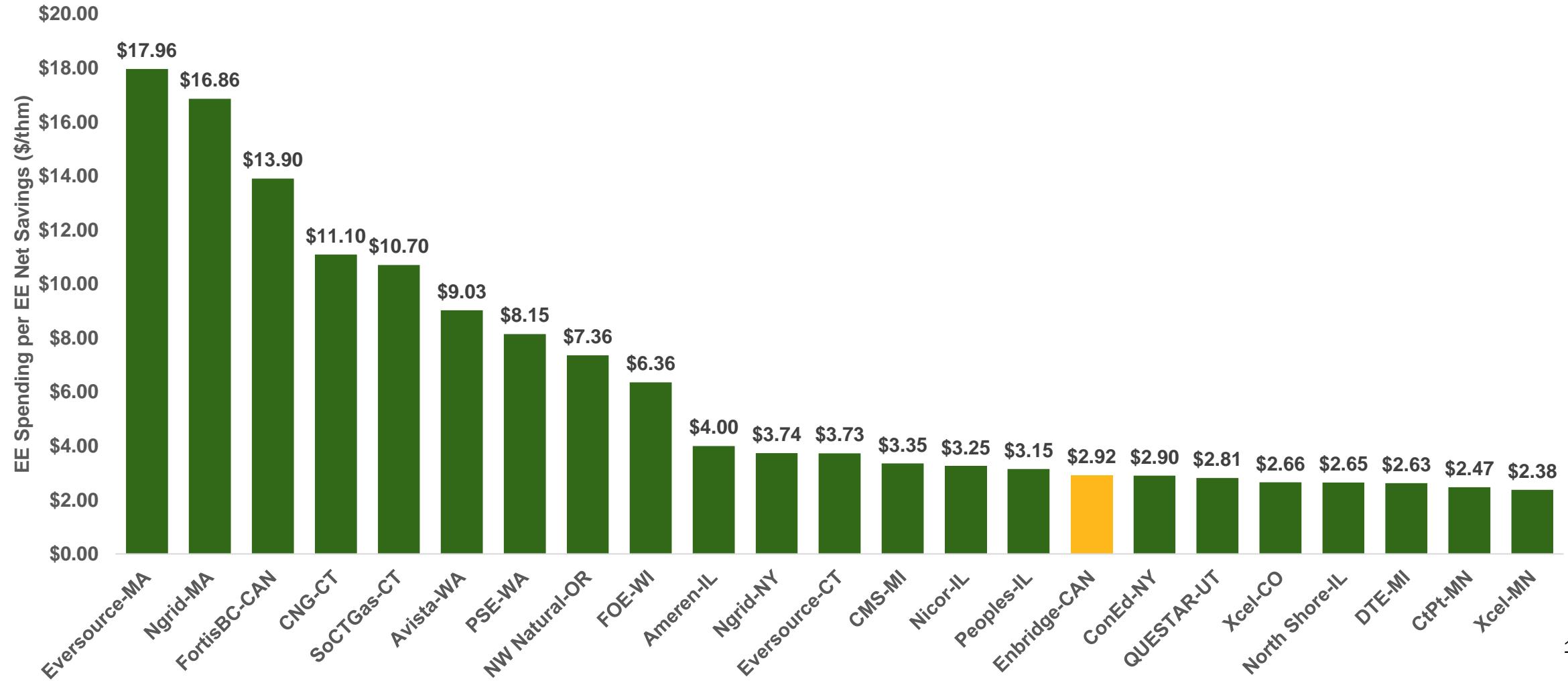
Appendix

DSM Budget Envelope

Jurisdictional Comparison



2024 Budget per Unit of Net Savings (\$/therm)



HER+ Wind-down – ‘24 Forecast Ratepayer Impacts

- OEB directed allowance to exceed the 15% overspend provision specifically for incentives tied to the HER+ program offering
 - *“should participation be greater than anticipated, either due to more overall participants or average participant incentives being greater than forecast, Enbridge Gas is approved to access funding in excess of the DSM variance account overspend provision that allows for an incremental 15% of a program budget to be spent during the year should Enbridge Gas have met 100% of its performance scorecard metric on an unverified basis.”* (OEB Decision, p. 31)
- Forecast for 2024 will materially exceed budgeted amounts in rates
 - Average participant incentives are higher than originally forecast
 - Rate/number of participants in program vastly exceeds original forecast
- Current 2024 HER+ DSM forecast spend \$160 - \$200 million (budget ~\$80 million)
 - Dependency: # consumers who complete program requirements in 2024 + the combination of measures completed/associated rebates
 - Note: Participants who've completed pre-audit have until Q1 2027 to complete post-audit/submit for rebates, i.e., completion timelines currently unchanged
- Expect variance to be cleared to rates as part of annual DSM clearance in 2026

Methodology for DSM Plan Target(s)



The OEB expects that, at a minimum, the level of natural gas savings from DSM programs during the next multi-year term will be the equivalent of at least 0.6% of sales in 2026, 0.8% of sales in 2027 and 1.0% of sales in each year from 2028 through to the end of 2030, relative to the prior year on a weather normalized basis. (OEB Decision, p.4)

Enbridge Gas Proposal: The DSM Plan gas reduction target(s) should include the volumes of those customers eligible for DSM programs which can be impacted by DSM activities.

i.e., the following volumes would be excluded from consumption basis:

- Volumes for customers categorized as gas fired generators (excluded from DSM)
- Volumes attributed to Large Volume customers who elect to opt-out (TBD)
- Volumes delivered to other Ontario utilities
- Estimated industrial feedstock volumes
- Enbridge's own use fuel

SAG Feedback

Most SAG members supported Enbridge Gas's interpretation for determining targets

Question for Intervenors

Do parties concur with Enbridge Gas proposal and SAG feedback?

Example calculation of 1% target*:

	million m ³
Total Consumption	27,545
Power/Wholesale/Feedstock	4,020
DSM Applicable Volumes	23,525
1% of Consumption	235
2023 Results	93

*Illustration based on 2022 volumes.

Methodology for DSM Plan Target(s)



The OEB expects that, at a minimum, the level of natural gas savings from DSM programs during the next multi-year term will be the equivalent of at least 0.6% of sales in 2026, 0.8% of sales in 2027 and 1.0% of sales in each year from 2028 through to the end of 2030, relative to the prior year on a weather normalized basis. (OEB Decision, p.4)

- OEB decision states “prior year on a weather normalized basis”, but these volumes are not known until well into the calendar year – is this most practical approach?
- Leveraging a forecast to establish targets for the term of the DSM Plan will provide certainty on the target in advance, allowing the budget to be set for the term during the Regulatory application.

Enbridge Gas Proposal:

More practical that a base year be used to determine 0.6% to 1.0% for each year of the term.

SAG Feedback

Most SAG members appreciated the practicality of Enbridge Gas's original proposal however suggested utilizing a multi-year forecast to determine targets for the plan term

Question for Intervenors

Do parties concur with Enbridge Gas proposal adjusted for SAG feedback?

Ability to Collaborate and Attribution of Results



- “I encourage the OEB to continue its work reviewing the current intervenor processes and to identify opportunities to improve regulatory efficiency and consequently reduce regulatory burden.” Todd Smith, Minister of Energy, from Letter of Direction to the OEB, Nov 29, 2023.
- Attribution of results by spend can discourage Enbridge Gas from collaborating
- Example below shows a partnership that drives 56% more results but Enbridge Gas claims 22% less results

Enbridge Gas Offer	
Forecast Units	10,000
m ³ /Units	100
Forecast m ³	1,000,000
Incentive/unit	\$ 100
Budget	\$ 1,000,000

Partnerships - Attribution by \$	
Total Forecast Units	12,500
m ³ /Units	125
Total Forecast m ³	1,562,500
Partner incentive/unit	\$ 100
Incentive/unit	\$ 200
Total Budget	\$ 2,500,000
Enbridge Gas Budget	\$ 1,250,000
Partner Budget	\$ 1,250,000
Enbridge Gas m ³	781,250

Evolution of End-of-Term NG Reduction Incentive



For current (2023-2025) term: *To be eligible to earn the End-of-Term Natural Gas Reduction Incentive, Enbridge Gas must achieve a total reduction in weather normalized annual natural gas sales volumes of 1.5% over the three-year term.* (OEB Decision, p. 3)

- DSM does not have the ability to impact all throughput volumes, if this is a measure of DSM impacts, adjustments are needed to align with what DSM effects (Note: SAG has not assumed this is a measure of DSM only)
- In consideration of an End of Term incentives for the next plan, are adjustments beyond weather required?

Consider removing:

- Customer growth
- Significant carbon reduction projects (i.e. coal to gas)
- Gas fired generation (short term increase for long term refurbishments)
- Increases in feedstock volumes
- Carbon captured volumes
- RNG/Green gas volumes
- Deliveries to Ontario customers not included in DSM programming (other utilities primarily)

DSM Plan Development Overview

Daniel Johnson – Manager, DSM Strategy and Policy

The following slides are provided to facilitate discussion with parties engaged in the development of 2026+ DSM programming.

DSM Plan Engagement Update

Completed

- Discussion/Feedback from SAG on broader portfolio items.
- Commercial/Industrial/Residential and Income Qualified program SAG consultation (March through August)
- EGI hosted Intervenor Meeting March 26th
- OEB convened Intervenor Meeting on June 27th

Ongoing

- Broader Stakeholdering – customers/industry participants.
- Discussions with IESO on collaboration/"one window" approach

Upcoming

- Commercial/Industrial Consultative – August 15th
- Residential/Income Qualified Consultative – August 22nd
- Portfolio Level reviews with SAG -- September

2026-2030 DSM Plan filing targeted for late fall.

Recap of What EGI Heard June 27th

- On the budget – re: EGI's proposal to ramp up DSM Plan budget 2 – 2.5 times the 2025 approved DSM budget adjusted for inflation by end the of the 2026-2030 term.
 - Acknowledgement of EGI's position that this would not support achievement of the OEB's expectations for annual net throughput reductions over the term of 0.6%/0.8%/1%/1%/1%
 - Expectation that EGI address what budgets would be required to reach those target reductions
 - Expectation the EGI provide understanding of resulting forecast rate impacts of EGI's eventual proposal
 - Expectation that EGI outline, in addition to the budget forecast, the net benefits forecast in its DSM Plan proposal for the savings targeted

Recap of What EGI Heard June 27th

- On the topic of **innovation**:
 - Desire for clarity on objectives/focus/governance for any innovation offer/proposal
- On the topic of **attribution**:
 - General agreement there should not be a disincentive of EGI to pursue collaboration and suggestion that a proposal could be included in the DSM Application
- On the topic of **IESO/EGI collaboration** benefits/priorities:
 - Improve customer experience
 - Reducing administration/paperwork
 - Marketing benefits/efficiencies
- On the topic of **DSM Plan Priorities**:
 - Acknowledgement of the challenge in addressing multiple priorities in the Framework as well as respond to OEB targets that did not consider budget levels

Today's Objectives

Our objectives today as the Company develops its next DSM Plan:

- 1) To provide insight to interested parties into Enbridge Gas's current Commercial/Industrial program proposal following our engagement with the SAG
- 2) To seek relevant feedback to supplement input from the SAG. In particular:
 - i) Are there program gaps? If so, what specific examples can be provided
 - ii) EGI has endeavoured to propose a balanced program, providing opportunities to reach a broad range of commercial/industrial customers to drive meaningful reductions while balancing ratepayer impacts. Does the current proposal provide an appropriate balance?

Enbridge Gas Commercial Program Overview

Scott Hicks – Manager, Energy Conservation Program Design & Technology QA/QC

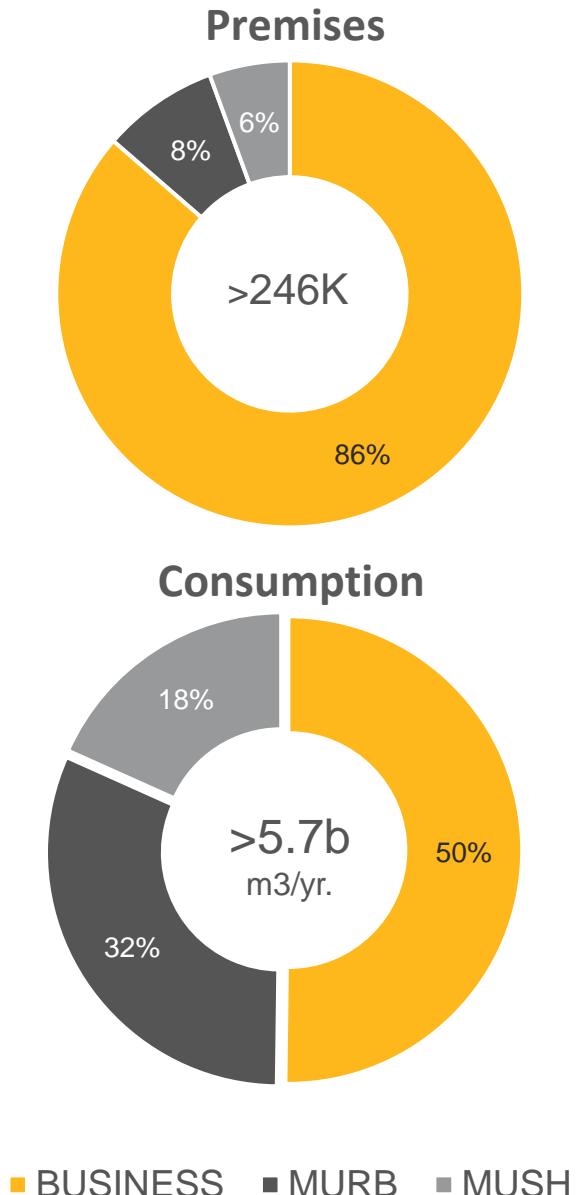
Carolyn Mendlowitz – Supervisor, Commercial/Industrial Program Innovation

The following slides are draft materials and are provided to facilitate discussion with parties engaged in the development of 2026+ DSM programming.

Commercial Market Overview

Commercial Customers can be broadly classified under the following market segments:

Business	MURB	MUSH
<p>Facilities involved in selling of products and services, such as:</p> <ul style="list-style-type: none">• Long-Term Care• Office• Food Service• Retail• Warehouses• Entertainment• Hospitality, etc.	<p>Part 3 Multi-unit residential buildings with 4 stories or more. Includes:</p> <ul style="list-style-type: none">• Private or Corporate owned MURBs• Affordable housing Multi-unit Residential Buildings (AHMR)*	<p>Includes:</p> <ul style="list-style-type: none">• Municipal owned buildings• Universities and Colleges• Primary and Secondary schools• Hospitals



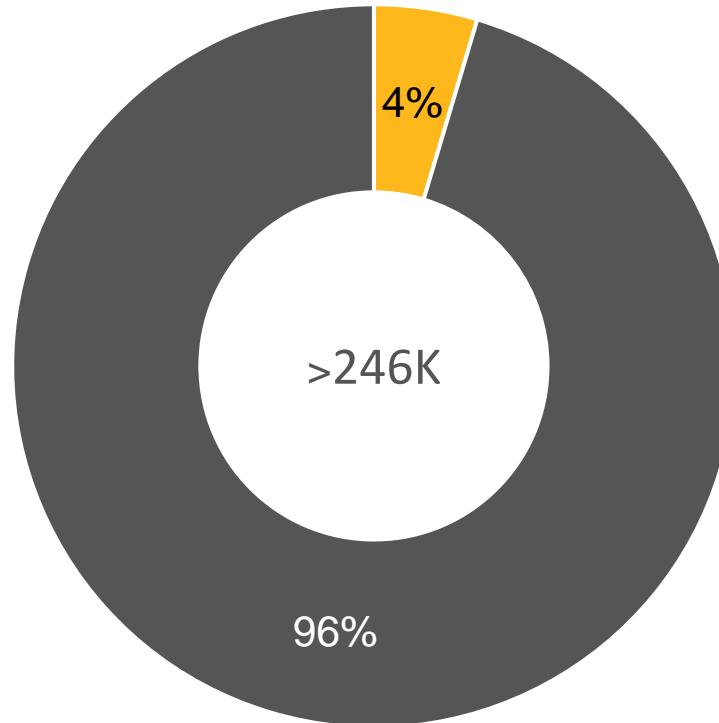
*AHMR market will be addressed as part of the Income-Qualified presentation

Market Overview

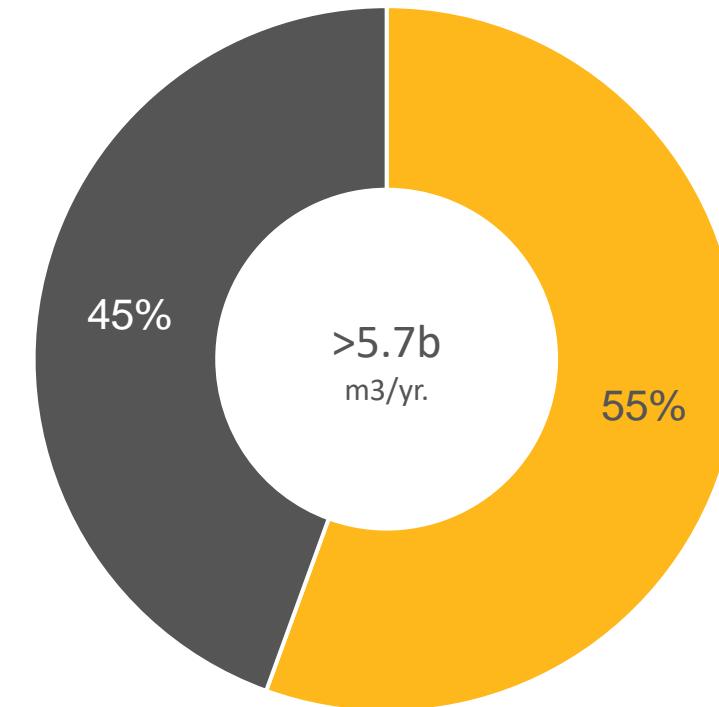
Unique Characteristics	Business	MURB	MUSH
Use of Natural Gas:	Space heating, hot water and cooking	Space heating and domestic hot water	Space heating, hot water, cooking, CHP and other
EE Motivators:	Cut costs, attract Investors/Tenants	Cut costs, property value, attract residents, comfort	Cut costs, sustainability (GHG reduction)
Decision Making:	Tenant vs. Owner Corporate vs. Independent	Rental vs. Condo Multiple vs. Single properties	Centralized decision making
Key Influencers:	Contractors/Engineers	Contractors/Engineers, Policies	Contractors/Engineers Policies and grants
Typical Payback Period:	Typical 3 yrs	Typical 5 yrs	Typical 3-5 yrs <i>*Tolerance for 20 yrs</i>
New Technologies:	Typically not early adopters	Typically not early adopters	Open to piloting new technologies

Large vs. Small Commercial Customers

Premises



Consumption



■ Large, Consumption $\geq 100K \text{ m}^3/\text{yr.}$

■ Small, Consumption $< 100K \text{ m}^3/\text{yr.}$

Internal Customer Strategic Considerations

Knowledge Gaps

- Low awareness of incentives/offers
- Limited knowledge of available/alternative technologies
- Limited understanding of value/benefits of EE technologies

Resource Constraints

- Lack of capital
- Lack of time/resources
- Multiple layers of decision makers

Competing Priorities

- Prioritization of projects perceived to have higher return such as improving curb appeal, aesthetics, safety, etc.
- Prioritization of electricity efficiency projects
- Disruption to operations to install new equipment

- Barriers to energy efficiency investments in general are more pronounced for smaller customers

External Customer Strategic Considerations

Code and Capacity Limitations

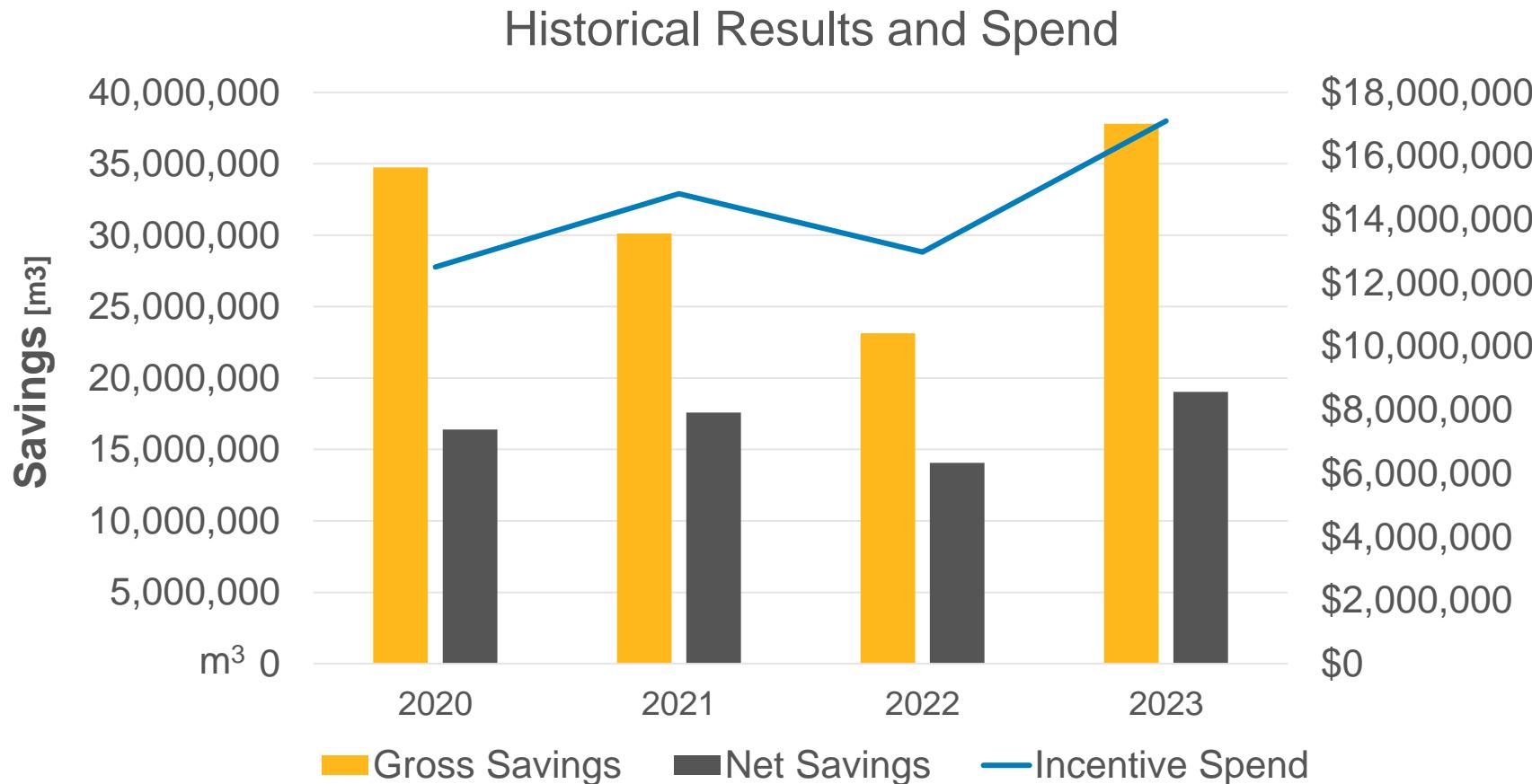
- Advancements in codes and standards
- Building electricity capacity constraints - Service line upgrades are a significant obstacle to fuel switching
- Capacity building – Lack of awareness, understanding and support for innovative and advanced technologies amongst contractor communities

Resource Constraints

- Price increases - Cost of doing business
- Higher interest rates - Securing capital for investments is more costly
- Poor economic conditions – Slow recovery of occupancy rates in commercial offices and retail spaces

Amendment 15 will raise baseline for most commercial boiler replacement applications to condensing efficiency levels

Historical Results



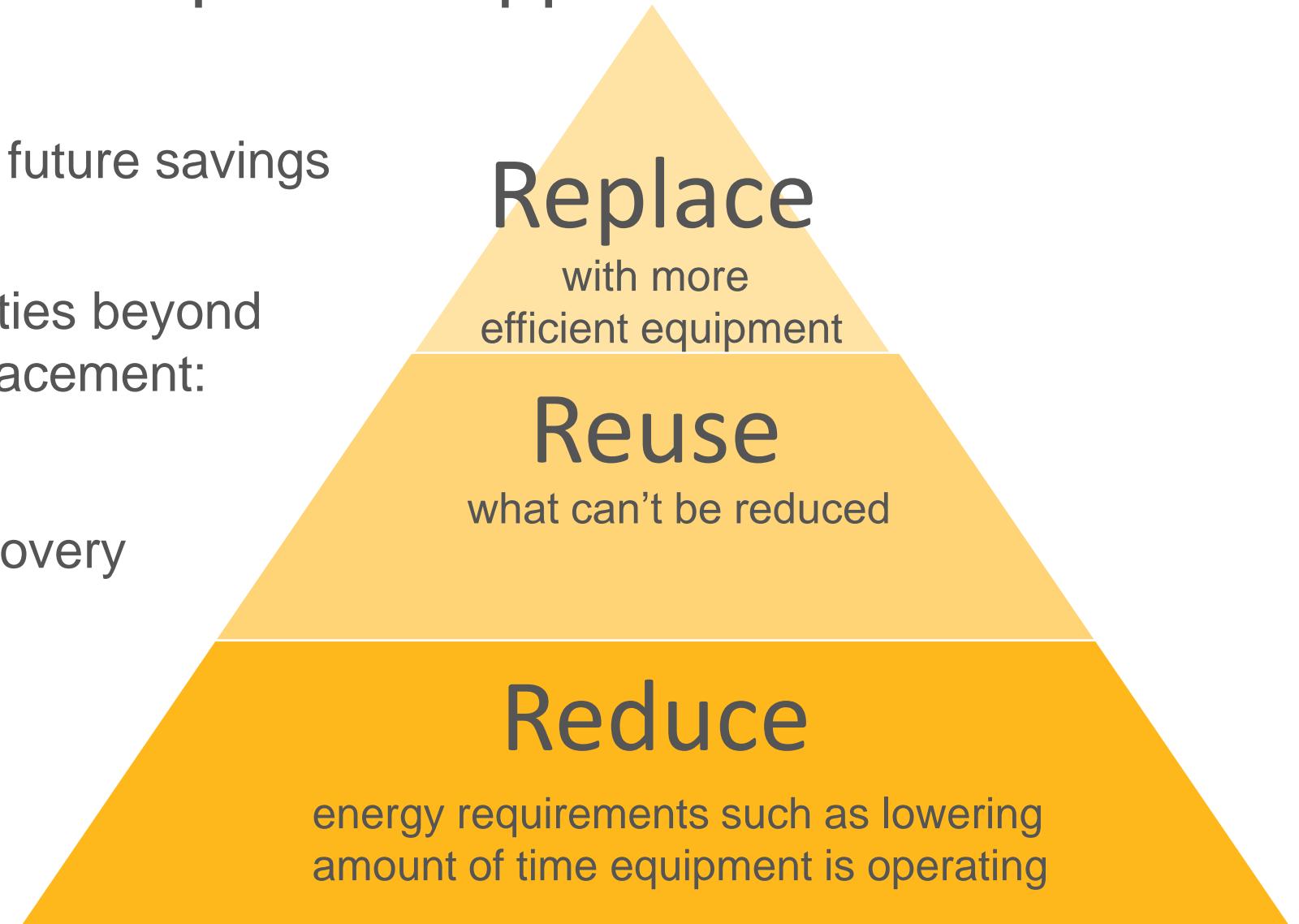
**HISTORICAL
BOILER
RESULTS**

**Approximately
40% of
commercial
results are
related to boiler
projects**

- Results are not final and subject to change (2021 data is audited and subject to OEB approval; 2022 data is audited but not yet cleared, and 2023 data is unaudited and subject to OEB approval)

Evolving Market Landscape and Approach

- Past projects do not reflect future savings potential
- Greater focus on opportunities beyond natural gas equipment replacement:
 - Building optimization
 - Ventilation and heat recovery
 - Exploring fuel switching solutions
- Capacity building



Sector Strategy

Meeting customers where they are at.

Having the *RIGHT offers and enablers* presented to customers through the *RIGHT delivery channels* at the *RIGHT time* to minimize lost opportunities and drive natural gas reductions.

This means:

- ✓ More offers to close program gaps and address a broader group of customers (large and small, tenants and owners, etc.)
- ✓ More enablers to overcome knowledge, resource and capacity barriers
- ✓ Growth in Trade Ally and third-party delivery models to broaden program awareness and customer reach

Enabling Initiatives

- Support customers to identify, quantify, justify, and prioritize efficiency opportunities
- Help customers choose the right offer path to move projects forward

Enabling Initiative	Description
Site Walk-throughs	<ul style="list-style-type: none"> • Conducted to identify potential opportunities
Audits, Metering and Studies	<ul style="list-style-type: none"> • Fund portion of third-party audits, assessments, and studies, as well as energy modelling and sub-metering
Building Portfolio Planning	<ul style="list-style-type: none"> • Consult with key accounts to identify and prioritize energy efficiency opportunities across their building portfolio for both short-term and long-term planning
Capital Asset Renewal Planning	<ul style="list-style-type: none"> • Review customer capital asset renewal plans and identify opportunities to incorporate efficiency improvements upon equipment/envelope and/or other planned capital replacements
Strategic Energy Management	<ul style="list-style-type: none"> • Supports large commercial customers and key accounts in activities to encourage continuous energy management and performance improvement
Building Operator Training	<ul style="list-style-type: none"> • Training/education of building operators on how to optimize energy use and reduce operating costs, while maintaining occupant expectations

NEW

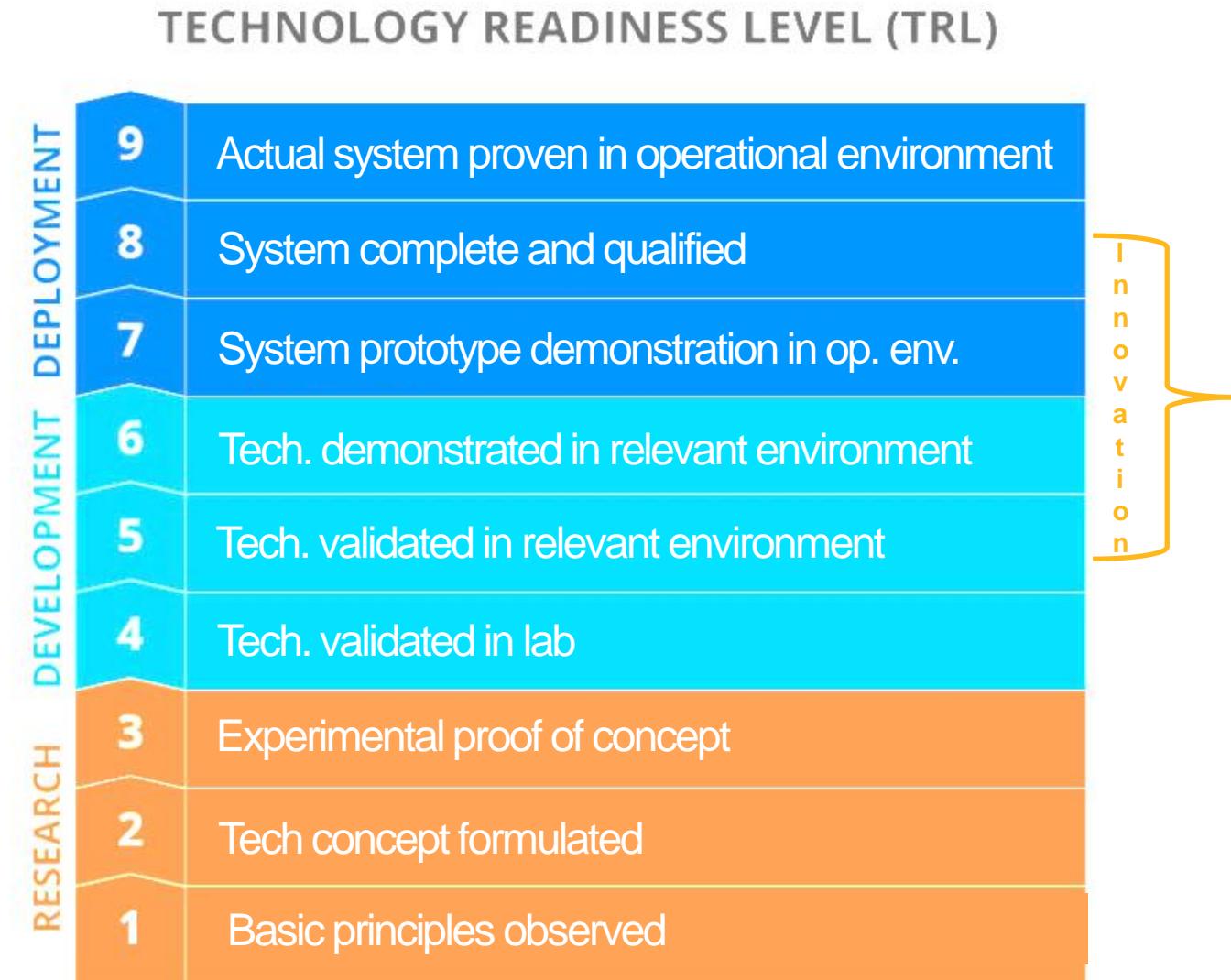
NEW

NEW

NEW

Energy Innovation Initiative

- Supports advancement of innovative technologies towards market readiness
- Open bid and Request for Information (RFI)
- Targets technologies in development and early deployment phases of Technology Readiness
- Multi-year budget
- Ultimate objective to transition proven technologies to custom or prescriptive offers over time



Offers Overview

Category	Offer	BUS	MURB	MUSH
Single/Multi-measure capital improvements	Custom	Enhanced	X	X
	Prescriptive	Downstream	Enhanced	X
		Direct Install	Enhanced	X
		Upstream	Enhanced	X
	Micro Business	New	X	
No cost/Low cost	Operational Improvement, Recommissioning, Behavioural (ORB)	New	X	X
Whole Building	Pay for Performance (P4P)	Consideration	X	X

Go to Market

Energy Solutions Advisors (ESA)

Work with large customers and key accounts to:

- Identify opportunities - site visits, portfolio benchmarking, evaluating CARs, etc.
- Quantify savings and support business case development
- Aid in planning and implementation of projects
- Secure incentives to offset cost of audits, studies & other projects
- Share knowledge of best practices

Trade Ally Network (TAN)

Increased participation from service providers such as contractors, engineering firms and distributors to deliver conservation programs to customers

TAN Enablers:

- Program training
- Sales and technical support tools and training (capacity building)
- Customer and service provider incentives
- Online portal

GROW

Third-Party Implementers

Leveraged to support specific offers and/or enabling initiatives

Examples:

- P4P
- Operator training
- Micro Business

(currently exploring)

GROW

Custom Offer

Category	Current Offer	Proposed 2026+ Offer	Rationale
Offer	<ul style="list-style-type: none"> Measures that require site specific inputs to calculate savings or where multiple measures are implemented with interactive effects 		
Measure Mix	<ul style="list-style-type: none"> Boiler upgrade projects represented significant proportion of custom results 	With diminished boiler upgrade opportunities, more emphasis placed on enhancing building performance, heat recovery and hybrid solutions.	<ul style="list-style-type: none"> Code change to boilers impacts programming from 2025 onward
Financial Incentives	<ul style="list-style-type: none"> Avg. \$0.29/gross m³ saved Incentive capped at 50% of incremental project cost, max \$100,000 	<ul style="list-style-type: none"> Avg. \$0.65/gross m³ saved Incentive capped at 100% of incremental cost, max \$250,000* \$3.00/gross m³ saved for heat pumps Bonus incentives 	<ul style="list-style-type: none"> Adjusted for impact of increased project costs Reflects shift towards more costly measures
Delivery Model	<ul style="list-style-type: none"> Energy Solutions Advisors 		<ul style="list-style-type: none"> Provide technical and administrative support to large/key accounts
	<ul style="list-style-type: none"> Service Providers 	Expand participating service providers through development of a more formalized Trade Ally Network (TAN)	<ul style="list-style-type: none"> Extend reach of programming

Prescriptive Offers

Category	Current Offer	Proposed 2026+ Offer	Rationale
Offers	<ul style="list-style-type: none"> Downstream – Standalone measures with deemed savings & incentives Upstream – Upselling of high-efficiency technologies up the supply chain Direct Install – Turnkey solution, measures installed at little to no cost 		<ul style="list-style-type: none"> Simplified savings calculations reduce administration Cater to customer needs
Measure Mix	<ul style="list-style-type: none"> Measures in the Technical Reference Manual (TRM) 	<ul style="list-style-type: none"> Expanding TRM measures to include smart controls, high efficiency and hybrid RTUs, and other tech. on the horizon 	<ul style="list-style-type: none"> Cater to a broader group of commercial customers
Financial Incentives	<ul style="list-style-type: none"> Down/upstream: Cover 25% to 40% of incremental cost, avg. \$0.51/gross m3 for downstream and \$1.27/gross m3 for upstream D/I: Cover up to 100% of incremental cost, avg. \$1.25/gross m3 	<ul style="list-style-type: none"> Down/upstream: Cover 50% of incremental cost, avg. \$0.75/gross m3 for downstream and \$1.50/gross m3 for upstream D/I: Cover up to 100% of incremental cost, avg. \$1.50/gross m3 \$3.00/gross m3 for heat pumps 	<ul style="list-style-type: none"> Adjusted for impact of increased project costs Buy-down payback period and grow market interest/uptake
Delivery Model	<ul style="list-style-type: none"> Energy Solutions Advisors Service Providers 	<ul style="list-style-type: none"> A more formalized Trade Ally Network (TAN) to engage more service providers 	<ul style="list-style-type: none"> Provide key accounts with technical/admin support Extend reach of programming

Micro-Business Offer

Category	Proposed 2026+ Offer	Rationale
Offer	<ul style="list-style-type: none"> Supports businesses that operate out of residential type buildings Mirrors those available through the Residential program Both single measure and Hot2000 modelled pathways available 	<ul style="list-style-type: none"> Cater to an underserved market
Measure Mix	<ul style="list-style-type: none"> Efficiency equipment and weatherization measures similar to Residential Program, such as air sealing, wall insulation, smart thermostats and heat pumps 	
Financial Incentives	<ul style="list-style-type: none"> Similar to Residential program, with incentives towards site assessments and project implementation A Direct Install approach may be taken with some measures 	<ul style="list-style-type: none"> Address pronounced resource constraints typical of micro-business customers
Delivery Model	<ul style="list-style-type: none"> Trade Ally Network – similar delivery agents/model to Residential program 	<ul style="list-style-type: none"> Extend reach of programming Avoid market confusion Appeal to trade allies

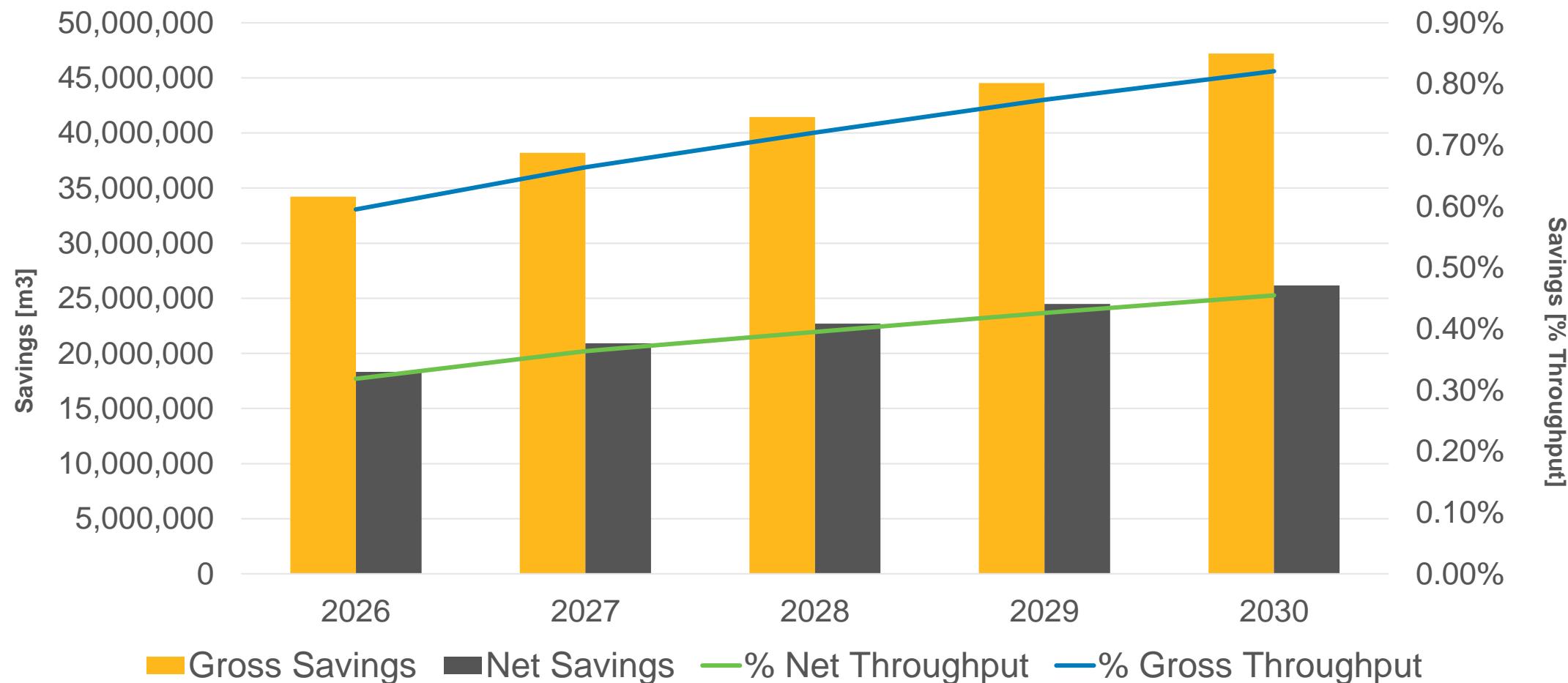
ORB Offer - Operational. Recommissioning. Behavioural.

Category	Proposed 2026+ Offer	Rationale
Offer	<ul style="list-style-type: none"> Simplified, efficient approach to operational, recommissioning, and behavioral improvements Targeted building systems audit Streamlined savings calculator 	<ul style="list-style-type: none"> Customer interest Broaden program reach/engagement Insights for future projects
Measure Mix	<ul style="list-style-type: none"> Low / No cost measures 	<ul style="list-style-type: none"> Accessible and beneficial for customers with limited capital, resources, or decision-making capacity
Financial Incentives	<ul style="list-style-type: none"> Cost coverage of pre and post site assessments \$0.25/m³ saved 	<ul style="list-style-type: none"> Overcome knowledge and resource constraints
Delivery Model	<ul style="list-style-type: none"> Closed Trade Ally Network of ORB service providers Use streamlined intake form and calculator to deliver savings 	<ul style="list-style-type: none"> Extend reach Reduced administration Simplified design and implementation for TAN

P4P Offer – Pay for Performance Programming

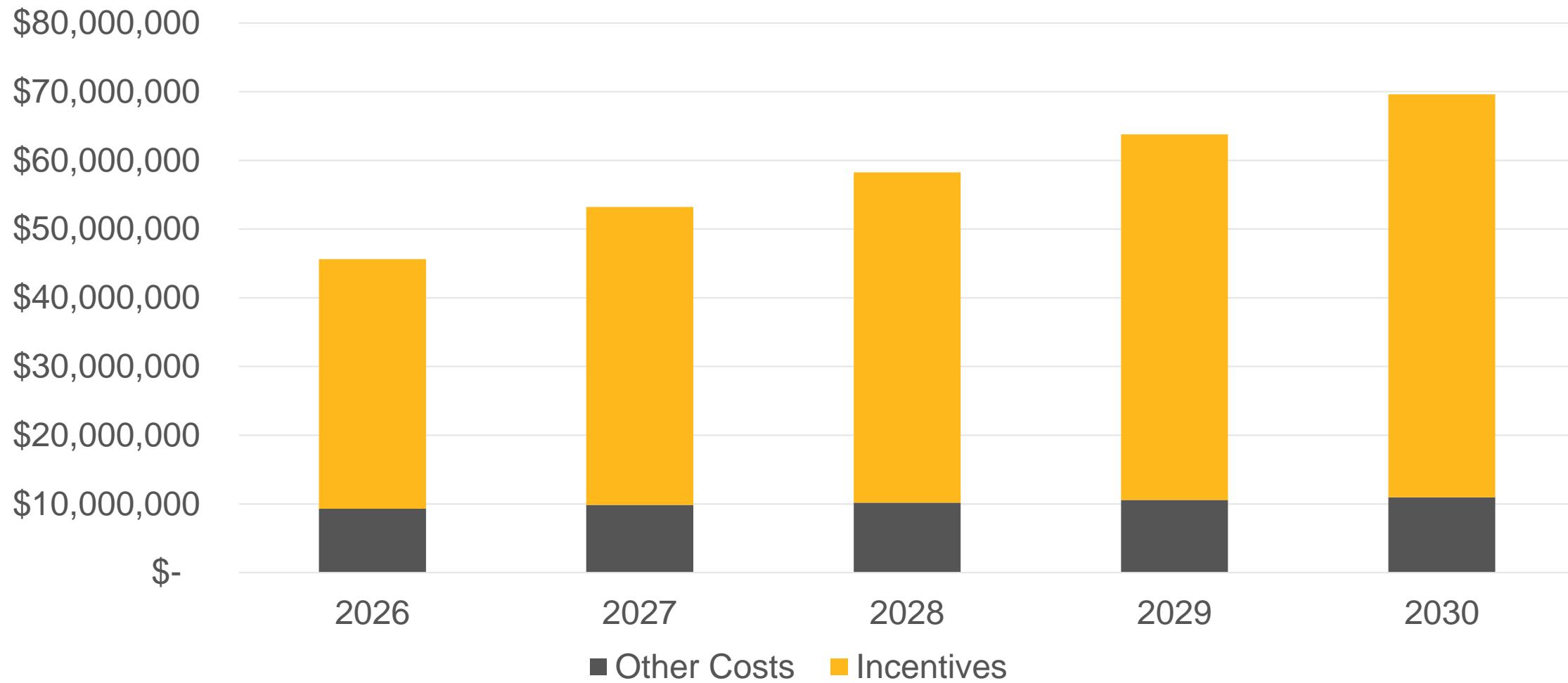
- Offer supports all capital, behavioural and/or operational improvements made by a customer that demonstrates savings at the meter over time
- Currently piloting a multi-year approach to drive whole building energy performance improvements in K-12 schools
- Pilot is costly relative to other offers, however early stages
- Identified as an opportunity for collaboration

Forecast Results



Applied current NTG assumptions | Throughput based on forecast 2022 assumptions | Assumed inflation rate of 2% per year

Forecast Budgets



Assumes a 2% per year inflation rate

Forecast Results and Budgets

Forecast Results

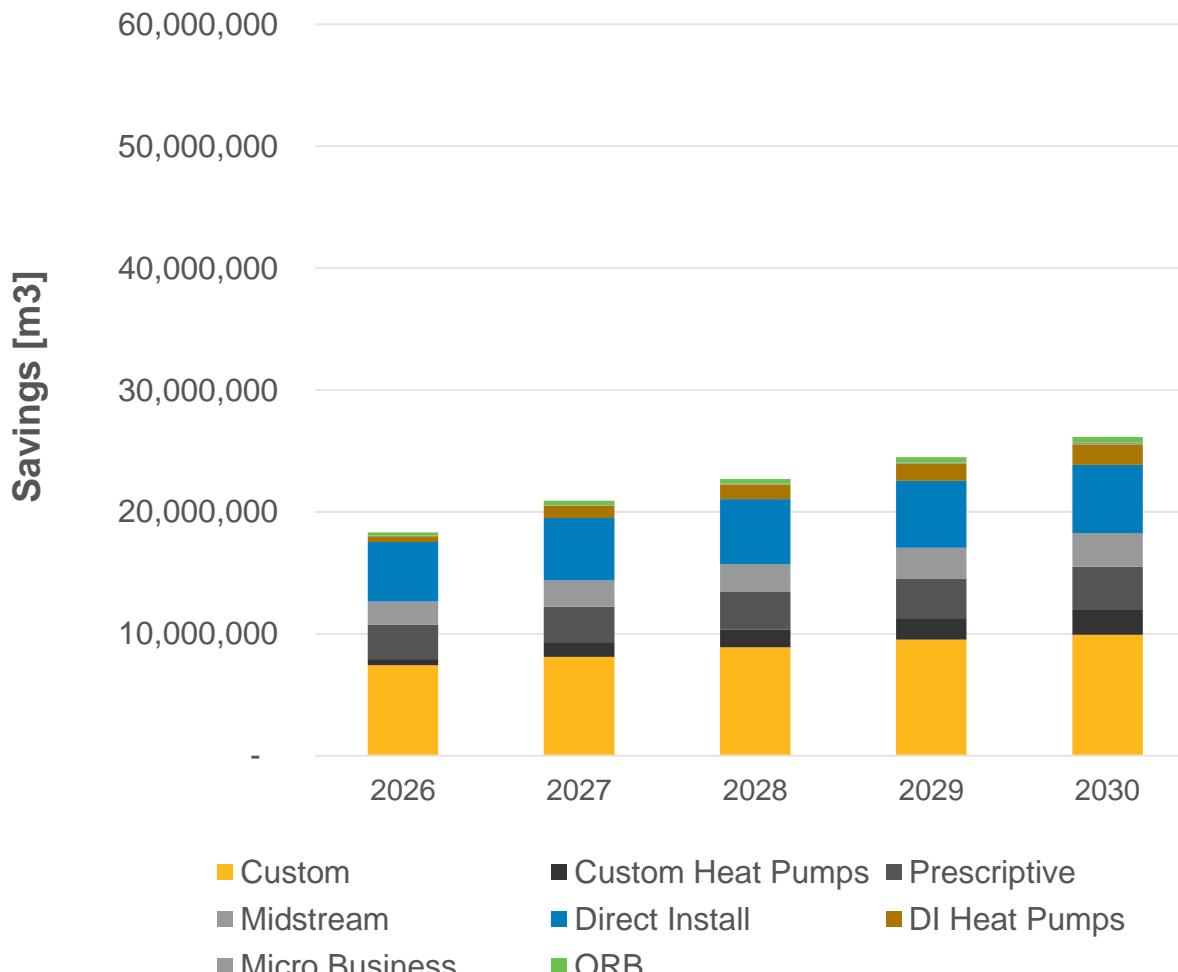
	2026	2027	2028	2029	2030
Gross Savings	34.2M	38.2M	41.4M	44.5M	47.2M
Net Savings	18.3M	20.9M	22.7M	24.5M	26.2M
% Gross Throughput	0.60%	0.66%	0.72%	0.77%	0.82%
% Net Throughput	0.32%	0.36%	0.39%	0.43%	0.45%

Forecast Budgets (% of Total Costs)

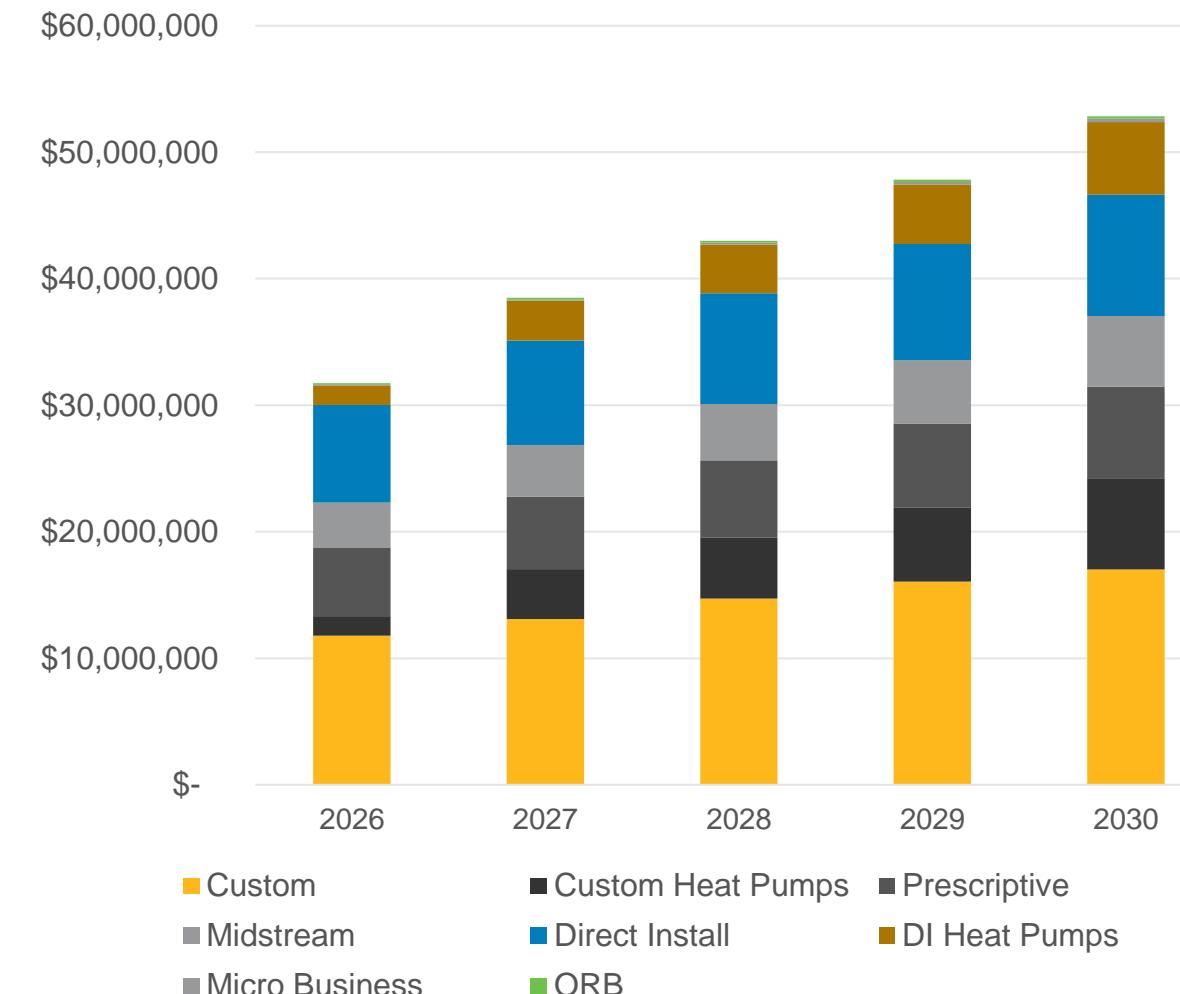
	2026	2027	2028	2029	2030
Incentives	\$36.3M (80%)	\$43.4M (81%)	\$48.1M (83%)	\$53.2M (83%)	\$58.7M (84%)
Other Costs	\$9.3M (20%)	\$9.9M (19%)	\$10.2M (17%)	\$10.6M (17%)	\$11.0M (16%)
<u>Total Costs</u>	<u>\$45.6M</u>	<u>\$53.2M</u>	<u>\$58.3M</u>	<u>\$63.8M</u>	<u>\$69.6M</u>

Forecast Results & Project Incentives by Offer

Net Savings Per Offer



Incentives per Offer



Applied current NTG input assumptions | Assumed inflation rate of 2% per year

Forecast Results & Project Incentives by Offer

Offer	Net Savings Per Offer					Incentives Per Offer				
	2026	2027	2028	2029	2030	2026	2027	2028	2029	2030
Custom	7.44M	8.11M	8.92M	9.54M	9.92M	\$11.79M	\$13.11M	\$14.71M	\$16.05M	\$17.03M
Custom Heat Pumps	0.49M	1.22M	1.46M	1.76M	2.11M	\$1.54M	\$3.93M	\$4.81M	\$5.88M	\$7.20M
Prescriptive	2.81M	2.92M	3.07M	3.25M	3.48M	\$5.39M	\$5.72M	\$6.12M	\$6.62M	\$7.23M
Midstream	1.92M	2.15M	2.28M	2.51M	2.76M	\$3.59M	\$4.11M	\$4.45M	\$4.99M	\$5.60M
Direct Install	4.88M	5.12M	5.33M	5.49M	5.60M	\$7.70M	\$8.25M	\$8.75M	\$9.19M	\$9.56M
DI Heat Pumps	0.49M	0.98M	1.17M	1.40M	1.69M	\$1.54M	\$3.14M	\$3.85M	\$4.71M	\$5.76M
Micro Business	0.05M	0.06M	0.07M	0.09M	0.11M	\$0.10M	\$0.13M	\$0.16M	\$0.20M	\$0.26M
ORB	0.26M	0.37M	0.40M	0.44M	0.49M	\$0.09M	\$0.13M	\$0.14M	\$0.16M	\$0.18M

Simple Budget Build Up Example

Assume current incentive of \$1.00/m³ saved

Assume we drive 1 project that saved 100,000 m³ (average project yield)

Total Incentive budget = \$1.00 x 100,000 m³ = \$100,000

Now assume results can be doubled (2 projects) by tripling the incentive to reduce payback

New Incentive of \$3.00/m³ saved

Double current results to 200,000 m³ saved per year

Total incentive budget = \$3.00 x 200,000 m³ = \$600,000

Take away

- Tripling the incentive to double results could cost 6x the overall budget
- Why? Because we are paying triple the incentive on all participants.

Discussion

Enbridge Gas Industrial Program Overview

Scott Hicks – Manager, Energy Conservation Program Design & Technology QA/QC

Damir Naden – Manager, Energy Conservation - Industrial & Commercial Sales

Carolyn Mendlowitz – Supervisor, Commercial/Industrial Program Innovation

The following slides are draft materials and are provided to facilitate discussion with parties engaged in the development of 2026+ DSM programming.

Industrial Sector Characterization

Industrial Customers can be broadly classified into the following market segments:

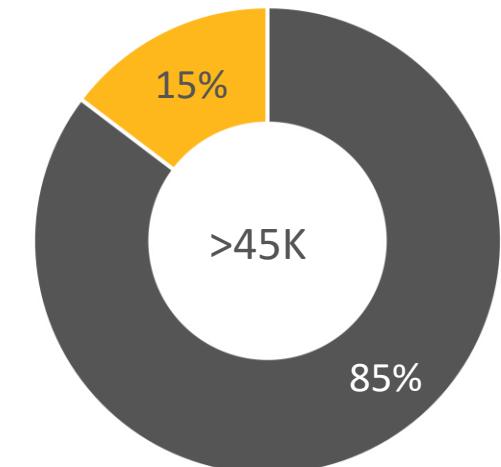
Manufacturing

- Involved in production or enhancement of goods
- Span many industries such as automotive, chemical, asphalt, cement, mining, food and beverage, etc.

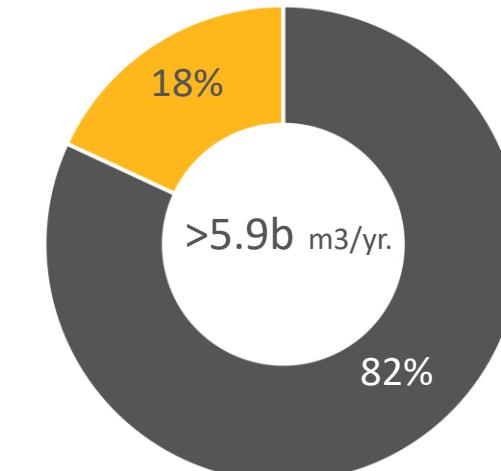
Agriculture

- Facilities that cultivate plants, produce, or livestock such as:
 - Vegetable, fruit, and flower greenhouses
 - Vineyards
 - Farms
 - Grain storage and drying facilities

Premises



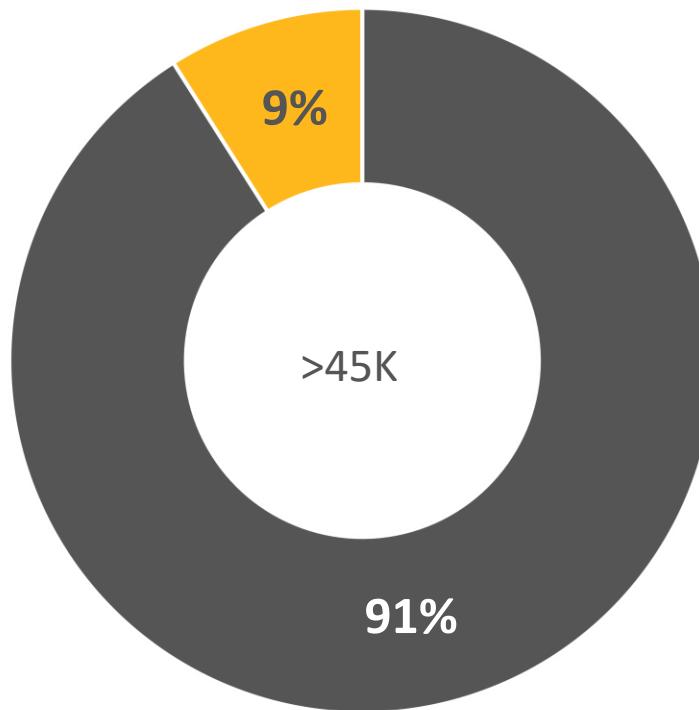
Consumption



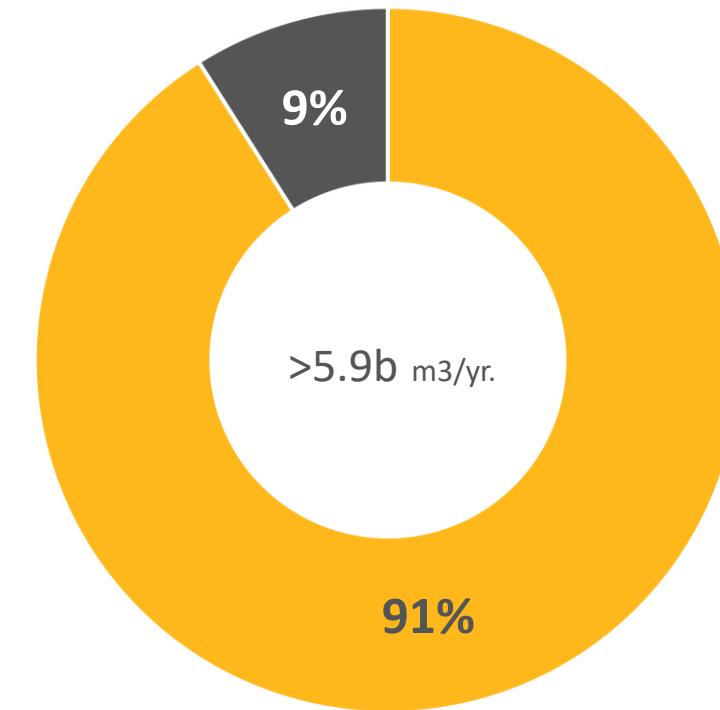
 Manufacturing  Agriculture

Industrial Sector Characterization

Premises



Consumption



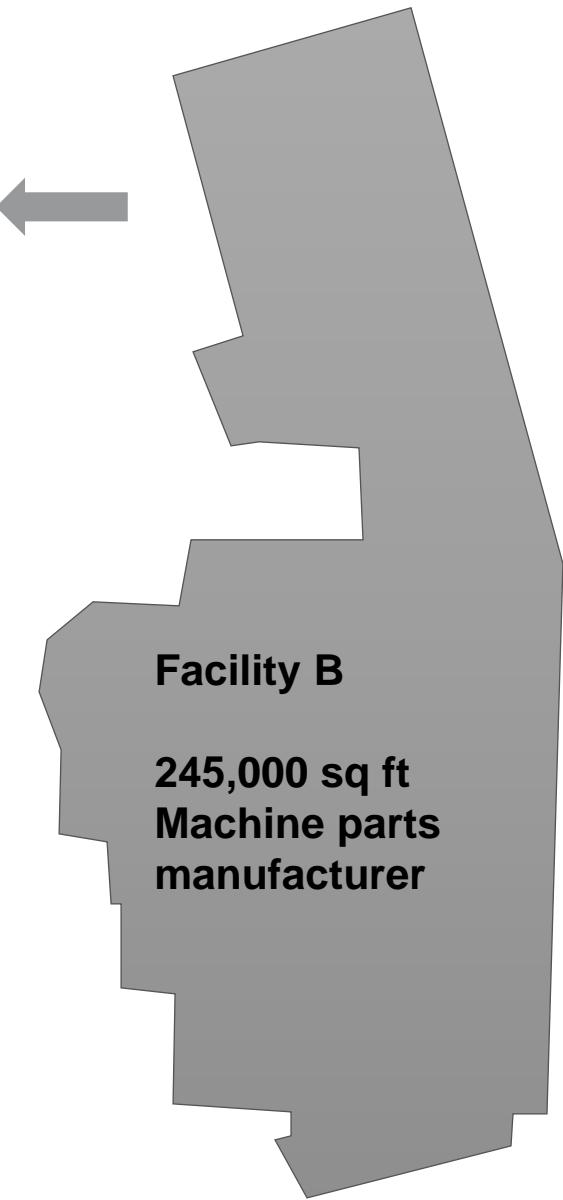
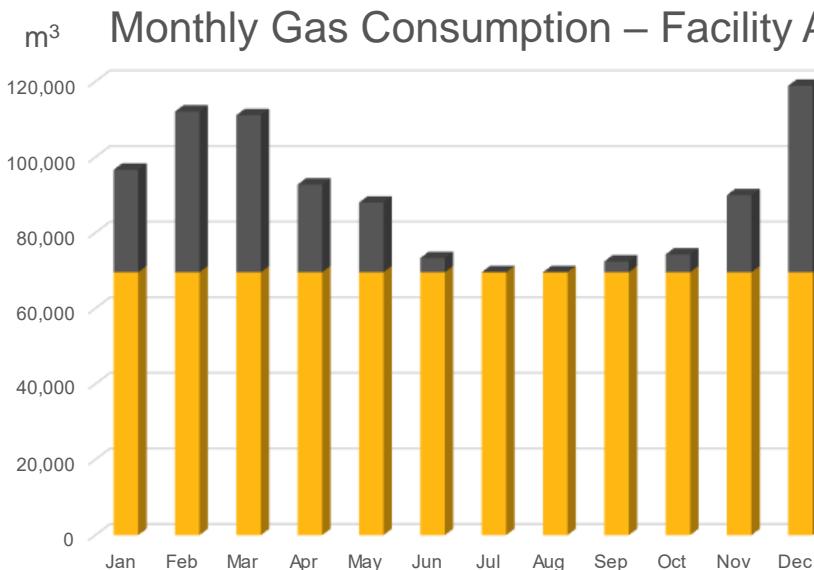
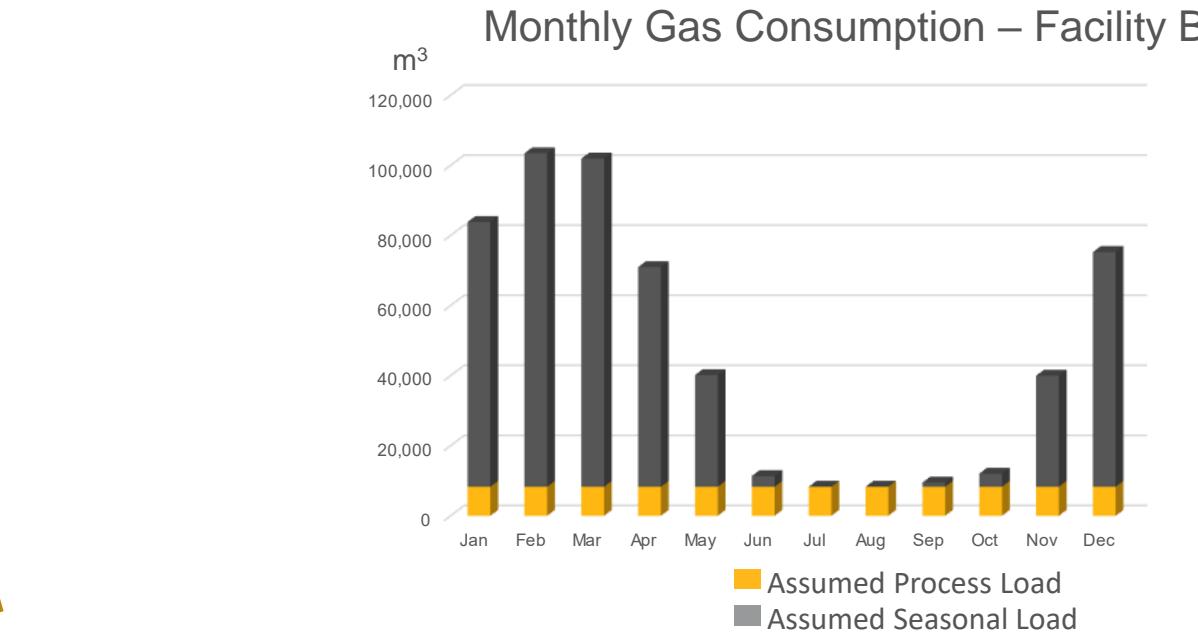
- █ Large Industrial, consume $\geq 100,000 \text{ m}^3/\text{yr.}$
- █ Small Industrial, consume $< 100,000 \text{ m}^3/\text{yr.}$

Supporting Larger Industrial Customers

- Efficiency opportunities can vary significantly across premises, for example:
 - Image represents two Industrial facilities in the same manufacturing market segment.
 - Which uses more natural gas?
 - Which has higher space heating vs. process heating requirements?

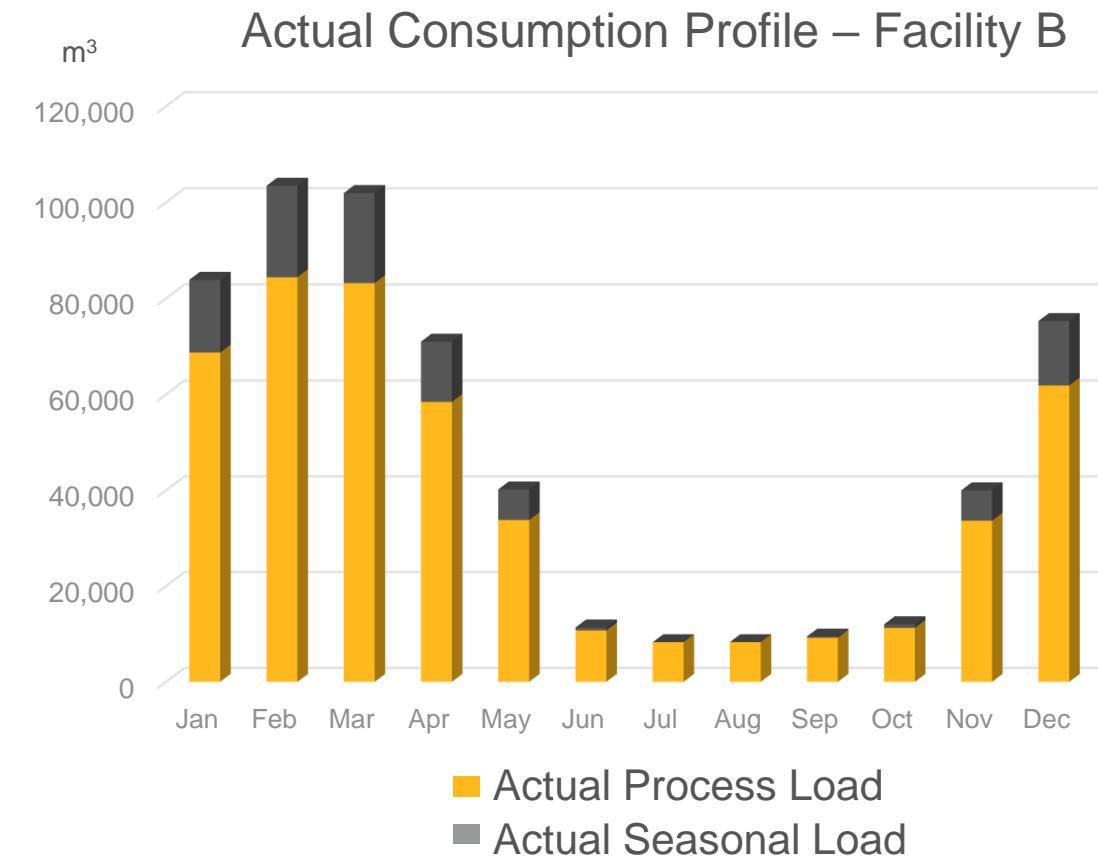
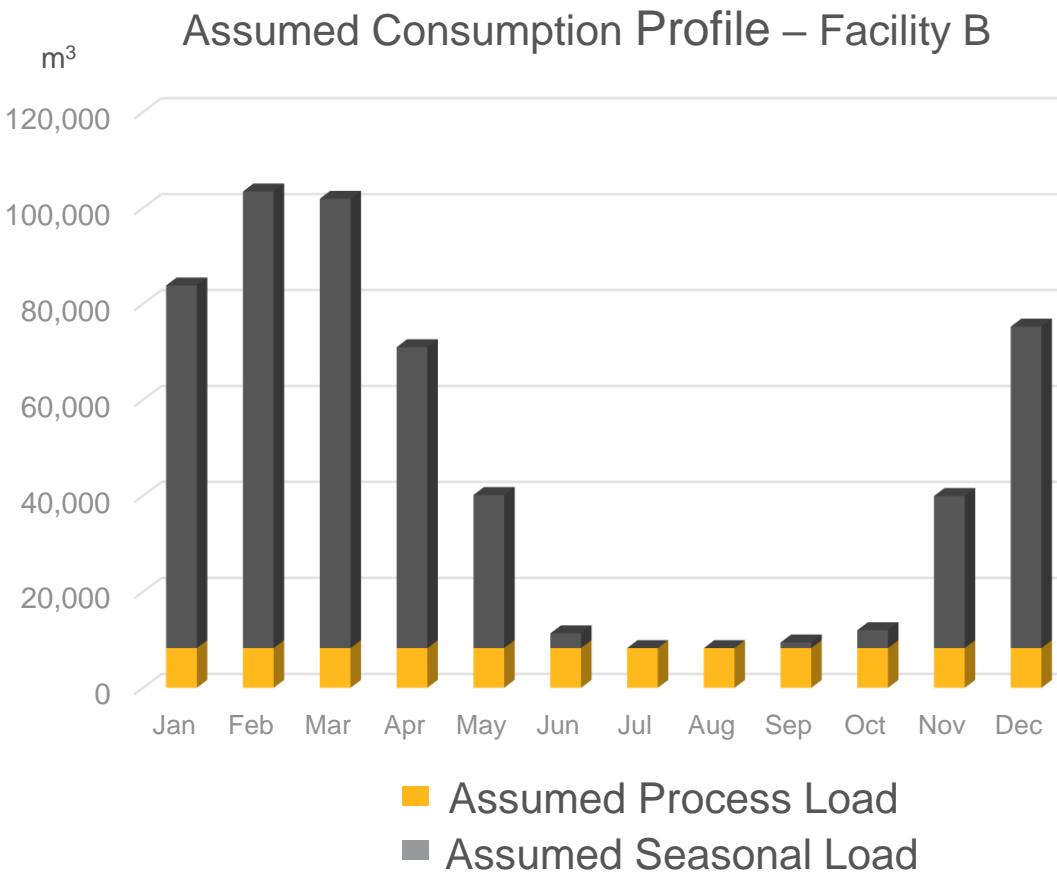


Supporting Larger Industrial Customers



Supporting Larger Industrial Customers

Facility B Consumption Drivers:



Supporting Larger Industrial Customers



<https://www.youtube.com/watch?v=X118OH0TMqk>

Customer Testimonials

"We did a detailed engineering study on our overall sites, all the natural gas consumers. And the result of the study...gave us a holistic view of our site consumption. And where the most focus of our efforts should be in terms of trying to optimize some of those consumers....And then they [Enbridge] came with some recommendations regarding some of the overall characteristics and how we could improve each one... Capital expenditures are kept quite minimal, and we were able to justify the expenditure through the study." – Customer

Source: 2023 Process Evaluation of Enbridge's Custom Offering conducted by IPSOS, Page 17

"Sometimes the projects are getting very complex. To build the business case, it's not easy. I did a project, it took me three months just to put the data together, and it was very overwhelming... And quantification is challenging. So, the technical expertise and input that they can or could provide is very valuable." -- Customer

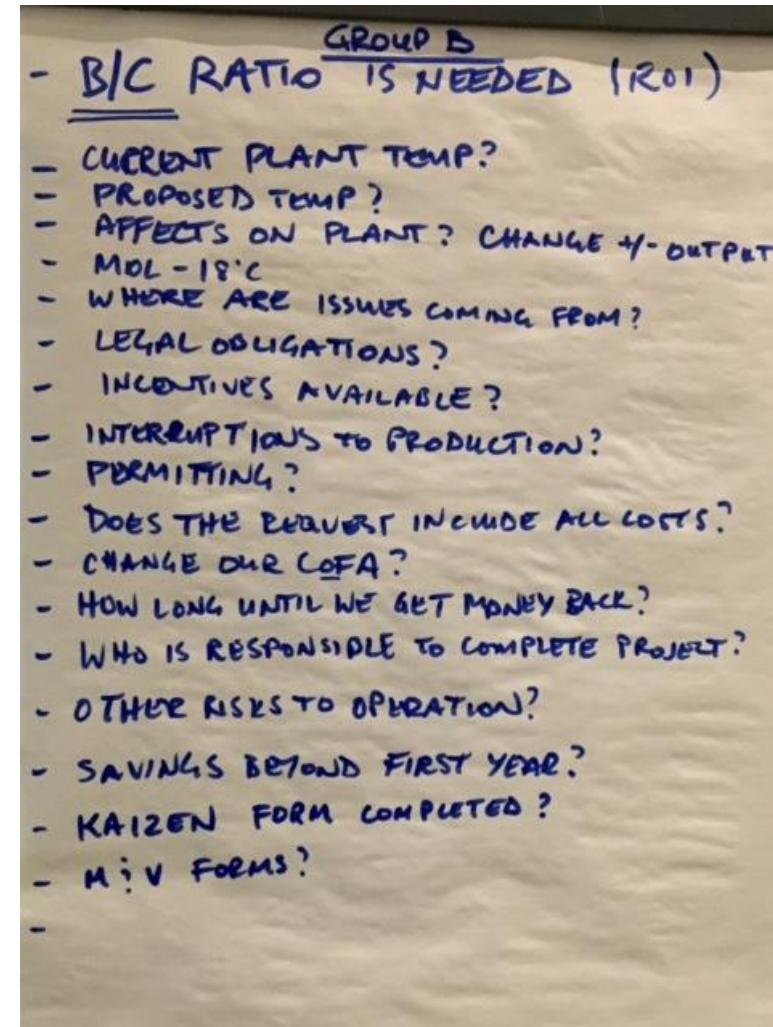
Source: 2023 Process Evaluation of Enbridge's Custom Offering conducted by IPSOS, Page 23

"They're almost like a co-worker. So, they don't just offer influence through incentives and whatnot, but they offer resources that help with taking on some of the demand of the project itself in terms of man hours in analyzing or reviewing the study itself." – Customer

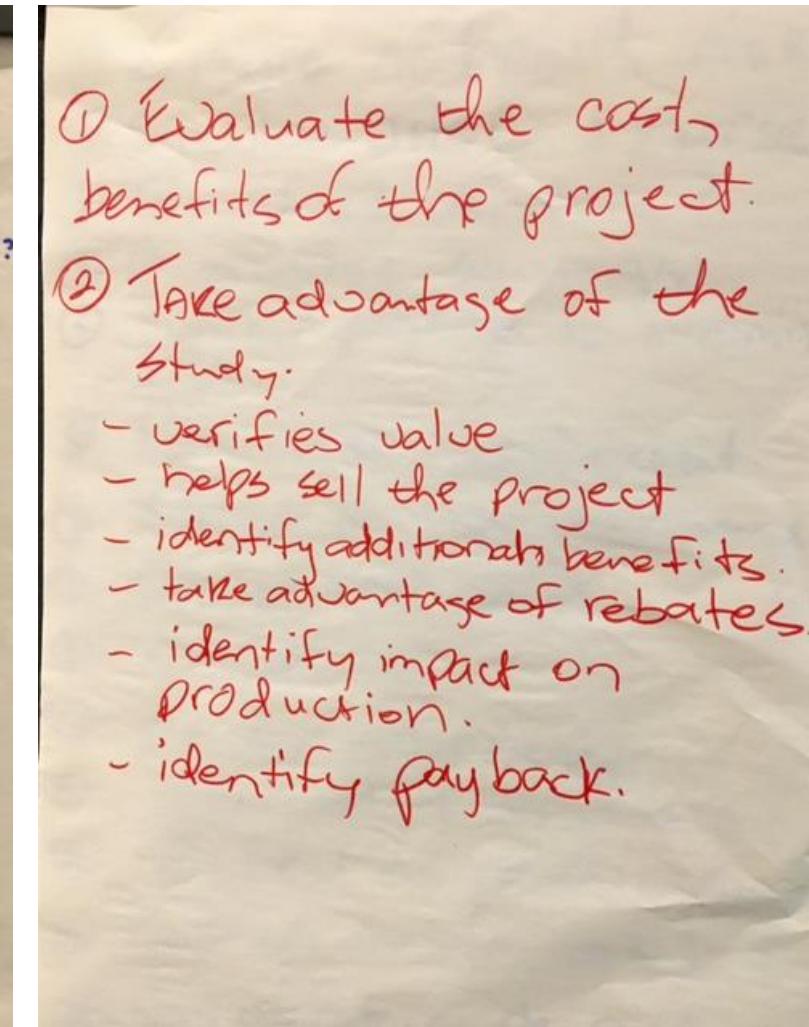
Source: 2023 Process Evaluation of Enbridge's Custom Offering conducted by IPSOS, Page 17

Competing Priorities

- At an Industrial customer workshop, Energy Champions and Plant Managers were presented with a scenario in which the facility they worked in was cold and drafty, indicating that there was an air balance issue.
- Participants were grouped based on whether they managed the plant or were an energy champion and asked to list the questions they thought needed answering before an air balance study would be approved.



Plant Manager



Energy Champion

Competing Priorities

- Workshop participants were then told the study was conducted and revealed an opportunity that would yield significant energy and cost savings as well as resolve existing cold and drafty climate issues. The project was anticipated to result in gas and cost savings of \$75,000 annually for a total investment of \$42,000.
- Participants were grouped based on whether they managed the plant or were an energy champion and asked to list the questions they thought needed answering before a decision on the project could be made.

① Ensure no health risks
② Involve JHSC + nurse.
③ Qualified vendors?
④ Guaranteed savings.
⑤ Similar projects to minimize risk.
⑥ Return on investment.
⑦ Effect on maintenance.
⑧ Operational costs
⑨ manpower.
⑩ PAY for performance.
⑪ Alternative solutions?
⑫ Effect on production.
⑬ Savings sustainable?
⑭ Can operators de-rail savings?

Plant Manager

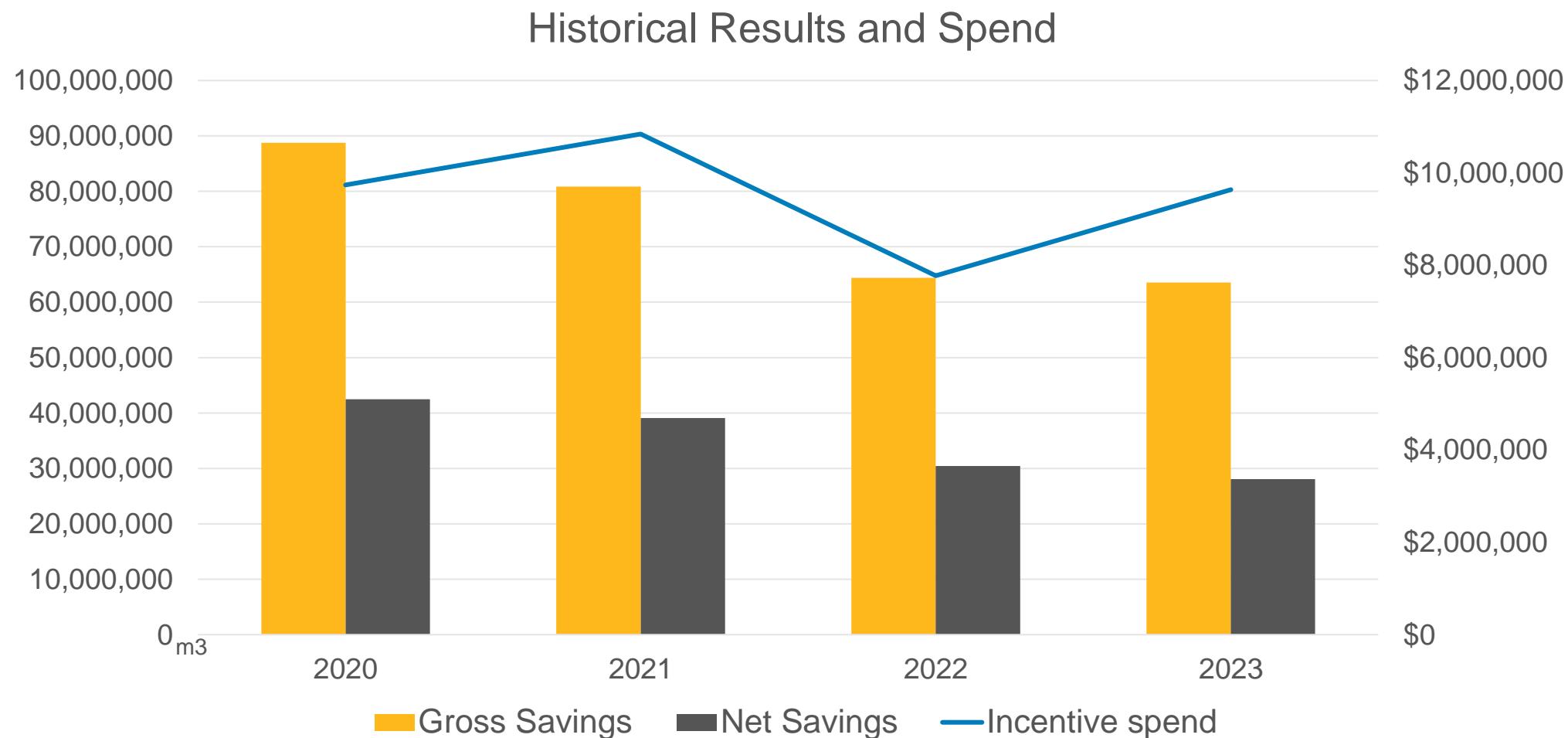
ENERGY CHAMPIONS
- Start w/ B/C ratio 1.79
- list soft benefits - comfort
- production not interrupted
- no walk-outs
- coached our team w/enbridge
↳ supports project
- Yes, would recommend. the one we have good data on
- looked at the energy numbers
- lower risk w/the known project
- Would say this is incentiveable.
and
- Greenhouse gas reductions numbers
- Employee comfort
- Kaizen ready

Energy Champion

Strategic Considerations

	Internal	External
Knowledge Gaps	Need support to identify opportunities and validate savings potential.	Persisting industry wide labor turnover and shortages creating knowledge gaps.
Resource Constraints	Financial incentives and personnel allocation.	Rising costs of labor, raw materials, and higher interest rates.
Competing Priorities	Production and safety concerns over energy efficiency.	Competing for limited funds means shorter acceptable payback periods: <ul style="list-style-type: none">• Manufacturing: <u>less than 2 years</u>• Agriculture: <u>3-5 years</u>

Historical Overview



Results are not final and subject to change (2021 data is audited and subject to OEB approval; 2022 data is audited but not yet cleared, and 2023 data is unaudited and subject to OEB approval)

Sector Strategy

Support continuous efficiency improvement year over year by overcoming:

Knowledge Gaps

Empowering customers with knowledge to make informed decisions through enhanced:

- Audits, assessments and submetering
- Workshops and training sessions
- Access to Energy Management Information Systems (EMIS)

Resource Constraints

Providing technical and financial resources necessary through enhanced:

- Incentives to reduce upfront project costs and make information gathering more affordable
- Resource support from ESAs and Trade Allies

Competing Priorities

Ongoing ESA engagement with customers to work through project obstacles and keep energy efficiency projects top of mind:

- Identify and promote energy and non-energy benefits
- Mitigate perceived project risks – show projects are tried, tested and true

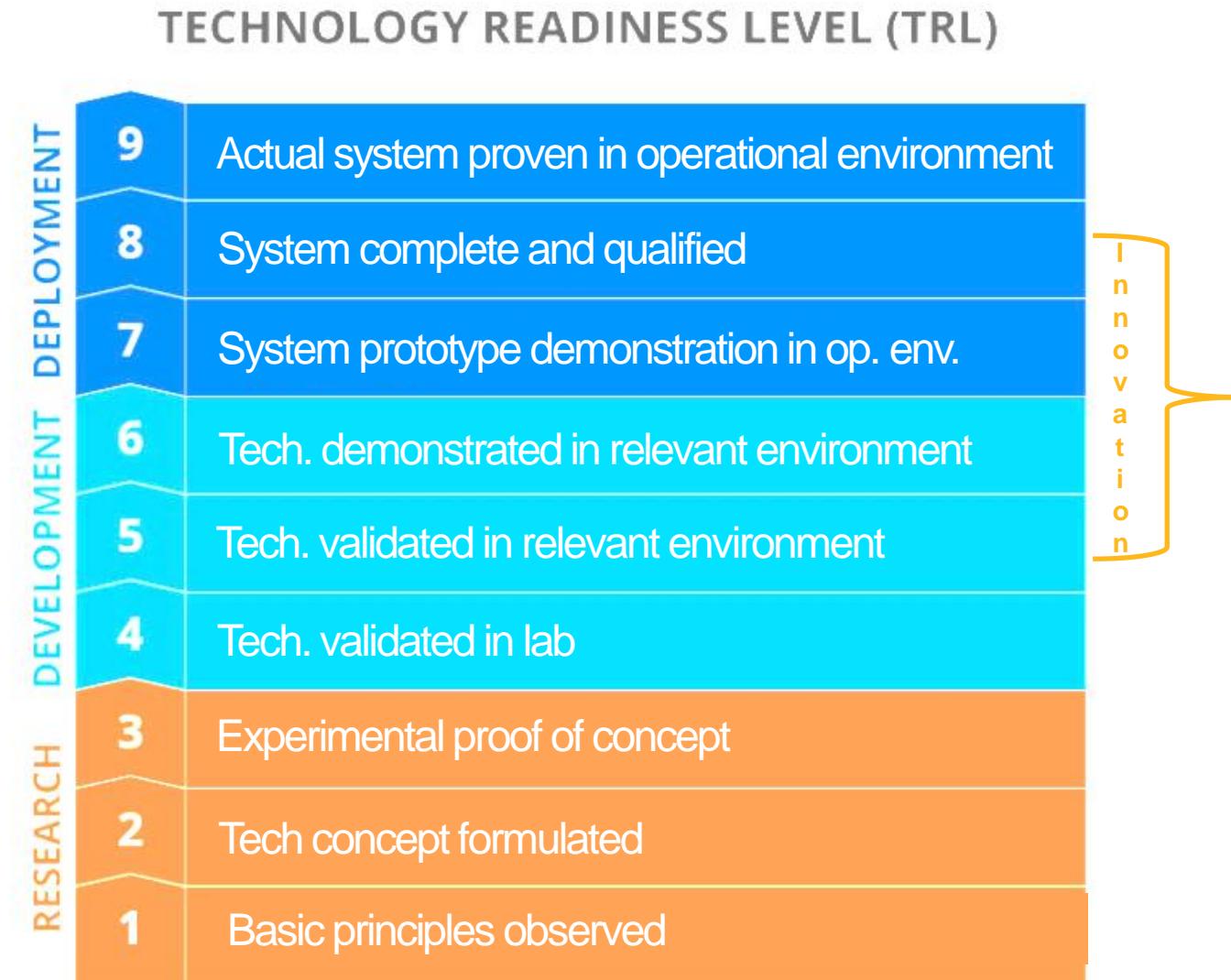
Enabling Initiatives

- Enabling initiatives support customers with identifying, quantifying, prioritizing and justifying efficiency opportunities.
- Primary program delivery mechanism is ESAs, additional enabling initiatives include:

Assessments	Strategic Energy Management (SEM)	Capacity Building
Funding towards: <ul style="list-style-type: none">• Third-party assessments• EMIS systems• Sub-metering, etc. <p>ENHANCED</p>	<ul style="list-style-type: none">• For customers who require more than sub-metering and EMIS systems• Third-party administered <p>NEW</p>	Share industry-level best practices through: <ul style="list-style-type: none">• Workshops/webinars• Case studies• Newsletters

Energy Innovation Initiative

- Supports advancement of innovative technologies towards market readiness
- Open bid and Request for Information (RFI)
- Targets technologies in development and early deployment phases of Technology Readiness
- Multi-year budget
- Ultimate objective to transition proven technologies to custom or prescriptive offers over time



Offers

- Based on the types of efficiency opportunities identified, projects may qualify for one of the offers outlined below:

Custom Offer

- Supports measures that require site specific inputs to calculate savings
- Will continue to account for bulk of savings results
- Modified incentive structure to reduce payback period and overcome financial barriers

ENHANCED

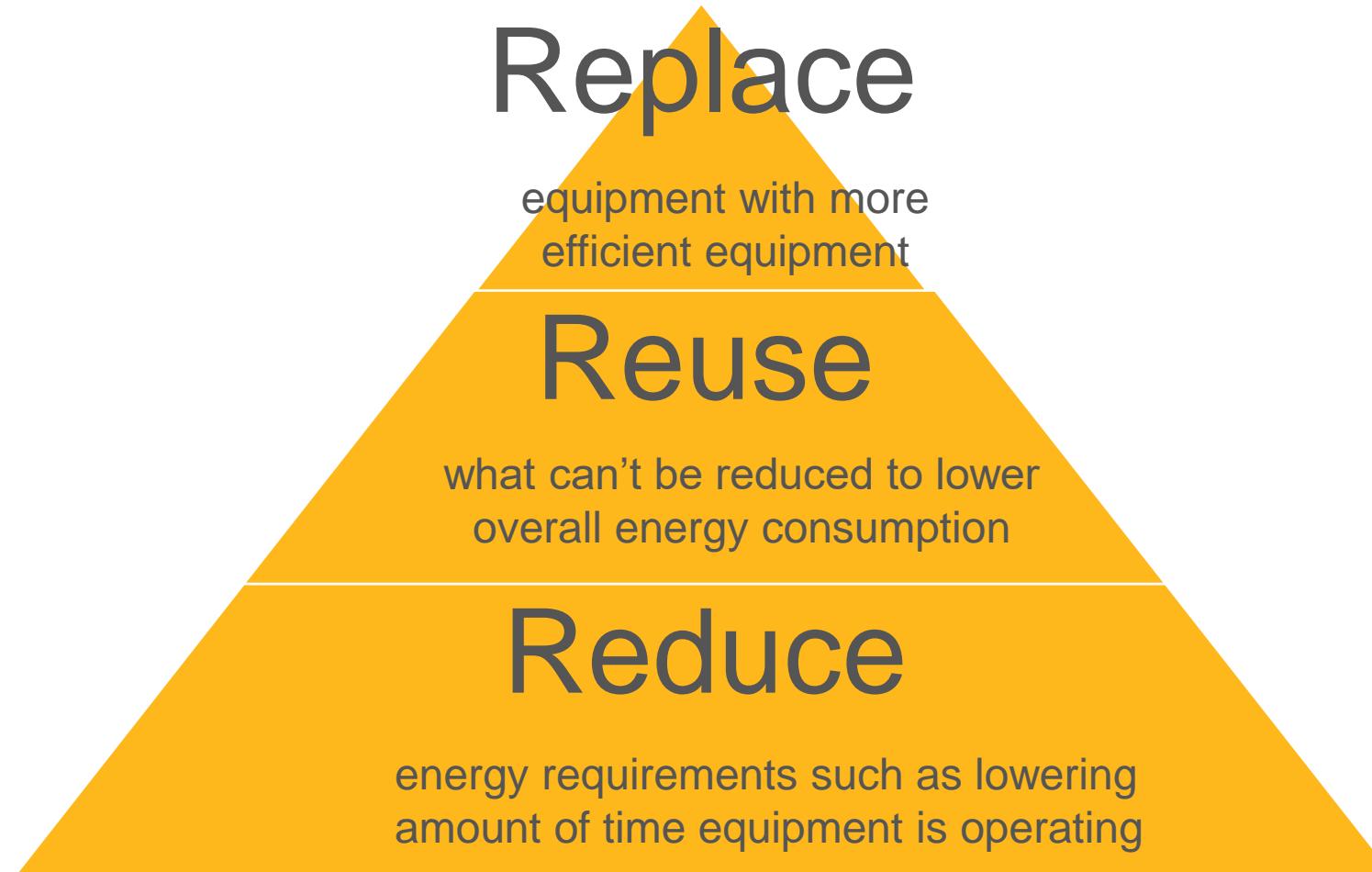
Prescriptive/DI Offer

- Prescribed savings at a measure level pre-defined within the Technical Reference Manual (TRM)
Broaden reach through:
 - Expansion of TRM measures
 - Extension of Trade Allies
 - Increased incentives

ENHANCED

Characterizing Industrial Projects

Custom projects cannot be easily summed up at a measure level, they can be more broadly classified as projects that:



Many efficiency opportunities are tied to larger projects.

- When projects such as plant retooling and automation, production expansion and/or the procurement of new production equipment occurs, opportunity exists to identify and implement measures to reduce, reuse and drive energy conservation that are related to or integrated into those larger projects.
- In these circumstances, the conservation component influenced by Enbridge becomes a smaller portion of the overall project.

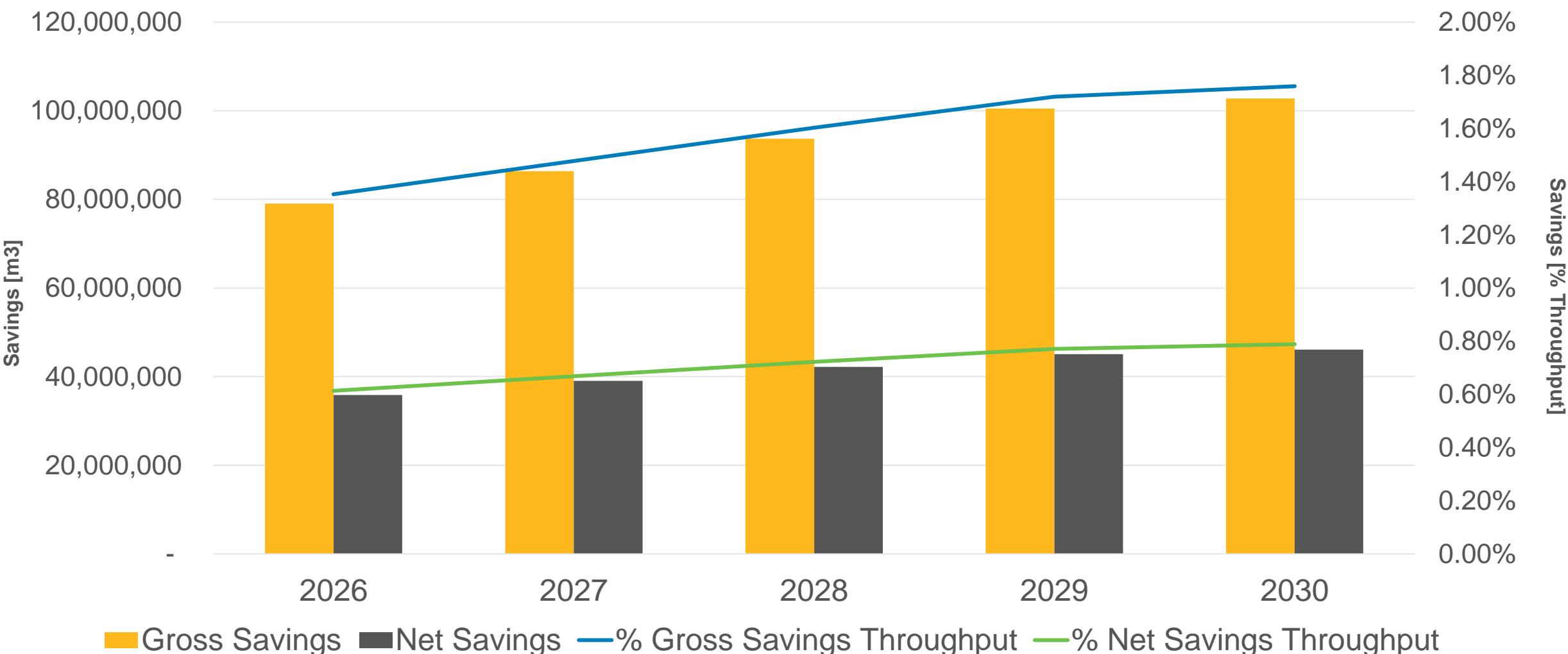
Custom Offer

Category	Current Offer	Proposed 2026+ Offer	Rationale
Measure Mix	Emphasis placed on projects that REDUCE energy requirements, REUSE what can't be reduced, and when opportunity is available REPLACE equipment with more efficient equipment.		
Financial Incentives	<ul style="list-style-type: none"> Standard: Avg. \$0.13/gross m³ saved, up to 50% of incremental project cost and \$200k per project 	<ul style="list-style-type: none"> Standard: Avg. \$0.35/gross m³ saved, up to 100% of incremental project cost and \$500k per project Bonus incentives 	<ul style="list-style-type: none"> Adjusted for increased costs Reach payback periods of less than 2 years for most manufacturing projects and approx. 3 years for most ag. projects
Delivery Model	<ul style="list-style-type: none"> ESAs – 24 FTEs 	<ul style="list-style-type: none"> Incremental 6 FTEs proposed 	<ul style="list-style-type: none"> Extend capacity to support more customers and projects

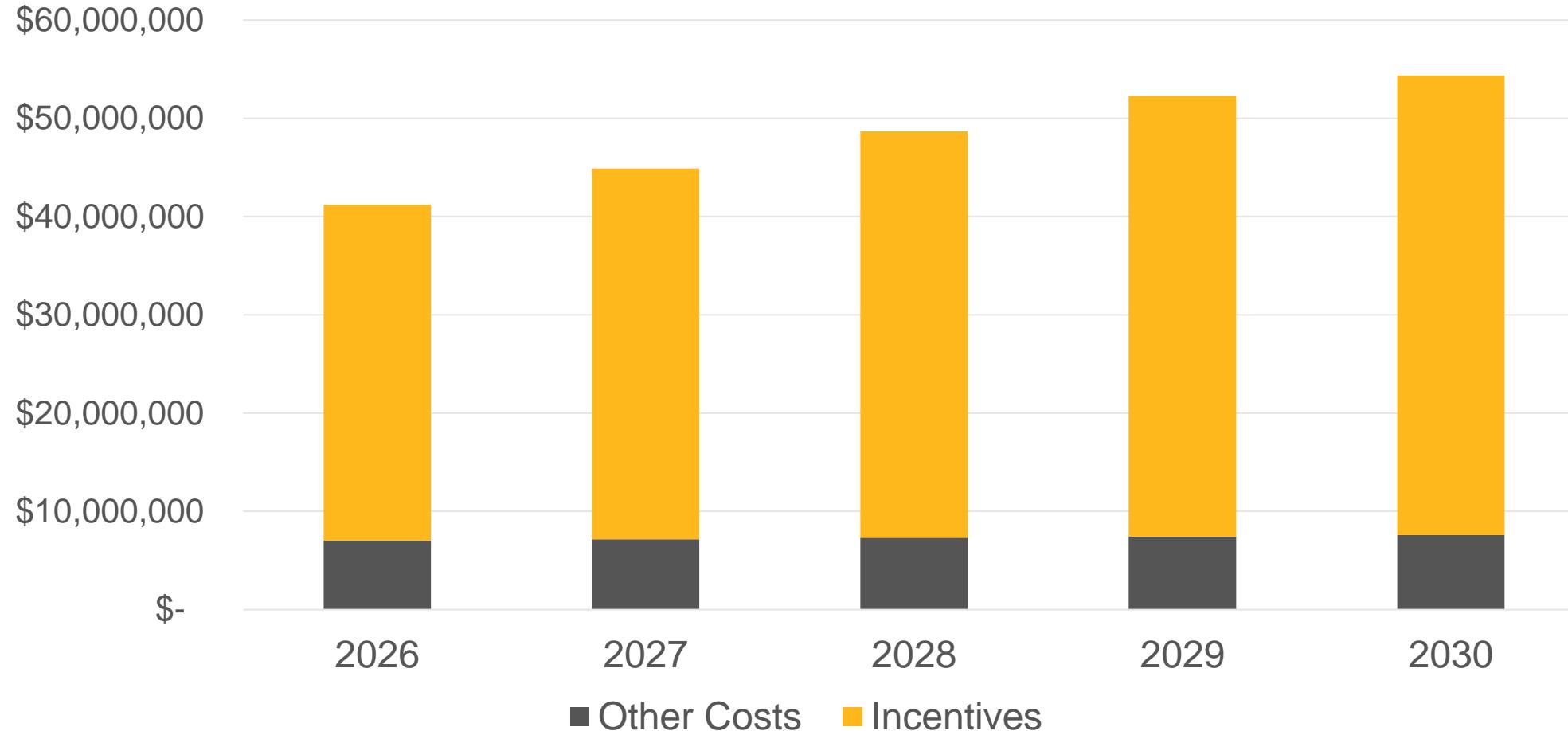
Prescriptive/DI Offer

Category	Current Offer	Proposed Offer	Rationale
Measure Mix	<ul style="list-style-type: none"> Limited TRM measures <ul style="list-style-type: none"> Air Curtains Dock Door Seals Destratification Fans Condensing Unit Heaters 	<ul style="list-style-type: none"> Add new measures such as: <ul style="list-style-type: none"> Smart HVAC controls Hybrid RTUs Pipe/tank insulation 	<ul style="list-style-type: none"> Broaden eligibility of offer to more Industrial customers
Financial Incentives	<ul style="list-style-type: none"> Standard: Cover 25% to 40% incremental cost (avg. \$0.51/gross m3 saved) DI: Cover 80% + incremental cost (avg. \$1.25/gross m3 saved) 	<ul style="list-style-type: none"> Standard: Cover 50% incremental cost (avg. \$0.75/gross m3 saved) DI: Cover 80%+ incremental cost (avg. \$1.50/gross m3 saved) \$3.00/m3 saved for hybrid RTUs 	<ul style="list-style-type: none"> Higher cost coverage to buy-down payback period and grow market interest/uptake in measures
Delivery Model	<ul style="list-style-type: none"> Energy Solutions Advisors 		<ul style="list-style-type: none"> Identify and quantify opportunities
	<ul style="list-style-type: none"> Service Providers, i.e. contractors and engineering firms 	<ul style="list-style-type: none"> Growth in service provider engagement through development of structured Trade Ally Network (TAN) 	<ul style="list-style-type: none"> Can be key influencers to technology uptake Lack of knowledge/comfort with measures reduces willingness to promote them

Forecast Results



Forecast Budgets



Assumes a 2% per year inflation rate

Forecast Results and Budgets

Forecast Results

	2026	2027	2028	2029	2030
Gross Savings (m³)	79.0M	86.4M	93.7M	100.5M	102.8M
Net Savings (m³)	35.9M	39.0M	42.2M	45.1M	46.1M
% Gross Throughput	1.35%	1.48%	1.60%	1.72%	1.76%
% Net Throughput	0.61%	0.67%	0.72%	0.77%	0.79%

Forecast Budgets (% of Total Costs)

	2026	2027	2028	2029	2030
Incentives	\$ 34.2M (83%)	\$ 37.7M (84%)	\$ 41.4M (85%)	\$ 44.8M (86%)	\$ 46.7M (86%)
Other Costs	\$ 7.0M (17%)	\$ 7.2M (16%)	\$ 7.3M (15%)	\$ 7.5M (14%)	\$ 7.6M (14%)
<u>Total Costs</u>	<u>\$ 41.2M</u>	<u>\$ 44.9M</u>	<u>\$ 48.7M</u>	<u>\$ 52.3M</u>	<u>\$ 54.3M</u>

Simple Budget Build Up Example

Assume current incentive of \$1.00/m³ saved

Assume we drive 1 project that saved 100,000 m³ (average project yield)

Total Incentive budget = \$1.00 x 100,000 m³ = \$100,000

Now assume results can be doubled (2 projects) by tripling the incentive to reduce payback

New Incentive of \$3.00/m³ saved

Double current results to 200,000 m³ saved per year

Total incentive budget = \$3.00 x 200,000 m³ = \$600,000

Take away

- Tripling the incentive to double results could cost 6x the overall budget
- Why? Because we are paying triple the incentive on all participants.

Discussion

Enbridge Gas Residential/Income Qualified DSM Program Overview

Craig Fernandes – Manager, Residential Energy Conservation

Jim Dunstan – Supervisor, Program Design & Innovation – Residential & Income Qualified Markets

The following slides are draft materials and are provided to facilitate discussion with parties engaged in the development of 2026+ DSM programming.

Agenda



Residential/Income Qualified Program Review (Aug 22)

- **Residential Sector Market Overview**
 - Market segments | Customer overview
- **Sector Strategy**
 - Addressing market barriers and challenges
- **Proposed Residential, Income Qualified & New Construction Programs**
 - Enablers | Offers | Delivery models | Market approaches by segment
- **Discussion**

Residential Market Overview

Excludes Multi-Residential or Part 3 housing

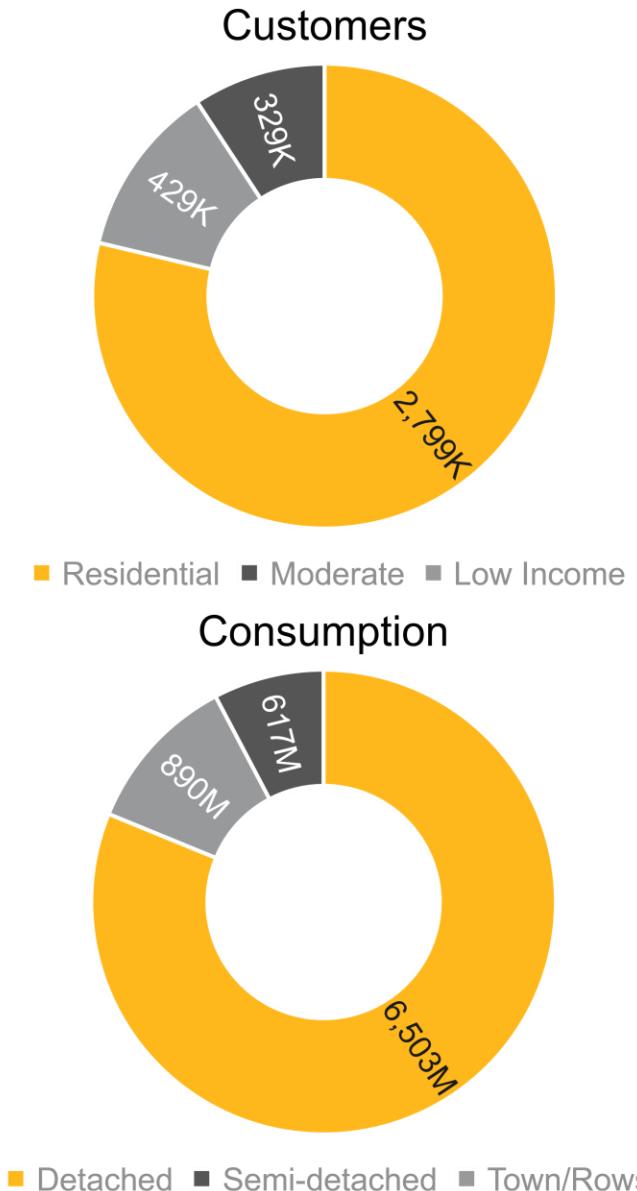


Proudly Serving Ontario | **175 YEARS**

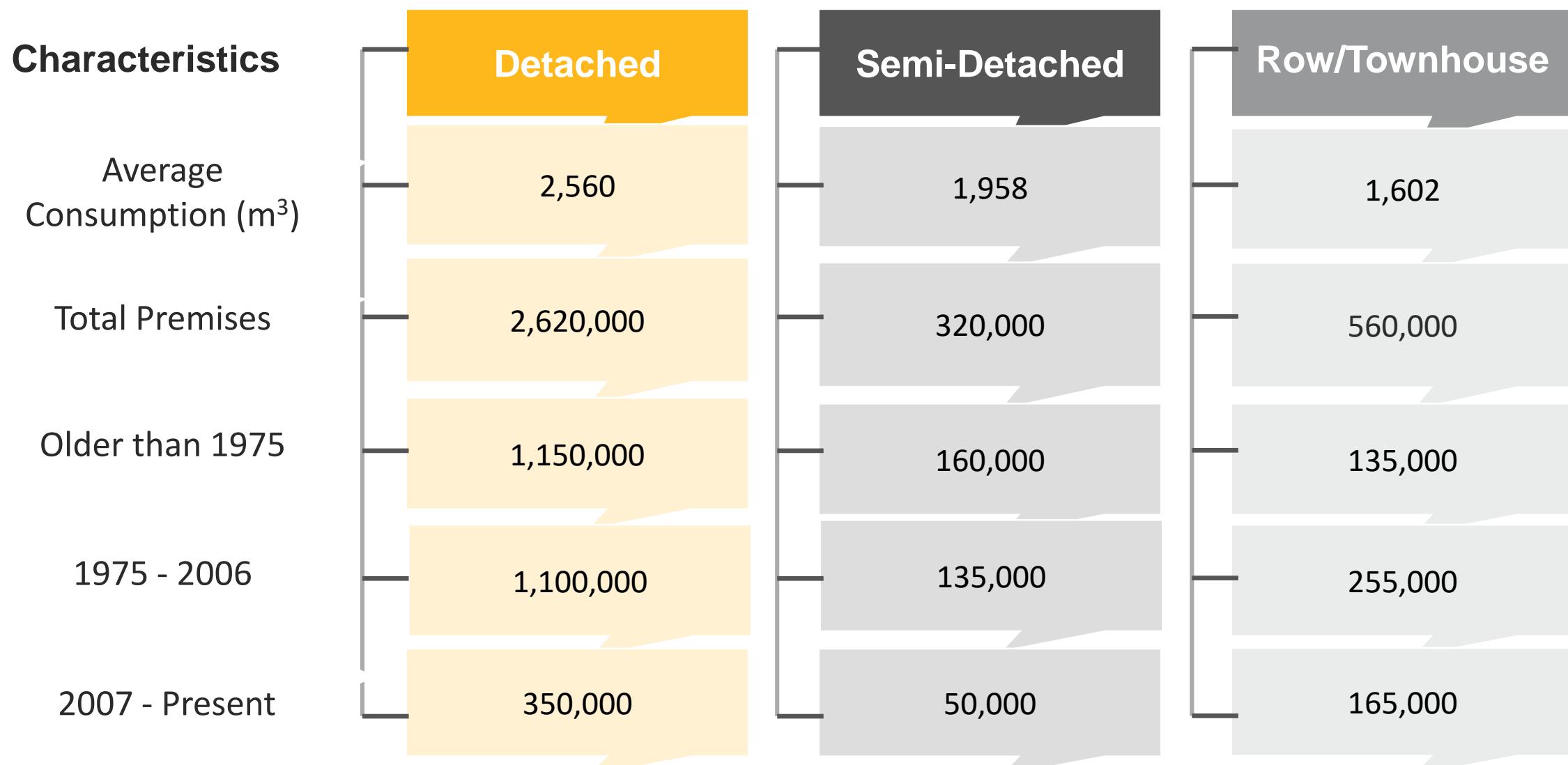
Market Overview: Segments

- There are over 3.5 million residential premises that collectively consume 8.2 billion cubic meters of natural gas annually. Customers within the sector can be broadly classified under the following segments:

Residential	Moderate	Income Qualified
Detached Towns/Rows Semi Detached	Detached Towns/Rows Semi Detached	Detached Towns/Rows Semi Detached (Municipal Social Housing Co-ops, Non-Profits Privately Owned)
~2.8 M / 80%	2024 IESO definition ~330k / 9%	2024 IESO definition ~430k / 11%



Market Characterization: Building Type



Sector Strategy

Sector Challenges

Energy Literacy



- Most customers feel they do not require thermal envelope improvements

Market Knowledge



- With increased uptake of heat pumps, training of best practices is needed across contractor networks

Engagement



- Participation in this sector have been low relative to the overall size of this market

2026 - 2030 Plan Challenges

Cost Effectiveness



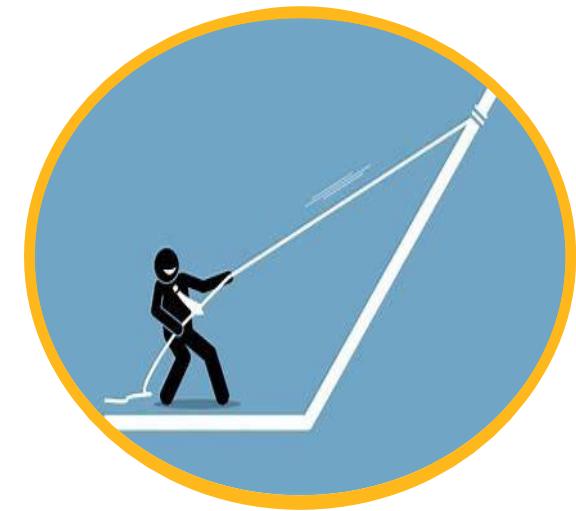
- Historically Two Key Measures, Heat Pumps & Windows, bring down TRC values

Budget Size



- Significantly bigger budgets needed to achieve increased savings targets → resulting rate impacts

Scalability



- Previous program designs & delivery methods limit ability to both broaden reach and scale up rapidly

2026 - 2030 Plan Additional Considerations



Equity



- Ensure program offerings are accessible across all residential customers including income qualified and moderate income

Geographic



- Focus on addressing geographic challenges to include urban and rural participation to broaden reach

Collaboration



- Examine opportunities for alignment with IESO to support “one window” approach

2026 - 2030 Program Design Principles

1 Explore Collaboration/Partnerships

2 Advance Energy Literacy

3 Incorporate Flexibility of Offers

4 Attract Increased Market Activity

5 Promote Envelope Before Mechanicals

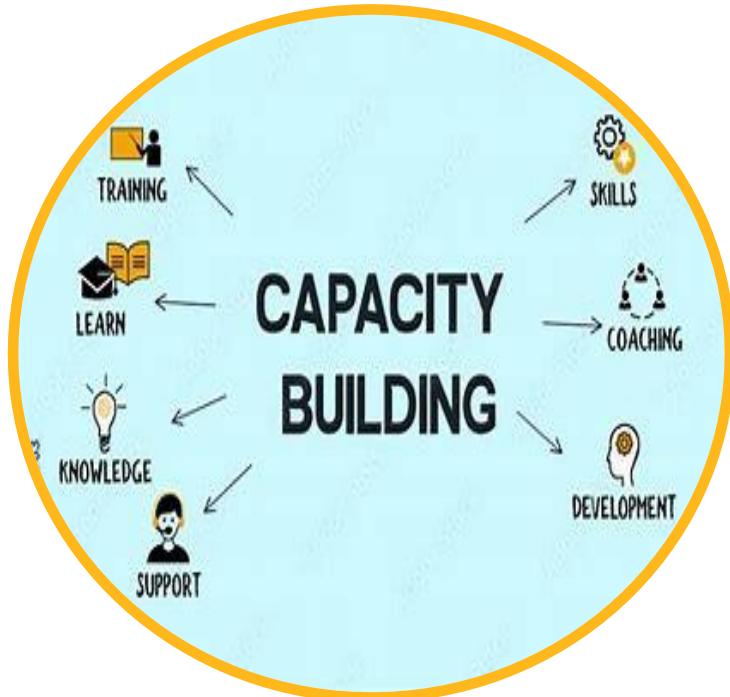
6 Target Increased Participation & Savings

7 Work Toward Scalability

8 Focus on Accessibility and Equity

Residential Sector Strategy

BUILD



ENGAGE



EXECUTE



Enbridge Gas will undertake a 3-prong approach to maximize energy savings

BUILD

Objectives

Customer Focused

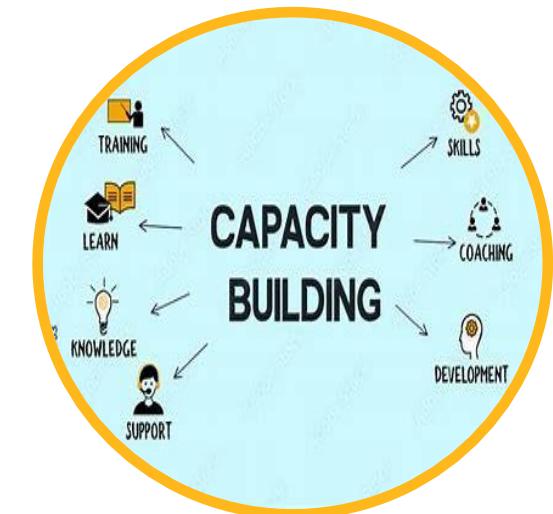
- Advance Energy Literacy & Energy Conservation Awareness

Market Focused

- Support Contractor Training to Ensure Best Practices are being performed

Activities

1. Advance Customer Engagement through Online Assessments
2. School Based Program – 5th Grade Curriculum
3. Contractor Training & Recruitment



These initiatives are important to support growth in the future across the Residential Sector

ENGAGE



Objectives

Customer Focused

- Provide No/Low-Cost Opportunities to engage in energy conservation

Market Focused

- Provide Subsidized Market Opportunities to engage customers on identification and execution of energy savings activities

Activities

1. Behaviourial Offering
2. EnerGuide Audits
3. Energy Savings Kits (Weatherization & Water Savings)



Engagement is the pathway to further participation

EXECUTE



Objectives

Customer Focused

- Provide Flexible Offerings to customers to meet their needs

Market Focused

- Develop Multiple Delivery Paths to broaden reach.



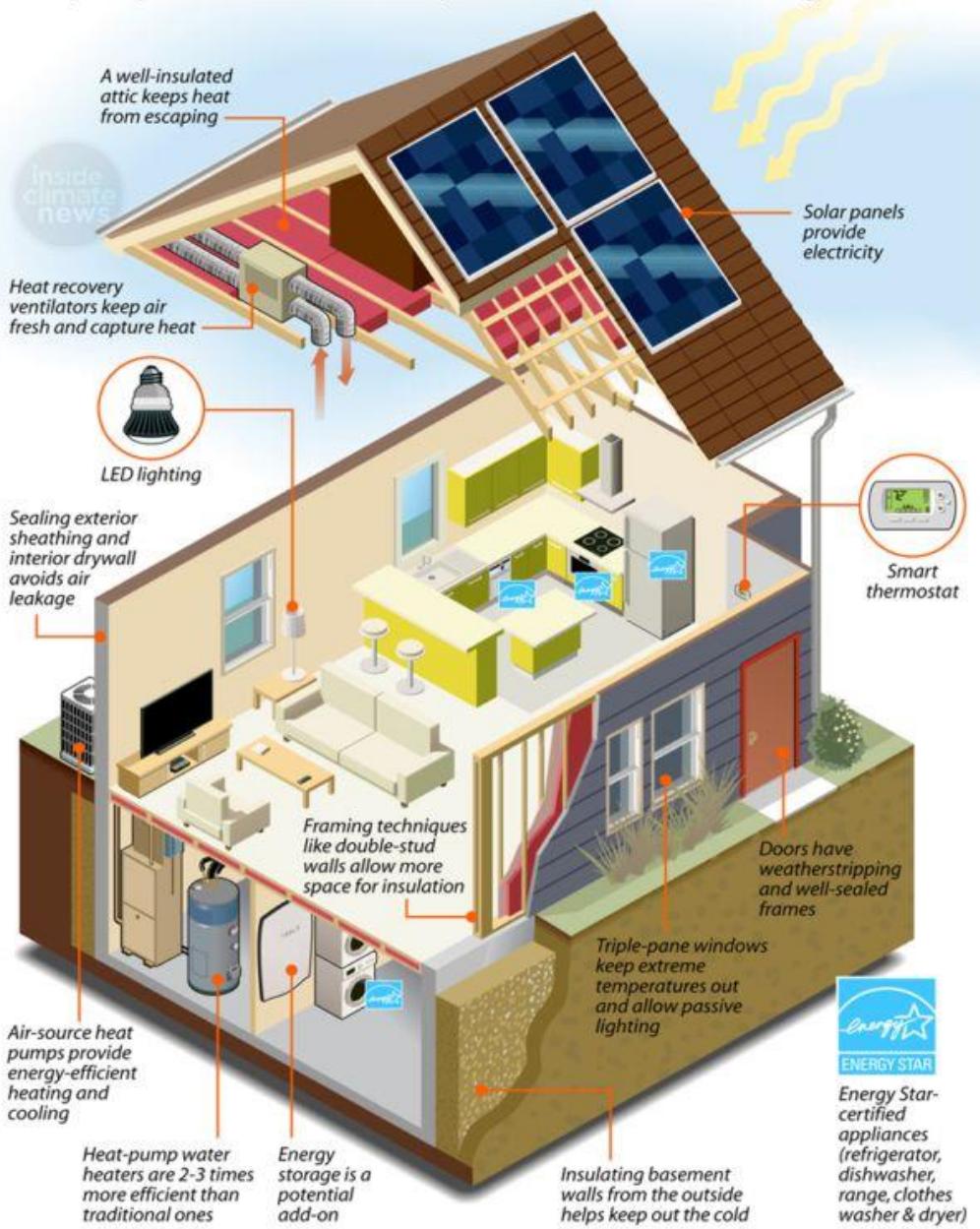
Activities

1. Smart Thermostats
2. Single Measures (Attic, Air Sealing & Heat Pumps)
3. Whole Home Custom (HER & HWP – encourage multiple measure)
4. Net Zero Energy Ready – Development Stream (Builders)

Goal to drive significant energy savings increases in this sector

What Goes Into a Net-Zero Home?

Houses can be built with such energy efficiency that their electricity needs are offset by a few rooftop solar panels. Here are some of the ways builders make homes net-zero energy.



SOURCE: InsideClimate News research

PAUL HORN / InsideClimate News

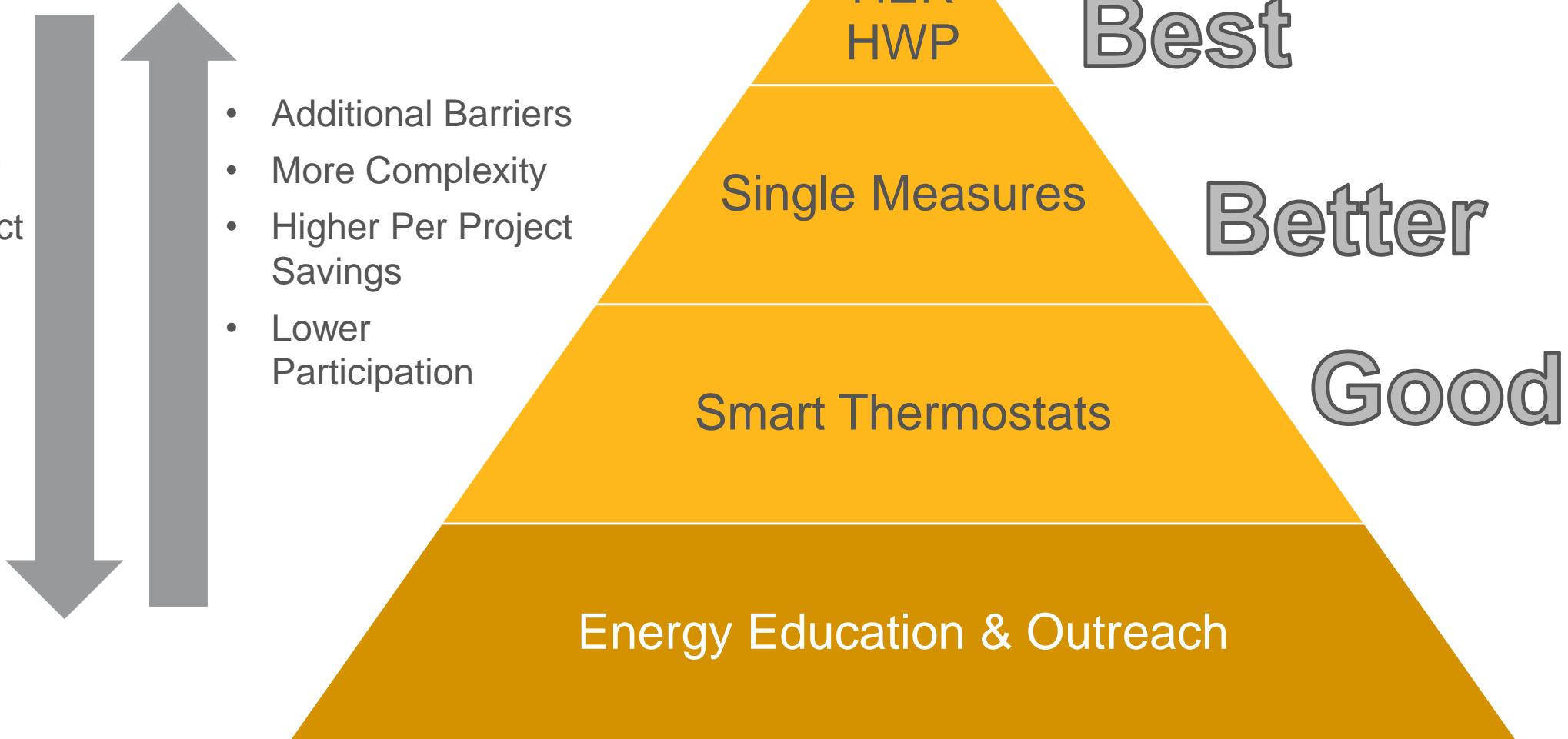
Areas of Focus

1. Attic Insulation
2. Air Sealing (Guided & DIY)
3. Smart Thermostats
4. Heat Pumps
5. Heat Pump Water Heaters
6. Basement Insulation
7. Exterior Wall Insulation
8. Windows
9. Behaviourial
10. TBD – Exterior Cladding
11. *TBD – Comprehensive Air Sealing*
12. TBD – Electric Measures (per IESO “one window” approach)

Residential Sector Strategy

- Fewer Barriers
- Less Complexity
- Lower Per Project Savings
- Greater Participation

- Additional Barriers
- More Complexity
- Higher Per Project Savings
- Lower Participation



Proposed Residential Program

Income Qualified to be shown separately

Residential Program



Energy Education
& Outreach

Smart
Thermostats

**Residential
Program**

Single Measure
Including
Targeted Direct Install

Whole Home
Custom

Enabling Initiatives – Energy Literacy Tools, Industry Capacity Building

New

Energy Education & Outreach



Objective:

To increase residential customer understanding of energy usage in their homes and educate these customers on available energy efficiency opportunities.

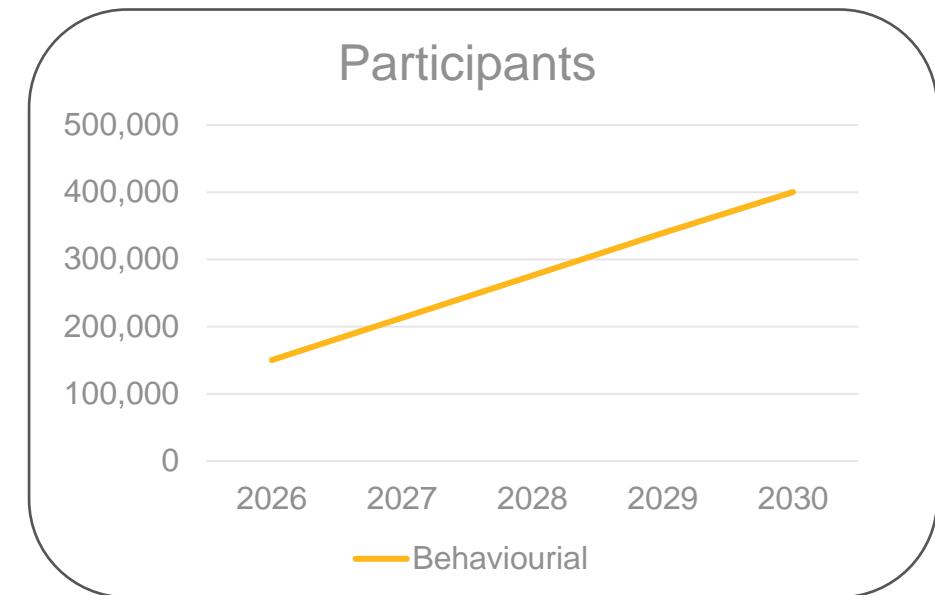
Key Offer Details:

Home Energy Reports

This behavior modification offering generates energy savings through residential customer engagement and behavioral change strategies. This offering will provide individualized energy use information through Home Energy Reports tailored to customer usage and habits to drive changes in energy usage behavior.

Structure:

Opt-in, participating households receive printed and/or electronic Home Energy Reports showing where gas usage is happening in home and personalized ways to reduce. M3 savings metric. Funnel for other program offerings.



New

Energy Education & Outreach



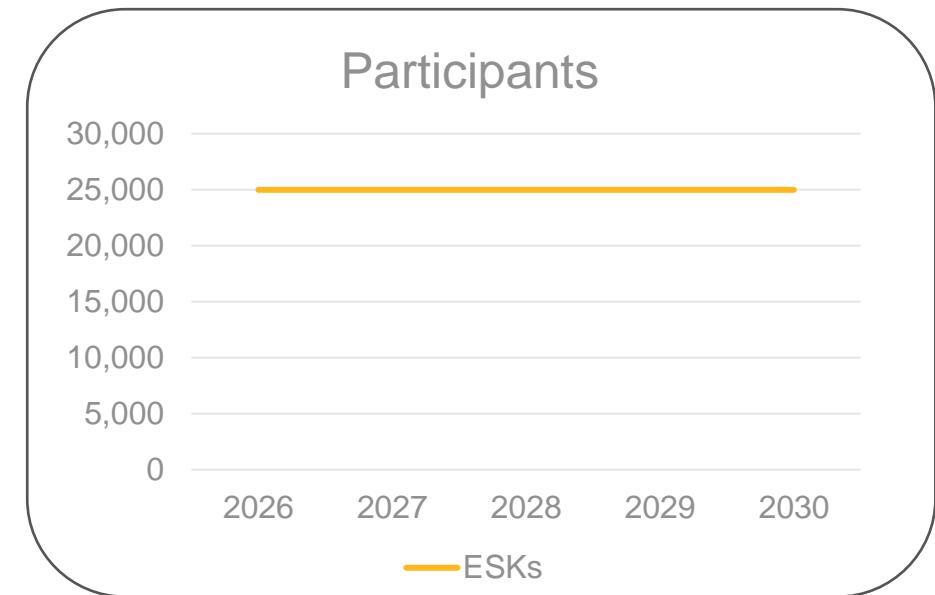
Key Offer Details:

Energy Education & Kits

This offering is designed to educate Grade 5 elementary school students about using energy wisely. Focus will be on underserved communities. Each student will receive energy efficiency savings measures to be utilized in the home.

Structure:

3rd Party delivered program to solicit participation from school boards to provide education tools delivered to Grade 5 students. Students receive a form to ensure eligibility requirements are met and will take home an Energy Savings Kit (Shower Valve, Shower Timer & Pipe Wrap) to be installed by their parents.



Smart Thermostats



Objective:

Replacing existing thermostats with smart thermostats
in order to reduce gas consumption in home

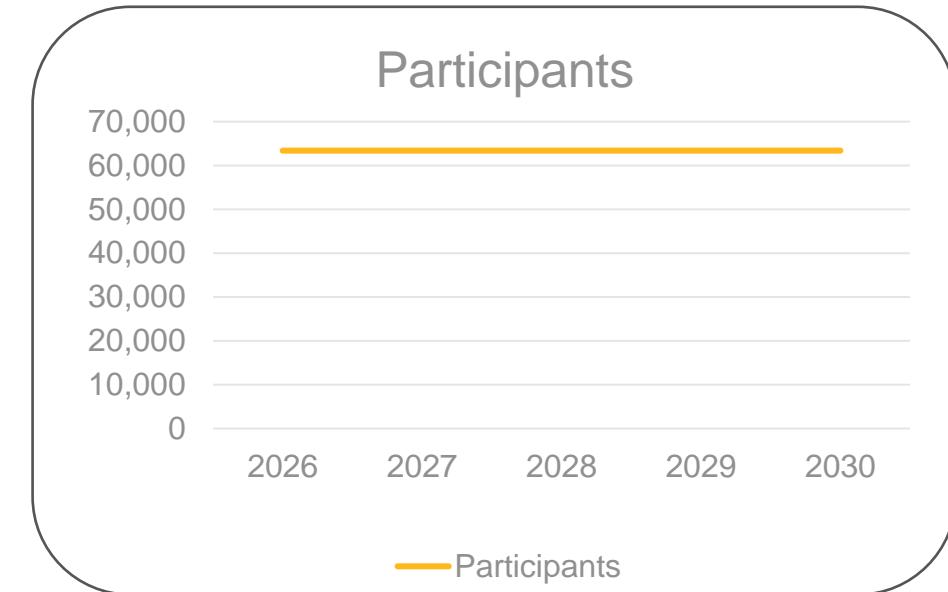
Key Offer Details:

Rebates for participants on common Smart Thermostat models (Nest, ecobee, Sensii, Honeywell, Wyze)

Can be redeemed in-store, online or through a participating contractor

Structure:

3rd Party delivered & supported through retailers and contractors. Instant rebate and post purchase options available to increase access to rebates

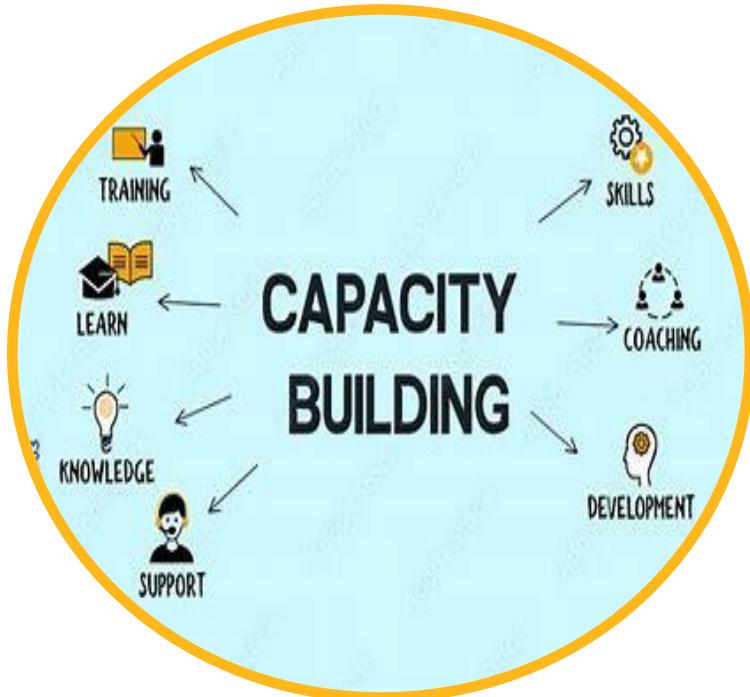


Heat Pump Market Challenges/Opportunities

- Learnings from previous Heat Pump programs (HER+, CHHI) and market feedback
 - Gaps in contractor training and understanding of heat pumps
 - Issues with heat pump sizing, installation and configuration
- Trade Ally Network designed to improve contractor sales/installation quality
 - Mandatory training courses required for contractors to participate in offer
 - Training on proper heat pump sizing and selection to help push consumers to select equipment beyond like for like A/C replacements
 - Controls training to ensure heat pump is properly configured to meet customer specific needs/expectations (emissions reduction/comfort/bill savings)
 - Quality control process will review installations to ensure best practices in the field
 - End goal is large pool of well-trained contractors conducting ASHP installations and educating consumers on sizing and selection of heat pump options

Heat Pump Strategy

Trade Ally Network



Contractor Training

Customer Outreach



Address Customer Understanding

Revise Incentives



Influence Optimal Heat Pump Solutions

Enbridge Gas will ensure Heat Pumps deliver maximum gas savings and customer satisfaction

Single Measure

Expanded



Objective:

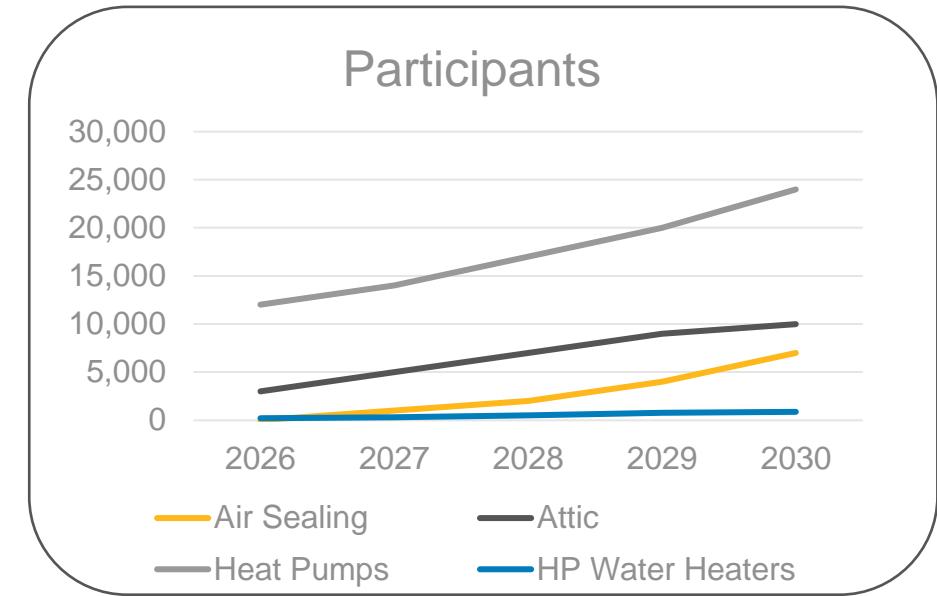
Reduce barriers to entry that may be present in whole home (cost, time). Simplified approach to support projects without need for audit

Key Offer Details:

Includes professional air sealing, heat pumps, attic insulation & heat pump water heaters delivered through contractors/contractor network (TAN). Target older homes through insulation and air sealing offers for maximum savings. Focus on right-sizing with heat pump installations

Structure:

Develop air sealing market through capacity building initiatives and utilize existing contractor market for attic insulation. Heat pump separated from whole home custom due to challenges using H2K software for savings calc



New

Moderate Income Direct Install



Objective:

Prioritize moderate income communities that may not qualify for Low Income programs but still face cost barriers

Key Offer Details:

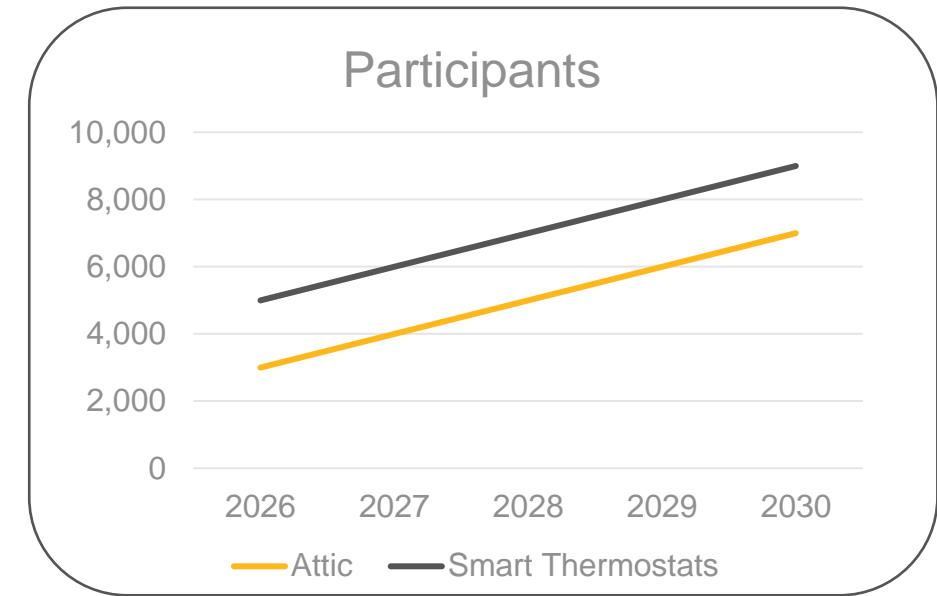
Work with Municipalities, geo targeted based on high-density moderate-income zones; homes older than 1974 to maximize savings with attic insulation. Measures include: Attic Insulation and Smart Thermostat. No audit required.

SAG Input: Add Guided Air Sealing

Structure:

Delivered through 3rd Party delivery agents.

Move moderate income ST offer from instant/post purchase to direct install. Zero cost to customer.



Whole Home Custom

Enhanced



Objective:

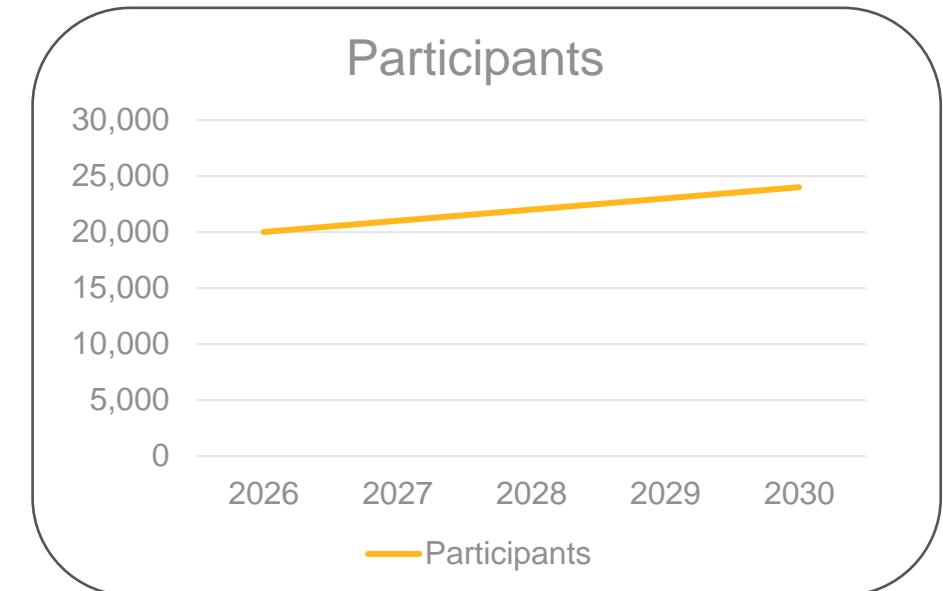
Motivate customers to pursue deeper savings when considering retrofits through multi measure approach. Focus on increasing comfort of homes and cost savings on gas bill for participants

Key Offer Details:

Must perform a pre and post EnerGuide audit. Must complete 2+ measures. Thermal envelope measures only (Attic, Exterior Wall & Basement Insulation, Windows & Air Sealing). Participants receive a Weatherization Kit.

Structure:

Delivered by service organizations across Ontario – energy auditors providing EnerGuide reports and contractors completing work. Bonus incentive for installing heat pump after completion of whole home (envelope) measures.



Residential Sector - Enabling Initiatives

1. Customer Directed Education

- Objective to advance Energy Literacy to expand market opportunities
- Drive Customers to landing page to assist in discovering opportunities for EE and provide some guidance in identifying what offer might be best for them
- Utilizing Data Driven Tools – Customer Billing Data, MPAC, My Heat, & Previous Past Participation to develop tools to assist customers in their project scoping.

2. Trade Ally Network

- Centralized engagement strategy supported by tools to drive more market participation with a market designed approach.

3. Contractor Training & Capacity Building

- With a focus on ensuring best practices are being performed in market, Enbridge Gas is proposing offering free training support to industry contractors. Areas include; HVAC, Insulation Contractors, & Registered Energy Auditors
- Develop Air Sealing Contractor Network to support launching of a single measure Air Sealing offer

Proposed Income Qualified Program



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Income Qualified Program



Energy Education
& Outreach

Income Qualified
Multi- Res

Income
Qualified
Program

Heat Pumps

Home
Winterproofing
(Inc. Smart
Thermostats)

Enabling Initiatives – Energy Literacy Tools, Industry Capacity Building

Income Qualified Segment



Social Housing

Housing provided by the municipality based on income.



Cooperative Housing

Housing controlled by members who have a vote in decisions. Rents are less than local average; some units subsidized



Non-Profit Housing

Supportive housing provided by a non-profit agency (e.g., charity, Indigenous housing). Tenancy is based on income.



Market Rentals

Homes rented without regard to tenant income, but tenant meets income eligibility.



Private Homes

People living in the home are the homeowners.

Offers Include Home Winterproofing, Smart Thermostats, Heat Pump Direct Install and Income Qualified Multi-Res

Home Winterproofing

Enhanced



Objective:

Provide no-cost upgrades to income qualified customers to reduce their energy consumption and help lower their energy bills

Key offer details:

A free home energy assessment

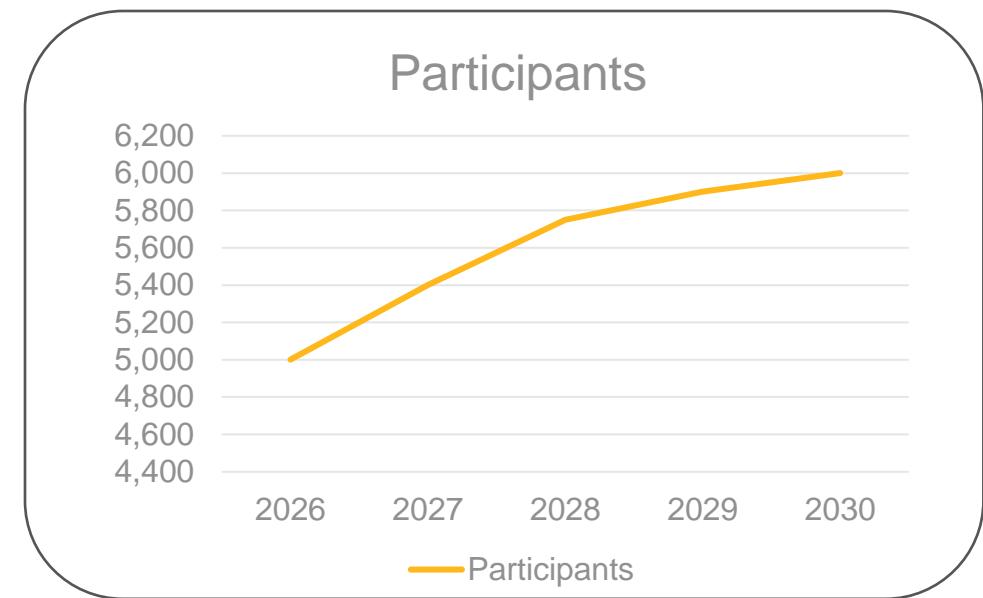
Free energy efficient upgrades including insulation, draft proofing and a smart thermostat

Professional Installation by qualified contractors

What's New: Windows (where windows are damaged and compromising the building envelope).

Structure

3rd Party Delivered program offerings developed in collaboration with the IESO



Home Winterproofing

Enhanced



Health & Safety

Increased health & safety budget to reduce projects being disqualified due to problems in the house.

- *Complete more mold removal*
- *Identify ways we can address asbestos (in limited areas)*
- *Include enabling options such as:*
 - *Gift cards for paint to encourage wall insulation*
 - *Moving furniture for customers who are unable to do so themselves.*
 - *Attic hatch creation*

Home Winterproofing

Enhanced



Delivery Focus

EGI to create equity in program by taking a customer first approach and meeting people where they live.

Non-Profit Housing Market

- *EGI proposes a concierge service for housing providers that includes tenant outreach, project planning and coordination, security measures and on-site coordination during home visits. Project briefs will illustrate baseline and upgrade metrics to quantify the HWP contribution to customers' retrofit goals.*
- *Dedicated EGI staff will engage Indigenous on-reserve and off-reserve housing providers with a culturally appropriate concierge service.*

Owner-Occupied Market

- *EGI proposes to leverage existing municipal partners' programs and networks to reach out to private low-income households with co-marketing activities.*
- *Community-based outreach will see EGI partnering with front-line agencies to develop marketing campaigns that reflect community values, language and culture with a view to reducing mistrust amongst marginalized customers.*

Direct Install Heat Pumps

New



Heat Pump Strategy

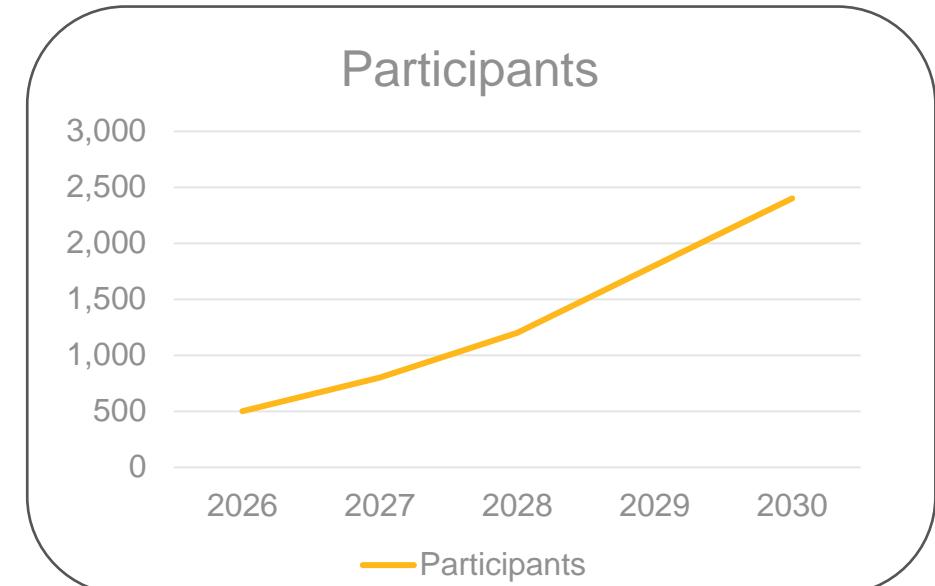
Target Market

- Phase 1 begins with social housing providers; EGI forecasts private homes will be targeted/eligible later in the term.
- A robust education package will be developed to assist customers through the decision-making process.
- All homes considered for heat pumps must be insulated and air sealed.
- EGI will contact past participants for a single-measure heat pump offer.

Installation

- Hybrid heating solutions will be offered.
- Types and sizes available will mirror what is available through the residential program.
- Customers may bring their own contractor for installation, but contractors must complete the training (based on NRCan guide) prior to beginning work.
- HWP will offer unit purchase, installation and setup only, no electrical upgrades will be offered.

Note: concerns related to potential increase to participant operating costs



Income-Qualified Single Family - Enabling Initiatives



- Collaborate with local organizations to strengthen program effectiveness
- Target hard-to-reach communities to create equity in program delivery
- Provide housing providers with support services to aid in tenant engagement and education
- Communicate the program process and timelines clearly to housing providers and residents
- Increase program participation to address lack of trust, scam concerns, and unwillingness to self-identify as income qualified
- Develop a two-pronged strategy to engage and educate First Nations communities

Income Qualified Multi-Residential Offer Streams



The Income Qualified Multi-Residential Offer is supported by multiple offer streams

Custom	Prescriptive Downstream	Direct Install	ORB (No cost/Low cost)
<p>Measures that require site specific inputs to calculate savings or where multiple measures are implemented with interactive effects</p> <p>i.e. Boiler Optimization, Weatherization, etc.</p>	<p>Standalone measures with deemed or quasi prescriptive savings calculations</p> <p>Measures include: HRVs, ERVs, In-suite HRVs & ERVS, Condensing MUA Units, Condensing Water Heaters</p>	<p>Turnkey solution, that includes installation at no cost to customers</p> <p>Measures include: Heat Reflector Panels</p>	<p>Identification, implementation of no cost/low cost measures including:</p> <ul style="list-style-type: none"> • Operational improvement • Recommissioning and system optimization • Behavioral

IQ Multi-Residential: Energy Manager Assistance

New



Challenge: *Small/Medium Social Housing Providers identified a major barrier for implementation of energy conservation was lack of expertise on energy management /business case development.*

Aside from capital funding, lack of energy management expertise was their biggest barrier to formulating and executing on energy conservation retrofits.

Solution:

- Enbridge Gas proposes to augment the current audit incentive, that assists with identification of the technical opportunities, with energy management assistance incentives intended to help cover cost of external expertise to build business cases and capital implementation plans so providers can move forward on identified opportunities.

IQ Multi-Residential Incentive Structures



Incentive Type	Current Incentives	Proposed Incentives
Custom	<ul style="list-style-type: none"> \$2.00/m3 saved up to 75% of incremental cost to \$200k/ project Bonus incentive offers Boiler additional \$0.50/m3 and \$0.50/m3 for custom projects. 	<ul style="list-style-type: none"> \$3.00/m3 saved up to 75% of incremental cost to \$300k/project Bonus incentives – Increase incremental cost to 100%
Prescriptive	<ul style="list-style-type: none"> Incentive varies by measure and size 	<ul style="list-style-type: none"> Incentives varies by measure and size Bonus incentives
Direct Install	<ul style="list-style-type: none"> 100% cost coverage 	<ul style="list-style-type: none"> 100% cost coverage
Energy Assessments / Energy Manager	<ul style="list-style-type: none"> Energy Audits: No cost up to \$15K per project 	<ul style="list-style-type: none"> Energy Audits: No cost up to \$15K per project Energy Manager: No cost up to \$30K
ORB	N/A	<ul style="list-style-type: none"> No cost pre and post assessment \$0.25/m3 saved

Building Towards the Future



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Policy Goals Alignment & Increased Municipal Activity



New Housing



Net Zero Energy Ready Modeled Code
2030



Building Beyond Code

Existing Housing



Net Zero Energy Ready
2050



HER-O

Deep Energy Retrofits -What's the Opportunity?



The Challenge

- 2020-2022 HER data shows that there is already a small portion of the customer base that is achieving greater than 50% energy savings in their home.
- There are other programs in Ontario that target deep retrofits.

Program	Duration	Details
CHBA Net Zero Home Labelling Program for Renovations	2020 – 2021	6 pilot homes
CHBA “Towards net zero renos” Pilot program – NRCan funded	2021-2026	Target 100-150 DERs/NZE homes annually
Future Homes Retrofit Accelerator Ottawa	2020-2023	40 applicants, 6 demo homes selected

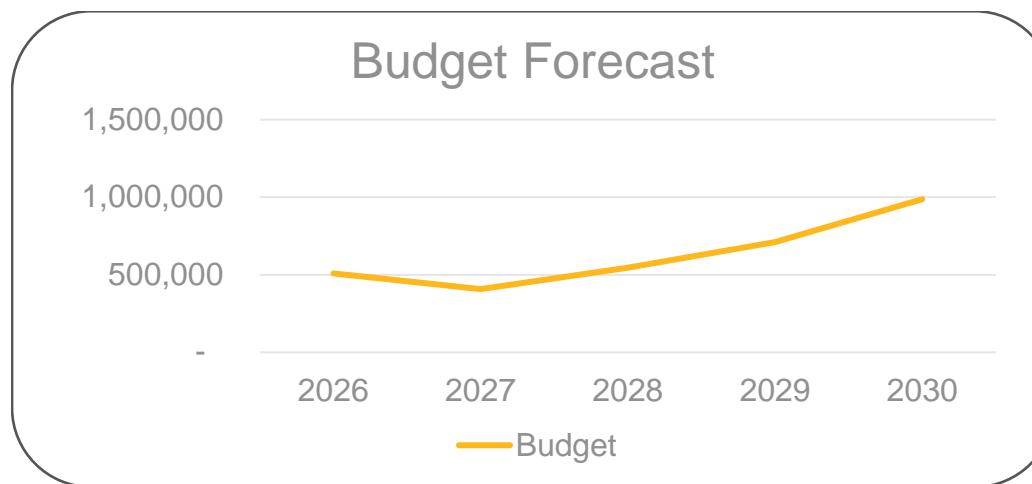
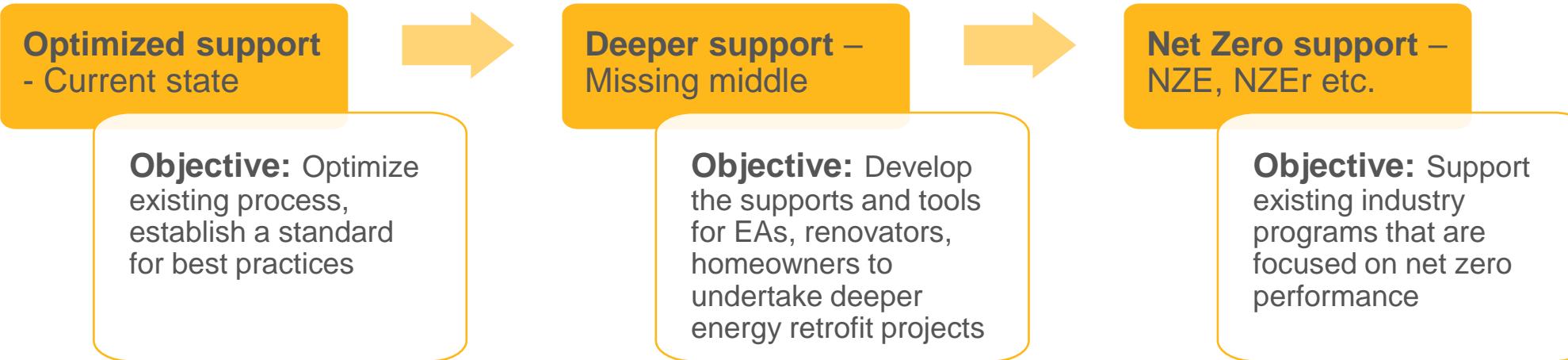
Conclusion: At this stage, Enbridge Gas does not need to develop a separate DER offer beyond whole home custom but can play a valuable role in developing the support system to enable deeper retrofit outcomes that support the NZER future.

HER-O

New

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Pilot program to test 3 support levels



New Housing Market Landscape

No Performance Building Code Changes Planned

Lack of Standardization of Municipal Green Development Standards

Current Market Conditions

Enbridge Gas to focus its activities on aligning with NZER 2030 goals & associated capacity building

Residential Building Beyond Code

Revised



Objective:

Support the NZER 2030 target by providing support and incentives to builders to allow for the transition of a NZER building code.

Offer Details:

Discovery Home/New NZER Builder Incentives

- Cover cost of mandatory Advanced Building Science and Net Zero Builder courses (up to 2ppl: ~\$1,600)
- Provide incentive to cover ~50% of incremental cost of upgrades
- Cover cost of labelling and evaluation (\$2,100) offered after proof of label provided
- Technical and trades workshops (No cost to builder)

Continuous NZER labelling participants

- Provide incentives to cover ~25% of incremental cost of upgrades (with a limit on # of homes/builder)
- Cover cost of labelling/evaluation (\$2,100) after proof of label provided (with limit on # of homes/builder)
- Ability to attend ongoing technical and trades workshops offered

What's Changed:

1. Energy Star for New Homes Offer being discontinued
2. NZER Demonstration Stream – Removing the 1 to 1 design assistance
3. Introducing NZER Development Stream to support/encourage builders who have built demo to this standard to scale

Residential Building Beyond Code

Revised



2026 – 2030 Projected Impacts

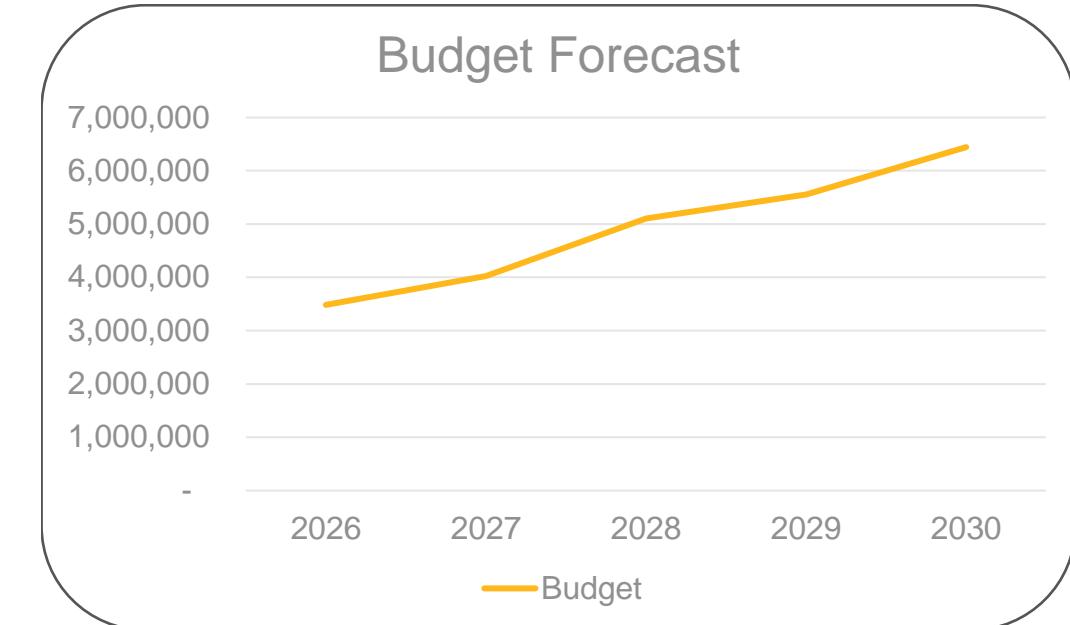
100 New NZER Builders



1675 New NZER Homes



2026 – 2030 Budget Forecast



Commercial Building Beyond Code



Objective:

Offers support the advancement of building energy performance beyond mandatory building code and/or GDS requirements.

Offer 1: Commercial Savings by Design

- A free Visioning Session/Workshop to model various design elements and technology solutions to exceed mandatory requirements
 - Technical Assistance Incentive (\$4,000) to offset costs of incremental professional consulting fees
- Summary report of workshop recommendations, highlighting potential savings opportunities and incremental costs
 - Savings opportunities will be calculated to achieve a performance goal of either the next tier GDS targets (EUI, GHG,TEDI) or an above code equivalent of approx. 35%
- Evaluation of final design submitted for permitting to measure energy performance relative to goal
 - Regular touchpoints between program delivery agent and builder at key project milestones to monitor achievement of performance goal

2026 Budget: \$750,000 (15 participant target)

Offer 2: Air Tightness Testing

- Up to \$30,000 for customers to commission air tightness testing to measure performance levels.
- Up to \$15,000 for implementation initiatives to improve building envelope performance

2026 Budget: \$410,000 (12 Participants)

Commercial Building Beyond Code

Enhanced



Offer 3: Guide to High Performance Building

Focused individual ½ day training sessions for commercial construction builders, developers, architects, etc. to advance knowledge and capacity to design and build towards higher efficiency tiers/above code performance. Examples include:

Training Modules	Description
Better than Code – Modelling for performance	Examines the performance path to achieve better than code/mandatory performance. Includes energy simulation modelling to optimize assembly and equipment design for performance & costs
High Performance Building Enclosures	Considerations for achieving highly efficient, airtight and moisture resistant building envelopes
Air Tightness Testing	Air tightness testing training to build capacity of qualified service agents
Designing fenestration for performance	Covers the design of windows, doors, and other openings, and their impact on other systems
Building Integrated Renewables	Reviews the renewable energy technology industry and how their integration can impact design
High Performance mechanical systems	Covers the design of heating, cooling and ventilating systems
Smart building automation, control and monitoring	“Smart building” strategies and technologies

2026 Budget: \$950,000 (120 participant target)

Affordable Housing Building Beyond Code

Revised



Objective:

Offers support the advancement of building energy performance beyond mandatory building code and/or GDS requirements in the Affordable Housing MURB sector.

Affordable Housing Savings by Design

Participating builders receive:

- **Free Visioning Session/Workshop** to model design elements and technology solutions in order to exceed mandatory requirements.
 - **Technical Assistance Incentive (\$10,000)** to offset costs of incremental professional consulting fees
- Summary report of workshop recommendations, highlighting potential savings opportunities and incremental costs
 - Savings opportunities will be calculated to achieve a performance goal of either the next tier GDS targets (EUI, GHG,TEDI) or an above Ontario Building Code equivalent of approx. 20%
- Regular touchpoints between delivery agent/builder at key milestones to help keep project on track with achievement of performance goal.
- Evaluation of final design submitted for permitting to measure energy performance relative to goal.
- An **Energy Performance Incentive** is provided and is calculated at **\$1,000 per affordable housing unit, to a maximum of \$120,000 per project**. 50% of the Energy Performance Incentive is payable at the time of the building permit application, based on the energy performance of the design submitted for permit, and 50% of the Energy Performance Incentive is payable upon completion of construction, based on the energy performance of the as-built energy model.

2026 Budget: \$3,300,000 (25 participant target)

Residential Forecast Budgets and Targets



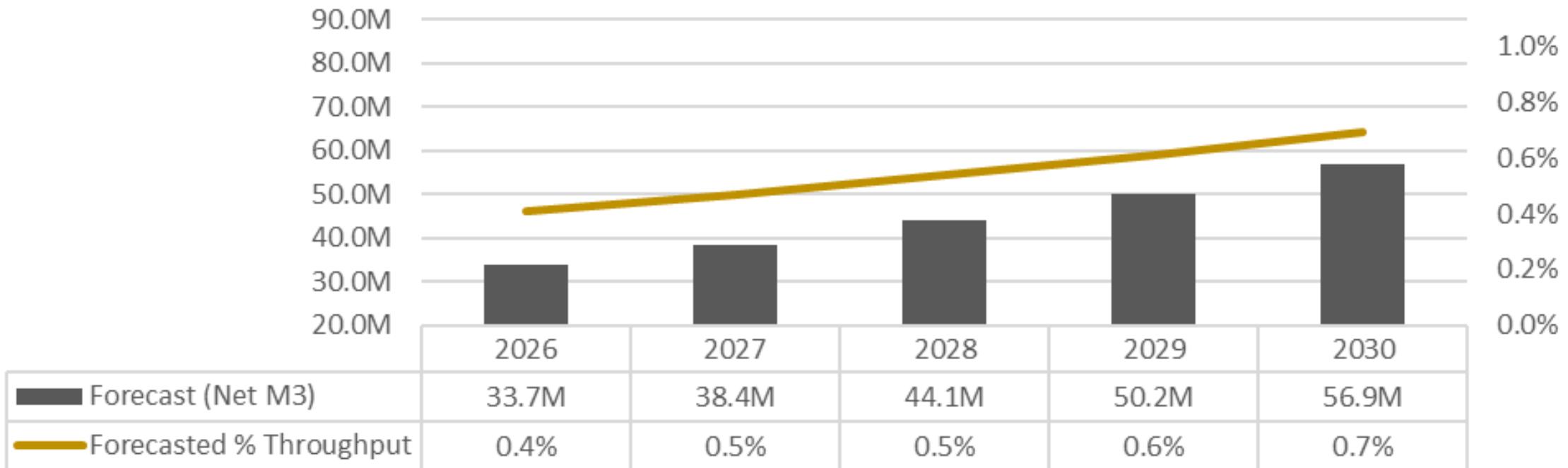
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2026-2030 Forecast

Residential Part 9 Savings Target (Res + IQ)

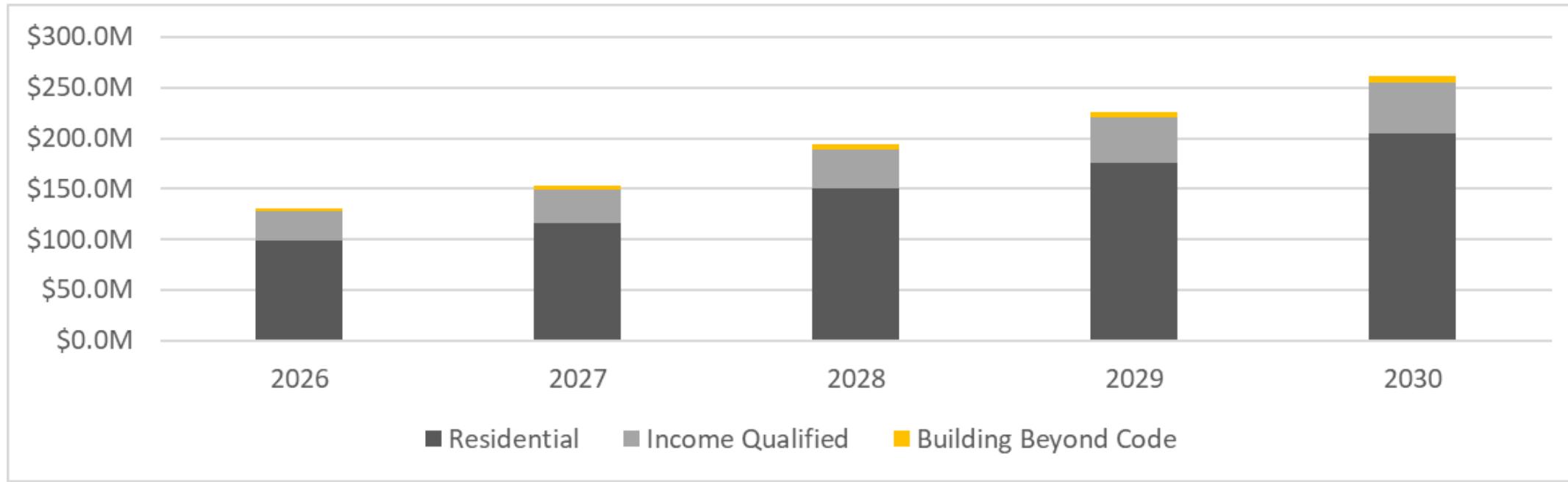


Residential Forecast (Includes HWP & IQ Heat Pumps)



2026-2030 Forecast

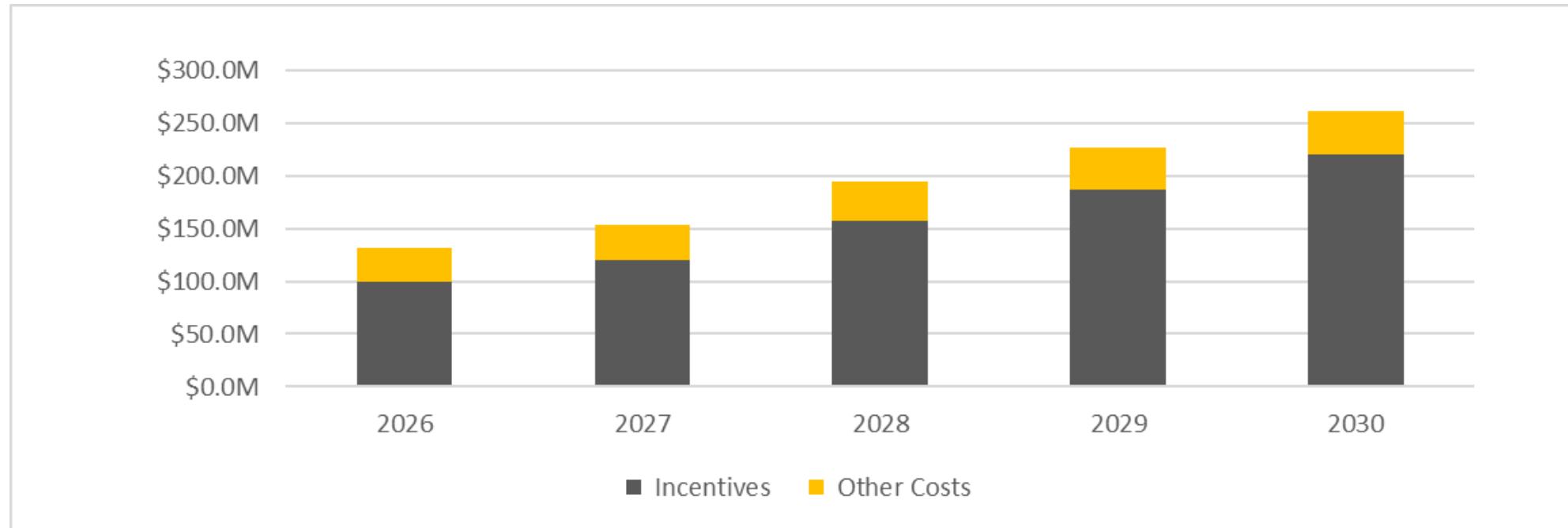
Residential Part 9 Budget Forecast (Res, IQ and NC)



Scorecard	2026		2027		2028		2029		2030		Total Spend	Total %
	Spend	%										
Residential	\$98.6M	75.2%	\$116.0M	75.4%	\$150.1M	77.1%	\$175.6M	77.6%	\$204.5M	78.1%	\$744.7M	77.0%
Income Qualified	\$29.1M	22.2%	\$33.7M	21.9%	\$39.4M	20.2%	\$45.0M	19.9%	\$50.8M	19.4%	\$198.0M	20.5%
Building Beyond Code	\$3.5M	2.7%	\$4.0M	2.6%	\$5.1M	2.6%	\$5.6M	2.5%	\$6.4M	2.5%	\$24.6M	2.5%
Grand Total	\$131.2M	100.0%	\$153.7M	100.0%	\$194.5M	100.0%	\$226.1M	100.0%	\$261.8M	100.0%	\$967.4M	100.0%

Assumes annual inflation rate of 2%

Residential Part 9 Budget Breakdown (Res, IQ and NC)



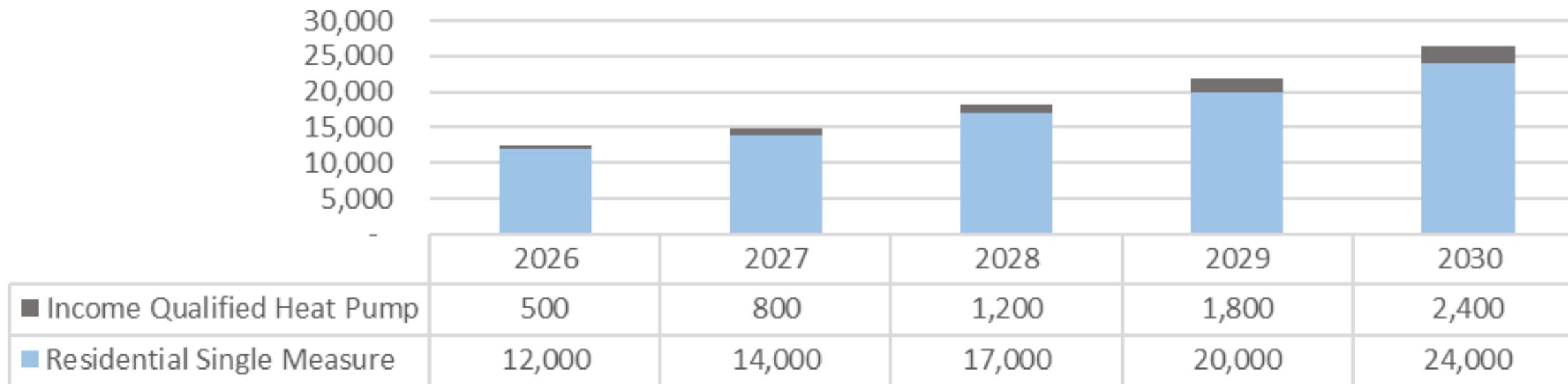
Year	2026	2027	2028	2029	2030
Incentives	\$98.9M	\$119.6M	\$157.0M	\$186.8M	\$220.5M
Other Costs	\$32.4M	\$34.2M	\$37.6M	\$39.4M	\$41.4M
Total Budget	\$131.3M	\$153.8M	\$194.6M	\$226.2M	\$261.9M
% of Incentive	75%	78%	81%	83%	84%

Assumes annual inflation rate of 2%

Other costs includes promo, delivery and admin.

Residential Heat Pump Unit Forecast

Res. Heat Pumps Forecast (Number of Units)

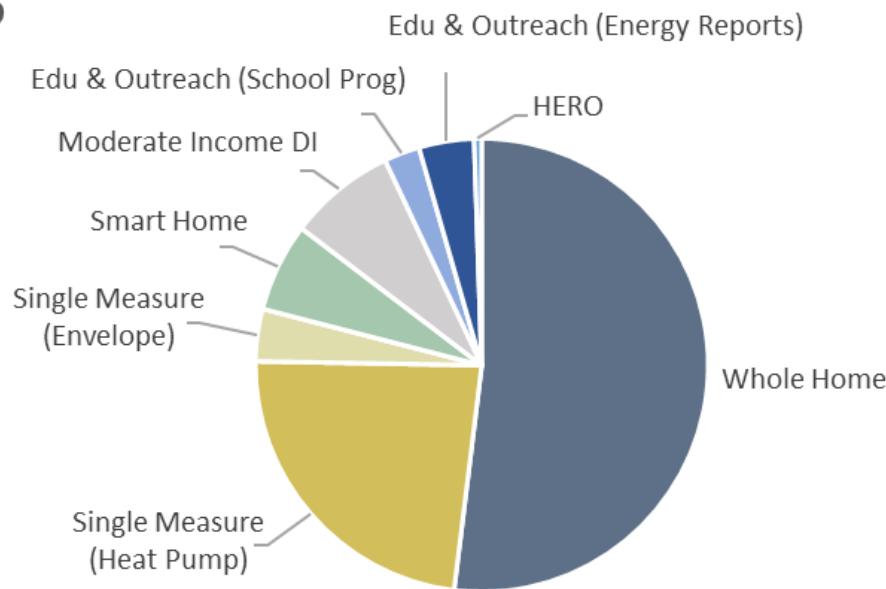


*Excludes Water Heater Heat Pump

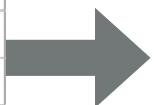
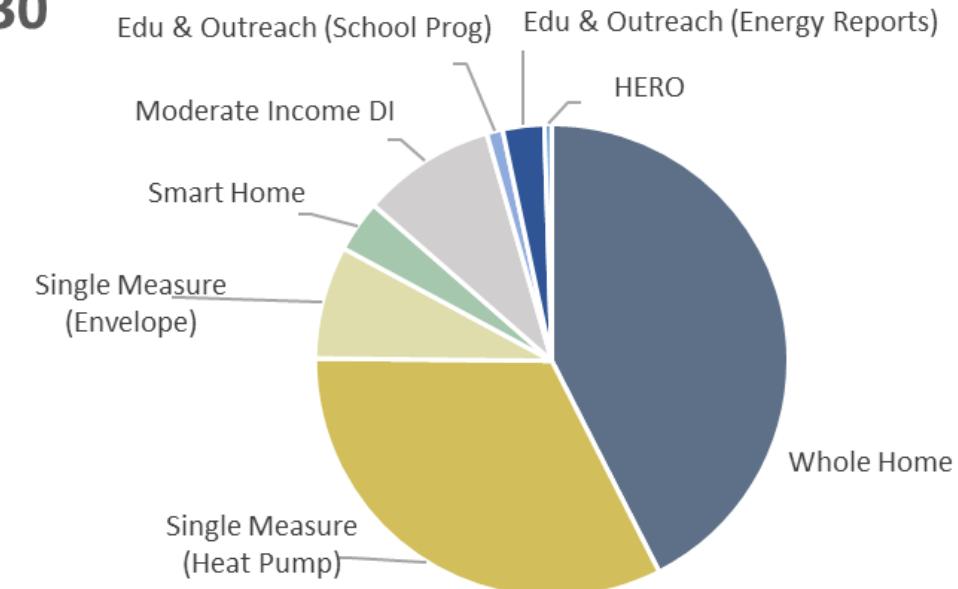
Residential Budget Breakdown



2026



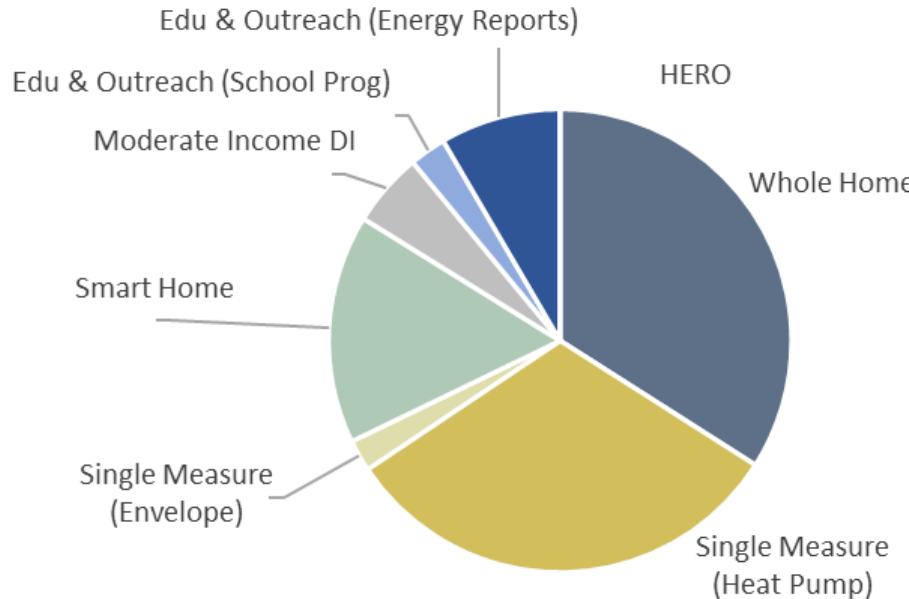
2030



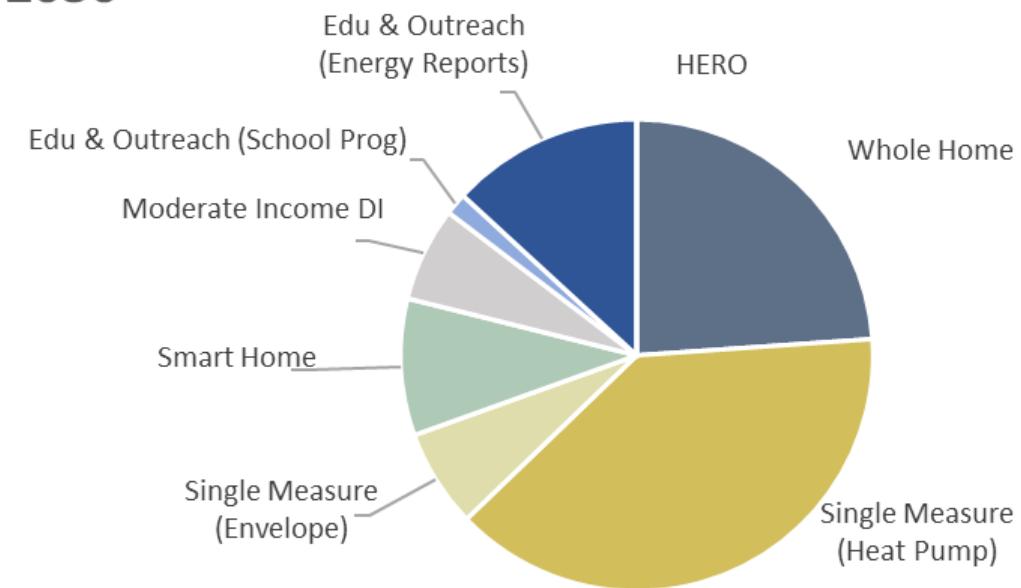
Residential Savings Breakdown (Net M3)



2026

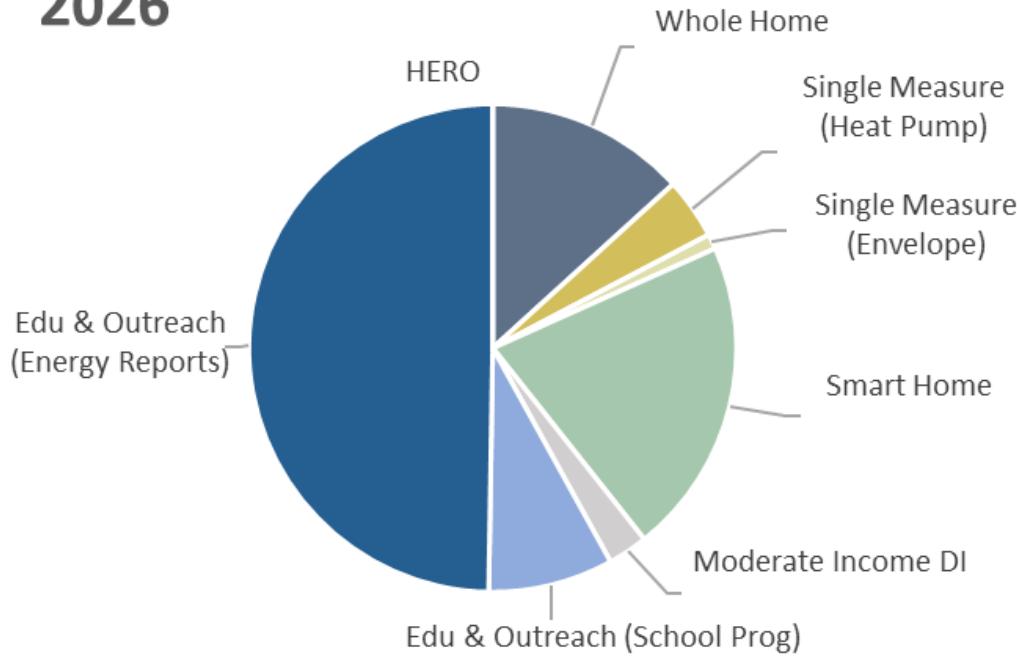


2030

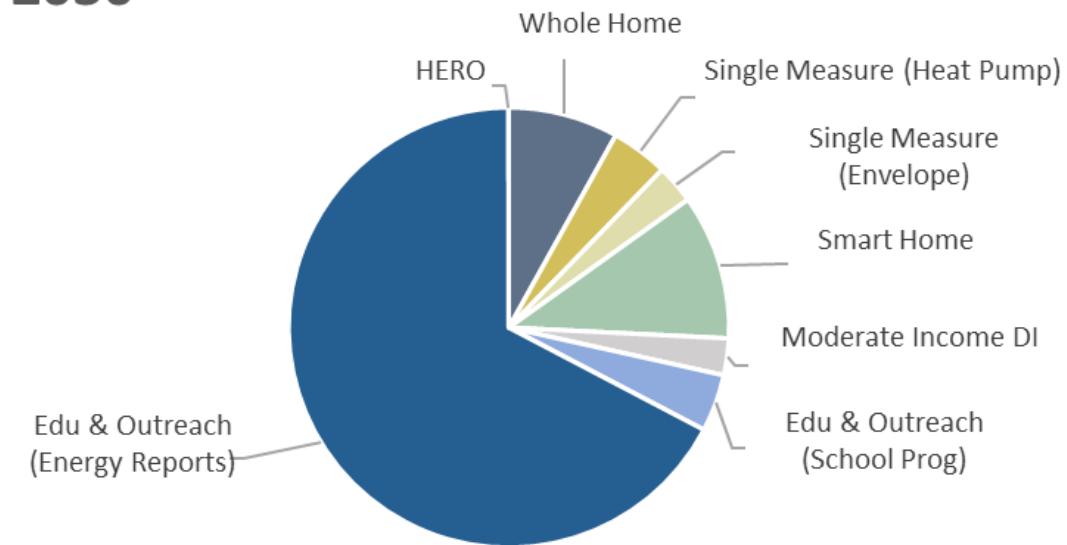


Residential Participant Breakdown

2026



2030

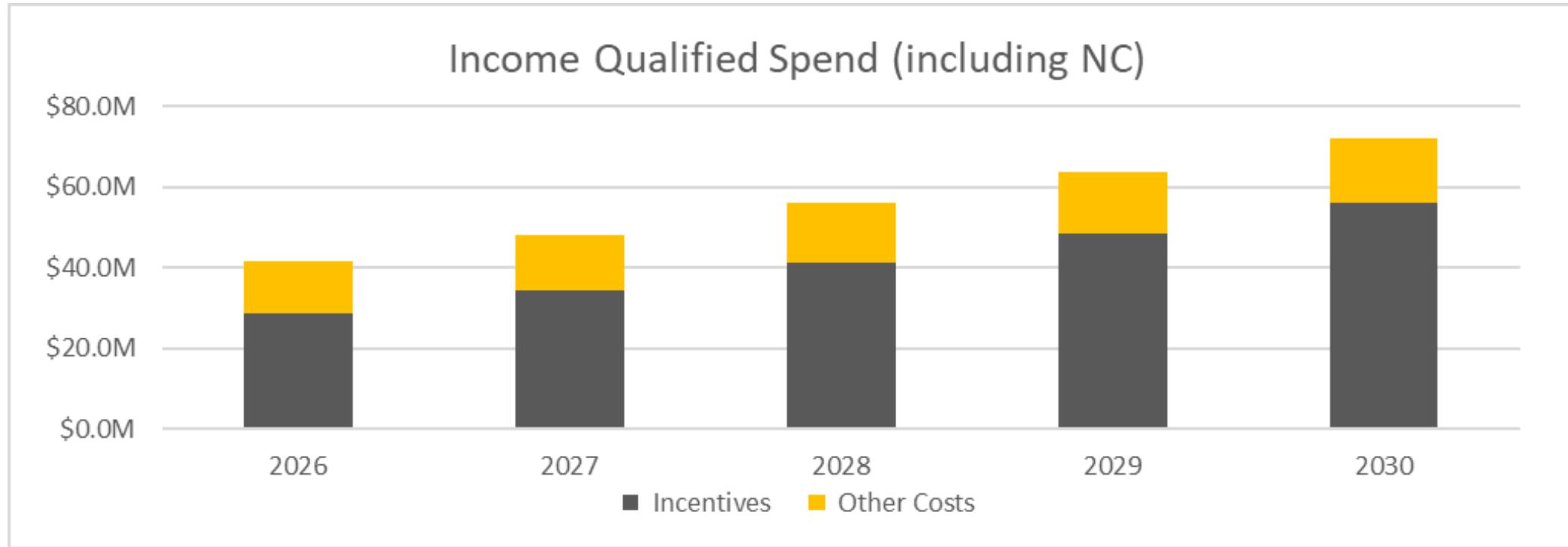


HERO participants are counted within Whole Home

Income Qualified Forecast Budgets and Targets



Income Qualified Offer Breakdown

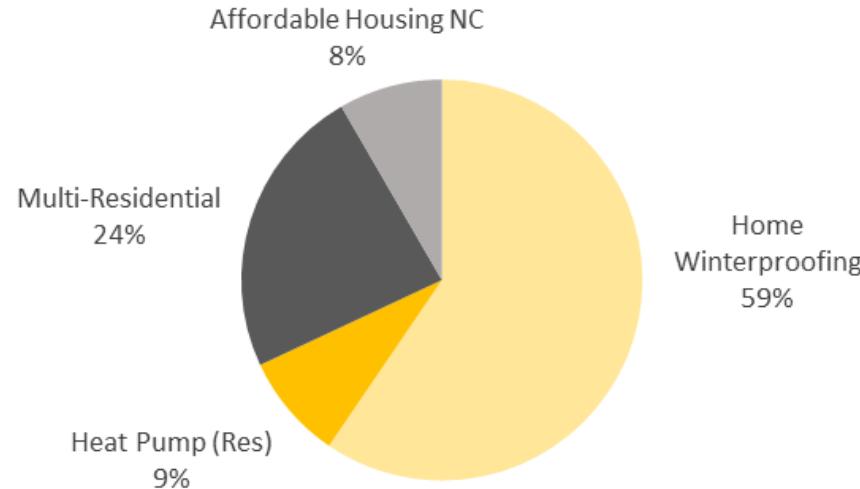


Year	2026	2027	2028	2029	2030
Incentives	\$28.8M	\$34.4M	\$41.3M	\$48.4M	\$56.1M
Other Costs	\$12.9M	\$13.8M	\$14.9M	\$15.5M	\$15.8M
% of Incentive	69%	71%	73%	76%	78%

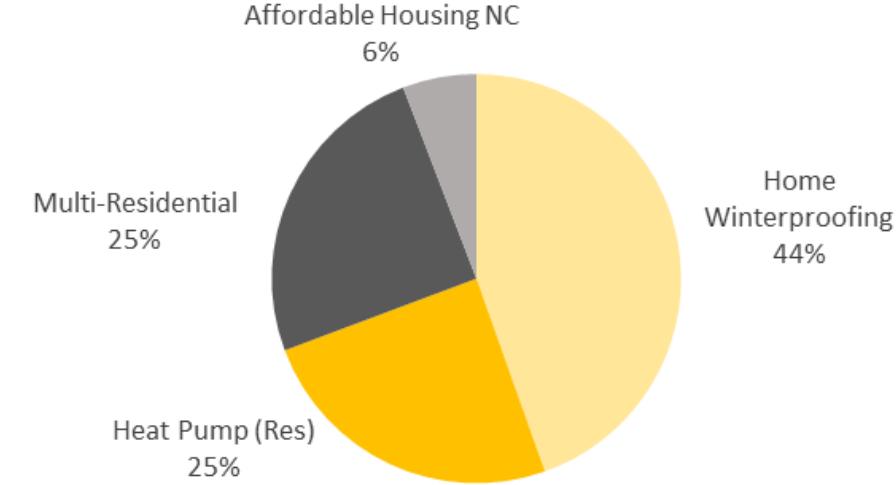
Assumes annual inflation rate of 2%

Income Qualified Budget Breakdown

2026 IQ Spend Breakdown



2030 IQ Spend Breakdown



Offering	2026 Budget	% Spend Uptake
Home Winterproofing	\$23.4M	60%
Heat Pump (Res)	\$3.4M	9%
Multi-Residential	\$9.3M	24%
Affordable Housing NC	\$3.3M	8%
Total	\$39.3M	100%



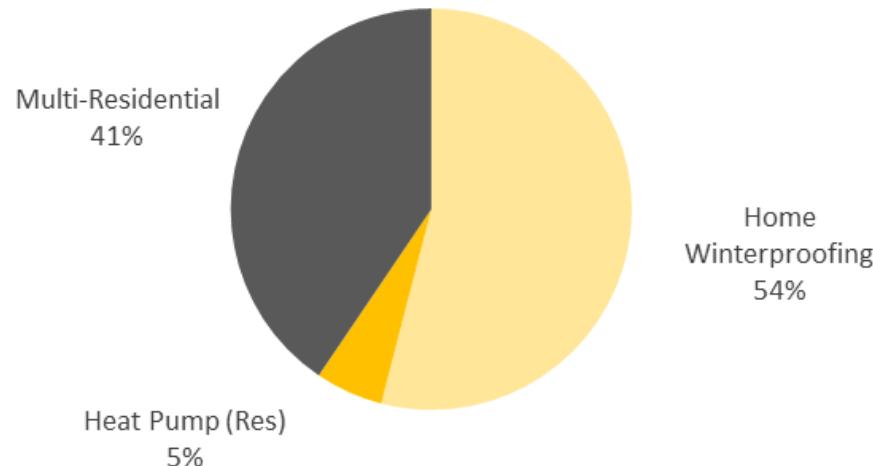
Offering	2030 Budget	% Spend Uptake
Home Winterproofing	\$30.6M	45%
Heat Pump (Res)	\$17.0M	25%
Multi-Residential	\$17.1M	25%
Affordable Housing NC	\$4.0M	6%
Total	\$68.7M	100%

Assumes annual inflation rate of 2%

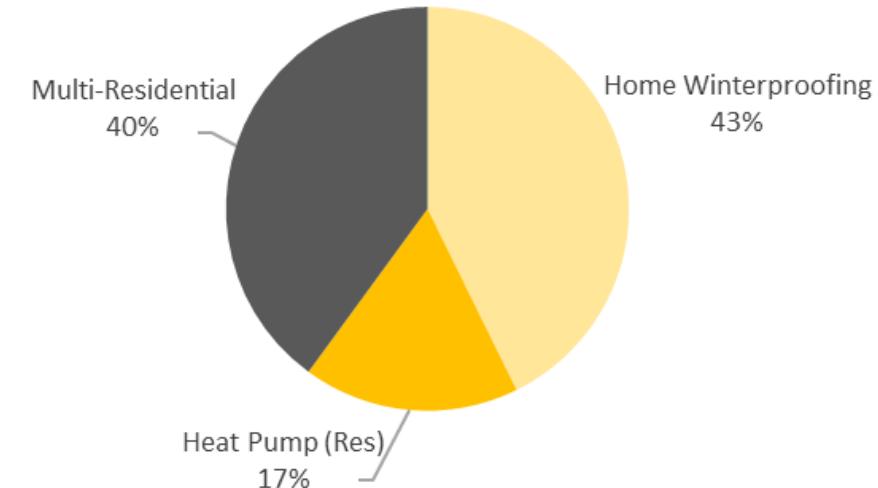
Does not include forecast for Admin spending

Income Qualified Savings Breakdown (Net M3)

2026 IQ Forecast Breakdown



2030 IQ Forecast Breakdown



Offering	2026 Savings (Net m3)	% Savings Uptake
Home Winterproofing	3.4M	54%
Heat Pump (Res)	0.3M	5%
Multi-Residential	2.5M	41%
Total	6.3M	100%

Offering	2030 Savings (Net m3)	% Savings Uptake
Home Winterproofing	4.0M	43%
Heat Pump (Res)	1.6M	17%
Multi-Residential	3.8M	40%
Total	9.5M	100%

Discussion

Appendix

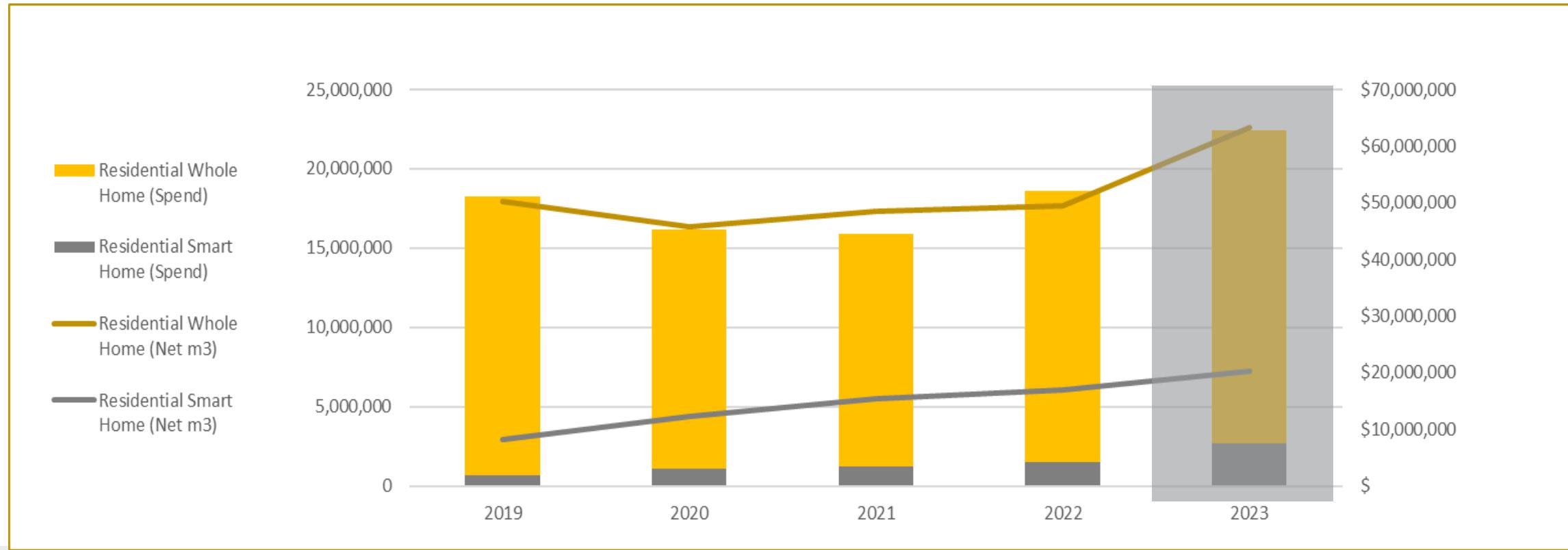


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Residential / Income Qualified Recent Results

2019 – 2023 Actuals

Residential Historical Data



Notes:

HER (Whole Home):

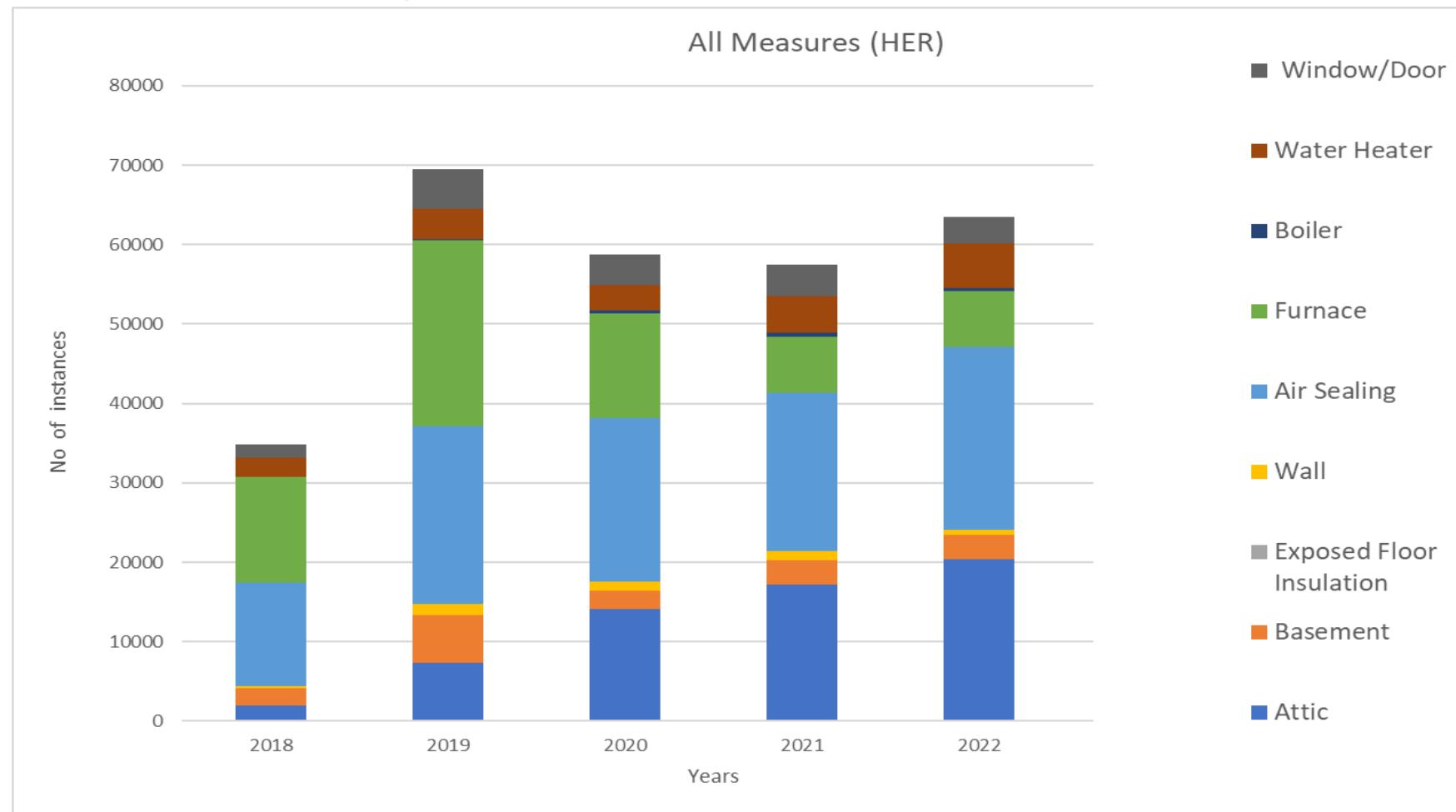
2020 – 3 measure rule with furnace and rebate decrease, 2021 GHG competing, increase on attic and audit rebate,
2022 LTO to complete E by June 30, 2023 HER+

2023 Savings are based on contractual attribution and exclude pre-post audits costs paid by NRCan

Smart Home:

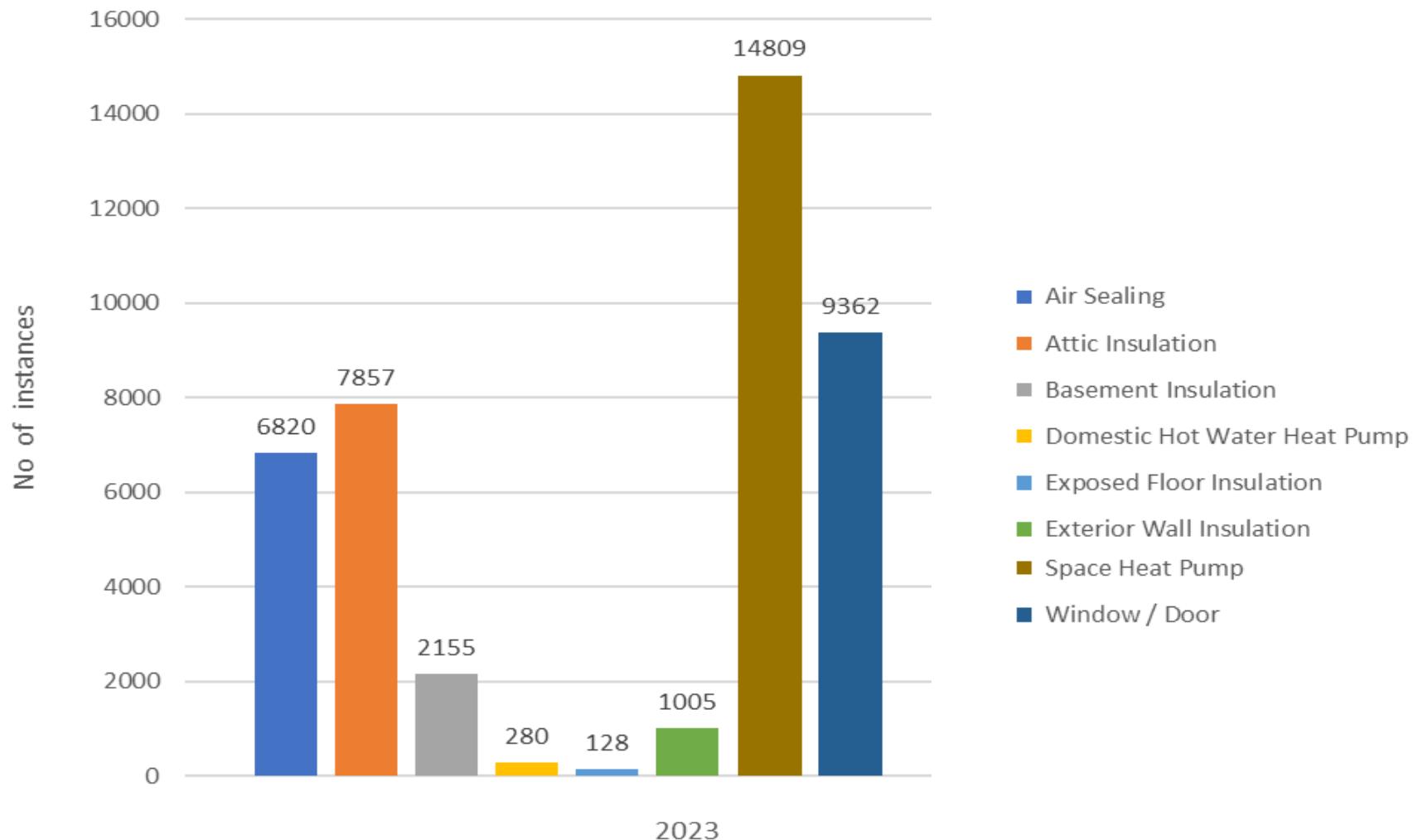
2023 LTO increased participation 108% over same time period in 2022 (29% total increase in participants)

Home Efficiency Rebate – Measure Breakdown



The measure driver for HER shifted from furnace to attic during the 2018-2022 period

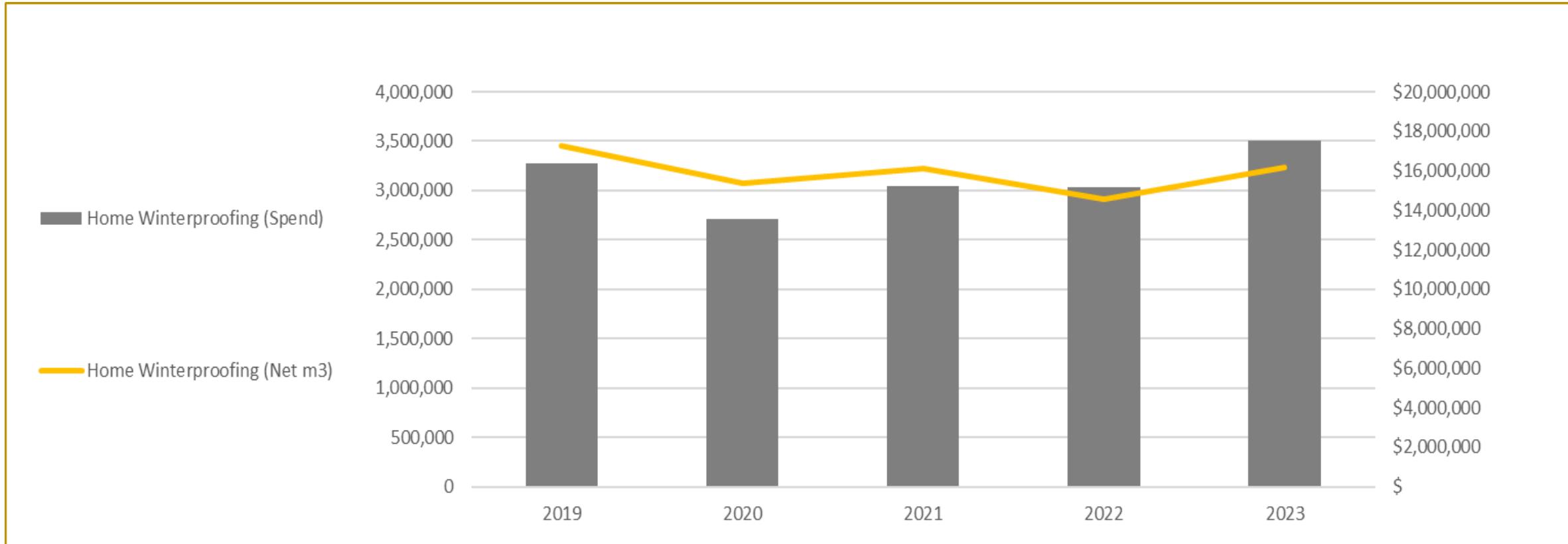
Home Efficiency Rebate+ (Measure Breakdown)



The measure breakdown for HER+ in 2023 – reflected a heavy frequency of heat pumps & windows

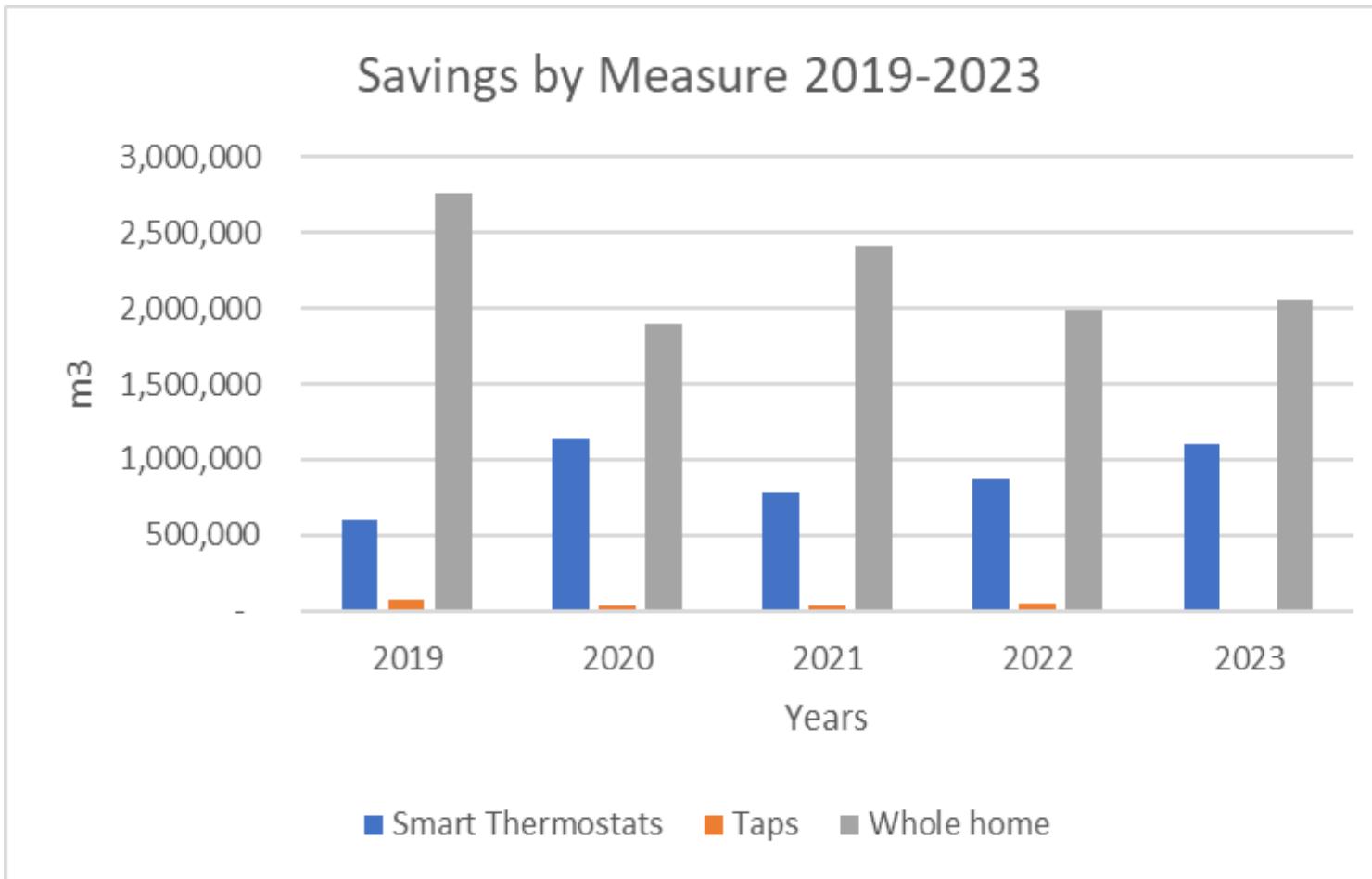
2019 – 2023 Actuals

Income Qualified – HWP Historical Data



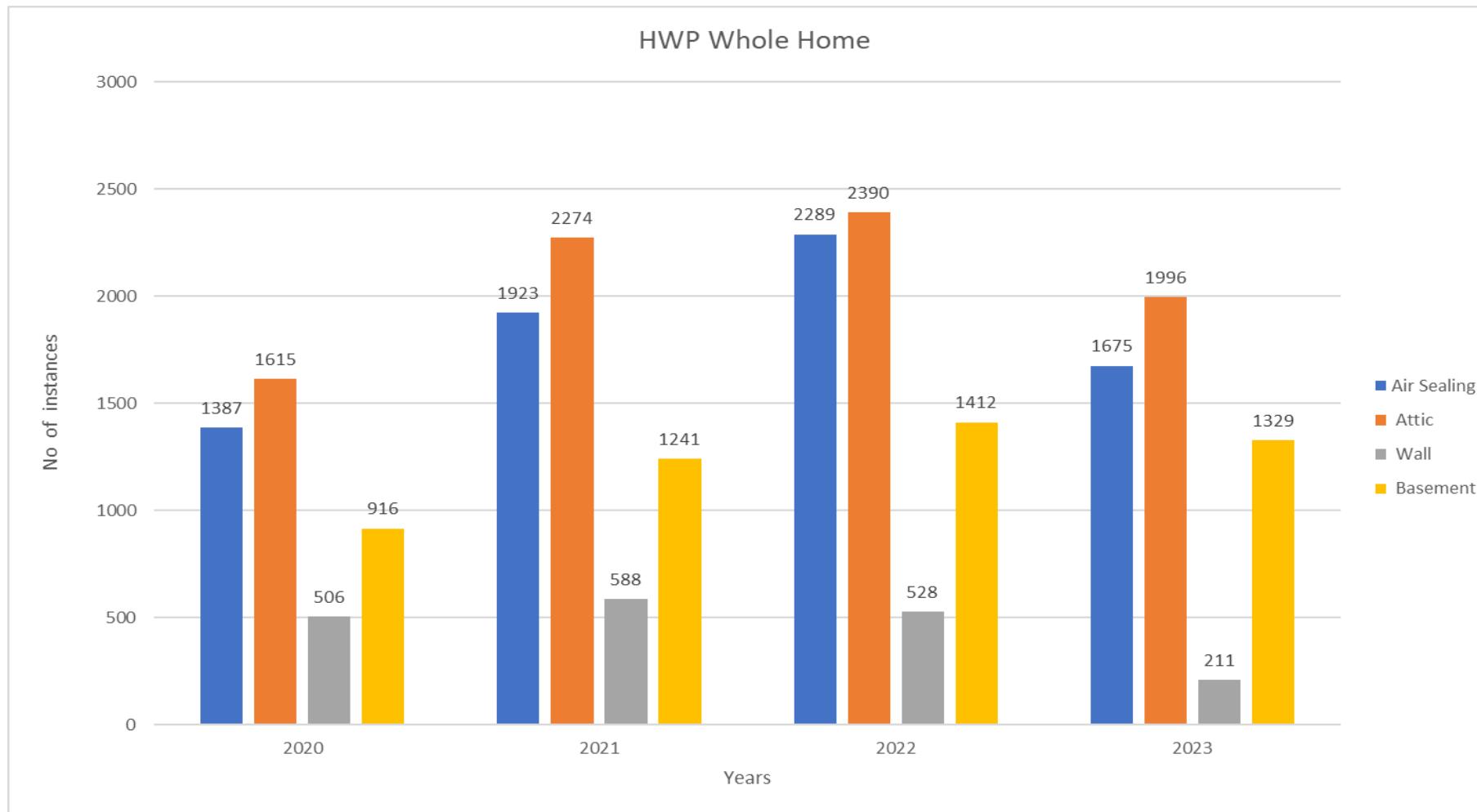
*2023 numbers are draft results pending audit

HWP – Results by Measure



Home insulation measures continue to drive the majority of savings

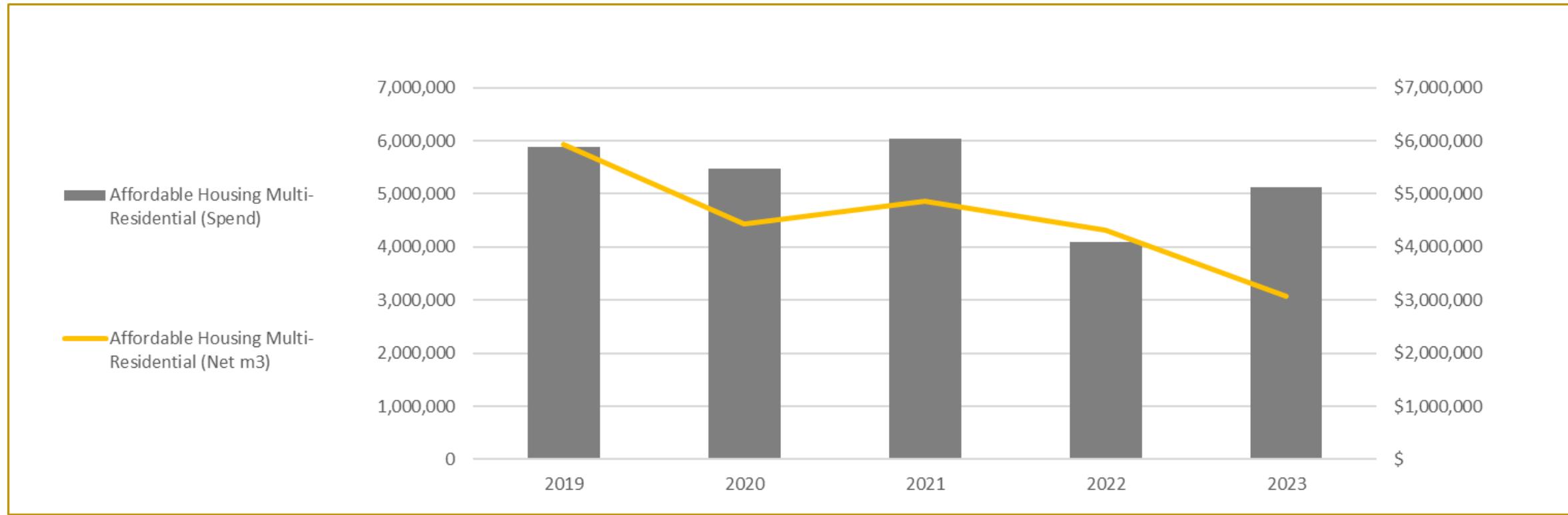
HWP – Whole Home Breakdown by Measure



The measure mix has remained constant since 2020

2019 – 2023 Actuals

Income Qualified – Multi-Res Historical Data



2023 numbers are draft results pending audit

Enbridge Gas 2026-2030 DSM Plan Portfolio Summary

Daniel Johnson – Manager, DSM Strategy & Policy

Deborah Bullock – Technical Manager, Energy Conservation Planning

Craig Fernandes – Manager, Residential Energy Conservation

Scott Hicks – Manager, Energy Conservation Program Design & Technology QA/QC

*The following slides are **DRAFT** and subject to update/finalization prior to submission of any DSM Plan Application. This overview is provided to stakeholders for information purposes only as part of Enbridge Gas Inc. 2026+ DSM plan development and engagement.*

DSM Portfolio Overview

	2025	2026			2030		
Programs	Budget (\$ million)	Budget (\$ million)	Target Net Annual Gas Savings (million m ³)	TRC-Plus Ratio	Budget (\$ million)	Target Net Annual Gas Savings (million m ³)	TRC-Plus Ratio
Residential	\$ 84.6	\$ 101.4	29.1	1.25	\$ 208.4	49.5	1.24
Income Qualified	\$ 25.5	\$ 38.6	6.3	1.42	\$ 67.5	9.7	1.31
Commercial	\$ 27.9	\$ 46.6	24.9	2.66	\$ 72.7	36.3	2.39
Industrial	\$ 19.8	\$ 39.2	53.8	4.27	\$ 51.7	69.5	4.43
Large Volume	\$ 3.1	\$ 3.2	12.4	7.98	\$ 3.5	13.7	8.00
Portfolio Costs	\$ 20.4	\$ 16.9	-	-	\$ 18.2	-	-
Grand Total	\$ 195.1	\$ 245.9	126.4	2.12	\$ 422.0	178.7	2.00

Budget values include inflation (assumed 2% annual)



Annual DSM Forecast Gas Reductions

(net m³ as % of prior year forecast Sales Volumes)

	2026	2027	2028	2029	2030
Residential	0.40%	0.46%	0.53%	0.60%	0.66%
Commercial/Industrial	0.69%	0.77%	0.84%	0.89%	0.92%
Portfolio without LV	0.57%	0.64%	0.71%	0.77%	0.82%
Large Volume (LV)	0.25%	0.26%	0.27%	0.26%	0.25%
Portfolio with LV *	0.51%	0.56%	0.62%	0.66%	0.70%

* FOR REFERENCE: Portfolio net m³ gas reductions for 2023 estimated at 0.4% of 2022 sales volumes



Residential Program

Offering/Initiative	2026						\$/m³
	Incentives (\$ million)	Promo & Delivery (\$ million)	Total Budget (\$ million)	Target Net Annual Gas Savings (million m³)	TRC-Plus Ratio		
Whole Home	\$ 42.4	\$ 8.2	\$ 50.6	10.2	1.13	\$ 4.96	
Single Measure	\$ 22.0	\$ 4.8	\$ 26.8	8.7	1.04	\$ 3.09	
Smart Home	\$ 5.0	\$ 2.6	\$ 7.6	6.0	2.92	\$ 1.26	
Moderate Income Direct Install	\$ 6.9	\$ 0.5	\$ 7.4	1.7	2.35	\$ 4.36	
Energy Education & Outreach *	\$ 0.1	\$ 2.5	\$ 2.6	2.5	0.27	\$ 1.04	
Building Beyond Code	\$ 1.7	\$ 1.4	\$ 3.1	-	-	-	-
Residential Program Admin Costs	-	-	\$ 3.3	-	-	-	-
Residential Program Total	\$ 78.1	\$ 20.0	\$ 101.4	29.1	1.25	\$ 3.49	

* Initiative for Residential market including Income Qualified

Residential Program

Offering/Initiative	2030						\$/m ³
	Incentives (\$ million)	Promo & Delivery (\$ million)	Total Budget (\$ million)	Target Net Annual Gas Savings (million m ³)	TRC-Plus Ratio		
Whole Home	\$ 76.6	\$ 10.1	\$ 86.6	12.2	1.12	\$ 7.08	
Single Measure	\$ 75.2	\$ 5.6	\$ 80.8	20.3	1.13	\$ 3.98	
Smart Home	\$ 6.0	\$ 2.7	\$ 8.7	6.0	2.90	\$ 1.44	
Moderate Income Direct Install	\$ 16.5	\$ 1.7	\$ 18.2	3.6	2.20	\$ 5.12	
Energy Education & Outreach *	\$ 0.1	\$ 3.8	\$ 3.9	7.4	0.50	\$ 0.53	
Building Beyond Code	\$ 5.0	\$ 1.6	\$ 6.6	-	-	-	-
Residential Program Admin Costs	-	-	\$ 3.6	-	-	-	-
Residential Program Total	\$ 179.4	\$ 25.4	\$ 208.4	49.5	1.24	\$ 4.21	

* Initiative for Residential market including Income Qualified



Income Qualified Program

Offering/Initiative	2026						\$/m³
	Incentives (\$ million)	Promo & Delivery (\$ million)	Total Budget (\$ million)	Target Net Annual Gas Savings (million m³)	TRC-Plus Ratio		
Home Winterproofing	\$ 16.9	\$ 7.1	\$ 24.0	3.4	1.45	\$ 7.08	
Income Qualified Heat Pump	\$ 3.3	\$ 0.1	\$ 3.4	0.4	0.72	\$ 8.57	
Affordable Housing Multi-Residential	\$ 7.0	\$ 2.3	\$ 9.3	2.5	1.93	\$ 3.65	
IQ Program Admin Costs	-	-	\$ 2.0	-	-	-	-
IQ Program Total	\$ 27.2	\$ 9.4	\$ 38.6	6.3	1.42	\$ 6.12	

Income Qualified Program

Offering/Initiative	2030						\$/m ³
	Incentives (\$ million)	Promo & Delivery (\$ million)	Total Budget (\$ million)	Target Net Annual Gas Savings (million m ³)	TRC-Plus Ratio		
Home Winterproofing	\$ 22.6	\$ 8.6	\$ 31.2	4.0	1.42	\$ 7.70	
Income Qualified Heat Pump	\$ 16.9	\$ 0.1	\$ 17.0	1.9	0.74	\$ 9.06	
Affordable Housing Multi-Residential	\$ 14.6	\$ 2.5	\$ 17.1	3.8	2.07	\$ 4.52	
IQ Program Admin Costs	-	-	\$ 2.2	-	-	-	-
IQ Program Total	\$ 54.1	\$ 11.2	\$ 67.5	9.7	1.31	\$ 6.95	

Commercial Program

2026						
Offering/Initiative	Incentives (\$ million)	Promo & Delivery (\$ million)	Total Budget (\$ million)	Target Net Annual Gas Savings (million m ³)	TRC-Plus Ratio	\$/m ³
Custom	\$ 15.7	\$ 0.9	\$ 16.6	14.7	3.34	\$ 1.13
Prescriptive Downstream	\$ 5.4	\$ 1.2	\$ 6.6	2.6	2.77	\$ 2.52
Direct Install	\$ 9.2	\$ 0.8	\$ 10.1	5.4	2.65	\$ 1.87
Midstream	\$ 2.8	\$ 1.2	\$ 4.0	1.9	2.14	\$ 2.11
Existing Building Commissioning	\$ 0.2	\$ 0.3	\$ 0.6	0.2	1.30	\$ 2.84
Micro-Business	\$ 0.2	\$ 0.3	\$ 0.5	0.1	0.62	\$ 9.20
Energy Innovation	\$ 1.8	\$ 0.2	\$ 2.0	-	-	-
Strategic Energy Management	\$ 0.5	\$ 0.3	\$ 0.8	-	-	-
Commercial Program Admin Costs	-	-	\$ 5.5	-	-	-
Commercial Program Total	\$ 35.9	\$ 5.1	\$ 46.6	24.9	2.66	\$ 1.87

Commercial Program

Offering/Initiative	2030					
	Incentives (\$ million)	Promo & Delivery (\$ million)	Total Budget (\$ million)	Target Net Annual Gas Savings (million m ³)	TRC-Plus Ratio	\$/m ³
Custom	\$ 27.7	\$ 1.0	\$ 28.7	21.2	2.88	\$ 1.36
Prescriptive Downstream	\$ 7.2	\$ 1.3	\$ 8.4	3.5	2.99	\$ 2.44
Direct Install	\$ 15.2	\$ 1.1	\$ 16.3	7.3	2.03	\$ 2.24
Midstream	\$ 5.7	\$ 1.7	\$ 7.4	3.6	2.25	\$ 2.07
Existing Building Commissioning	\$ 0.5	\$ 0.3	\$ 0.8	0.4	2.04	\$ 2.27
Micro-Business	\$ 1.7	\$ 0.4	\$ 2.0	0.4	0.95	\$ 5.41
Energy Innovation	\$ 1.9	\$ 0.2	\$ 2.1	-	-	-
Strategic Energy Management	\$ 0.5	\$ 0.3	\$ 0.8	-	-	-
Commercial Program Admin Costs	-	-	\$ 6.0	-	-	-
Commercial Program Total	\$ 60.4	\$ 6.3	\$ 72.7	36.3	2.39	\$ 2.01

Industrial Program

Offering/Initiative	2026						\$/m ³
	Incentives (\$ million)	Promo & Delivery (\$ million)	Total Budget (\$ million)	Target Net Annual Gas Savings (million m ³)	TRC-Plus Ratio		
Custom	\$ 28.2	\$ 0.9	\$ 29.0	52.3	4.65	\$ 0.55	
Prescriptive Downstream	\$ 0.2	\$ 0.2	\$ 0.3	0.1	2.01	\$ 2.57	
Direct Install	\$ 1.7	\$ 0.3	\$ 2.1	1.3	3.44	\$ 1.56	
Energy Innovation	\$ 1.8	\$ 0.2	\$ 2.0	-	-	-	-
Strategic Energy Management	\$ 0.0	\$ 0.8	\$ 0.8	-	-	-	-
Program Admin Costs	-	-	\$ 5.0	-	-	-	-
Industrial Program Total	\$ 31.9	\$ 2.3	\$ 39.2	53.8	4.27	\$ 0.73	

Industrial Program

Offering/Initiative	2030						\$/m ³
	Incentives (\$ million)	Promo & Delivery (\$ million)	Total Budget (\$ million)	Target Net Annual Gas Savings (million m ³)	TRC-Plus Ratio		
Custom	\$ 38.8	\$ 0.9	\$ 39.8	67.6	4.80	\$ 0.59	
Prescriptive Downstream	\$ 0.3	\$ 0.2	\$ 0.5	0.2	2.23	\$ 2.39	
Direct Install	\$ 2.7	\$ 0.4	\$ 3.1	1.7	2.94	\$ 1.77	
Energy Innovation	\$ 1.9	\$ 0.2	\$ 2.2	-	-	-	-
Strategic Energy Management	\$ 0.0	\$ 0.8	\$ 0.8	-	-	-	-
Program Admin Costs	-	-	\$ 5.4	-	-	-	-
Industrial Program Total	\$ 43.8	\$ 2.6	\$ 51.7	69.5	4.43	\$ 0.74	

Large Volume Program

Offering/Initiative	2026						\$/m ³
	Incentives (\$ million)	Promo & Delivery (\$ million)	Total Budget (\$ million)	Target Net Annual Gas Savings (million m ³)	TRC-Plus Ratio		
Direct Access	\$ 2.9	\$ 0.1	\$ 3.0	-	-	-	-
Program Admin Costs	-	-	\$ 0.2	-	-	-	-
Large Volume Program Total	\$ 2.9	\$ 0.1	\$ 3.2	12.4	7.98	\$ 0.26	

Large Volume Program

Offering/Initiative	2030					
	Incentives (\$ million)	Promo & Delivery (\$ million)	Total Budget (\$ million)	Target Net Annual Gas Savings (million m ³)	TRC-Plus Ratio	\$/m ³
Direct Access	\$ 3.2	\$ 0.1	\$ 3.5	13.7	-	-
Program Admin Costs	-	-	-	-	-	-
Large Volume Program Total	\$ 3.2	\$ 0.1	\$ 3.5	13.7	8.00	\$ 0.25

Estimated Forecast Bill Impacts* – EGD Rate Zone

EGD Rate Zone	Current DSM Budget Rate Impact **	Forecast 2026-2030 Annual Bill Impacts of DSM Plan Proposal					
		2024	2026	2027	2028	2029	2030
Rate 1	\$ 32	\$ 38	\$ 44	\$ 55	\$ 64	\$ 73	
Rate 6	\$ 148	\$ 231	\$ 266	\$ 293	\$ 320	\$ 348	
Rate 100	\$ 5,945	\$ 12,439	\$ 13,533	\$ 14,686	\$ 15,760	\$ 16,495	
Rate 110	\$ 22,376	\$ 44,123	\$ 48,415	\$ 52,821	\$ 57,013	\$ 60,209	
Rate 115	\$ 191,342	\$ 370,074	\$ 400,522	\$ 433,777	\$ 464,361	\$ 483,968	
Rate 135	\$ 11,138	\$ 22,140	\$ 23,868	\$ 25,773	\$ 27,504	\$ 28,529	
Rate 145	\$ 6,894	\$ 11,772	\$ 13,726	\$ 15,067	\$ 16,478	\$ 17,931	
Rate 170	\$ 11,333	\$ 21,351	\$ 24,270	\$ 26,572	\$ 28,902	\$ 31,069	

* Estimate for representative customer in rate class (customer consumption varies significantly in some rate classes), forecast based on historical distribution of DSM participation

** Approved Q4 QRAM (EB-2024-0245). NOTE: Reflects OEB approved budget NOT spend.

Estimated Forecast Bill Impacts*— Union South Rate Zone

Union South Rate Zone	Current DSM Budget Rate Impact **	Forecast 2026-2030 Annual Bill Impacts of DSM Plan Proposal					
		2024	2026	2027	2028	2029	2030
Rate M1	\$ 32	\$ 37	\$ 43	\$ 54	\$ 63	\$ 73	
Rate M2	\$ 404	\$ 616	\$ 699	\$ 768	\$ 837	\$ 901	
Rate M4	\$ 8,777	\$ 17,340	\$ 18,869	\$ 20,476	\$ 21,961	\$ 22,960	
Rate M5	\$ 4,410	\$ 5,672	\$ 6,178	\$ 6,715	\$ 7,213	\$ 7,557	
Rate M7	\$ 112,009	\$ 226,456	\$ 247,258	\$ 268,589	\$ 288,458	\$ 302,329	
Rate T1	\$ 6,825	\$ 12,148	\$ 13,426	\$ 14,681	\$ 15,885	\$ 16,847	
Rate T2	\$ 91,313	\$ 99,594	\$ 105,076	\$ 111,518	\$ 118,309	\$ 125,474	

* Estimate for representative customer in rate class (customer consumption varies significantly in some rate classes), forecast based on historical distribution of DSM participation

** Approved Q4 QRAM (EB-2024-0245). NOTE: Reflects OEB approved budget NOT spend.

Estimated Forecast Bill Impacts*— Union North Rate Zone

Union North Rate Zone	Current DSM Budget Rate Impact **	Forecast 2026-2030 Annual Bill Impacts of DSM Plan Proposal					
		2024	2026	2027	2028	2029	2030
Rate 01	\$ 32	\$ 37	\$ 43	\$ 54	\$ 63	\$ 73	
Rate 10	\$ 521	\$ 691	\$ 798	\$ 885	\$ 974	\$ 1,064	
Rate 20	\$ 3,973	\$ 8,051	\$ 8,839	\$ 9,666	\$ 10,459	\$ 11,094	
Rate 100	\$ 24,915	\$ 23,705	\$ 24,643	\$ 25,720	\$ 26,879	\$ 28,106	

* Estimate for representative customer in rate class (customer consumption varies significantly in some rate classes), forecast based on historical distribution of DSM participation

** Approved Q4 QRAM (EB-2024-0245). NOTE: Reflects OEB approved budget NOT spend.



Appendix

2023 Results

Programs	2023 *	
	DSM Spend (\$ million)	Actual Annual Net Gas Savings (million m ³)
Residential	\$ 64.1	22.6
Income Qualified	\$ 23.8	6.3
Commercial	\$ 20.9	19.0
Industrial	\$ 13.3	28.1
Large Volume	\$ 2.7	12.3
Energy Performance	\$ 1.5	30**
Building Beyond Code	\$ 6.4	779**
Portfolio Costs	\$ 12.1	
Grand Total	\$ 144.7	88.3

* 2023 values from Draft Annual Report and are pre-audit

** Participants

COORDINATION OF NATURAL GAS DSM PROGRAMS WITH ELECTRICITY CDM PROGRAMS AND OTHER PARTIES

1. This evidence is organized as follows:
 1. Coordination with Electricity CDM Programs
 - 1.1 Current Coordination
 - 1.2 Future Coordination
 2. Coordination with Other Parties
 - 2.1 Municipalities
 - 2.2 Federal and Provincial Governments
 3. Attribution Between Enbridge Gas and Other Parties

1. Coordination with Electricity CDM Programs

2. The OEB addresses coordination of natural gas DSM programs and electricity CDM programs in Section 7.2 of the DSM Framework, where it states:

The OEB expects that Enbridge Gas will endeavor to coordinate the delivery of DSM programs with electricity CDM programs where possible, including modifying the participant eligibility requirements of its current low-income program in order to be consistent with the electricity income-tested CDM program eligibility requirements.¹

3. Regarding attribution between natural gas DSM programs and electricity CDM programs, the DSM Framework states the following:

For electricity CDM and natural gas DSM programs jointly delivered with the IESO (or in coordination with an LDC), all the natural gas savings should be attributed to Enbridge Gas and vice versa for electricity savings.²

¹ EB-2021-0002, OEB DSM Framework, November 15, 2022, p.13.

² EB-2021-0002, OEB DSM Framework, November 15, 2022, p.13.

4. In its November 29, 2023 Letter of Direction to the OEB, the Ontario Minister of Energy acknowledged the success of the collaboration between Enbridge Gas and the IESO for income tested programming and requests this same focus for non-income tested residential customers:

Building on this success, we must now turn our attention to delivering this same level of service to non-income tested residential customers.³

5. Coordinated delivery provides a convenient “one-stop-shop” experience for customers and trade allies, reducing marketplace confusion regarding “who offers what incentive”, and enhancing the overall customer experience with energy conservation. This undoubtedly increases the success and reach of conservation efforts. Coordinated delivery also has the potential to create cost-efficiencies resulting in program cost savings to ratepayers and can help to maximize natural gas and electricity savings for homes and businesses, while minimizing lost opportunities.

1.1 Current Coordination

6. Enbridge Gas and the IESO have several coordinated efforts between DSM and CDM in market today:
 - a) Enbridge Gas and the IESO currently collaborate on delivery of the Home Winterproofing (“HWP”) Offering and the Energy Affordability Program (“EAP”)⁴, aligning efforts to improve energy accessibility and affordability for communities in need. Projects participating in both the HWP Offering and the EAP have the same eligibility requirements, require a single energy audit, and utilize the same delivery agents, resulting in a streamlined customer experience even though they are funded and contracted independently.

³ Ontario Minister of Energy Letter of Direction, November 29, 2023, p 4.

⁴ IESO (November 12, 2024), Energy Affordability Program, Save on Energy.
<https://saveonenergy.ca/en/For-Your-Home/Energy-Affordability-Program>

- b) Enbridge Gas launched its Demand Control Kitchen Ventilation (“DCKV”) direct install offer in late 2018, providing a turnkey solution for customers to improve kitchen ventilation with energy efficient DCKV technology. Beginning in 2020 and continuing today, this offer is jointly delivered with the IESO, providing customers with enhanced incentives and a single point of access to both natural gas and electricity incentives.
- c) Enbridge Gas and the IESO continue to collaborate to support commercial, institutional, affordable housing multi-residential, industrial, greenhouse and agricultural customers through the following training initiatives:
 - i. Certified Sustainable Building Operator (“CSBO”): This course trains building operators in energy efficiency, sustainable systems management, and regulatory compliance. These skills can help optimize building performance, reduce waste, and improve occupant well-being.⁵
 - ii. Certified Energy Manager (“CEM”): CEMs have skills in optimizing the energy performance of a facility, building, or industrial plant by understanding the electrical, mechanical, process and building infrastructure to identify optimum solutions that cost-effectively reduce energy consumption.⁶
 - iii. Dollars to \$ense (“D2\$”) Workshops: These workshops provide opportunities to customers to learn how to build an energy management team, find energy-savings opportunities, grow their

⁵ CIET (November 12, 2024), Certified Sustainable Building Operator, CIET Canada.
<https://cietcanada.com/programs/certified-sustainable-building-operator-csbo/>

⁶ CIET (November 12, 2024), Energy Management Training and Careers, CIET Canada.
<https://cietcanada.com/training-programs-cat/energy-management/>

energy management skills and create financially sound project business cases.⁷

1.2 Future Coordination

7. Enbridge Gas and the IESO continue to discuss additional areas of potential coordination. In particular, Enbridge Gas and the IESO have been working closely on designing and implementing a one-window approach to residential DSM programing, aligned with the direction provided by the November 29, 2023 Minister of Energy Letter of Direction to the OEB.⁸
8. The primary objective of the one-window residential program is to provide one journey for residential DSM participants in Ontario, whether they are installing measures that save natural gas, electricity, or both. In addition to a unified customer experience, this should also allow for joint marketing, consolidated payment processing and a single evaluation process, improving overall program effectiveness.
9. To accomplish this, starting in 2025, Enbridge Gas and the IESO expect to start delivering a whole home offering, along with electric heat pumps through the Single Measure Offering, and smart thermostats through the Smart Home Offering. Alignment of the residential Energy Education and Outreach and Residential Building Beyond Code Offerings is proposed to follow in 2026.
10. Enbridge Gas is also engaged with the IESO on a commercial smart thermostat initiative for 2025 which would feature combined incentives, joint marketing

⁷ CIET (November 12, 2024), Discover What Dollars to \$ense Workshops Can Do For Your Organization, CIET Canada. <https://cietcanada.com/news/discover-what-dollars-to-sense-workshops-can-do-for-your-organisation/>

⁸ Ontario Minister of Energy Letter of Direction, November 29, 2023, pp.3-4.

campaigns, and increased operational efficiencies; leading to greater market penetration, expanded geographic reach, and a streamlined customer approach.

11. For proposed commercial and industrial offerings, Enbridge Gas is exploring collaboration possibilities with the IESO to increase awareness of the proposed Commercial Existing Building Commissioning (“EBCx”) Offering among facility owners and managers. This collaboration would focus on educating stakeholders about the benefits of commissioning existing buildings through expanded campaigns and workshops aimed at increasing participation. Enbridge Gas is also actively exploring collaboration opportunities with the IESO on initiatives such as Strategic Energy Management (“SEM”), and will continue to explore additional areas as appropriate.

12. It is important to note that collaboration is not without challenges. For example, Enbridge Gas and the IESO have different procurement requirements, which can require significant time and effort to align. More importantly, the timing of Enbridge Gas’s 2026-2030 DSM Plan term and the IESO’s next CDM plan term do not align, with the IESO’s CDM plan expected to start in 2025 (although details have not been finalized as of the time of filing this Application). Consideration should be given to how planning cycles could be aligned in the future to facilitate collaboration and coordination of market actors such as agreements with delivery agents, trade allies or marketing campaigns.

2. Coordination with Other Parties

13. In addition to collaboration with the IESO regarding electricity CDM programs, Enbridge Gas is also actively collaborating with numerous other parties, in particular municipalities and federal and provincial government agencies involved in energy efficiency initiatives.

2.1 Municipalities

14. Municipalities play the critical roles of “Influencer”, “Promoter”, “Enabler” and “Enforcer” of strategies, policies and programs seeking to reduce the greenhouse gas emissions of their constituent residents, businesses and institutions, who are also Enbridge Gas customers.
15. Collaborative efforts with municipalities have proven valuable in identifying opportunities for energy efficiency improvements, supporting local climate action, and fostering community engagement in energy conservation efforts. Examples include the following.
- a) Enbridge Gas is collaborating with the Regional Municipality of Durham by financially supporting the Energy Concierge Service of the Durham Greener Homes initiative. The service provides homeowners with guidance and direction, connecting them with incentives and rebates, assistance in selecting a contractor of choice, and providing project management assistance throughout the retrofit journey. The service is available to all homeowners in the Regional Municipality of Durham.
 - b) Enbridge Gas and the City of Ottawa are collaborating on a technological proof of concept pilot. This pilot will work to understand how different technologies can significantly reduce a building's energy usage, targeting multi-unit residential buildings to support deep energy retrofits.
 - c) Enbridge Gas has been an active supporter of the Mississauga Climate Leaders program. Launched in June 2023, it includes workshops and training to strengthen local businesses' awareness, knowledge and desire to act sustainably. The program also provides dedicated support through site assessments to assist local businesses in identifying and implementing energy upgrade opportunities.

16. In surveying municipalities, they have expressed strong interest in collaborating with Enbridge Gas on retrofit incentives.⁹ Enbridge Gas will continue to look for opportunities to collaborate with municipalities, with an emphasis on leveraging existing retrofit offers to help support their objectives.
17. See Section 3 for information regarding challenges with collaborating with other parties such as municipalities.

2.2 Federal and Provincial Governments

18. The Government of Canada and the Province of Ontario are offering an array of energy efficiency initiatives designed to reduce energy emissions, enhance energy efficiency, reduce customer energy costs and support a transition to a net-zero economy.
19. While these initiatives provide significant opportunities for collaboration with Enbridge Gas, they also present a risk of market confusion, especially if new initiatives are introduced that overlap or compete with existing Enbridge Gas offerings.
20. As new opportunities arise, Enbridge Gas will continue to engage with government agencies to align program objectives and leverage government funding where possible to ensure that efforts are complementary rather than duplicative and competitive.
21. See Section 3 for information regarding challenges with collaborating with other parties such as federal and provincial governments.

⁹ Ontario Municipal DSM Survey, April 2024, p. 15

3. Attribution Between Enbridge Gas and Other Parties

22. The OEB's DSM Framework outlines the approach to the attribution of benefits between Enbridge Gas and other parties as follows:

Attribution of savings between Enbridge Gas and other parties (e.g., governments, non rate-regulated private sector, etc.) should be based primarily on the shares established in a partnership agreement reached prior to the program's launch.

Where Enbridge Gas's allocated share of natural gas savings in the partnership agreement is more than 20% of the share that would have been allocated based on a "percentage of total dollars spent" basis, an explanation for the difference should be provided.¹⁰ In this case, Enbridge Gas is also expected to file anticipated spending in the delivery of the program before the program is launched and the actual amount spent within each program year that has taken place. As partnerships do not always evolve as originally planned, this additional information will help the Board and stakeholders to assess the reasonableness of the shares allocated in the partnership agreement reached prior to the program's launch and the actual contribution Enbridge Gas made to the program.¹¹

23. In working to collaborate with other parties, Enbridge Gas has been challenged with this section of the DSM Framework. Specifically, developing a partnership agreement that outlines attribution can be a barrier to collaboration. The following illustrative example is provided to explain the challenge. In the illustrative example, Enbridge Gas has an offering with details as shown in Table 1.

¹⁰ "For example, if the partnership agreement allocates a share of 50% of the natural gas savings to the gas utility, but the actual share of "dollars spent" by the utility is 30% or less, an explanation should be provided to justify why the 50% share is more reflective of the gas utility's actual contribution."

¹¹ EB-2021-0002, OEB DSM Framework, November 15, 2022, p.14.

Table 1
Illustrative Enbridge Gas Offer

	Item	Assumption
a.	Forecasted Units	10,000
b.	Savings (m ³) / Unit	100
c.	Forecasted m ³ (a x b)	1,000,000
d.	Incentive / Unit	\$100
e.	Budget (a x d)	\$1,000,000

24. Enbridge Gas then works with another party that offers the same incentive per unit as Enbridge Gas. The result is a collaboration that combines the incentives to offer customers double the incentive. The greater incentive is very attractive to participants and results in 25% greater participation and 25% greater savings per participant. Assuming attribution is calculated based on the portion of funding from each partner, the outcome is shown in Table 2.

Table 2
Illustrative Attribution

	Item	Assumptions
a.	Total Forecasted Units	12,500
b.	Savings (m ³) / Unit	125
c.	Total Forecasted m ³ (a x b)	1,562,500
d.	Partner Incentive / Unit	\$100
e.	Total Incentive / Unit	\$200
f.	Total Budget (a x e)	\$2,500,000
g.	Attribution Factor (d / e)	50%
h.	Budget Contribution per Partner (f x g)	\$1,250,000
i.	Savings (m ³) Claimed per Partner (c x g)	781,250

25. As can be seen from Tables 1 and 2, the collaboration has resulted in greater participation and greater savings per participant, for a combined 56% increase in m³ savings (1,562,500 m³ in Table 2, compared to 1,000,000 m³ in Table 1) and a better experience for customers – all positive outcomes.
26. However, Enbridge Gas is only claiming 78% of the original stand-alone offering's results (781,250 m³ in Table 2, compared to 1,000,000 m³ in Table 1) and requires 25% more budget to do so (\$1,250,000 in Table 2, compared to \$1,000,000 in Table 1) resulting in a clear disincentive to collaborate.
27. This issue was discussed by the DSM Stakeholder Advisory Group ("SAG"). SAG members agreed that the existing approach to attribution was not ideal:

Non-utility members could not agree to an ideal approach for a framework to attribute natural gas savings and overall program benefits, but generally agreed

that the simple approach of allocating savings and benefits relative to entities' funding contribution is likely not ideal.¹²

28. As noted above, the SAG was not able to reach consensus but some members proposed a simplified approach to attribution:

Some non-utility members were of the view that it may be easiest for all involved if instead of constructing an attribution framework, the OEB acknowledged that Enbridge collaborating and partnering with other entities will lead to better overall results and as such, it should be encouraged to do so.¹³

29. To address the concerns described above, Enbridge Gas proposes that the DSM Framework be modified so that the Company is not disincentivized and discouraged from collaborating with other parties by allowing Enbridge Gas to count all savings from a collaboration agreement towards the utility's relevant DSM metric. Enbridge Gas has proposed the modifications at Section 2.4 of Exhibit C, Tab 1, Schedule 1.

¹² EB-2022-0295, SAG Report, November 11, 2024, p.24.

¹³ EB-2022-0295, SAG Report, November 11, 2024, p.24.

INTEGRATED RESOURCE PLANNING

1. In its Decision and Order for Enbridge Gas's 2022-2027 DSM Plan Application dated November 15, 2022, the OEB stated the following regarding the relationship between the Company's DSM Plan and Integrated Resource Planning ("IRP"):

The OEB agrees that no further direction is required at this time with respect to the relationship between Enbridge Gas's DSM plan and IRP. The OEB's Decision on IRP is still in the initial phase of implementation. The OEB appreciates the reporting thresholds proposed by Enbridge Gas and expects that any IRP activities pursued that include demand-side programming (e.g., geotargeted energy efficiency) should be discussed, at least at a high level, as part of Enbridge Gas's DSM annual report so that all stakeholders are made aware. Should any demand-side IRP activities overlap with the DSM programs approved in this Decision and Order, the details of the overlap and any implications will be reviewed by the OEB as part of the IRP Plan application made by Enbridge Gas.¹

2. On June 28, 2024, Enbridge Gas filed an amended application under EB-2022-0335 seeking approval of a proposed IRP Pilot Project in the Southern Lake Huron ("SLH") area. Enbridge Gas's approach to the proposed IRP Pilot Project is consistent with the OEB's DSM Framework regarding DSM and IRP.² More specifically, Enbridge Gas summarized its approach to attribution between DSM and the IRP Pilot Project's Enhanced Targeted Energy Efficiency ("ETEE") program in its argument-in-chief for the IRP Pilot Project as follows:

For the purpose of the SLH IRP Pilot Project, Enbridge Gas has proposed a simplified attribution approach for ETEE offerings whereby all incentives will be funded by the Pilot Project, and accordingly, all results would be attributed to the Pilot Project's ETEE program and not to DSM programs. A general policy on the

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, pp.86-87.

² EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), pp.14-15.

approach to DSM-IRP attribution is anticipated to be considered as part of the first non-pilot IRP Plan application filed by the Company.³

3. Enbridge Gas is not proposing any changes to Section 7.4 Energy Efficiency and Integrated Resource Planning of the DSM Framework and the Company is not seeking any approvals with respect to IRP or IRP Plans as part of its 2026-2030 DSM Plan Application. As noted above, a general policy regarding the approach to DSM/IRP attribution is anticipated to be considered as part of the first non-pilot IRP Plan application filed by Enbridge Gas.

³ EB-2022-0335, Argument In Chief, September 24, 2024, p.26.

APPROACH TO THE 2026-2030 DSM PLAN

1. This evidence is organized as follows:

1. Overview
2. Key Priorities
 - 2.1 Deliver Affordable and Cost-Effective Natural Gas Savings
 - 2.2 Enable Broad Participation
 - 2.3 Ensure Equity
 - 2.4 Facilitate Innovation
 - 2.5 Promote Market Consistency
 - 2.6 Accelerate Adoption
3. DSM Plan Components
4. DSM Plan Term
5. Mid-Point Assessment

1. Overview

2. The OEB's DSM Framework is the foundational element guiding Enbridge Gas's 2026-2030 DSM Plan, ensuring alignment with regulatory expectations. The DSM Plan is strategically crafted to be responsive to the OEB's objectives¹ for ratepayer funded DSM programs emphasizing cost-effectiveness, broad accessibility, equity, innovation and coordinated market delivery, in accordance with the OEB's DSM Guiding Principles.²
3. The 2026-2030 DSM Plan also reflects Enbridge Gas's commitment to continuous improvement in DSM programming and was developed leveraging lessons learned in delivering DSM for over twenty-five years, implementing recommendations from

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.1.

² EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), pp.2-4.

process evaluations, and by engaging and incorporating feedback from customer, industry and regulatory stakeholders, including the DSM Stakeholder Advisory Group (“SAG”).

4. Enbridge Gas's approach to process evaluations is described in Exhibit D, Tab 8, Schedule 1; the SAG consultative process is described in Exhibit C, Tab 1, Schedule 4; and details of various key stakeholder engagements undertaken to support Enbridge Gas's DSM efforts and the 2026-2030 DSM Plan is described in Exhibit C, Tab 1, Schedule 5.
5. Further, in developing the 2026-2030 DSM Plan, Enbridge Gas carefully considered the feedback and recommendations provided by stakeholders throughout the Company's 2022-2027 DSM Plan proceeding (EB-2021-0002) within the context of the OEB's DSM Framework, and while balancing the multiple priorities discussed herein.
6. The proposed DSM programs incorporate a comprehensive approach designed to align with stakeholder input and the OEB's DSM Framework while driving innovation and delivering meaningful, cost-effective natural gas savings with increased program access for customers.

2. Key Priorities

7. Enbridge Gas has focused the 2026-2030 DSM Plan around six key priorities:
 - a) Deliver Affordable and Cost-Effective Natural Gas Savings
 - b) Enable Broad Participation
 - c) Ensure Equity
 - d) Facilitate Innovation
 - e) Promote Market Consistency
 - f) Accelerate Adoption

2.1 Deliver Affordable and Cost-Effective Natural Gas Savings

Related OEB Guiding Principle:

- *DSM plans should balance the achievement of cost-effective natural gas savings and customer bill impacts.³*
8. Changing baselines due to technological advancements and policy shifts, uncertain economic conditions, the cost to electrify some or all of a customers' energy use, persistent supply chain disruptions, and inflationary impacts are just a few substantial challenges to achieving cost-effective energy savings.
9. Changing baselines due to advancements in technology and policy shifts, such as the implementation of Natural Resources Canada's ("NRCan") Amendment 15, are making it increasingly challenging to achieve similar levels of cost-effective energy savings as previously experienced. As baselines rise, the incremental costs of achieving additional savings tend to grow, reducing the availability of lower-cost savings opportunities.
10. In addition to these baseline challenges, uncertain economic conditions and elevated interest rates affect customer investment in DSM measures. Persistent supply chain disruptions and inflationary pressures continue to drive up costs and delay project timelines.
11. In response, Enbridge Gas is enhancing its DSM portfolio by expanding to other measure types to continue to provide substantial energy savings and customer benefits. While these measures may not match the previous levels of cost-effectiveness due to rising baselines, Enbridge Gas remains committed to presenting a cost-effective set of DSM programs and offerings.

³ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.2.

12. To address market-related cost challenges, Enbridge Gas is broadening its delivery model through new collaborations, improving access and mitigating the impact of supply chain disruptions. Additional support initiatives and tailored incentives are being introduced to encourage customer uptake by offsetting the impact of higher interest rates and inflationary pressures.
13. Enbridge Gas recognizes that under the right conditions, electrifying some or all of a building's heating load can contribute to net greenhouse gas emissions reductions within Ontario. Enbridge Gas is adopting a pragmatic, forward-looking approach that considers forecasted plans put forward by the province and prioritizes the cost-effective expenditure of ratepayer funds, carefully balancing costs and benefits. This approach recognizes that DSM is a critical component necessary to reducing the province's greenhouse gas emissions.
14. Throughout, Enbridge Gas was mindful of the OEB's Decision on Enbridge Gas's 2022-2027 DSM Plan Application (EB-2021-0002) ("Decision") which set reduction targets of 0.6% of sales in 2026, 0.8% of sales in 2027 and 1.0% of sales in each year from 2028 through to the end of 2030, relative to the prior year on a weather normalized basis.⁴ Enbridge Gas spent a substantial amount of time and effort considering how such reduction targets could be met and what budgets would be necessary to achieve such targets.
15. As there was no evidence adduced in the above-noted proceeding regarding the budget levels that would be required to achieve these expectations, it was recognized that the rate impacts of proposing such budgets was not known at the time of the Decision.

⁴ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.4.

16. For the purposes of responding to the Decision, Enbridge Gas considered various inputs to determine what budgets would be required, and it shared this information with OEB staff and with stakeholders at several consultative sessions. Enbridge Gas determined that the rate impacts would not be acceptable because they would be in direct conflict with one of the foundational guiding principles: "*DSM plans should balance the achievement of cost-effective natural gas savings and customer bill impacts*".⁵ Please see Exhibit D, Tab 2, Schedules 1 and 2 for a more fulsome discussion.

2.2 Enable Broad Participation

Related OEB Guiding Principles:

- *DSM plans should balance the expectation that cost-effective natural gas savings should be maximized while still providing opportunities for a broad spectrum of consumer groups and customer needs to encourage widespread customer participation over time and ensure all segments of the market are reached in some capacity.*⁶
- *DSM plans should include strategies to increase the natural gas savings by targeting key segments of the market and customers where opportunities for efficiency improvements have been identified.*⁷

17. Serving approximately 3.9 million customers across the residential, commercial and industrial sectors, each with unique characteristics, needs, and stages in their energy journey, Enbridge Gas is committed to ensuring that all eligible residents and businesses across its service area in Ontario can access, participate in, and benefit from DSM programs.

⁵ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.2.

⁶ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.2.

⁷ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.3.

18. Through targeted technical and market research, Enbridge Gas has gained valuable insights into the current state of its markets and has identified key barriers to participation. This understanding has bolstered tailored program design and outreach efforts, reducing barriers and improving accessibility for a broad range of customers.
19. The 2026-2030 DSM Plan builds on these learnings along with continuing investment in essential research and market analysis and an increased focus on innovation, to overcome both technical and market related challenges and deploy strategies to target key segments where opportunities for efficiency improvements have been identified.
20. The DSM Plan emphasizes a customer-centric approach, providing accessible, practical options tailored to each sector's needs. In the residential sector, a tiered "good, better, best" framework offers multiple entry points, helping customers engage in energy efficiency at a level that suits their awareness, readiness, and budget. To reinforce this strategic approach, two new offerings (the Moderate Income Direct Install and Energy Education and Outreach Offerings) are proposed to drive broader participation.
21. In the commercial and industrial sectors, the focus is on reducing and reusing energy, with targeted increased incentives available to support efficiency upgrades at the right time. Expanding relationships with trade allies and service providers, combined with increased marketing, educational efforts, and strategic incentives, ensures that the right opportunities are available to customers when they're most likely to benefit. In addition to these enhancements, two new offerings are proposed to drive increased participation (the Commercial Microbusiness and Commercial Existing Building Commissioning ("EBCx") Offerings), both designed to make energy efficiency more accessible and attractive to a wider range of businesses.

2.3 Ensure Equity

Related OEB Guiding Principle:

- *DSM plans should ensure that small volume, low-income and on-reserve First Nations communities are well-served.*⁸

22. Enbridge Gas has prioritized a diverse and balanced portfolio of DSM programs and offerings designed to achieve energy savings, support customers in managing energy costs, and remain accessible to all customers – regardless of income, geographic location, or specific energy efficiency needs. By focusing on inclusivity in offering design and eligibility criteria, and through an expanded and targeted outreach, Enbridge Gas will ensure that underserved communities have equitable access to the benefits of DSM.

23. This commitment to equity is reflected in specific programs and offerings proposed such as the Income Qualified Program (Exhibit E, Tab 3), the residential Energy Education and Outreach Offering (Exhibit E, Tab 2, Schedule 6), the residential Moderate Income Direct Install Offering (Exhibit E, Tab 2, Schedule 5), and the Commercial Microbusiness Offering (Exhibit E, Tab 4, Schedule 7). These programs and offerings address the unique needs of specific customer groups that face additional barriers or who have been historically underserved by DSM initiatives. Enbridge Gas is proposing enhanced incentives, expanded eligibility criteria for income-based offerings, and targeted outreach, including continued co-delivery opportunities with the IESO, to support equitable access to DSM for all customers.

⁸ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.3.

2.4 Facilitate Innovation

Related OEB Guiding Principle:

- *DSM plans should support innovation, technology development and adoption of lower-carbon alternatives to enable longer-term energy efficiency and conservation opportunities, consistent with the advancement of provincial policy goals.⁹*

24. The 2026-2030 DSM Plan incorporates a multi-faceted approach to innovation that includes developing new technologies suited to sector-specific applications, piloting emerging solutions, and scaling lower-carbon alternatives. Enbridge Gas will use both self-directed and market-driven research to identify effective, adaptable solutions that meet the varied needs of residential, commercial, and industrial customers. By continually assessing market conditions and jurisdictional best practices, Enbridge Gas ensures that DSM programs remain responsive, evolving with advancements in technology and customer expectations.

25. To further support Ontario's clean energy goals, Enbridge Gas is offering flexible energy options that align with both customer and provincial goals. This includes capacity-building initiatives, such as specialized training for electric heat pump installation, controls, and commissioning, and collaborating with trade allies and delivery networks to expand access to these technologies. By aligning innovation efforts with Ontario's cleaner energy goals, Enbridge Gas can provide practical, reliable energy solutions that support affordability and emissions reductions.

⁹ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.3.

2.5 Promote Market Consistency

Related OEB Guiding Principle:

- *Where appropriate, Enbridge Gas should coordinate and integrate natural gas DSM, with other conservation initiatives, including electricity CDM efforts and municipal energy plans.¹⁰*

26. In Ontario, there is a growing emphasis on the integration and coordination of various energy conservation efforts to achieve comprehensive outcomes. The 2026-2030 DSM Plan contemplates three focus areas to address market consistency, described in more detail below.

Coordination with CDM Programs

27. Enbridge Gas actively works with the IESO to design and deliver integrated energy conservation programming, where possible. Enbridge Gas is committed to both continuing and expanding its efforts with the IESO in support of the goal of delivering natural gas and electricity conservation programming to residential and income qualified participants utilizing a one-window approach, as well as coordination efforts in commercial and industrial programs. Refer to Exhibit C, Tab 1, Schedule 6 for present initiatives and future coordination opportunities.

Government Energy Efficiency Initiatives

28. Federal and provincial energy efficiency programs provide significant opportunities for collaboration with Enbridge Gas; however, they also present a risk of market confusion, especially if new government initiatives are introduced that overlap or compete with existing Enbridge Gas DSM offerings.

¹⁰ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.3.

29. The 2026-2030 DSM Plan will seek to coordinate and collaborate with government programs over the term to ensure that efforts are complementary rather than competitive. The DSM Plan's proposed budget and targets reflect the information currently available to Enbridge Gas. Misalignments in timing with regulatory cycles, government announcements, and program discussions will require adaptability as Enbridge Gas navigates the upcoming term to prevent duplication of efforts and maximize the overall impact of energy efficiency initiatives in Ontario.

Municipalities

30. Ontario's municipal energy landscape is highly diverse, influenced by the size and capacity of individual municipalities, as well as their unique energy needs and goals. Through several funding streams, the federal government currently invests millions of dollars annually to support municipal climate action, including the development of Climate Change Action Plans ("CCAP") and Municipal Energy Plans ("MEP").

31. As municipalities in Ontario strive to meet growing energy demands and climate action goals, energy efficiency remains the most immediate and cost-effective solution to managing energy use. Enbridge Gas will continue to work with municipalities to advance the implementation of the Company's DSM programs at the community level.

2.6 Accelerate Adoption

Related OEB Guiding Principle:

- *DSM plans should minimize lost opportunities for energy efficiency and should be designed to pursue long term energy savings.¹¹*

¹¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.3.

32. The 2026-2030 DSM Plan strives to enhance, expand and accelerate energy efficiency practices through innovation and a portfolio-wide focus on market transformational elements, such as energy literacy, capacity building, and market expansion. This investment is essential for realizing the DSM results proposed over the 2026 to 2030 DSM Plan term as well as achieving sustained energy savings and lasting impacts in the Ontario energy market.
33. First, a robust educational component will empower customers to assess and optimize their energy use and provide a better understanding of newer measures, such as electric heat pump technology, along with how to influence energy bill impacts. In parallel, providing training targeted towards contractors ensures they are equipped with the knowledge and skills necessary to sell, install and size equipment correctly. This dual approach supports industry-wide adoption of best practices, transforming both customer behaviour and contractor capabilities in the long term.
34. Second, Enbridge Gas will leverage the energy efficiency ecosystem of weatherization and HVAC installation contractors, engineering firms, manufacturers, distributors, and service organizations necessary to support this critical work. These trade allies play an essential role in energy efficiency by connecting customers with solutions and guiding them through the process. They provide valuable insights that can integrate energy efficiency into customers' long-term energy plans and minimize lost opportunities for both large and small customers to participate in energy efficiency initiatives.
35. Enbridge Gas has a strong track record of effectively engaging with these stakeholders through education and training efforts, collaborations with industry associations, and offers intended to increase market demand. Enbridge Gas will increase its efforts in this area over the course of the term. Expanding these relationships will improve the cost-effectiveness of DSM program delivery while

leading to greater natural gas savings results, which is essential to meet the increasing targets over the course of the term.

36. Collaborating with trade allies not only enhances their technical proficiency but also strengthens their ability to identify opportunities for customers. In empowering trade allies to better understand program benefits, navigate eligibility requirements and promote participation in DSM programs, the Company can extend the reach and effectiveness of the DSM portfolio. This approach further enables trade allies to more effectively sell energy efficiency measures by educating and supporting customers in making informed decisions customized to their needs and the stage of their energy journey.

37. Overall, addressing barriers to the adoption of emerging low-carbon technologies, such as residential electric heat pumps and commercial hybrid rooftop units, and building this capacity in the marketplace, fosters increased confidence in these technologies, leading to broader adoption, market expansion and minimizing lost opportunities for energy efficiency. As demand grows, it encourages manufacturers to increase production and stock of these emerging technologies, thereby increasing availability of energy-efficient technology. Increased competition among a broader network of participating contractors drives down prices, making energy-efficient technologies more affordable for customers. This market transformational cycle of education, adoption, expansion and competition is a key element of Enbridge Gas's strategy to deliver long-term savings and benefits to both the market and customers, transitioning to advanced DSM and a low-carbon future.

3. DSM Plan Components

38. In this 2026-2030 DSM Plan Application, Enbridge Gas has included a set of programs and scorecards, including annual targets, metrics, and associated

budgets, designed to achieve the various goals and objectives outlined by the OEB and the Company, while providing appropriate incentives to Enbridge Gas to aggressively undertake and deliver its DSM portfolio of offerings. The DSM portfolio is divided into three categories:

- a) *Resource acquisition programs* focused on the achievement of net annual natural gas savings¹² (m³) with proposed five-year fixed targets and budgets to align with the OEB's expectation that "natural gas savings levels going forward will have fixed targets to allow for greater certainty."¹³ Please refer to Exhibit E, Tabs 2 through 5 for details.
- b) *Multi-year offerings and initiatives* where activities and participation span more than one year. This includes the Residential Building Beyond Code Offering described in Exhibit E, Tab 2, Schedule 7, as well as the Energy Innovation Fund discussed in Exhibit D, Tab 7, Schedule 3.
- c) *A Large Volume Program with an opt-out framework* developed in collaboration with the Industrial Gas Users Association ("IGUA") as detailed in Exhibit E, Tab 6.

39. The scorecards for each of these programs are detailed in Exhibit D, Tab 2, Schedule 1 with corresponding budgets discussed in Exhibit D, Tab 2, Schedule 2.

4. DSM Plan Term

40. In its Decision the OEB stated its expectation that "the next DSM plan will be for a five-year term from 2026-2030."¹⁴

¹² Net annual natural gas savings refers to first-year net natural gas savings.

¹³ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.5.

¹⁴ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.12.

41. A five-year DSM plan term provides for regulatory efficiency and is supportive of government policy, allows for long term planning and program continuity, and provides stability for Enbridge Gas to commit to energy conservation efforts, as well as certainty for customers and other market participants across Ontario.

42. Therefore, Enbridge Gas is proposing a five-year term (2026 to 2030) with fixed targets and a budget envelope, along with a limited mid-point assessment which is described in greater detail below.

5. Mid-Point Assessment

43. Enbridge Gas believes it is appropriate and prudent to assess the DSM portfolio in certain specific areas after the first two years of the term to ensure the 2026-2030 DSM Plan continues to be aligned with the market and evolving policy in Ontario. A limited mid-point assessment will provide an opportunity to determine if any additional program offerings merit introduction, or if changing market factors / government policy necessitates some re-consideration in program design or delivery.

44. Enbridge Gas recognizes that a mid-point assessment should have a limited scope so that regulatory efficiency is achieved and any matters for consideration should focus primarily on items that require OEB approval. Specifically, Enbridge Gas proposes that the mid-point assessment be limited to the following topics:

- a) Any new program offerings proposed by Enbridge Gas that include budget requests that extend beyond the budget flexibility already afforded to the Company by the DSM Framework and, if necessary, any proposed new or modified metrics or targets, or any re-weighting of metrics and scorecards, as a result of the new program offerings.

- b) Any approval required arising from collaboration and coordination of natural gas DSM programs with electricity CDM programs and/or other parties that cannot be accommodated with the flexibility already afforded to Enbridge Gas by the DSM Framework, which could include budget requests, target modifications and/or evaluation considerations. While Enbridge Gas would strive to bring forward these collaboration items as part of the mid-point assessment, the timing of the collaboration activities may require the Company to bring items forward outside of the mid-point assessment as well.
- c) Any approvals being sought regarding the relationship between DSM and Integrated Resource Planning (“IRP”) that were not anticipated at the time of filing this Application.
- d) Any approvals required to align the 2026-2030 DSM Plan with rate harmonization changes via Phase 3 of the 2024 Rebasing proceeding.

45. Enbridge Gas proposes that the mid-point assessment take the form of an application made by the Company to the OEB in 2028, applicable to the 2029 and 2030 program years. Enbridge Gas will consider feedback from customers and stakeholders as part of its ongoing stakeholder engagement efforts for the purposes of informing its mid-point assessment application.

DSM TARGETS AND ANNUAL PERFORMANCE SCORECARDS

1. This evidence is organized as follows:

1. Background
2. Proposed 2026-2030 DSM Plan Scorecards
3. Adjustments to DSM Targets

1. Background

2. In its Decision and Order for Enbridge Gas's 2022-2027 DSM Plan Application (EB-2021-0002) ("Decision"), the OEB set out its expectations regarding natural gas savings targets for the 2026-2030 DSM Plan:

The OEB expects that, at a minimum, the level of natural gas savings from DSM programs during the next multi-year term will be the equivalent of at least 0.6% of sales in 2026, 0.8% of sales in 2027 and 1.0% of sales in each year from 2028 through to the end of 2030, relative to the prior year on a weather normalized basis.¹

3. It is important to define how Enbridge Gas interprets the OEB's expectations. First, Enbridge Gas submits that only volumes that can be influenced by DSM programs should be considered. Specifically, Enbridge Gas believes that volumes from: (i) customers classified as natural gas-fired generators, (ii) wholesale customers, (iii) rate classes ineligible for DSM,² and (iv) Enbridge Gas's own operations, should be excluded from consideration. In addition, should the OEB approve an opt-out provision for large volume customers (as proposed at Exhibit E, Tab 6, Schedule 1), any volumes from large volume customers that opt-out should also be excluded.

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.4.

² Rate classes not eligible for DSM programs include EGD Rates 125, 200, & 300 and Union Rates M9, T3, & R25. Overlap in these customers exist with natural gas-fired generator and wholesale customers.

4. Second, while the OEB indicates that these volumes should be weather normalized relative to the prior year, Enbridge Gas submits that in order to set targets ahead of time, forecast volumes for 2026 to 2030 should be used, which already use weather normalized heating degree days.
5. As an illustrative example, if the forecast natural gas sales in 2026 are 25 billion m³ and 5 billion m³ of volumes are exempt (for the reasons described above), then the 2026 target would be 0.6% of 20 billion m³ or 120 million m³. If the forecast volumes for 2027 are forecast to increase to 25.5 billion m³ and the exempt volumes were expected to remain at 5 billion m³, then the 2027 target would be 0.8% of 20.5 billion m³ or 164 million m³.
6. It is important to note that when the OEB set these expected natural gas savings targets for Enbridge Gas's 2026-2030 DSM Plan term there had been no evidence adduced in the proceeding regarding the budget levels that would be required to achieve these expectations. The OEB stated in its Decision that "the results of an updated natural gas conservation potential study will be the primary input into future natural gas savings targets".³
7. As the development of the OEB's 2024 Achievable Potential Study ("2024 APS") progressed, draft budgets for certain scenarios and sectors were shared with Enbridge Gas by Guidehouse Inc. and OEB staff. While the study's final numbers differ, they are consistent with the magnitude of the draft numbers that were shared. As outlined further in Exhibit D, Tab 2, Schedule 2, based on Scenario A of the 2024 APS, Enbridge Gas estimates that in order to achieve a 1.0% net annual reduction in natural gas sales, a DSM budget of approximately \$1 billion per year would likely be required. Enbridge Gas could not rely on the 2024 APS to provide budget estimates

³ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.91.

for lower natural gas achievement levels because of the scenarios that were selected for the 2024 APS.

8. It also became evident as the development of the 2024 APS progressed that its use would be best characterized as a reference point to provide context regarding the scale and magnitude of the DSM budget that would be required to meet each scenario, and to directionally inform possible opportunities in the various sectors, but not as a prescriptive or primary input to be used for Enbridge Gas's 2026-2030 DSM Plan, to which the DSM Stakeholder Advisory Group ("SAG") agreed:

SAG members agreed that the APS is not and should not be used as a primary input to Enbridge Gas' next DSM plan or to the development of future natural gas savings targets, as specified by the OEB in its EB-2021-0002 Decision and Order.⁴

9. In consideration of the above and the reasons set out in Exhibit D, Tab 2, Schedule 2, Enbridge Gas was concerned that developing and filing a comprehensive DSM plan that proposed to achieve the OEB's expected targets would require such a substantial budget that it would result in rate impacts that would be unacceptably high and would not be approved, resulting in an extended and inefficient regulatory process. It is important to note that the Decision also approved an updated DSM Framework which included, as the very first guiding principle:⁵

DSM plans should balance the achievement of cost-effective natural gas savings and customer bill impacts. (emphasis from the original)

10. Energy affordability is a key concern to the Government of Ontario⁶ and is something that Enbridge Gas is required to consider by the DSM Framework. The natural gas

⁴ EB-2022-0295, SAG Report, November 11, 2024, p.12.

⁵ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.2.

⁶ For example please see: MC-994-2023-864, Ministry of Energy, Office of the Minister, Letter to OEB, November 29, 2023, p.4.

savings targets set out in the Decision did not have the benefit of knowing the associated impact on budgets and rates given that evidence of this nature did not arise in the hearing. As a result, Enbridge Gas is proposing a budget level that, while still significant, is more modest than what would be required to achieve the OEB's expected targets. The proposed budget still achieves aggressive and meaningful reductions in natural gas use that approaches the OEB's expected targets but strikes an appropriate balance between aggressive natural gas savings and rate impacts.

11. Given the limitations and concerns with specific elements of the 2024 APS (as discussed in Exhibit C, Tab 1, Schedule 3), Enbridge Gas also relied on other guidance provided by the OEB in the DSM Framework regarding targets. More specifically, the DSM Framework states under "Section 5.1 Annual Targets":

The annual savings targets proposed will be informed by the following: an updated analysis of the level of natural gas energy efficiency potential available in Ontario; market opportunities; past DSM program experience; new innovations; and, industry capacity to deliver DSM program offerings.⁷

12. Additionally, several other inputs and priorities were considered by Enbridge Gas when developing the 2026-2030 DSM Plan and resulting targets and budgets, including the DSM Framework Objectives and Guiding Principles. Enbridge Gas's approach to the 2026-2030 DSM Plan is discussed in more detail at Exhibit D, Schedule 1, Tab 1 and detailed considerations regarding the development of the proposed DSM programs are outlined throughout Exhibit E.

13. Enbridge Gas notes that some stakeholders indicated that it was important for the Company to put forward an additional version of a 2026-2030 DSM plan that achieved the OEB's expected targets. Due to the significant level of effort required to submit a DSM plan application, which requires consideration of hundreds (if not

⁷ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB Framework), pp.5-6.

thousands) of variables in order to balance multiple priorities (such as savings, budgets, guiding principles, customer barriers, industry capacity and more, as demonstrated by the size of this Application and pre-filed evidence), Enbridge Gas focused its resources on producing a single, detailed and optimal DSM plan. While Enbridge Gas has significant concerns with a number of the details of the 2024 APS, the Company submits that Scenario A in the 2024 APS could be used as an alternate consideration of the budgets required to achieve the OEB's expectations. Further details are outlined in Exhibit D, Tab 1, Schedule 3.

2. Proposed 2026-2030 DSM Plan Scorecards

14. Enbridge Gas is proposing fixed targets for all years of the 2026-2030 DSM Plan with metrics specified across defined scorecards, also in accordance with the DSM Framework. Enbridge Gas is proposing four scorecards for each year between 2026 and 2029, and five scorecards for 2030. The proposed scorecards are listed below, including the years in which they are applicable and a reference to where the relevant program descriptions can be found.
- a) Residential Program Scorecard (2026-2030) (Exhibit E, Tab 2)
 - b) Income Qualified Program Scorecard (2026-2030) (Exhibit E, Tab 3)
 - c) Commercial Program Scorecard (2026-2030) (Exhibit E, Tab 4)
 - d) Industrial Program Scorecard (2026-2030) (Exhibit E, Tab 5)
 - e) Large Volume Program Scorecard (2030; the Large Volume Direct Access Offering target is a total target for the 5-year term) (Exhibit E, Tab 6)

15. The proposed scorecards are provided in Tables 1 to 5. The scorecards display the metrics, metric weightings, and the lower band, 100%, and upper band targets for each metric.

Table 1
2026 Annual Scorecard Targets

Offering(s)	Metric	Metric Weighting	Lower Band (70%) ¹	100% Target	Upper Band (130%) ¹
Residential Scorecard					
Whole Home Smart Home Single Measure Moderate Income Direct Install Energy Education & Outreach	Net Annual Gas Savings (m ³)	96%	19,958,946	28,512,780	37,066,614
Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Homes Built	2%	113	150	195
Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Discovery Homes Built	2%	11	15	20
Income Qualified Scorecard					
Home Winterproofing	Single Family Net Annual Gas Savings (m ³)	50%	2,674,826	3,821,180	4,967,534
Affordable Housing Multi-Residential	Multi-Residential Net Annual Gas Savings (m ³)	50%	1,775,429	2,536,327	3,297,225
Commercial Scorecard					
Commercial Custom Com/Ind Prescriptive Downstream Com/Ind Prescriptive Upstream Com/Ind Prescriptive Direct Install Commercial Existing Building Commissioning Commercial Microbusiness	Large Customer Net Annual Gas Savings (m ³) ²	50%	10,997,152	15,710,218	20,423,283
	Small Customer Net Annual Gas Savings (m ³) ²	50%	8,155,596	11,650,851	15,146,107
Industrial Scorecard					
Industrial Custom	Net Annual Gas Savings (m ³)	100%	42,118,107	60,168,724	78,219,341

Notes:

¹ When the calculation of the Upper and Lower Bands of the 100% Targets result in non-integer amounts, the Scorecard Incentive will be calculated based on these precise thresholds.

² Large commercial customers have a three-year average annual consumption greater than/or equal to 100,000 m³/yr. Small commercial customers have a three-year average annual consumption below 100,000 m³/yr.

Table 2
2027 Annual Scorecard Targets

Offering(s)	Metric	Metric Weighting	Lower Band (70%) ¹	100% Target	Upper Band (130%) ¹
Residential Scorecard					
Whole Home Smart Home Single Measure Moderate Income Direct Install Energy Education & Outreach	Net Annual Gas Savings (m ³)	96%	22,975,129	32,821,613	42,668,097
Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Homes Built	2%	150	200	260
Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Discovery Homes Built	2%	11	15	20
Income Qualified Scorecard					
Home Winterproofing	Single Family Net Annual Gas Savings (m ³)	50%	3,002,601	4,289,430	5,576,259
Affordable Housing Multi-Residential	Multi-Residential Net Annual Gas Savings (m ³)	50%	2,066,464	2,952,091	3,837,718
Commercial Scorecard					
Commercial Custom Com/Ind Prescriptive Downstream Com/Ind Prescriptive Upstream Com/Ind Prescriptive Direct Install Commercial Existing Building Commissioning Commercial Microbusiness	Large Customer Net Annual Gas Savings (m ³) ²	50%	12,370,595	17,672,279	22,973,963
	Small Customer Net Annual Gas Savings (m ³) ²	50%	9,382,362	13,403,374	17,424,386
Industrial Scorecard					
Industrial Custom	Net Annual Gas Savings (m ³)	100%	43,862,963	62,661,376	81,459,788

Notes:

¹ When the calculation of the Upper and Lower Bands of the 100% Targets result in non-integer amounts, the Scorecard Incentive will be calculated based on these precise thresholds.

² Large commercial customers have a three-year average annual consumption greater than/or equal to 100,000 m³/yr. Small commercial customers have a three-year average annual consumption below 100,000 m³/yr.

Table 3
2028 Annual Scorecard Targets

Offering(s)	Metric	Metric Weighting	Lower Band (70%) ¹	100% Target	Upper Band (130%) ¹
Residential Scorecard					
Whole Home Smart Home Single Measure Moderate Income Direct Install Energy Education & Outreach	Net Annual Gas Savings (m ³)	96%	26,597,364	37,996,234	49,395,105
Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Homes Built	2%	225	300	390
Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Discovery Homes Built	2%	11	15	20
Income Qualified Scorecard					
Home Winterproofing	Single Family Net Annual Gas Savings (m ³)	50%	3,350,501	4,786,430	6,222,359
Affordable Housing Multi-Residential	Multi-Residential Net Annual Gas Savings (m ³)	50%	2,306,917	3,295,595	4,284,274
Commercial Scorecard					
Commercial Custom Com/Ind Prescriptive Downstream Com/Ind Prescriptive Upstream Com/Ind Prescriptive Direct Install Commercial Existing Building Commissioning Commercial Microbusiness	Large Customer Net Annual Gas Savings (m ³) ²	50%	13,541,923	19,345,604	25,149,285
	Small Customer Net Annual Gas Savings (m ³) ²	50%	10,254,057	14,648,653	19,043,249
Industrial Scorecard					
Industrial Custom	Net Annual Gas Savings (m ³)	100%	46,941,290	67,058,985	87,176,681

Notes:

¹ When the calculation of the Upper and Lower Bands of the 100% Targets result in non-integer amounts, the Scorecard Incentive will be calculated based on these precise thresholds.

² Large commercial customers have a three-year average annual consumption greater than/or equal to 100,000 m³/yr. Small commercial customers have a three-year average annual consumption below 100,000 m³/yr.

Table 4
2029 Annual Scorecard Targets

Offering(s)	Metric	Metric Weighting	Lower Band (70%) ¹	100% Target	Upper Band (130%) ¹
Residential Scorecard					
Whole Home Smart Home Single Measure Moderate Income Direct Install Energy Education & Outreach	Net Annual Gas Savings (m ³)	96%	30,217,888	43,168,412	56,118,935
Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Homes Built	2%	281	375	488
Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Discovery Homes Built	2%	11	15	20
Income Qualified Scorecard					
Home Winterproofing	Single Family Net Annual Gas Savings (m ³)	50%	3,714,851	5,306,930	6,899,009
Affordable Housing Multi-Residential	Multi-Residential Net Annual Gas Savings (m ³)	50%	2,502,666	3,575,237	4,647,808
Commercial Scorecard					
Commercial Custom Com/Ind Prescriptive Downstream Com/Ind Prescriptive Upstream Com/Ind Prescriptive Direct Install Commercial Existing Building Commissioning Commercial Microbusiness	Large Customer Net Annual Gas Savings (m ³) ²	50%	14,602,453	20,860,647	27,118,841
	Small Customer Net Annual Gas Savings (m ³) ²	50%	11,029,601	15,756,573	20,483,545
Industrial Scorecard					
Industrial Custom	Net Annual Gas Savings (m ³)	100%	48,927,305	69,896,150	90,864,996

Notes:

¹ When the calculation of the Upper and Lower Bands of the 100% Targets result in non-integer amounts, the Scorecard Incentive will be calculated based on these precise thresholds.

² Large commercial customers have a three-year average annual consumption greater than/or equal to 100,000 m³/yr. Small commercial customers have a three-year average annual consumption below 100,000 m³/yr.

Table 5
2030 Annual Scorecard Targets

Offering(s)	Metric	Metric Weighting	Lower Band (70%) ¹	100% Target	Upper Band (130%) ¹
Residential Scorecard					
Whole Home Smart Home Single Measure Moderate Income Direct Install Energy Education & Outreach	Net Annual Gas Savings (m ³)	96%	34,109,059	48,727,228	63,345,396
Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Homes Built	2%	338	450	585
Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Discovery Homes Built	2%	11	15	20
Income Qualified Scorecard					
Home Winterproofing	Single Family Net Annual Gas Savings (m ³)	50%	4,101,353	5,859,075	7,616,798
Affordable Housing Multi-Residential	Multi-Residential Net Annual Gas Savings (m ³)	50%	2,643,963	3,777,090	4,910,217
Commercial Scorecard					
Commercial Custom Com/Ind Prescriptive Downstream Com/Ind Prescriptive Upstream Com/Ind Prescriptive Direct Install Commercial Existing Building Commissioning Commercial Microbusiness	Large Customer Net Annual Gas Savings (m ³) ²	50%	15,420,873	22,029,818	28,638,763
	Small Customer Net Annual Gas Savings (m ³) ²	50%	11,836,785	16,909,693	21,982,602
Industrial Scorecard					
Industrial Custom	Net Annual Gas Savings (m ³)	100%	49,920,126	71,314,465	92,708,805
Large Volume Scorecard					
Large Volume Direct Access	2026-2030 Net Annual Gas Savings (m ³) ³	100%	90,716,519	129,595,027	168,473,535

Notes:

¹ When the calculation of the Upper and Lower Bands of the 100% Targets result in non-integer amounts, the Scorecard Incentive will be calculated based on these precise thresholds.

² Large commercial customers have a three-year average annual consumption greater than/or equal to 100,000 m³/yr. Small commercial customers have a three-year average annual consumption below 100,000 m³/yr.

³ The Large Volume Direct Access target is a total target for the 5-year term. This target will be adjusted proportional to the volumes of customers that remain in the offering.

16. Table 6 displays the total natural gas savings target (at the 100% target) for the entire DSM portfolio, and the total natural gas savings target as a percentage of forecasted natural gas sales (accounting for the exemptions noted above), with and without the Large Volume Program.

Table 6

Total Net Annual Natural Gas Savings Target (at 100% Target) as a Percentage of Forecasted Natural Gas Sales

	2026	2027	2028	2029	2030
Net Annual Gas Savings (m ³) without Large Volume Program	122,400,079	133,800,164	147,131,501	158,563,949	168,617,369
% Savings of Forecast Sales (excl. Large Volume Program)	0.61%	0.67%	0.73%	0.79%	0.84%
Net Annual Gas Savings (m ³) with Large Volume Program	144,899,216	158,549,214	174,580,448	186,012,896	196,066,316
% Savings of Forecast Sales (incl. Large Volume Program)	0.58%	0.63%	0.68%	0.72%	0.75%

Note:

The numerator is the respective year's net annual gas savings target. The denominator is the adjusted forecast natural gas sales volume for that year.

3. Adjustments to DSM Targets

17. As described above, Enbridge Gas is proposing targets for all years of the 2026-2030 DSM Plan term. However, it should be noted that there are specific cases where the targets throughout the term of the DSM Plan (i.e., the "term targets") will need to be adjusted.

18. Exhibit C, Tab 1, Schedule 1 outlines a small number of cases where in-term changes to input assumptions and adjustment factors would impact term targets. Additionally, Enbridge Gas is also outlining specific cases below that will require

updates to proposed term targets, to reflect updates to input assumptions or adjustment factors that occur after the filing of this Application but prior to the start of the new DSM Plan term:

- a) Input assumption changes made to prescriptive measures through any Technical Resource Manual (“TRM”) update process completed in 2024 or 2025.
 - i. Since targets are based on the TRM measure inputs at the time of filing this Application (and prior to the completion of the 2024 or 2025 TRM updates), if any inputs are revised in the 2024 or 2025 TRM updates, targets should be updated accordingly.
- b) Codes and standards changes in 2024 or 2025.
 - i. Should a code or equipment standard change occur before 2026, the term targets should be updated accordingly. Enbridge Gas is not aware of any applicable upcoming codes or standards changes at this time.
- c) Changes to input assumptions and adjustment factors for new prescriptive measures included in the DSM Plan.
 - i. Any input assumptions and adjustment factors for new prescriptive measures included in the DSM Plan that have not been submitted to the Evaluation Contractor (“EC”) should be treated as placeholder values. A list of specific measures can be found in Exhibit D, Tab 9, Schedule 1, Table 1. Once Enbridge Gas submits measure research and substantiation documentation to the EC, the term targets should be revised based on those updated values. If further changes are made in 2025 through the TRM update process, the term targets should reflect the newly updated values.

- d) Any specific changes to input assumptions or adjustment factors included in Enbridge Gas's proposed term targets that are made through this Application's regulatory proceeding.
- i. Specific to net-to-gross ("NTG"), as discussed in Exhibit D, Tab 8, Schedule 2, Enbridge Gas developed term targets using NTG values, which are outlined in Exhibit D, Tab 9, Schedule 1, Attachment 2. In the event that these NTG values are changed through this Application's regulatory proceeding, all relevant annual targets should be updated based on the new NTG values. In the event the OEB does not support Enbridge Gas's NTG proposal (outlined in Exhibit D, Tab 8, Schedule 2), then the term targets should be updated based on:
- The most recently approved NTG values.
 - In the event that there are evaluated NTG values from a NTG study conducted on 2024 or 2025 program years, these values will supersede the bullet above.
- e) Changes to input assumptions or adjustment factors required to remain in alignment with third parties, such as IESO, with whom Enbridge Gas collaborates.

DSM PLAN BUDGET

1. This evidence is organized as follows:
 1. Approach to Establishing the 2026-2030 DSM Plan Budget
 - 1.1 Comparable Sources of Information
 - 1.2 DSM Guiding Principles
 - 1.3 Stakeholder Feedback
 - 1.4 Ministerial Direction
 2. 2026-2030 DSM Plan Budget
 - 2.1 Inflation
 - 2.2 Ring Fencing
 3. 2024 Achievable Potential Study Budgets
1. Approach to Establishing the 2026-2030 DSM Plan Budget
 2. As budgets and targets are fundamentally linked, the OEB's 2026 to 2030 natural gas savings target expectations were a key factor in determining the proposed budget for the 2026-2030 DSM Plan. For information regarding the OEB's expected natural gas savings targets, refer to Exhibit D, Tab 2, Schedule 1.
 3. It is important to note that when the OEB set the expected targets in its Decision and Order for Enbridge Gas's 2022-2027 DSM Plan Application (EB-2021-0002) ("Decision") there had been no evidence adduced in the proceeding regarding the budget levels that would be required to achieve these expectations.
 4. As a result, Enbridge Gas considered several inputs when determining the proposed budget for its 2026-2030 DSM Plan, discussed below.

1.1 Comparable Sources of Information

5. Enbridge Gas considered three main comparators to assess a reasonable budget for the 2026-2030 DSM Plan.

2024 Achievable Potential Study

6. As the development of the OEB's 2024 Achievable Potential Study ("2024 APS") progressed, draft budgets for certain scenarios and sectors were shared with Enbridge Gas by Guidehouse Inc. and OEB staff. While the study's final numbers differ, they are consistent with the magnitude of the draft numbers that were shared.
7. Based on Scenario A of the 2024 APS, Enbridge Gas estimates that in order to achieve a 1.0% net annual reduction in natural gas sales, a DSM budget of approximately \$1 billion per year would likely be required. This is discussed in further detail in Section 3.

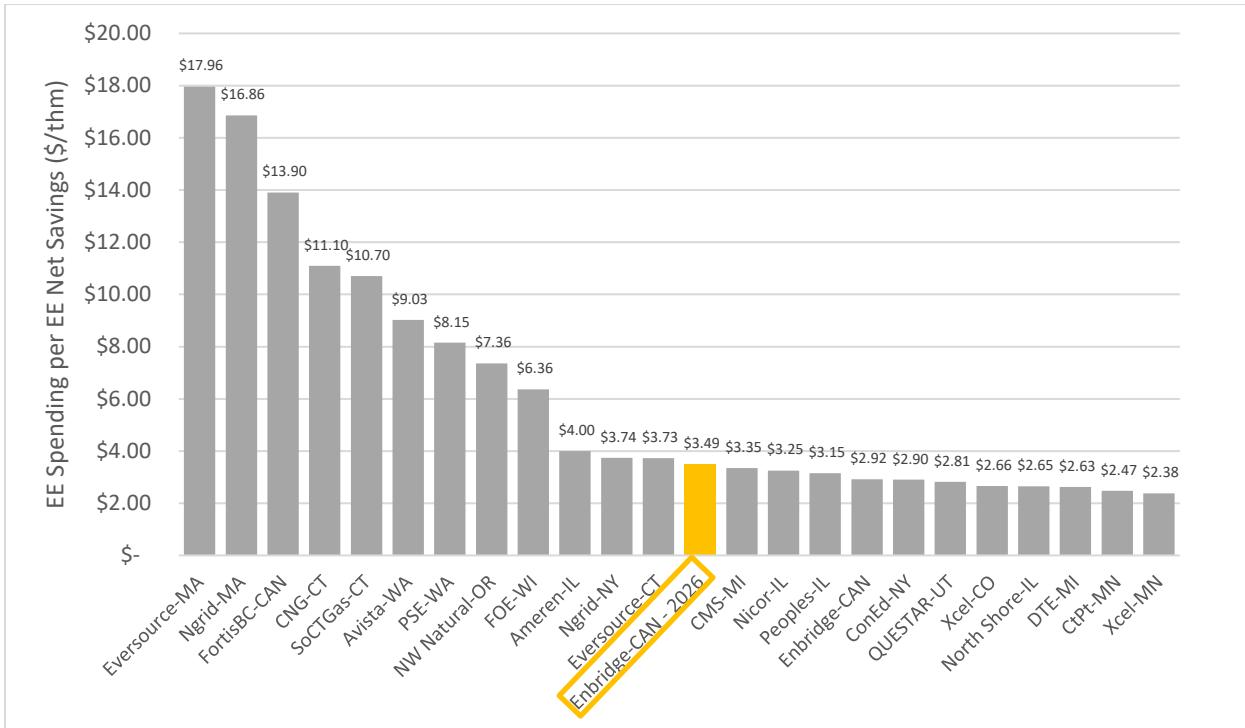
Jurisdictional Benchmarking

8. As Enbridge Gas began developing the 2026-2030 DSM Plan, the Company undertook jurisdictional benchmarking to assist in understanding the level of budget that would be required to achieve the OEB's expected targets. A summary of this benchmarking was included in the materials for the March 26, 2024 intervenor engagement session, which can be found in Exhibit C, Tab 1, Schedule 5, Attachment 1, pages 17 to 23.
9. The benchmarking study identified five jurisdictions with savings targets of 1% or greater. The budgets for these jurisdictions were on average three times greater than Enbridge Gas's current budgets on a normalized basis (\$/unit of energy saved). It should be noted that two of these jurisdictions used deemed or assumed net-to-gross ("NTG") values of 0.9 or 1.

10. Figure 1 provides an illustration of the average cost per unit of net savings of the energy efficiency programs in other jurisdictions, compared to Enbridge Gas's proposed 2026-2030 DSM Plan. The data is drawn from a benchmarking study completed by Apex Analytics for Enbridge Gas which provides an overview of natural gas reduction targets and budgets related to DSM efforts across other leading jurisdictions in North America. The relevant materials from the benchmarking study undertaken by Apex Analytics can be found at Exhibit D, Tab 2, Schedule 2, Attachment 1.
11. This jurisdictional comparison demonstrates that Enbridge Gas's proposed 2026-2030 DSM Plan is cost effective relative to other leading jurisdictions. Figure 1 compares the 2024 forecast cost per unit of net natural gas savings of various jurisdiction/utility energy efficiency plans (\$USD/therm)¹ compared to the 2026 forecast cost per unit of net natural gas savings in Enbridge Gas's proposed 2026-2030 DSM Plan (i.e., the yellow bar). Enbridge Gas's 2026 costs reflect inflation adjusted increases of 2% per year.

¹ \$1 CAD/\$0.71 USD and 2.83 m³/1 therm.

Figure 1: Budget per Unit of Net Savings (\$USD/therm)



Enbridge Gas's Past DSM Program Experience

12. Enbridge Gas analyzed past results regarding historical levels of DSM achievement, budget levels, actual spend and program effectiveness. A particularly meaningful comparator is Enbridge Gas's recent experience with the residential Home Efficiency Rebate Plus ("HER+") offering, which provides insight into the cost to achieve the OEB's expected targets. Based on the average incentive of Package C participants, the cost in 2023 was \$7.52 per net m³ of natural gas saved. This means the incentive budget alone required to achieve 1% savings of residential volumes, estimated at 70 million m³, would be over \$525 million per year.

Conclusions

13. The same conclusion is highlighted in each of these three distinct reference points; namely, that very significant budget increases would be required to meet the OEB's expected targets.

1.2 DSM Guiding Principles

14. As discussed at Exhibit D, Tab 1, Schedule 1, the OEB's DSM Framework is foundational to Enbridge Gas's 2026-2030 DSM Plan, which is intended to be responsive to the OEB's objectives and guiding principles for DSM.² The DSM Framework outlines several elements that should be considered when developing DSM plans. Many of these have a direct relationship to the budget required to achieve natural gas savings, especially when considering equity and opportunity.

15. For example, the first OEB guiding principle directly outlines the need to balance natural gas savings with customer bill impacts. Other guiding principles such as reaching a broad spectrum of consumer groups, ensuring small volume, income qualified, and Indigenous customers are well-served, minimizing lost opportunities, and supporting innovation, are all important and require additional budget compared to a DSM plan that is solely focused on achieving the maximum level of natural gas savings.

1.3 Stakeholder Feedback

16. On March 26, 2024, Enbridge Gas held a session to provide stakeholders with an update regarding the progress of the Company's 2026-2030 DSM Plan, including the potential budget impacts required to achieve the OEB's expected targets. As discussed in Exhibit C, Tab 1, Schedule 5, during the session and through

²EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), pp.1-4.

subsequent written feedback, Enbridge Gas received mixed feedback regarding budget impacts, with some stakeholders viewing the potential budget requirements as appropriate and others expressing significant concern. The written feedback forms provided to Enbridge Gas can be found in Exhibit C, Tab 1, Schedule 5, Attachment 2, although this does not represent the full extent of the feedback received from all attendees.

17. Based on this feedback, Enbridge Gas felt it was prudent to undertake a customer survey to gather direct customer feedback. Enbridge Gas focused the survey on residential customers as the budget impacts to other customer groups is far more complex due to the various rates that apply to those customers. The survey results also showed mixed opinions, ranging from desiring decreased spending to desiring increased spending, and various options in between.³

1.4 Ministerial Direction

18. The Ontario Minister of Energy provided a Letter of Direction to the OEB on November 29, 2023, which included a section on Electricity and Natural Gas Conservation. The Letter was consistent with the guiding principles of the DSM Framework; seeking opportunities to generate more energy savings while ensuring natural gas costs remain affordable, stable and predictable:

As the OEB begins planning for future natural gas energy efficiency programming that would take effect in 2026, I continue to look to the OEB to ensure Ontario electricity and natural gas ratepayer interests are protected and that Ontario takes every opportunity to generate deeper retrofits, more energy savings, and greater emissions reductions while ensuring natural gas costs remain affordable, stable and predictable.⁴

³ Enbridge Gas 2024 DSM Budget Customer Engagement Final Report, Innovative Research Group (July 29, 2024), p.25.

⁴ MC-994-2023-864, Ministry of Energy, Office of the Minister, Letter to OEB, November 29, 2023, p.4.

2. 2026-2030 DSM Plan Budget

19. With consideration of the above, Enbridge Gas is proposing significant increases for the 2026-2030 DSM Plan budget compared to the previous 2023-2025 DSM Plan budget. The proposed natural gas savings targets associated with the 2026-2030 DSM Plan budget can be found at Exhibit D, Tab 2, Schedule 1. For information regarding the estimated budget that would be required to meet the OEB's expected targets, please see Section 3.
20. Enbridge Gas is proposing a total 2026 DSM budget of \$251.9 million, representing a 29% increase over the 2025 budget of \$195.1 million. This budget escalates over the 5-year term to \$423.0 million in 2030, representing a 117% increase over the 2025 budget.
21. The proposed budget for the 2026-2030 DSM Plan term is provided in Table 1.

Table 1
2026-2030 DSM Plan Budget

DSM Budget Category	2026	2027*	2028*	2029*	2030*
Residential Program	\$101,915,100	\$118,764,628	\$151,256,605	\$176,031,339	\$204,554,239
Income Qualified Program	\$ 38,672,102	\$ 44,580,564	\$ 51,962,185	\$ 59,561,822	\$ 67,472,206
Commercial Program	\$ 54,809,939	\$ 64,287,563	\$ 70,716,658	\$ 77,396,496	\$ 84,545,543
Industrial Program	\$ 37,307,497	\$ 39,215,169	\$ 42,028,719	\$ 44,207,547	\$ 45,779,489
Large Volume Program	\$ 3,451,622	\$ 3,487,401	\$ 3,550,947	\$ 3,623,526	\$ 3,695,397
Program Subtotal	\$236,156,261	\$270,335,324	\$319,515,114	\$360,820,729	\$406,046,873
Administration Costs	\$ 8,243,000	\$ 8,255,000	\$ 8,419,000	\$ 8,587,000	\$ 8,760,000
Evaluation and Regulatory Costs	\$ 4,375,000	\$ 4,463,000	\$ 4,551,000	\$ 4,643,000	\$ 4,735,000
Research Costs	\$ 3,160,000	\$ 3,223,000	\$ 3,288,000	\$ 3,353,000	\$ 3,420,000
Portfolio Subtotal	\$ 15,778,000	\$ 15,941,000	\$ 16,258,000	\$ 16,583,000	\$ 16,915,000
Total	\$251,934,261	\$286,276,324	\$335,773,114	\$377,403,729	\$422,961,873

Note:

* Includes a 2% proxy annual inflation factor. The actual annual inflation factor used will be based on the annual average Consumer Price Index ("CPI") percentage change, not seasonally adjusted.

22. A detailed breakdown of the proposed 2026-2030 DSM Plan budget for each year is provided in Tables 2 to 6. The references provided in the left column indicate where relevant information can be found in this Application.

Table 2
2026 DSM Plan Budget

2026 DSM Budget Item (Reference: Exhibit-Tab)	Incentive Costs	Promotion Costs	Delivery Costs	Admin Costs	Total
Residential Program (E-2)	\$ 80,378,100	\$ 7,220,000	\$ 10,974,000	\$ 3,343,000	\$ 101,915,100
Whole Home	\$ 42,400,000	\$ 2,220,000	\$ 5,020,000	-	\$ 49,640,000
Single Measure	\$ 22,391,600	\$ 2,200,000	\$ 1,736,000	-	\$ 26,327,600
Smart Home	\$ 4,966,000	\$ 1,600,000	\$ 643,000	-	\$ 7,209,000
Moderate Income Direct Install	\$ 8,900,000	\$ 100,000	\$ 400,000	-	\$ 9,400,000
Energy Education & Outreach	\$ 0	\$ 100,000	\$ 2,360,000	-	\$ 2,460,000
Residential Building Beyond Code	\$ 1,720,500	\$ 1,000,000	\$ 815,000	-	\$ 3,535,500
Income Qualified Program (E-3)	\$ 27,546,102	\$ 5,120,000	\$ 3,753,000	\$ 2,253,000	\$ 38,672,102
Home Winterproofing	\$ 20,704,000	\$ 3,670,000	\$ 3,233,000	-	\$ 27,607,000
Affordable Housing Multi-Residential	\$ 6,842,102	\$ 1,450,000	\$ 520,000	-	\$ 8,812,102
Commercial Program (E-4)	\$ 43,121,939	\$ 2,528,000	\$ 3,408,000	\$ 5,752,000	\$ 54,809,939
Commercial Custom	\$ 17,057,716	\$ 696,000	\$ 430,000	-	\$ 18,183,716
Com/Ind Prescriptive Downstream	\$ 6,181,467	\$ 656,000	\$ 797,000	-	\$ 7,634,467
Com/Ind Prescriptive Direct Install	\$ 14,229,954	\$ 563,000	\$ 611,000	-	\$ 15,403,954
Com/Ind Prescriptive Upstream	\$ 2,977,362	\$ 368,000	\$ 876,000	-	\$ 4,221,362
Com Existing Building Commissioning	\$ 246,530	\$ 100,000	\$ 226,000	-	\$ 572,530
Commercial Microbusiness	\$ 128,910	\$ 75,000	\$ 58,000	-	\$ 261,910
Commercial SEM	\$ 500,000	\$ 30,000	\$ 250,000	-	\$ 780,000
Commercial Energy Innovation (D-7)	\$ 1,800,000	\$ 40,000	\$ 160,000	-	\$ 2,000,000
Industrial Program (E-5)	\$ 30,710,497	\$ 940,000	\$ 510,000	\$ 5,147,000	\$ 37,307,497
Industrial Custom	\$ 28,410,497	\$ 870,000	\$ 100,000	-	\$ 29,380,497
Industrial SEM	\$ 500,000	\$ 30,000	\$ 250,000	-	\$ 780,000
Industrial Energy Innovation (D-7)	\$ 1,800,000	\$ 40,000	\$ 160,000	-	\$ 2,000,000
Large Volume Program (E-6)	\$ 3,140,622	\$ 58,000	\$ 0	\$ 253,000	\$ 3,451,622
Large Volume Direct Access	\$ 3,140,622	\$ 58,000	\$ 0	-	\$ 3,198,622
Program Subtotal	\$ 184,897,261	\$ 15,866,000	\$ 18,645,000	\$ 16,748,000	\$ 236,156,261
Portfolio Administration (D-4)	-	-	-	\$ 7,043,000	\$ 7,043,000
System Maintenance & Improvements (D-5)	-	-	-	\$ 1,200,000	\$ 1,200,000
Regulatory & Stakeholdering (D-6)	-	-	-	\$ 800,000	\$ 800,000
Research and Market Data (D-7)	-	-	-	\$ 3,160,000	\$ 3,160,000
EM&V (D-8)	-	-	-	\$ 3,000,000	\$ 3,000,000
Process Evaluation (D-8)	-	-	-	\$ 575,000	\$ 575,000
Portfolio Subtotal	-	-	-	\$ 15,778,000	\$ 15,778,000
Total	\$ 184,897,261	\$ 15,866,000	\$ 18,645,000	\$ 32,526,000	\$ 251,934,261

Table 3
2027 DSM Plan Budget

2027 DSM Budget Item <i>(Reference: Exhibit-Tab)</i>	Incentive Costs	Promotion Costs	Delivery Costs	Admin Costs	Total
Residential Program (E-2)	\$ 95,852,628	\$ 7,532,000	\$ 11,970,000	\$ 3,410,000	\$ 118,764,628
Whole Home	\$ 47,637,228	\$ 2,366,000	\$ 5,215,000	-	\$ 55,218,228
Single Measure	\$ 28,851,720	\$ 2,463,000	\$ 1,754,000	-	\$ 33,068,720
Smart Home	\$ 5,205,570	\$ 1,632,000	\$ 656,000	-	\$ 7,493,570
Moderate Income Direct Install	\$ 11,913,600	\$ 0	\$ 969,000	-	\$ 12,882,600
Energy Education & Outreach	\$ 0	\$ 51,000	\$ 2,601,000	-	\$ 2,652,000
Residential Building Beyond Code	\$ 2,244,510	\$ 1,020,000	\$ 775,000	-	\$ 4,039,510
Income Qualified Program (E-3)	\$ 32,783,564	\$ 5,630,000	\$ 3,868,000	\$ 2,299,000	\$ 44,580,564
Home Winterproofing	\$ 24,580,980	\$ 3,947,000	\$ 3,338,000	-	\$ 31,865,980
Affordable Housing Multi-Residential	\$ 8,202,584	\$ 1,683,000	\$ 530,000	-	\$ 10,415,584
Commercial Program (E-4)	\$ 52,071,563	\$ 2,576,000	\$ 3,774,000	\$ 5,866,000	\$ 64,287,563
Commercial Custom	\$ 20,930,952	\$ 709,000	\$ 451,000	-	\$ 22,090,952
Com/Ind Prescriptive Downstream	\$ 6,585,115	\$ 668,000	\$ 827,000	-	\$ 8,080,115
Com/Ind Prescriptive Direct Install	\$ 17,604,979	\$ 573,000	\$ 705,000	-	\$ 18,882,979
Com/Ind Prescriptive Upstream	\$ 4,039,090	\$ 375,000	\$ 1,059,000	-	\$ 5,473,090
Com Existing Building Commissioning	\$ 374,130	\$ 102,000	\$ 247,000	-	\$ 723,130
Commercial Microbusiness	\$ 191,297	\$ 77,000	\$ 67,000	-	\$ 335,297
Commercial SEM	\$ 510,000	\$ 31,000	\$ 255,000	-	\$ 796,000
Commercial Energy Innovation (D-7)	\$ 1,836,000	\$ 41,000	\$ 163,000	-	\$ 2,040,000
Industrial Program (E-5)	\$ 32,485,169	\$ 959,000	\$ 520,000	\$ 5,251,000	\$ 39,215,169
Industrial Custom	\$ 30,139,169	\$ 887,000	\$ 102,000	-	\$ 31,128,169
Industrial SEM	\$ 510,000	\$ 31,000	\$ 255,000	-	\$ 796,000
Industrial Energy Innovation (D-7)	\$ 1,836,000	\$ 41,000	\$ 163,000	-	\$ 2,040,000
Large Volume Program (E-6)	\$ 3,171,401	\$ 59,000	\$ 0	\$ 257,000	\$ 3,487,401
Large Volume Direct Access	\$ 3,171,401	\$ 59,000	\$ 0	-	\$ 3,230,401
Program Subtotal	\$ 216,364,324	\$ 16,756,000	\$ 20,132,000	\$ 17,083,000	\$ 270,335,324
Portfolio Administration (D-4)	-	-	-	\$ 7,183,000	\$ 7,183,000
System Maintenance & Improvements (D-5)	-	-	-	\$ 1,072,000	\$ 1,072,000
Regulatory & Stakeholdering (D-6)	-	-	-	\$ 816,000	\$ 816,000
Research and Market Data (D-7)	-	-	-	\$ 3,223,000	\$ 3,223,000
EM&V (D-8)	-	-	-	\$ 3,060,000	\$ 3,060,000
Process Evaluation (D-8)	-	-	-	\$ 587,000	\$ 587,000
Portfolio Subtotal				\$ 15,941,000	\$ 15,941,000
Total	\$ 216,364,324	\$ 16,756,000	\$ 20,132,000	\$ 33,024,000	\$ 286,276,324

Table 4
2028 DSM Plan Budget

2028 DSM Budget Item (Reference: Exhibit-Tab)	Incentive Costs	Promotion Costs	Delivery Costs	Admin Costs	Total
Residential Program (E-2)	\$ 125,796,605	\$ 8,371,000	\$ 13,610,000	\$ 3,479,000	\$ 151,256,605
Whole Home	\$ 53,400,995	\$ 2,653,000	\$ 5,820,000	-	\$ 61,873,995
Single Measure	\$ 48,610,505	\$ 2,857,000	\$ 1,961,000	-	\$ 53,428,505
Smart Home	\$ 5,452,736	\$ 1,769,000	\$ 669,000	-	\$ 7,890,736
Moderate Income Direct Install	\$ 15,044,184	\$ 0	\$ 1,404,000	-	\$ 16,448,184
Energy Education & Outreach	\$ 0	\$ 52,000	\$ 2,965,000	-	\$ 3,017,000
Residential Building Beyond Code	\$ 3,288,184	\$ 1,040,000	\$ 791,000	-	\$ 5,119,184
Income Qualified Program (E-3)	\$ 39,312,185	\$ 6,160,000	\$ 4,145,000	\$ 2,345,000	\$ 51,962,185
Home Winterproofing	\$ 29,359,048	\$ 4,235,000	\$ 3,604,000	-	\$ 37,198,048
Affordable Housing Multi-Residential	\$ 9,953,137	\$ 1,925,000	\$ 541,000	-	\$ 12,419,137
Commercial Program (E-4)	\$ 58,206,658	\$ 2,628,000	\$ 3,899,000	\$ 5,983,000	\$ 70,716,658
Commercial Custom	\$ 23,634,934	\$ 723,000	\$ 437,000	-	\$ 24,794,934
Com/Ind Prescriptive Downstream	\$ 6,988,909	\$ 682,000	\$ 783,000	-	\$ 8,453,909
Com/Ind Prescriptive Direct Install	\$ 19,576,515	\$ 585,000	\$ 766,000	-	\$ 20,927,515
Com/Ind Prescriptive Upstream	\$ 4,820,250	\$ 383,000	\$ 1,165,000	-	\$ 6,368,250
Com Existing Building Commissioning	\$ 402,804	\$ 104,000	\$ 241,000	-	\$ 747,804
Commercial Microbusiness	\$ 390,246	\$ 78,000	\$ 81,000	-	\$ 549,246
Commercial SEM	\$ 520,000	\$ 31,000	\$ 260,000	-	\$ 811,000
Commercial Energy Innovation (D-7)	\$ 1,873,000	\$ 42,000	\$ 166,000	-	\$ 2,081,000
Industrial Program (E-5)	\$ 35,165,719	\$ 978,000	\$ 530,000	\$ 5,355,000	\$ 42,028,719
Industrial Custom	\$ 32,772,719	\$ 905,000	\$ 104,000	-	\$ 33,781,719
Industrial SEM	\$ 520,000	\$ 31,000	\$ 260,000	-	\$ 811,000
Industrial Energy Innovation (D-7)	\$ 1,873,000	\$ 42,000	\$ 166,000	-	\$ 2,081,000
Large Volume Program (E-6)	\$ 3,228,947	\$ 60,000	\$ 0	\$ 262,000	\$ 3,550,947
Large Volume Direct Access	\$ 3,228,947	\$ 60,000	\$ 0	-	\$ 3,288,947
Program Subtotal	\$ 261,710,114	\$ 18,197,000	\$ 22,184,000	\$ 17,424,000	\$ 319,515,114
Portfolio Administration (D-4)	-	-	-	\$ 7,327,000	\$ 7,327,000
System Maintenance & Improvements (D-5)	-	-	-	\$ 1,092,000	\$ 1,092,000
Regulatory & Stakeholdering (D-6)	-	-	-	\$ 832,000	\$ 832,000
Research and Market Data (D-7)	-	-	-	\$ 3,288,000	\$ 3,288,000
EM&V (D-8)	-	-	-	\$ 3,121,000	\$ 3,121,000
Process Evaluation (D-8)	-	-	-	\$ 598,000	\$ 598,000
Portfolio Subtotal				\$ 16,258,000	\$ 16,258,000
Total	\$ 261,710,114	\$ 18,197,000	\$ 22,184,000	\$ 33,682,000	\$ 335,773,114

Table 5
2029 DSM Plan Budget

2029 DSM Budget Item <i>(Reference: Exhibit-Tab)</i>	Incentive Costs	Promotion Costs	Delivery Costs	Admin Costs	Total
Residential Program (E-2)	\$ 148,839,339	\$ 8,839,000	\$ 14,804,000	\$ 3,549,000	\$ 176,031,339
Whole Home	\$ 59,725,671	\$ 2,918,000	\$ 6,257,000	-	\$ 68,900,671
Single Measure	\$ 60,992,718	\$ 2,897,000	\$ 2,175,000	-	\$ 66,064,718
Smart Home	\$ 5,707,707	\$ 1,910,000	\$ 683,000	-	\$ 8,300,707
Moderate Income Direct Install	\$ 18,295,226	\$ 0	\$ 1,539,000	-	\$ 19,834,226
Energy Education & Outreach	\$ 0	\$ 53,000	\$ 3,343,000	-	\$ 3,396,000
Residential Building Beyond Code	\$ 4,118,018	\$ 1,061,000	\$ 807,000	-	\$ 5,986,018
Income Qualified Program (E-3)	\$ 46,215,822	\$ 6,706,000	\$ 4,248,000	\$ 2,392,000	\$ 59,561,822
Home Winterproofing	\$ 34,546,565	\$ 4,531,000	\$ 3,697,000	-	\$ 42,774,565
Affordable Housing Multi-Residential	\$ 11,669,257	\$ 2,175,000	\$ 551,000	-	\$ 14,395,257
Commercial Program (E-4)	\$ 64,556,496	\$ 2,682,000	\$ 4,055,000	\$ 6,103,000	\$ 77,396,496
Commercial Custom	\$ 26,378,996	\$ 737,000	\$ 441,000	-	\$ 27,556,996
Com/Ind Prescriptive Downstream	\$ 7,635,351	\$ 696,000	\$ 775,000	-	\$ 9,106,351
Com/Ind Prescriptive Direct Install	\$ 21,540,861	\$ 598,000	\$ 811,000	-	\$ 22,949,861
Com/Ind Prescriptive Upstream	\$ 5,408,320	\$ 391,000	\$ 1,251,000	-	\$ 7,050,320
Com Existing Building Commissioning	\$ 452,956	\$ 106,000	\$ 240,000	-	\$ 798,956
Commercial Microbusiness	\$ 699,011	\$ 80,000	\$ 102,000	-	\$ 881,011
Commercial SEM	\$ 531,000	\$ 32,000	\$ 265,000	-	\$ 828,000
Commercial Energy Innovation (D-7)	\$ 1,910,000	\$ 42,000	\$ 170,000	-	\$ 2,122,000
Industrial Program (E-5)	\$ 37,206,547	\$ 997,000	\$ 541,000	\$ 5,463,000	\$ 44,207,547
Industrial Custom	\$ 34,765,547	\$ 923,000	\$ 106,000	-	\$ 35,794,547
Industrial SEM	\$ 531,000	\$ 32,000	\$ 265,000	-	\$ 828,000
Industrial Energy Innovation (D-7)	\$ 1,910,000	\$ 42,000	\$ 170,000	-	\$ 2,122,000
Large Volume Program (E-6)	\$ 3,293,526	\$ 62,000	\$ 0	\$ 268,000	\$ 3,623,526
Large Volume Direct Access	\$ 3,293,526	\$ 62,000	\$ 0	-	\$ 3,355,526
Program Subtotal	\$ 300,111,729	\$ 19,286,000	\$ 23,648,000	\$ 17,775,000	\$ 360,820,729
Portfolio Administration (D-4)	-	-	-	\$ 7,473,000	\$ 7,473,000
System Maintenance & Improvements (D-5)	-	-	-	\$ 1,114,000	\$ 1,114,000
Regulatory & Stakeholdering (D-6)	-	-	-	\$ 849,000	\$ 849,000
Research and Market Data (D-7)	-	-	-	\$ 3,353,000	\$ 3,353,000
EM&V (D-8)	-	-	-	\$ 3,184,000	\$ 3,184,000
Process Evaluation (D-8)	-	-	-	\$ 610,000	\$ 610,000
Portfolio Subtotal				\$ 16,583,000	\$ 16,583,000
Total	\$ 300,111,729	\$ 19,286,000	\$ 23,648,000	\$ 34,358,000	\$ 377,403,729

Table 6
2030 DSM Plan Budget

2030 DSM Budget Item (Reference: Exhibit-Tab)	Incentive Costs	Promotion Costs	Delivery Costs	Admin Costs	Total
Residential Program (E-2)	\$ 175,350,239	\$ 9,568,000	\$ 16,016,000	\$ 3,620,000	\$ 204,554,239
Whole Home	\$ 66,664,849	\$ 3,193,000	\$ 6,641,000	-	\$ 76,498,849
Single Measure	\$ 76,064,673	\$ 3,182,000	\$ 2,445,000	-	\$ 81,691,673
Smart Home	\$ 5,970,696	\$ 2,057,000	\$ 696,000	-	\$ 8,723,696
Moderate Income Direct Install	\$ 21,670,292	\$ 0	\$ 1,678,000	-	\$ 23,348,292
Energy Education & Outreach	\$ 0	\$ 54,000	\$ 3,734,000	-	\$ 3,788,000
Residential Building Beyond Code	\$ 4,979,729	\$ 1,082,000	\$ 822,000	-	\$ 6,883,729
Income Qualified Program (E-3)	\$ 53,400,206	\$ 7,273,000	\$ 4,359,000	\$ 2,440,000	\$ 67,472,206
Home Winterproofing	\$ 40,147,409	\$ 4,838,000	\$ 3,797,000	-	\$ 48,782,409
Affordable Housing Multi-Residential	\$ 13,252,797	\$ 2,435,000	\$ 562,000	-	\$ 16,249,797
Commercial Program (E-4)	\$ 71,257,543	\$ 2,734,000	\$ 4,329,000	\$ 6,225,000	\$ 84,545,543
Commercial Custom	\$ 29,104,068	\$ 753,000	\$ 453,000	-	\$ 30,310,068
Com/Ind Prescriptive Downstream	\$ 8,235,490	\$ 710,000	\$ 820,000	-	\$ 9,765,490
Com/Ind Prescriptive Direct Install	\$ 23,840,973	\$ 608,000	\$ 887,000	-	\$ 25,335,973
Com/Ind Prescriptive Upstream	\$ 6,068,135	\$ 399,000	\$ 1,352,000	-	\$ 7,819,135
Com Existing Building Commissioning	\$ 504,848	\$ 108,000	\$ 250,000	-	\$ 862,848
Commercial Microbusiness	\$ 1,015,029	\$ 81,000	\$ 123,000	-	\$ 1,219,029
Commercial SEM	\$ 541,000	\$ 32,000	\$ 271,000	-	\$ 844,000
Commercial Energy Innovation (D-7)	\$ 1,948,000	\$ 43,000	\$ 173,000	-	\$ 2,164,000
Industrial Program (E-5)	\$ 38,639,489	\$ 1,016,000	\$ 552,000	\$ 5,572,000	\$ 45,779,489
Industrial Custom	\$ 36,150,489	\$ 941,000	\$ 108,000	-	\$ 37,199,489
Industrial SEM	\$ 541,000	\$ 32,000	\$ 271,000	-	\$ 844,000
Industrial Energy Innovation (D-7)	\$ 1,948,000	\$ 43,000	\$ 173,000	-	\$ 2,164,000
Large Volume Program (E-6)	\$ 3,359,397	\$ 63,000	\$ 0	\$ 273,000	\$ 3,695,397
Large Volume Direct Access	\$ 3,359,397	\$ 63,000	\$ 0	-	\$ 3,422,397
Program Subtotal	\$ 342,006,873	\$ 20,654,000	\$ 25,256,000	\$ 18,130,000	\$ 406,046,873
Portfolio Administration (D-4)	-	-	-	\$ 7,624,000	\$ 7,624,000
System Maintenance & Improvements (D-5)	-	-	-	\$ 1,136,000	\$ 1,136,000
Regulatory & Stakeholdering (D-6)	-	-	-	\$ 866,000	\$ 866,000
Research and Market Data (D-7)	-	-	-	\$ 3,420,000	\$ 3,420,000
EM&V (D-8)	-	-	-	\$ 3,247,000	\$ 3,247,000
Process Evaluation (D-8)	-	-	-	\$ 622,000	\$ 622,000
Portfolio Subtotal				\$ 16,915,000	\$ 16,915,000
Total	\$ 342,006,873	\$ 20,654,000	\$ 25,256,000	\$ 35,045,000	\$ 422,961,873

2.1 Inflation

23. Consistent with the previous 2023-2025 DSM plan, the proposed budgets for the 2026-2030 DSM Plan include a 2% proxy annual inflation factor. The actual annual inflation factor used will be determined as part of the annual rates proceeding based on the annual average Consumer Price Index (“CPI”) percentage change, not seasonally adjusted. The annual average percentage change is used to compare two consecutive annual average price indices; calculated as the average of all the months in a calendar year, from January to December. The factor used will be based on the year preceding the annual rates proceeding. For example, the inflation factor applied to 2027 budgets will be based on the 2025 annual average CPI percentage change, as the annual rates proceeding will be filed in 2026.

2.2 Ring Fencing

24. Consistent with past practice, certain budgets are considered ring fenced (i.e., a budget item where funds cannot be transferred to other areas). For the 2026-2030 DSM Plan, the following budgets are proposed to be ring fenced:

- a) Income Qualified Program
- b) Large Volume Program
- c) Evaluation, Measurement and Verification (“EM&V”)
- d) Energy Innovation Fund
- e) Research, Development and Market Data

3. 2024 Achievable Potential Study Budgets

25. Several stakeholders requested that Enbridge Gas provide an estimate of the budgets required to achieve the OEB’s expected targets of 0.6% of natural gas sales in 2026, 0.8% in 2027 and 1.0% in each year from 2028 to 2030. However,

developing more than one DSM plan would require more time and resources than Enbridge Gas had available.

26. For annual budget levels required to achieve 0.6% and 0.8% annual reductions in natural gas sales, see Enbridge Gas's proposed 2026-2030 DSM Plan for years 2026 and 2029, respectively.

27. Although Enbridge Gas has several concerns with the 2024 APS, Scenario A of the 2024 APS can be used to estimate the budget level required to achieve a 1.1% annual reduction in natural gas sales (approximately \$1.1 billion per year). See Table 7 for information regarding Scenario A of the 2024 APS.

- a) Row 2 (APS Net Savings) displays the net natural gas savings for the scenario.
- b) Row 3 (% of Sales) displays the associated reduction of natural gas sales.
- c) Row 4 (APS Incentives) displays the associated DSM incentive budget requirement.
- d) Row 5 (APS Total Budget) displays the associated total DSM budget requirement.

28. As noted in the 2024 APS final report, the budget values do not account for participation from free riders:

Accordingly, all the estimated program delivery costs (incentive and program administration) associated with the estimated potential are for the costs associated with the net achievement and do not account for any free ridership.⁵

⁵ 2024 Natural Gas Achievable Potential Study, Guidehouse Inc., November 5, 2024, p.53.

29. It is reasonable to assume that any DSM program would include participation from free riders, which means the budget required to achieve the savings amounts presented in the 2024 APS would be higher in practice. To account for this, for illustrative purposes, Enbridge Gas has shown the “gross” budget requirement in Row 6 (APS Gross Budget) of Table 7, assuming an overall average NTG ratio of 80%. This allows for a better comparison to the budget proposed by Enbridge Gas in the 2026-2030 DSM Plan since free ridership cannot be fully eliminated from program delivery.

Table 7
APS Scenario A - Natural Gas Savings, Budgets, and TRC Benefits (2026-2030)

Particulars (in millions)	2026	2027	2028	2029	2030	Average
1. Forecast Sales (m ³) ¹	19,933.9	20,098.3	20,130.7	20,136.3	20,133.6	20,086.5
2. APS Net Savings (m ³)	186.1	219.6	248.1	240.5	213.1	221.5
3. % of Sales	0.9%	1.1%	1.2%	1.2%	1.1%	1.1%
4. APS Incentives	\$ 635.3	\$ 738.2	\$ 839.6	\$ 670.1	\$ 453.1	\$ 667.3
5. APS Total Budget	\$ 898.2	\$ 1,041.1	\$ 1,178.8	\$ 954.7	\$ 664.5	\$ 947.4
6. APS Gross Budget	\$ 1,057.0	\$ 1,225.6	\$ 1,388.7	\$ 1,122.3	\$ 777.8	\$ 1,114.3
7. Net TRC Benefits	\$ 671.0	\$ 811.3	\$ 945.0	\$ 931.0	\$ 837.3	\$ 839.1

Note:

¹ Forecast sales excluding natural gas-fired generators, other Ontario utilities (wholesale) and Enbridge Gas's own use fuel. Also excludes customers from the proposed Large Volume Program.

30. The rate impacts of the Scenario A budgets from the 2024 APS are provided at Exhibit F, Tab 1, Schedule 5, using the average gross budget required to achieve approximately a 1.1% reduction in natural gas sales (i.e., \$1,114.3 million).

31. It is imperative to note that if there is a material change to the budgets proposed by Enbridge Gas in its 2026-2030 DSM Plan, there will likely need to be material (and perhaps wholesale) changes to the DSM Plan's programs, targets and metrics. DSM programs cannot simply be increased or decreased linearly based on the level by which budgets have been increased or decreased.



Gas utility benchmarking

Presentation

March 20, 2024

Approach



Goal: Provide meaningful comparisons of planned utility **savings** and **spending**

Approach:

- Gather data from (mostly) publicly available sources
 - Focused on 2024, but database includes other (planning) years
- Drive down to meaningful levels
 - Start with portfolio totals
 - Differentiate (or derive) sector totals
 - Assign to program "groups"
- Isolate meaningful data elements
 - Net vs. gross savings
 - Total vs. incentive spending
- Normalize for utility size
 - Sales/throughput, revenue, spending vs savings ratios
 - From EIA 176 (US) and commissions (Canada), plus data from Enbridge/Nicor

Caveats about this analysis



- **Standardization**
 - Tried our best for apples to pears, but some plans lacked clarity for 100% alignment
- **Savings**
 - Some portfolios *measure* only net, so gross comparisons are more useful
 - Some portfolios *report* only net, so needed to impute NTG/gross
- **Incentive categorization**
 - Can vary based on utility; presentation focuses on total costs
- **Isolating sectors/programs**
 - Utilities vary in levels of detail; tried to isolate low-income sectors; gas heating programs
- **Conversions**
 - CAN\$/US\$
 - GJs/m3/therms/ccf/Mcf
 - Presentation shows all values in US\$ and therms (dataset includes both)



Unresolved issues



- **NTG adjustments**
 - Some portfolios required portfolio-wide (or even estimated) NTG
- **Exempt large customers**
 - Used utility total volume/revenue for normalization
 - Identified states with exemption policy
 - Illinois only state with values to net out (waiting on data to update Illinois volumes/revenue)
 - Exemption summary at end of presentation
- **Incentives/total spend**
 - Reported only total cost comparisons
 - Database includes incentive cost for most programs
- **Program assignments**
 - Created ~ 5-7 categories for each sector; variable reporting resolution makes standardizing challenging (i.e., default "Other" likely too large for some portfolios)
- **Utility-specific data gaps**
 - Wisconsin: only has historic (2022) data and lacked IQ savings/spending



Summary of Data Collected

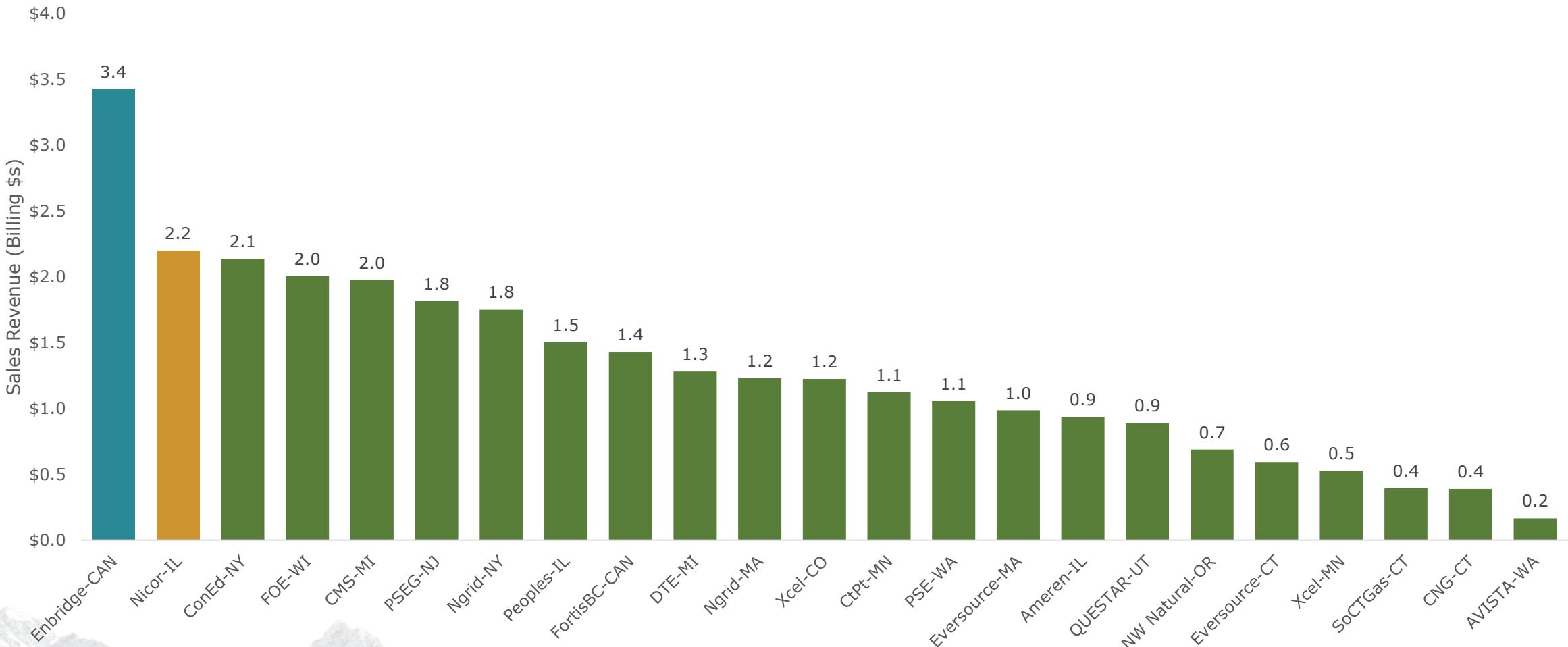


Jurisdiction	Utility	Years of Valid data available	Notes / Issues
Massachusetts	National Grid	2022-2024	Full data available in spreadsheet, plans include 2023-2024, better msr resolution vs Evsr
	Eversource	2022-2024	Full data available in spreadsheet, plans include 2023-2024, worse msr resolution vs Grid
Connecticut	Eversource	2024-2025	Full data available in spreadsheet, plans include 2024-2025
New York	National Grid	2024-2025	Full data available in spreadsheet, plans include 2024-2025. Had to assume 90% NTG
	ConEd	2024-2025	Full data available in spreadsheet, plans include 2024-2025. Had to assume 90% NTG
Michigan	Consumers Energy	2024-2025	Full data available in spreadsheet, plans include 2024-2025 (reflects updated plan)
	DTE Energy	2024-2025	Data available in PDF only. Assume 92% NTG for all.
Minnesota	Xcel Energy	2024-2026	Triennial plan, 2024-2026, available in PDF only. Gross = Net (1.0 NTG).
	CenterPoint Energy	2024-2026	Triennial plan, 2024-2026, available in PDF only. Gross = Net (1.0 NTG).
Illinois	Nicor Gas	2024	Full data available in spreadsheet, plans include 2024-2025
	Peoples Gas	2024	Missing gross, had to assume 90% NTG. Data available in spreadsheet. 2024 only
	North Shore Gas	2024	Missing detailed data, only aggregate program level.
	Ameren Illinois	2024	Missing gross, had to assume 90% NTG. Data available in spreadsheet. 2024 only
Wisconsin	Focus on Energy	2022	Only 2022 evaluation data available, in PDF format. Request for planned data denied.
Colorado	Xcel Energy	2024-2026	Plan data extracted from PDF.
Ontario	Enbridge	2023-204	Full data provided by client. Variable resolution for spend \$s vs savings
British Columbia	FortisBC	2023-2027	Full data provided in PDF. Significant effort to align participation with unit savings/spending.
Washington	Avista	2024-2025	Assume net=gross (NTG=1.0). Data available in spreadsheet.
	Puget Sound Energy	2024-2025	Assume net=gross (NTG=1.0). Data available in spreadsheet.
Oregon	Northwest Natural Gas	2024-2025	Assume net=gross (NTG=1.0). Data available in PDF.
Utah	Questar	2024	Assume NTG=0.9. Data available in spreadsheet.

Annual Sales Revenues (2022)



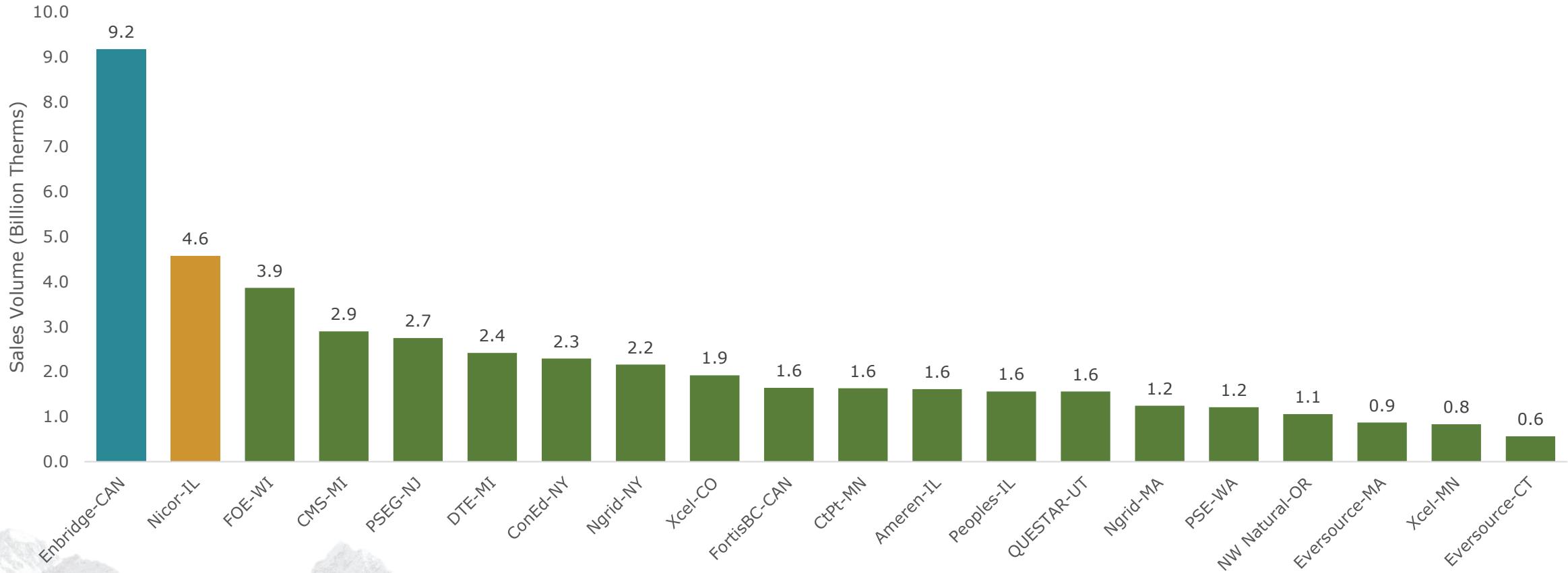
Enbridge and Nicor two largest gas utilities reviewed based on sales revenue (Billion US \$s)



Annual Sales Volumes (2022)



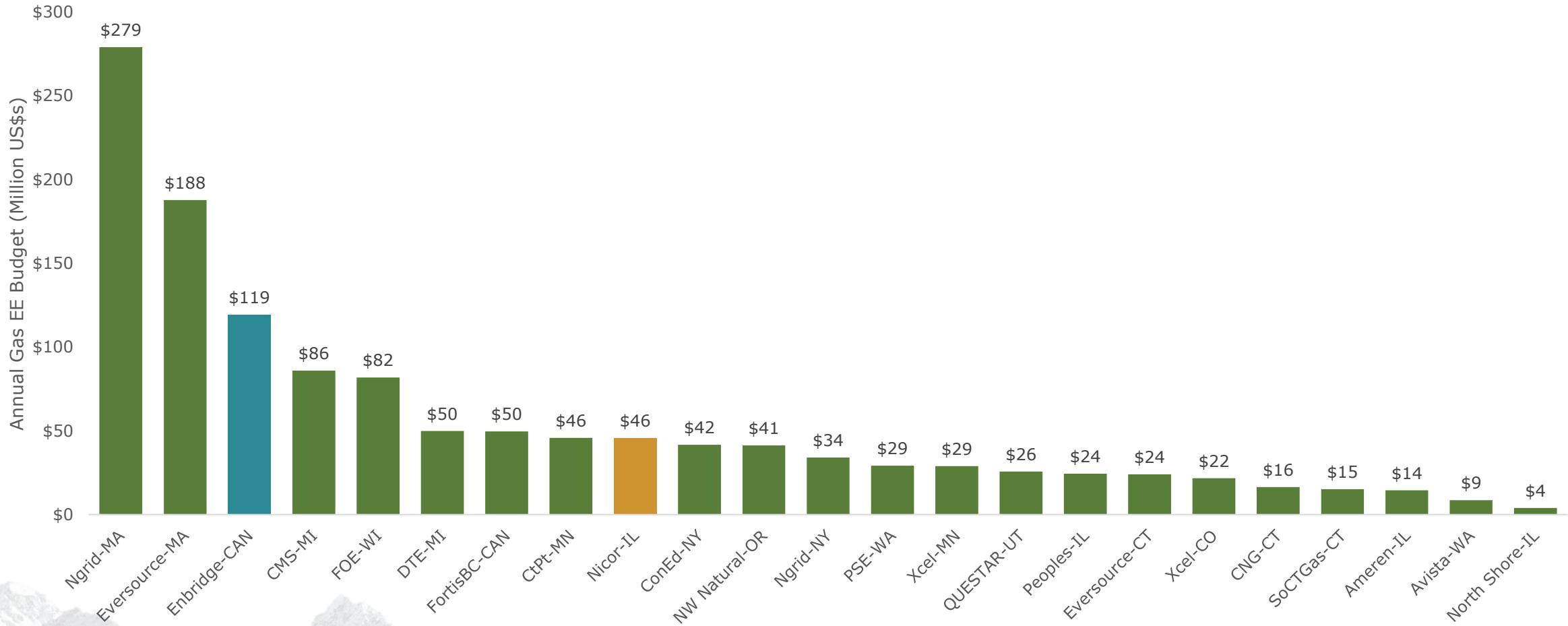
And the two largest gas utilities reviewed based on sales volumes (billion therms)



Planned 2024 Energy Efficiency Budgets



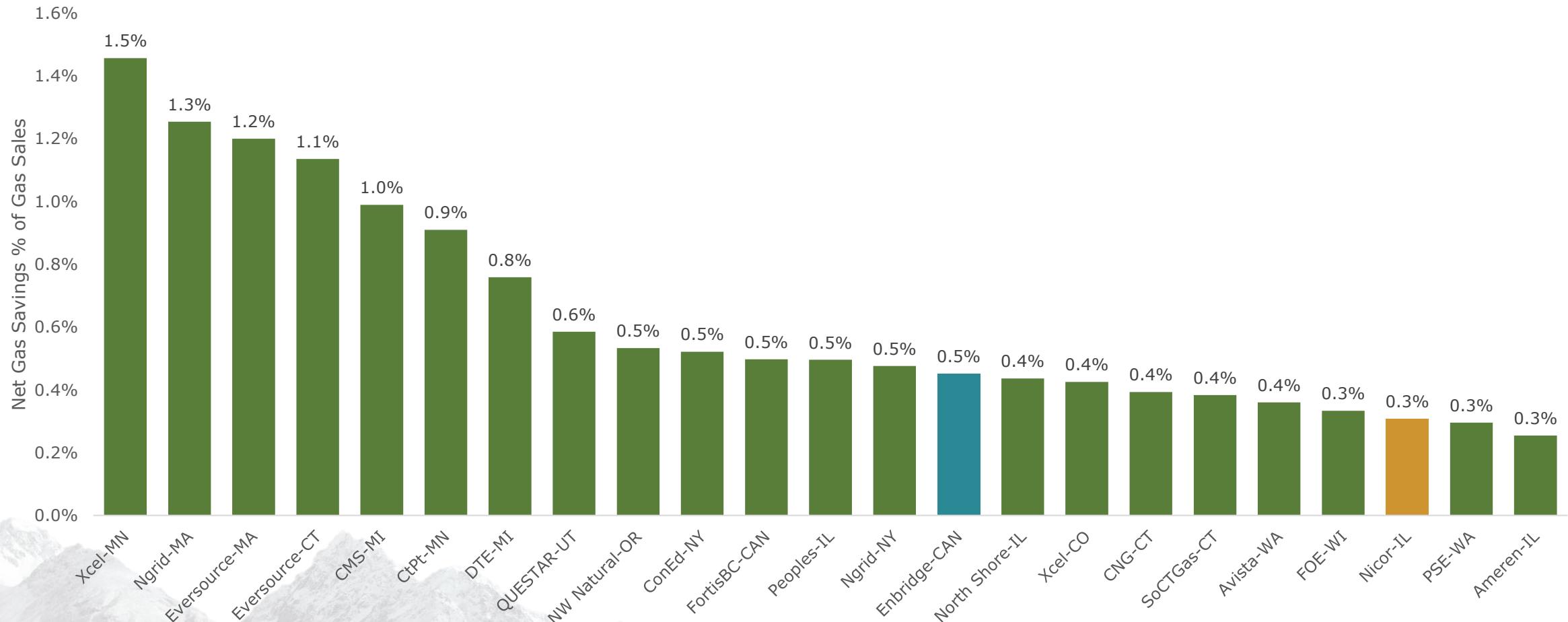
But do not have the highest EE budgets across benchmarked utilities



Planned 2024 NET Savings as % of Sales-Portfolio Wide



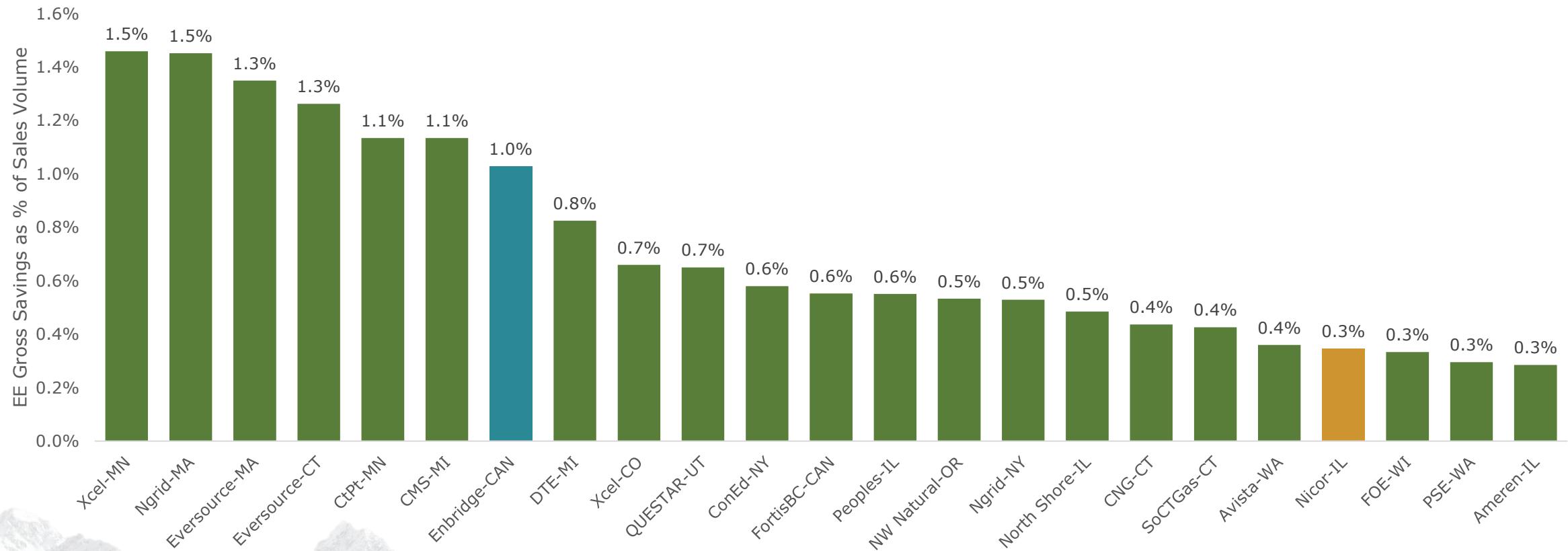
And fall on the lower half of NET EE gas savings ratios (EE savings/sales)



Planned 2024 **GROSS** Natural Gas Savings as % of Sales



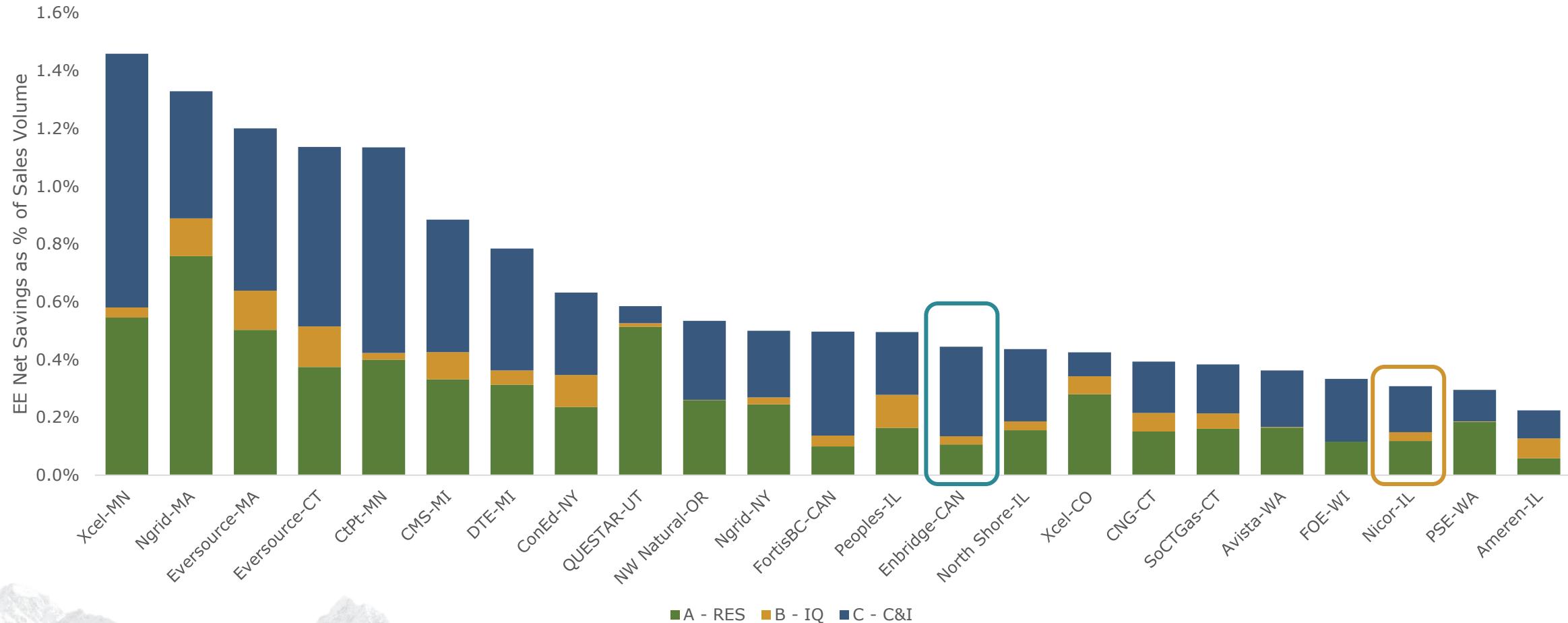
BUT Enbridge reverts to upper half of **GROSS savings ratios due to lower NTG ratios**



Planned 2024 NET Savings as % of Sales-By Sector



On average, even split between Res/C&I sector EE NET savings but wide variation

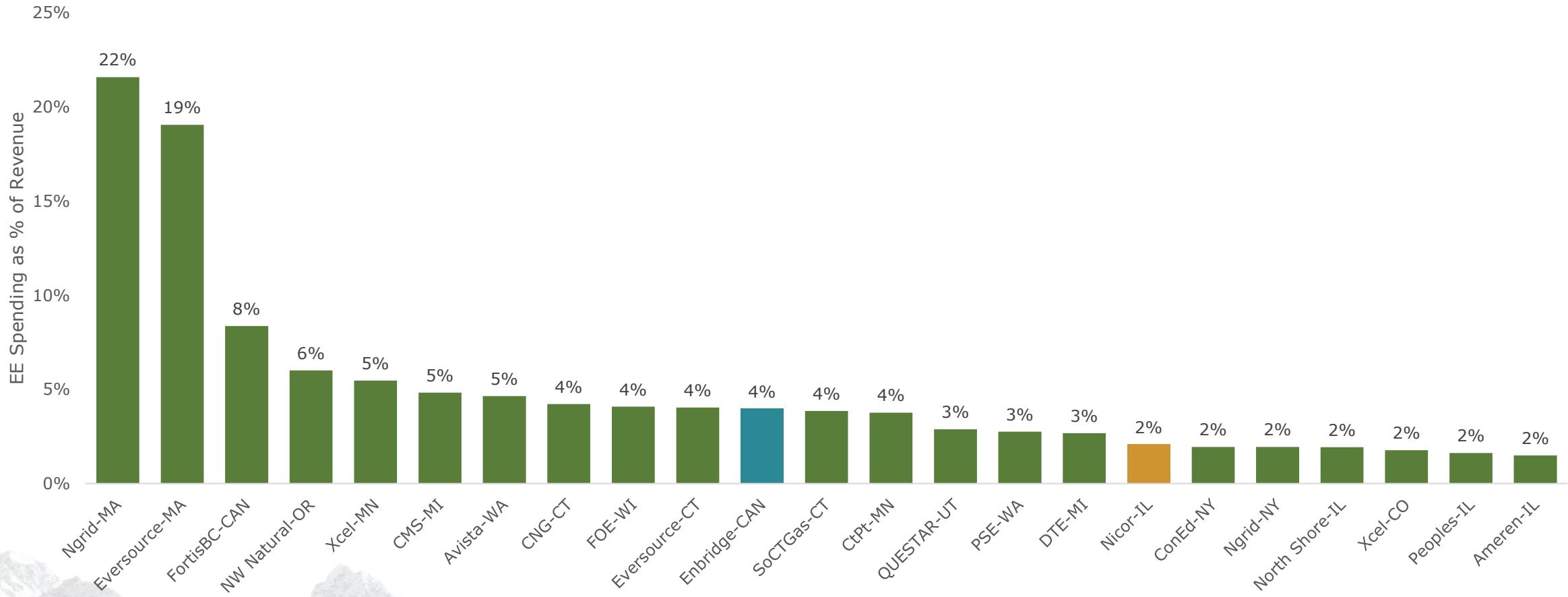


Note: Some programs had limited descriptions or differentiation for IQ programs

Planned 2024 Spend as % of Revenue



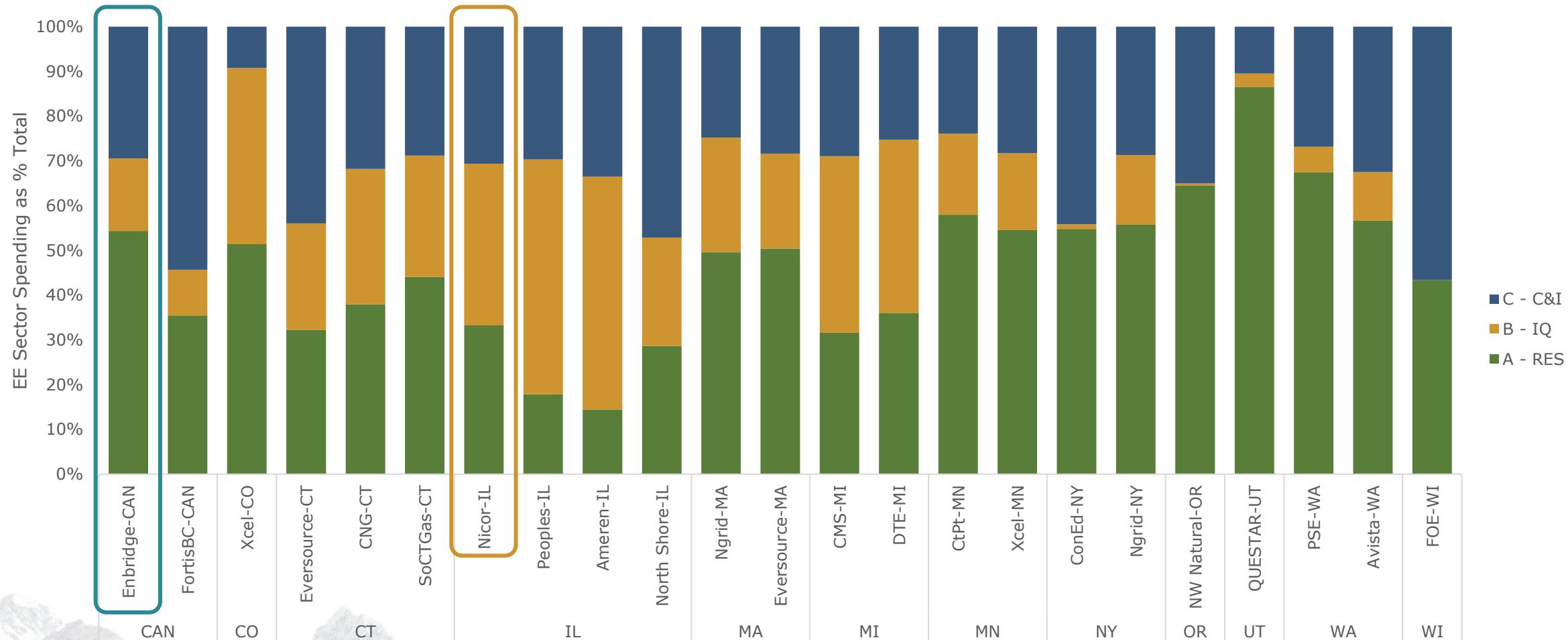
5% average EE spend of revenue, but skewed due to MA utilities



Planned 2024 Spend: Shares by Sector



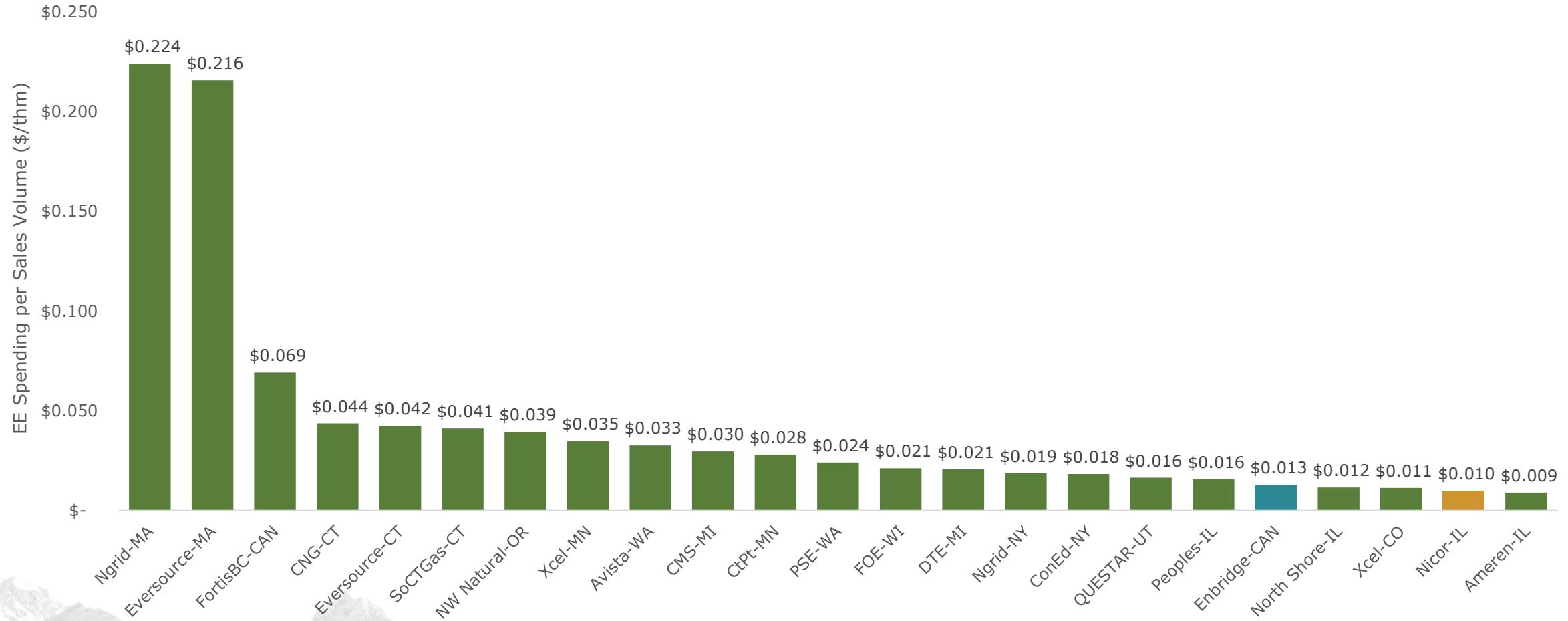
IQ spending can be significant for some utilities, and appears to be growing



Planned 2024 Spend per Unit of Throughput



Most <3 cents/therm; MA at 10-20 cents/therm (compare to ~20 cent commodity)



Residential Program Savings and Spending



Choose your programs wisely – kits and behavior help boost res portfolios



IQ Program Savings and Spending



Lower visibility into IQ programs, but kits and weatherization dominate



C&I Program Savings and Spending



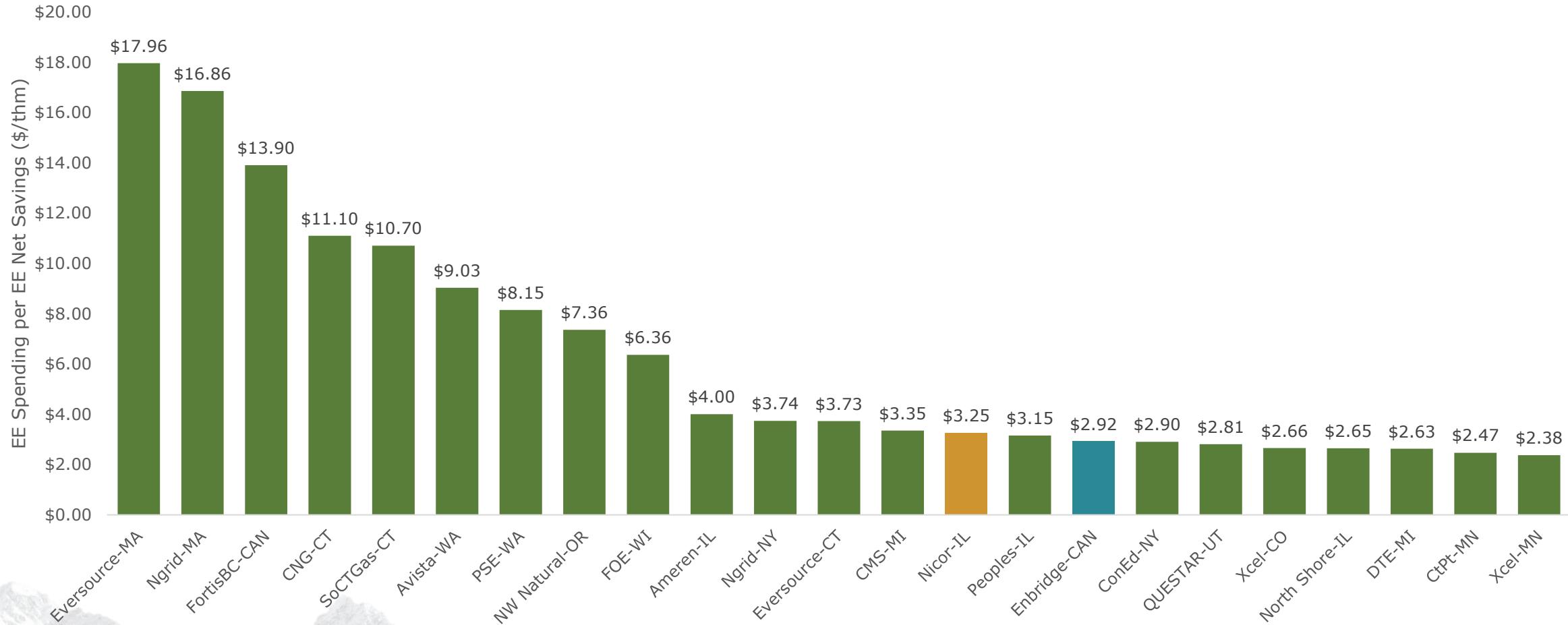
Low visibility into C&I programs, but custom dominates some C&I portfolios



Planned 2024 Spend per Net Savings - Total Portfolio



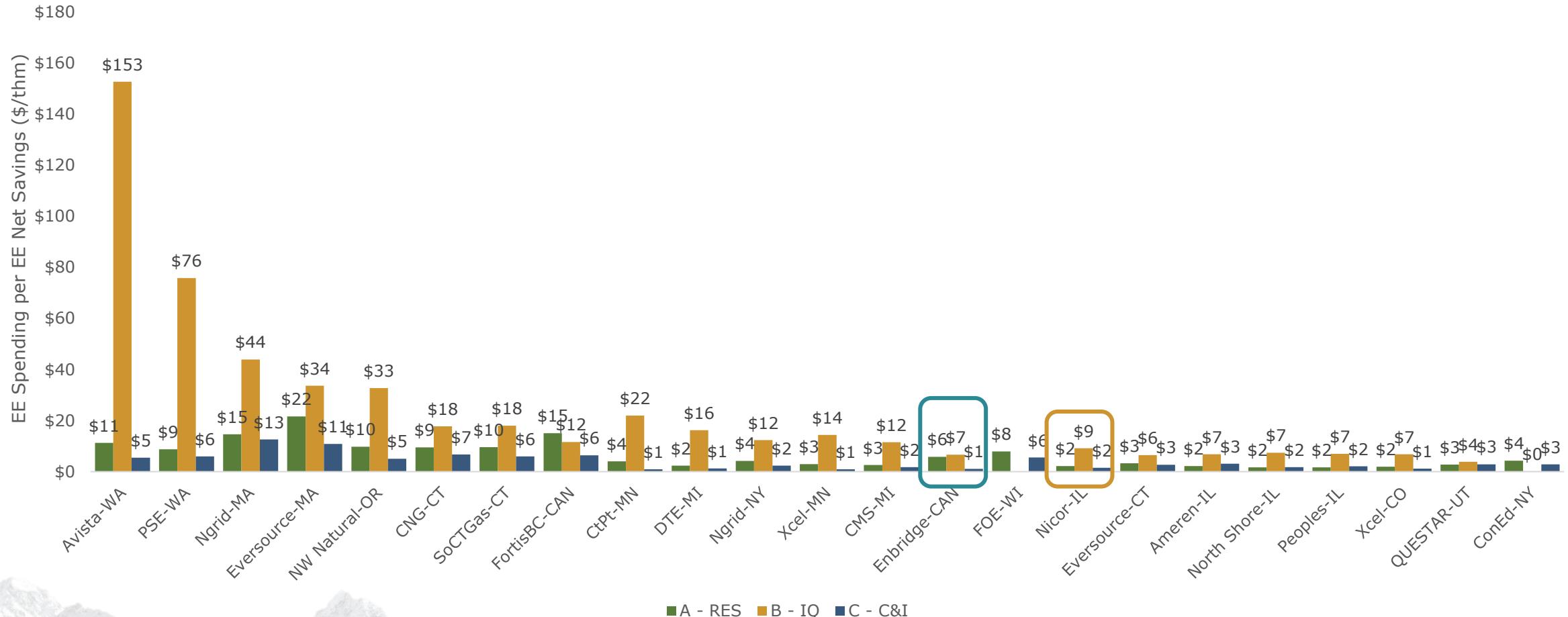
Half the portfolios are expensive (>\$5 / therm); Driven by IE/Wx/Res investments



Planned 2024 Spend per Net Savings - by Sector



IQ, Wx, and Res investment levels drive higher portfolio costs



■ A - RES ■ B - IQ ■ C - C&I

DSM SHAREHOLDER INCENTIVES AND ANNUAL PERFORMANCE SCORECARD DESIGN

1. This evidence is organized as follows:

1. Overview
2. Annual Performance Scorecards – Shareholder Incentives
3. Annual Performance Scorecards – Scorecard Design
4. End-of-Term Natural Gas Reduction Incentive

1. Overview

2. Shareholder incentives are intended to motivate the utility to actively and efficiently pursue DSM objectives and to recognize performance. These incentives are achieved through various mechanisms and may support multiple objectives.
3. In its Decision and Order for Enbridge Gas's 2022-2027 DSM Plan Application (EB-2021-0002) ("Decision"), the OEB approved a maximum shareholder incentive related to annual performance scorecards of \$20.9 million for 2023, increasing in subsequent years by the annual rate of inflation.¹ The DSM Framework outlines the following regarding annual performance targets:

Enbridge Gas will respond to target guidance provided by the OEB and propose targets for metrics specified across defined scorecards. Three levels of achievement will be established for each individual metric on a given scorecard: one at 75%, 100% and 125%. To achieve the maximum shareholder incentive designated for achievement on each scorecard, Enbridge Gas will be required to meet the maximum score of 125% on the respective scorecard. No shareholder incentive will be paid on a given scorecard for achieving a scorecard weighted result of less than 75%. For a given scorecard, 40% of the maximum shareholder incentive designated to that scorecard will be awarded for a weighted scorecard performance of 100% on that scorecard. Where more than one metric is defined on a given scorecard, the minimum achievement for each individual metric will be

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.2.

0% and the maximum achievement will be 200%.²

4. The OEB also introduced a new component to the shareholder incentive; the End-of-Term Natural Gas Reduction Incentive (“EOTNGRI”), applicable to the 2023-2025 term whereby Enbridge Gas would be eligible to earn an additional \$30 million shareholder incentive. This is separate from the shareholder incentive for annual performance scorecards. Enbridge Gas would be eligible for the EOTNGRI if, “at the end of the 3-year term, the total volume of natural gas sold to Enbridge Gas’s Ontario customers in 2025 is 1.5% less than total volume of natural gas sold by Enbridge Gas’s Ontario customers in 2022 on a weather normalized basis.”³

5. Regarding shareholder incentives for the 2026-2030 DSM Plan, the OEB stated:

[t]he OEB expects Enbridge Gas to work closely with the newly approved stakeholder advisory group to identify cost-effective opportunities where its natural gas conservation plan can be expanded. New shareholder incentives should also be considered. Based on the input received from the stakeholder advisory group, Enbridge Gas may bring forward new shareholder incentive proposals as part of its next multi-year natural gas conservation plan. The objective of any shareholder incentive should be to effectively motivate the gas utility in reducing the demand for natural gas allowing conservation and energy efficiency to play a meaningful role in reducing overall greenhouse gas emissions.⁴

6. The OEB went on to state:

In the future, the OEB expects DSM programs to result in a greater reduction of total natural gas consumption, and it would be appropriate for alternative or additional shareholder incentive structures to be considered by Enbridge Gas and the SAG in the development the next DSM plan.⁵

² EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.6.

³ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.62.

⁴ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.4.

⁵ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.60.

2. Annual Performance Scorecards – Shareholder Incentives

7. Consistent with the OEB's expectation noted above, Enbridge Gas and the other Stakeholder Advisory Group ("SAG") members discussed the issue of shareholder incentives for annual performance scorecards over several SAG meetings. The purpose of the discussions was to assess the appropriateness of the current shareholder incentive structure (as outlined in the DSM Framework), and to assess whether any modifications or other approaches should be recommended for the 2026-2030 DSM Plan Application. As a result of these discussions, SAG members agreed on the proposal described at Section 4.4 of the Natural Gas DSM SAG Report to the OEB ("SAG Report") and summarized below.⁶
8. Regarding the shareholder incentive amount available at 100% of scorecard target performance:
 - a) Recognizing that Enbridge Gas has not come close to earning the maximum shareholder incentive available in recent years, the SAG recommendations focused on the shareholder incentive amount available at 100% scorecard performance.
 - b) The SAG recommended that the shareholder incentive amount available at 100% scorecard performance should be 5% of Enbridge Gas's total annual DSM budget.
9. Regarding earnings thresholds:
 - a) Three target thresholds should be maintained (lower band, target, and upper band).
 - b) The lower and upper band thresholds should be revised slightly to:
 - i. Lower band: 70%
 - ii. Target: 100%
 - iii. Upper band: 130%

⁶ EB-2022-0295, SAG Report, November 11, 2024, p.20-22.

- c) The current requirement that the lower band must be attained before any shareholder incentive is earned should be maintained.
- d) The shareholder incentive amounts earned at the lower band, target and upper band achievement levels should be as follows:
 - i. 0% to 100% of shareholder incentive (i.e., 5% of annual budget) earned for scorecard target achievement from 70% to 100%.
 - ii. 100% to 200% of shareholder incentive earned for scorecard target achievement from 100% to 130%.

10. Enbridge Gas believes these recommendations are reasonable and appropriate, as discussed further below.

11. Enbridge Gas agrees with the SAG's recommendation to focus on the 100% target achievement, as budget limitations make achieving the upper band very difficult and potentially infeasible.

12. Enbridge Gas agrees that the shareholder incentive amount available at the 100% target should be 5% of Enbridge Gas's total DSM annual budget and notes the SAG's comments regarding this recommendation:

Additionally, non-utility members noted that setting the 100% shareholder incentive value at 5% of budget is generally lower than other jurisdictions when compared to those included in expert evidence provided in Enbridge's last DSM proceeding, with most others being closer to 8.0% of budget, with Massachusetts' incentive that is 3.5% of its budget being lower, but with significantly higher annual budgets.⁷

13. Enbridge Gas agrees with the SAG's recommendation to maintain three earnings thresholds and the recommendation that the thresholds should be modified slightly "to acknowledge increased levels of uncertainty in new term period due to

⁷ EB-2022-0295, SAG Report, November 11, 2024, p.21.

changing energy landscape.”⁸

- a) Lower band: 70%
- b) Target: 100%
- c) Upper band: 130%

14. Finally, Enbridge Gas agrees with the SAG’s recommendations noted below:

Consensus that a change in pace of earning between bands be revised from current 40/60 split between lower and upper thresholds results in a more reasonable balance in available rewards, acknowledges that it has been challenging for Enbridge Gas to meet 100% of targets in the past, and appreciates that budgets approved do not allow for significant expansion of efforts beyond 100% target, particularly to achieve 30% greater savings.

- i. 0-100% of available annual shareholder incentive (i.e., 5% of annual budget) for achievement from 70% to 100%
- ii. 100-200% of available annual shareholder incentive for achievement above 100% to 130%.⁹

15. Implementation of these recommendations requires modifications to the relevant sections of the DSM Framework. Enbridge Gas has proposed the modifications at Sections 2.1 and 2.3 of Exhibit C, Tab 1, Schedule 1.

3. Annual Performance Scorecards – Scorecard Design

16. Although the OEB did not specifically request recommendations from the SAG regarding the design of annual performance scorecards, the SAG Report includes the following recommendations:

⁸ EB-2022-0295, SAG Report, November 11, 2024, p.21.

⁹ EB-2022-0295, SAG Report, November 11, 2024, pp.21-22.

Figure 1: Recommended Annual Performance Scorecard Structure from SAG Report¹⁰

Metric	Weight	Notes
Total Annual Natural Gas Savings (excluding Large Volume)	50%	Non-utility members agreed that ultimately, Enbridge Gas should be focused on maximizing annual natural gas savings and optimize across the portfolio. Former metrics dedicated to commercial and industrial savings are captured in this broader metric. This maintains the OEB's main objective for ratepayer funded DSM that it results in meaningful reductions in overall annual natural gas sales with consequent cost savings for ratepayers.
Income Qualified Annual Natural Gas Savings	20%	Non-utility members agreed that it is important to have specific metrics for income-qualified, residential and small business programming so that sufficient resources are dedicated to these segments and Enbridge Gas is motivated to deliver results. Ultimately, this will help ensure a greater level of equity across the portfolio.
Residential Annual Natural Gas Savings	15-20%	
Small Business Annual Natural Gas Savings	10-15%	
Large Volume Annual Natural Gas Savings	1%	Non-utility members agreed that there still remain cost-effective savings opportunities and that a minimum level of effort should be required in the Large Volume segment.

17. Enbridge Gas has considered the SAG's recommendation but believes that an annual performance scorecard design that is more balanced and equitable across the major customer segments more appropriately reflects the OEB's objectives and guiding principles outlined in the DSM Framework. This approach ensures that Enbridge Gas maintains a focus on delivering DSM to all of its customers – big, small, hard-to-reach, sophisticated, and underserved, alike. As a result, Enbridge Gas is proposing the annual performance scorecard design and metric weightings provided below, which the Company believes provides a better balance of the customer segments and ensures continued focus across all sectors and DSM programs.

¹⁰ EB-2022-0295, SAG Report, November 11, 2024, Table 4, p.17.

18. Enbridge Gas notes that its proposed approach is similar to the Company's 2023 to 2025 annual performance scorecard design and metric weightings, which was recognized and supported by the OEB in the Decision:

The OEB also approves the proposed allocation of the annual maximum shareholder incentive amount equally across all major program scorecards... it is important to ensure there is equal focus on programming efforts for all customer segments. It is important that different types of customers are afforded opportunities to participate and enjoy the benefits of increased efficiency. Allocating meaningful shareholder incentives to each program motivates Enbridge Gas's efforts equally across the DSM portfolio.¹¹

17. Tables 1 to 5 display Enbridge Gas's proposed 2026 to 2030 annual performance scorecard design, metrics, metric weightings and shareholder incentive amounts for achievements at each threshold. The scorecards incorporate the SAG's consensus recommendation of focusing on 100% achievement, setting incentive amounts as a percentage of budget, and the modifications to earnings threshold as described above. However, Enbridge Gas's proposed metrics and weightings differ from the SAG recommendations, which the Company believes more appropriately support a more equitable focus across sectors.

¹¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.60.

Table 1
2026 Annual DSM Scorecard

Program Scorecard	Offering(s)	Metric	Metric Weighting	Scorecard Weighting	DSMI at 70% Score on Scorecard	DSMI at 100% Score on Scorecard	DSMI at 130% Score on Scorecard
Residential Program	Whole Home Smart Home Single Measure Moderate Income Direct Install Energy Education & Outreach	Net Annual Gas Savings (m³)	96%	25%	\$0	\$3,149,178	\$6,298,357
	Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Homes Built	2%				
	Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Discovery Homes Built	2%				
Income Qualified Program	Home Winterproofing	Single Family Net Annual Gas Savings (m³)	50%	25%	\$0	\$3,149,178	\$6,298,357
	Affordable Housing Multi-Residential	Multi-Residential Net Annual Gas Savings (m³)	50%				
Commercial Program	Commercial Custom Com/Ind Prescriptive Downstream Com/Ind Prescriptive Upstream Com/Ind Prescriptive Direct Install Com Existing Building Commissioning Commercial Microbusiness	Large Customer Net Annual Gas Savings (m³) ¹	50%	25%	\$0	\$3,149,178	\$6,298,357
		Small Customer Net Annual Gas Savings (m³) ¹	50%				
Industrial Program	Industrial Custom	Net Annual Gas Savings (m³)	100%	25%	\$0	\$3,149,178	\$6,298,357
			Total	100%	\$0	\$12,596,713	\$25,193,426

Note:

¹ Large commercial customers have a three-year average annual consumption greater than/or equal to 100,000 m³/yr. Small commercial customers have a three-year average annual consumption below 100,000 m³/yr.

Table 2
2027 Annual DSM Scorecard

Program Scorecard	Offering(s)	Metric	Metric Weighting	Scorecard Weighting	DSMI at 70% Score on Scorecard	DSMI at 100% Score on Scorecard	DSMI at 130% Score on Scorecard
Residential Program	Whole Home Smart Home Single Measure Moderate Income Direct Install Energy Education & Outreach	Net Annual Gas Savings (m³)	96%	25%	\$0	\$3,578,454	\$7,156,908
	Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Homes Built	2%				
	Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Discovery Homes Built	2%				
Income Qualified Program	Home Winterproofing	Single Family Net Annual Gas Savings (m³)	50%	25%	\$0	\$3,578,454	\$7,156,908
	Affordable Housing Multi-Residential	Multi-Residential Net Annual Gas Savings (m³)	50%				
Commercial Program	Commercial Custom Com/Ind Prescriptive Downstream Com/Ind Prescriptive Upstream Com/Ind Prescriptive Direct Install Com Existing Building Commissioning Commercial Microbusiness	Large Customer Net Annual Gas Savings (m³) ¹	50%	25%	\$0	\$3,578,454	\$7,156,908
		Small Customer Net Annual Gas Savings (m³) ¹	50%				
Industrial Program	Industrial Custom	Net Annual Gas Savings (m³)	100%	25%	\$0	\$3,578,454	\$7,156,908
			Total	100%	\$0	\$14,313,816	\$28,627,632

Note:

¹ Large commercial customers have a three-year average annual consumption greater than/or equal to 100,000 m³/yr. Small commercial customers have a three-year average annual consumption below 100,000 m³/yr.

Table 3

2028 Annual DSM Scorecard

Program Scorecard	Offering(s)	Metric	Metric Weighting	Scorecard Weighting	DSMI at 70% Score on Scorecard	DSMI at 100% Score on Scorecard	DSMI at 130% Score on Scorecard
Residential Program	Whole Home Smart Home Single Measure Moderate Income Direct Install Energy Education & Outreach	Net Annual Gas Savings (m ³)	96%	25%	\$0	\$4,197,164	\$8,394,328
	Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Homes Built	2%				
	Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Discovery Homes Built	2%				
Income Qualified Program	Home Winterproofing	Single Family Net Annual Gas Savings (m ³)	50%	25%	\$0	\$4,197,164	\$8,394,328
	Affordable Housing Multi-Residential	Multi-Residential Net Annual Gas Savings (m ³)	50%				
Commercial Program	Commercial Custom Com/Ind Prescriptive Downstream Com/Ind Prescriptive Upstream Com/Ind Prescriptive Direct Install Com Existing Building Commissioning Commercial Microbusiness	Large Customer Net Annual Gas Savings (m ³) ¹	50%	25%	\$0	\$4,197,164	\$8,394,328
		Small Customer Net Annual Gas Savings (m ³) ¹	50%				
Industrial Program	Industrial Custom	Net Annual Gas Savings (m ³)	100%	25%	\$0	\$4,197,164	\$8,394,328
			Total	100%	\$0	\$16,788,656	\$33,577,311

Note:

¹ Large commercial customers have a three-year average annual consumption greater than/or equal to 100,000 m³/yr. Small commercial customers have a three-year average annual consumption below 100,000 m³/yr.

Table 4

2029 Annual DSM Scorecard

Program Scorecard	Offering(s)	Metric	Metric Weighting	Scorecard Weighting	DSMI at 70% Score on Scorecard	DSMI at 100% Score on Scorecard	DSMI at 130% Score on Scorecard
Residential Program	Whole Home Smart Home Single Measure Moderate Income Direct Install Energy Education & Outreach	Net Annual Gas Savings (m³)	96%	25%	\$0	\$4,717,547	\$9,435,093
	Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Homes Built	2%				
	Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Discovery Homes Built	2%				
Income Qualified Program	Home Winterproofing	Single Family Net Annual Gas Savings (m³)	50%	25%	\$0	\$4,717,547	\$9,435,093
	Affordable Housing Multi-Residential	Multi-Residential Net Annual Gas Savings (m³)	50%				
Commercial Program	Commercial Custom Com/Ind Prescriptive Downstream Com/Ind Prescriptive Upstream Com/Ind Prescriptive Direct Install Com Existing Building Commissioning Commercial Microbusiness	Large Customer Net Annual Gas Savings (m³) ¹	50%	25%	\$0	\$4,717,547	\$9,435,093
		Small Customer Net Annual Gas Savings (m³) ¹	50%				
Industrial Program	Industrial Custom	Net Annual Gas Savings (m³)	100%	25%	\$0	\$4,717,547	\$9,435,093
Total				100%	\$0	\$18,870,186	\$37,740,373

Note:

¹ Large commercial customers have a three-year average annual consumption greater than/or equal to 100,000 m³/yr.
 Small commercial customers have a three-year average annual consumption below 100,000 m³/yr.

18. As described in Exhibit E, Tab 6, Schedule 2, Enbridge Gas is proposing a term (multi-year) target for the Large Volume Direct Access Offering, with achievement

assessed in the final year of the term (i.e., 2030). As such, Enbridge Gas proposes the following 2030 Annual DSM Scorecard:

Table 5
2030 Annual DSM Scorecard

Program Scorecard	Offering(s)	Metric	Metric Weighting	Scorecard Weighting	DSMI at 70% Score on Scorecard	DSMI at 100% Score on Scorecard	DSMI at 130% Score on Scorecard
Residential Program	Whole Home Smart Home Single Measure Moderate Income Direct Install Energy Education & Outreach	Net Annual Gas Savings (m ³)	96%	24%	\$0	\$5,075,542	\$10,151,085
	Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Homes Built	2%				
	Residential Building Beyond Code	Number of Net Zero Energy Ready (NZER) Discovery Homes Built	2%				
Income Qualified Program	Home Winterproofing	Single Family Net Annual Gas Savings (m ³)	50%	24%	\$0	\$5,075,542	\$10,151,085
	Affordable Housing Multi-Residential	Multi-Residential Net Annual Gas Savings (m ³)	50%				
Commercial Program	Commercial Custom Com/Ind Prescriptive Downstream Com/Ind Prescriptive Upstream Com/Ind Prescriptive Direct Install Com Existing Building Commissioning Commercial Microbusiness	Large Customer Net Annual Gas Savings (m ³) ¹	50%	24%	\$0	\$5,075,542	\$10,151,085
		Small Customer Net Annual Gas Savings (m ³) ¹	50%				
Industrial Program	Industrial Custom	Net Annual Gas Savings (m ³)	100%	24%	\$0	\$5,075,542	\$10,151,085
Large Volume Program	Large Volume Direct Access	2026-2030 Net Annual Gas Savings (m ³) ²	100%	4%	\$0	\$845,924	\$1,691,847
			Total	100%	\$0	\$21,148,094	\$42,296,187

Notes:

¹ Large commercial customers have a three-year average annual consumption greater than/or equal to 100,000 m³/yr. Small commercial customers have a three-year average annual consumption below 100,000 m³/yr.

² The Large Volume Direct Access Offering target is a total target for the 5-year term. This target will be adjusted proportional to the volumes of customers that remain in the offering subject to the opt-out framework.

4. End-of-Term Natural Gas Reduction Incentive

19. The DSM Framework states: “End-of-term incentives are important in motivating meaningful action towards the objective of DSM, which is that DSM programs should result in meaningful reductions in overall annual natural gas sales volumes.”¹² However, in practice, the EOTNGRI provides an incentive for an outcome that is largely driven by factors that cannot be influenced by Enbridge Gas’s DSM programs, as explained below.
20. An example of a factor that impacts the total volume of natural gas sold to customers that extends beyond the influence of Enbridge Gas’s DSM programs is a customer with a large coal-burning facility that plans to convert to natural gas in an effort to reduce its greenhouse gas (“GHG”) emissions. The end result of such a project would reduce Ontario’s GHG emissions but would increase Enbridge Gas’s total volume of natural gas sold to customers. Notwithstanding any EOTNGRI available to Enbridge Gas, the emissions reduction achieved through this project would be in the best interest of the province and the Company would uphold its legal obligations and commitments to serve.
21. Furthermore, the challenge with the appropriateness of the EOTNGRI as a measure of DSM performance can be observed in Enbridge Gas’s DSM program outcomes in 2023.
22. In 2023, Enbridge Gas’s DSM programs achieved approximately 88 million m³ of net annual natural gas savings.¹³ However, when assessing the progress towards the EOTNGRI, the year-over-year weather normalized¹⁴ total volume of natural gas consumed by Enbridge Gas customers increased by 2.27% (or 484 million m³) in

¹² EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.8.

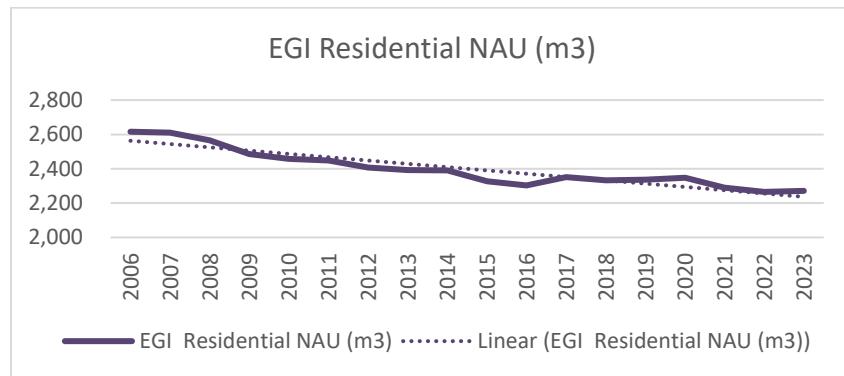
¹³ Draft 2023 Demand Side Management Annual Report, June 7, 2024, p.5. Does not reflect changes from the 2023 audit which is currently in progress.

¹⁴ Enbridge Gas applies weather normalization exclusively to volumes in general service rate classes while contract rate classes remain unaffected.

2023, relative to the prior year.¹⁵ This one-year natural gas consumption increase was greater than the EOTNGRI's 3-year reduction target of 1.5% and far greater than the impact of DSM programs in that year.

23. Further evidence of this challenge is noticeable in the Normalized Average Use ("NAU") for Enbridge Gas residential customers. As shown in Figure 2, the NAU has been declining steadily for many years indicating that, on average, customers are becoming more efficient. Notwithstanding this decline in NAU, the total sales volume for residential customers has been increasing as attachments for new customers more than offset the per customer average usage reductions.

Figure 2: Residential Normalized Average Use



24. The Ontario Government's More Homes Built Faster Act and other recent initiatives in support of the province's goal of building 1.5 million homes across the province in the next 10 years will likely influence total natural gas usage through new attachments in the coming years.

25. In addition to the above, Enbridge Gas believes the EOTNGRI could inappropriately reward the Company for achieving the target due to factors that are out of its control. For example, if a severe recession were to occur which resulted in businesses

¹⁵ Draft 2023 Demand Side Management Annual Report, June 7, 2024, p.59.

shutting down thereby reducing Enbridge Gas's total volume of natural gas sold, the Company could receive a significant shareholder incentive from the EOTNGRI due entirely to the economic downturn rather than the success of its DSM programs.

26. DSM programs, in Ontario and at this time, cannot reasonably be expected to reduce total natural gas sales volumes, for the reasons described above. As such, Enbridge Gas is not proposing an EOTNGRI as part of its 2026-2030 DSM Plan Application. As a result, Enbridge Gas is proposing modifications to the relevant sections of the DSM Framework. Enbridge Gas has proposed the modifications at Section 2.3 of Exhibit C, Tab 1, Schedule 1.
27. The EOTNGRI was discussed with the SAG. While the SAG indicated that this type of incentive was important, they also "agreed that DSM is not the only Enbridge Gas activity that affects the magnitude of gas sales."¹⁶

¹⁶ EB-2022-0295, SAG Report, November 11, 2024, p.22.

BENEFIT-COST ANALYSIS

1. Principles of cost effectiveness guided the development of the 2026-2030 DSM Plan and the Total Resource Cost Plus (“TRC-Plus”) test is the cost effectiveness test used to assess DSM programs, consistent with the DSM Framework. For the purposes of cost effectiveness screening, the TRC-Plus test should be performed at both the program and portfolio level.
2. The TRC-Plus test measures the benefits and costs of DSM programs for as long as those benefits and costs persist. The results of the TRC-Plus test can be expressed as a ratio of the present value (“PV”) of the benefits to the PV of the costs.
3. For a DSM program to be deemed cost-effective, the program must achieve a benefit/cost ratio (i.e., the PV of benefits over the PV of the costs) of 1.0 or greater. To recognize that DSM programs directed towards income qualified customers may result in important benefits not captured by the TRC-Plus test, the Income Qualified Program should continue to be screened using a lower threshold ratio of 0.7.
4. An alternative way to consider the cost-effectiveness of a DSM program is to determine whether the TRC-Plus net savings (or Net Benefits) are greater than zero. The Net Benefits are equal to the PV of benefits less the PV of costs.
5. Tables 1 to 5 provide the TRC-Plus test results (at the portfolio and program levels) for the 2026-2030 DSM Plan. For information purposes, the offering level values are also provided. In addition, the table also summarizes the Net Benefits forecasted for each level (i.e., portfolio, program, and offering levels).

Table 1
2026 TRC-Plus and Net Benefits

2026 TRC-Plus Forecast	TRC-Plus Benefits ¹	TRC Costs	Net Benefits ²	TRC-Plus Ratio
Residential Program	\$ 251,302,722	\$ 258,398,451	(\$ 7,095,729)	0.97
Whole Home	\$ 112,279,362	\$ 100,214,837	\$ 12,064,525	1.12
Single Measure	\$ 83,315,295	\$ 125,705,496	(\$ 42,390,202)	0.66
Smart Home	\$ 38,608,625	\$ 16,971,618	\$ 21,637,007	2.27
Moderate Income Direct Install	\$ 15,871,326	\$ 7,704,000	\$ 8,167,326	2.06
Energy Education & Outreach	\$ 1,228,115	\$ 4,459,500	(\$ 3,231,385)	0.28
Program Level Costs	-	\$ 3,343,000	(\$ 3,343,000)	-
Income Qualified Program	\$ 57,111,976	\$ 41,076,426	\$ 16,035,550	1.39
Home Winterproofing	\$ 38,248,583	\$ 30,038,477	\$ 8,210,107	1.27
Affordable Housing Multi-Residential	\$ 18,863,393	\$ 8,784,949	\$ 10,078,443	2.15
Program Level Costs	-	\$ 2,253,000	(\$ 2,253,000)	-
Commercial Program	\$ 180,815,723	\$ 69,620,148	\$ 111,195,575	2.60
Com Custom	\$ 91,716,171	\$ 28,796,684	\$ 62,919,487	3.18
Com/Ind Prescriptive Downstream	\$ 29,694,595	\$ 8,114,070	\$ 21,580,525	3.66
Com/Ind Prescriptive Direct Install	\$ 45,195,196	\$ 19,069,434	\$ 26,125,762	2.37
Com/Ind Prescriptive Upstream	\$ 13,407,715	\$ 6,442,753	\$ 6,964,962	2.08
Com Existing Building Commissioning	\$ 469,659	\$ 375,148	\$ 94,512	1.25
Com Microbusiness	\$ 332,388	\$ 590,059	(\$ 257,672)	0.56
Program Level Costs	-	\$ 6,232,000	(\$ 6,232,000)	-
Industrial Program	\$ 396,182,296	\$ 101,069,584	\$ 295,112,712	3.92
Industrial Custom	\$ 396,182,296	\$ 95,442,584	\$ 300,739,712	4.15
Program Level Costs	-	\$ 5,627,000	(\$ 5,627,000)	-
Large Volume Program	\$ 60,325,518	\$ 8,331,418	\$ 51,994,100	7.24
Large Volume Direct Access ³	\$ 60,325,518	\$ 8,078,418	\$ 52,247,100	7.47
Program Level Costs	-	\$ 253,000	(\$ 253,000)	-
Total	\$ 945,738,235	\$ 478,496,027	\$ 467,242,208	1.98

¹ Forecast TRC-Plus Benefits and TRC Costs are calculated using avoided costs in Exhibit D, Tab 9, Schedule 1, Attachment 3.

² Net Benefits are the difference between the TRC-Plus Benefits and the TRC Costs.

³ The Large Volume Direct Access Offering has a total target for the 5-year term in 2030. For illustrative purposes, forecast values shown are yearly estimates and assume all eligible customers remain in the offering.

Table 2
2027 TRC-Plus and Net Benefits

2027 TRC-Plus Forecast	TRC-Plus Benefits ¹	TRC Costs	Net Benefits ²	TRC-Plus Ratio
Residential Program	\$ 291,119,101	\$ 295,915,325	(\$ 4,796,224)	0.98
Whole Home	\$ 121,704,988	\$ 107,060,355	\$ 14,644,633	1.14
Single Measure	\$ 106,221,699	\$ 152,864,032	(\$ 46,642,334)	0.69
Smart Home	\$ 39,705,462	\$ 17,016,618	\$ 22,688,844	2.33
Moderate Income Direct Install	\$ 21,179,172	\$ 10,413,800	\$ 10,765,372	2.03
Energy Education & Outreach	\$ 2,307,781	\$ 5,150,520	(\$ 2,842,739)	0.45
Program Level Costs	-	\$ 3,410,000	(\$ 3,410,000)	-
Income Qualified Program	\$ 67,231,414	\$ 48,120,340	\$ 19,111,074	1.40
Home Winterproofing	\$ 44,133,294	\$ 35,737,570	\$ 8,395,724	1.23
Affordable Housing Multi-Residential	\$ 23,098,120	\$ 10,083,770	\$ 13,014,350	2.29
Program Level Costs	-	\$ 2,299,000	(\$ 2,299,000)	-
Commercial Program	\$ 214,922,785	\$ 85,718,321	\$ 129,204,464	2.51
Com Custom	\$ 106,743,307	\$ 34,583,864	\$ 72,159,443	3.09
Com/Ind Prescriptive Downstream	\$ 32,155,387	\$ 8,476,158	\$ 23,679,229	3.79
Com/Ind Prescriptive Direct Install	\$ 56,357,321	\$ 26,715,869	\$ 29,641,452	2.11
Com/Ind Prescriptive Upstream	\$ 18,412,011	\$ 8,348,341	\$ 10,063,670	2.21
Com Existing Building Commissioning	\$ 755,053	\$ 422,625	\$ 332,428	1.79
Com Microbusiness	\$ 499,705	\$ 815,464	(\$ 315,758)	0.61
Program Level Costs	-	\$ 6,356,000	(\$ 6,356,000)	-
Industrial Program	\$ 428,420,610	\$ 104,887,185	\$ 323,533,425	4.08
Industrial Custom	\$ 428,420,610	\$ 99,146,185	\$ 329,274,425	4.32
Program Level Costs	-	\$ 5,741,000	(\$ 5,741,000)	-
Large Volume Program	\$ 69,638,828	\$ 9,138,460	\$ 60,500,368	7.62
Large Volume Direct Access ³	\$ 69,638,828	\$ 8,881,460	\$ 60,757,368	7.84
Program Level Costs	-	\$ 257,000	(\$ 257,000)	-
Total	\$ 1,071,332,738	\$ 543,779,631	\$ 527,553,107	1.97

¹ Forecast TRC-Plus Benefits and TRC Costs are calculated using avoided costs in Exhibit D, Tab 9, Schedule 1, Attachment 3.

² Net Benefits are the difference between the TRC-Plus Benefits and the TRC Costs.

³ The Large Volume Direct Access Offering has a total target for the 5-year term in 2030. For illustrative purposes, forecast values shown are yearly estimates and assume all eligible customers remain in the offering.

Table 3
2028 TRC-Plus and Net Benefits

2028 TRC-Plus Forecast	TRC-Plus Benefits ¹	TRC Costs	Net Benefits ²	TRC-Plus Ratio
Residential Program	\$ 339,316,261	\$ 346,661,293	(\$ 7,345,032)	0.98
Whole Home	\$ 130,690,566	\$ 114,599,447	\$ 16,091,119	1.14
Single Measure	\$ 138,384,236	\$ 192,509,488	(\$ 54,125,252)	0.72
Smart Home	\$ 40,251,249	\$ 17,166,618	\$ 23,084,631	2.34
Moderate Income Direct Install	\$ 26,560,550	\$ 13,089,600	\$ 13,470,950	2.03
Energy Education & Outreach	\$ 3,429,660	\$ 5,817,140	(\$ 2,387,480)	0.59
Program Level Costs	-	\$ 3,479,000	(\$ 3,479,000)	-
Income Qualified Program	\$ 77,063,784	\$ 56,658,483	\$ 20,405,301	1.36
Home Winterproofing	\$ 50,282,397	\$ 43,076,079	\$ 7,206,318	1.17
Affordable Housing Multi-Residential	\$ 26,781,387	\$ 11,237,404	\$ 15,543,983	2.38
Program Level Costs	-	\$ 2,345,000	(\$ 2,345,000)	-
Commercial Program	\$ 242,448,286	\$ 95,766,367	\$ 146,681,920	2.53
Com Custom	\$ 120,731,033	\$ 38,257,469	\$ 82,473,564	3.16
Com/Ind Prescriptive Downstream	\$ 34,489,969	\$ 8,738,634	\$ 25,751,335	3.95
Com/Ind Prescriptive Direct Install	\$ 63,375,309	\$ 30,706,173	\$ 32,669,136	2.06
Com/Ind Prescriptive Upstream	\$ 21,995,511	\$ 9,637,779	\$ 12,357,731	2.28
Com Existing Building Commissioning	\$ 829,019	\$ 422,714	\$ 406,305	1.96
Com Microbusiness	\$ 1,027,446	\$ 1,521,598	(\$ 494,152)	0.68
Program Level Costs	-	\$ 6,482,000	(\$ 6,482,000)	-
Industrial Program	\$ 472,648,206	\$ 111,189,334	\$ 361,458,871	4.25
Industrial Custom	\$ 472,648,206	\$ 105,335,334	\$ 367,312,871	4.49
Program Level Costs	-	\$ 5,854,000	(\$ 5,854,000)	-
Large Volume Program	\$ 79,834,222	\$ 10,106,910	\$ 69,727,312	7.90
Large Volume Direct Access ³	\$ 79,834,222	\$ 9,844,910	\$ 69,989,312	8.11
Program Level Costs	-	\$ 262,000	(\$ 262,000)	-
Total	\$ 1,211,310,759	\$ 620,382,388	\$ 590,928,372	1.95

¹ Forecast TRC-Plus Benefits and TRC Costs are calculated using avoided costs in Exhibit D, Tab 9, Schedule 1, Attachment 3.

² Net Benefits are the difference between the TRC-Plus Benefits and the TRC Costs.

³ The Large Volume Direct Access Offering has a total target for the 5-year term in 2030. For illustrative purposes, forecast values shown are yearly estimates and assume all eligible customers remain in the offering.

Table 4
2029 TRC-Plus and Net Benefits

2029 TRC-Plus Forecast	TRC-Plus Benefits ¹	TRC Costs	Net Benefits ²	TRC-Plus Ratio
Residential Program	\$ 390,313,170	\$ 397,083,952	(\$ 6,770,781)	0.98
Whole Home	\$ 139,447,622	\$ 122,104,396	\$ 17,343,225	1.14
Single Measure	\$ 174,013,726	\$ 232,149,397	(\$ 58,135,671)	0.75
Smart Home	\$ 40,451,776	\$ 17,321,618	\$ 23,130,158	2.34
Moderate Income Direct Install	\$ 32,005,332	\$ 15,465,400	\$ 16,539,932	2.07
Energy Education & Outreach	\$ 4,394,715	\$ 6,494,140	(\$ 2,099,425)	0.68
Program Level Costs	-	\$ 3,549,000	(\$ 3,549,000)	-
Income Qualified Program	\$ 86,261,228	\$ 66,132,051	\$ 20,129,178	1.30
Home Winterproofing	\$ 56,458,346	\$ 51,564,322	\$ 4,894,024	1.09
Affordable Housing Multi-Residential	\$ 29,802,882	\$ 12,175,729	\$ 17,627,154	2.45
Program Level Costs	-	\$ 2,392,000	(\$ 2,392,000)	-
Commercial Program	\$ 267,493,572	\$ 105,558,694	\$ 161,934,878	2.53
Com Custom	\$ 132,959,649	\$ 41,595,242	\$ 91,364,406	3.20
Com/Ind Prescriptive Downstream	\$ 37,653,922	\$ 9,264,748	\$ 28,389,174	4.06
Com/Ind Prescriptive Direct Install	\$ 69,541,286	\$ 34,548,786	\$ 34,992,500	2.01
Com/Ind Prescriptive Upstream	\$ 24,559,248	\$ 10,540,757	\$ 14,018,490	2.33
Com Existing Building Commissioning	\$ 937,033	\$ 431,485	\$ 505,548	2.17
Com Microbusiness	\$ 1,842,434	\$ 2,565,675	(\$ 723,241)	0.72
Program Level Costs	-	\$ 6,612,000	(\$ 6,612,000)	-
Industrial Program	\$ 504,442,232	\$ 116,359,437	\$ 388,082,794	4.34
Industrial Custom	\$ 504,442,232	\$ 110,387,437	\$ 394,054,794	4.57
Program Level Costs	-	\$ 5,972,000	(\$ 5,972,000)	-
Large Volume Program	\$ 82,353,138	\$ 10,114,910	\$ 72,238,227	8.14
Large Volume Direct Access ³	\$ 82,353,138	\$ 9,846,910	\$ 72,506,227	8.36
Program Level Costs	-	\$ 268,000	(\$ 268,000)	-
Total	\$ 1,330,863,341	\$ 695,249,044	\$ 635,614,296	1.91

¹ Forecast TRC-Plus Benefits and TRC Costs are calculated using avoided costs in Exhibit D, Tab 9, Schedule 1, Attachment 3.

² Net Benefits are the difference between the TRC-Plus Benefits and the TRC Costs.

³ The Large Volume Direct Access Offering has a total target for the 5-year term in 2030. For illustrative purposes, forecast values shown are yearly estimates and assume all eligible customers remain in the offering.

Table 5
2030 TRC-Plus and Net Benefits

2030 TRC-Plus Forecast	TRC-Plus Benefits ¹	TRC Costs	Net Benefits ²	TRC-Plus Ratio
Residential Program	\$ 449,323,543	\$ 460,491,980	(\$ 11,168,438)	0.98
Whole Home	\$ 148,162,861	\$ 129,670,014	\$ 18,492,847	1.14
Single Measure	\$ 217,767,785	\$ 284,688,148	(\$ 66,920,364)	0.76
Smart Home	\$ 40,696,861	\$ 17,481,618	\$ 23,215,243	2.33
Moderate Income Direct Install	\$ 37,568,242	\$ 17,845,200	\$ 19,723,042	2.11
Energy Education & Outreach	\$ 5,127,794	\$ 7,187,000	(\$ 2,059,206)	0.71
Program Level Costs	-	\$ 3,620,000	(\$ 3,620,000)	-
Income Qualified Program	\$ 94,959,751	\$ 75,725,229	\$ 19,234,522	1.25
Home Winterproofing	\$ 62,777,727	\$ 60,366,706	\$ 2,411,021	1.04
Affordable Housing Multi-Residential	\$ 32,182,025	\$ 12,918,523	\$ 19,263,502	2.49
Program Level Costs	-	\$ 2,440,000	(\$ 2,440,000)	-
Commercial Program	\$ 290,644,416	\$ 115,682,557	\$ 174,961,859	2.51
Com Custom	\$ 142,240,552	\$ 44,392,129	\$ 97,848,423	3.20
Com/Ind Prescriptive Downstream	\$ 40,591,612	\$ 9,769,533	\$ 30,822,079	4.15
Com/Ind Prescriptive Direct Install	\$ 76,709,522	\$ 39,178,020	\$ 37,531,502	1.96
Com/Ind Prescriptive Upstream	\$ 27,385,611	\$ 11,539,633	\$ 15,845,978	2.37
Com Existing Building Commissioning	\$ 1,044,119	\$ 451,434	\$ 592,685	2.31
Com Microbusiness	\$ 2,673,001	\$ 3,607,809	(\$ 934,808)	0.74
Program Level Costs	-	\$ 6,744,000	(\$ 6,744,000)	-
Industrial Program	\$ 525,346,882	\$ 117,993,389	\$ 407,353,493	4.45
Industrial Custom	\$ 525,346,882	\$ 111,902,389	\$ 413,444,493	4.69
Program Level Costs	-	\$ 6,091,000	(\$ 6,091,000)	-
Large Volume Program	\$ 84,886,613	\$ 10,120,910	\$ 74,765,702	8.39
Large Volume Direct Access ³	\$ 84,886,613	\$ 9,847,910	\$ 75,038,702	8.62
Program Level Costs	-	\$ 273,000	(\$ 273,000)	-
Total	\$ 1,445,161,205	\$ 780,014,066	\$ 665,147,139	1.85

¹ Forecast TRC-Plus Benefits and TRC Costs are calculated using avoided costs in Exhibit D, Tab 9, Schedule 1, Attachment 3.

² Net Benefits are the difference between the TRC-Plus Benefits and the TRC Costs.

³ The Large Volume Direct Access Offering has a total target for the 5-year term in 2030. For illustrative purposes, forecast values shown are yearly estimates and assume all eligible customers remain in the offering.

6. Enbridge Gas acknowledges that the proposed Residential Program's forecasted TRC-Plus ratio is marginally lower than the DSM Framework's cost-effectiveness screening threshold of 1.0. This is primarily driven by the TRC-Plus cost-effectiveness of electric heat pumps within the Single Measure Offering.
7. Regarding DSM programs with TRC-Plus ratios below 1.0, the DSM Framework provides the following flexibility:

Some programs, although beneficial when reviewed from a broader perspective, may not pass a cost-effectiveness screening threshold of 1.0. The Board will consider these programs on a case-by-case basis. To recognize that all programs may not pass the TRC-Plus test, the utility should ensure its overall DSM portfolio has a TRC-Plus ratio of 1.0 or greater.¹

8. Regarding the benefits of electric heat pumps to customers, the OEB stated the following within its Decision and Order for Enbridge Gas's 2022-2027 DSM Plan Application (EB-2021-0002) ("Decision"):

The OEB is also of the view that the inclusion of incentives for electric heat pumps and water heaters is a major benefit for customers. This will enable them to assess the best option for their household in order to maximize efficiency improvements, reduce their natural gas bill and help avoid incremental GHG emissions.²

9. In addition to the flexibility provided by the DSM Framework noted above and the OEB's view that electric heat pumps provide significant benefits for customers, Enbridge Gas believes the proposed Residential Program should be approved as electric heat pumps are important to achieve aggressive natural gas savings results. Additionally, their inclusion within the Residential Program enables collaboration opportunities with electricity CDM programs.

¹ EB-2021-0002, Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.31.

² EB-2021-0002, Decision and Order, November 15, 2022, p. 28.

10. It is important to note that Enbridge Gas now includes electricity peak capacity (kW) costs within its electricity avoided costs for the TRC-Plus calculation (as described in Exhibit D, Tab 9, Schedule 1). This effort was driven in part by the OEB's encouragement within its Decision regarding electricity avoided costs:

the OEB is mindful that in the near-term, it is likely that greater emphasis will be placed on fuel switching and electrification. Therefore, it is important to continually ensure that customers have choice on various energy options. In order to allow for as accurate a comparison as possible, it is important that the most relevant avoided costs are being used in the calculation of cost-effectiveness, particularly between electricity and natural gas options. Therefore, the OEB encourages the SAG to consider reviewing key avoided costs, namely electricity avoided costs, and coordinate with the IESO as necessary.³

11. As a result of ongoing dialogue between Enbridge Gas and the IESO, the Company recently made an update to the electricity peak capacity costs assumptions. The update occurred after Enbridge Gas's program review discussions with the Stakeholder Advisory Group ("SAG") and after the stakeholder meetings described in Exhibit C, Tab 1, Schedule 5.

12. The inclusion of electricity winter peak capacity costs (including the recent update) within the TRC-Plus calculation significantly impacts the TRC-Plus results for the Single Measure Offering. To illustrate the impact that electricity winter peak capacity costs have on TRC-Plus results, Table 6 displays the 2026 TRC-Plus and Net Benefits results with and without consideration of electricity winter peak capacity costs. As can be seen in Table 6, the TRC-Plus ratio of the proposed Residential Program is greater than 1.0 without consideration of winter peak capacity costs. Please note that Table 6 is only intended to provide context regarding the magnitude of this factor; Enbridge Gas is not proposing that electricity winter peak capacity

³ EB-2021-0002, Decision and Order, November 15, 2022, p. 84.

costs should be disregarded when assessing the cost-effectiveness of DSM programs.

13. Importantly, Enbridge Gas will continue to consult with the IESO regarding the Company's DSM electricity avoided costs to ensure they reflect accurate information for fuel switching comparisons, as encouraged by the OEB in its Decision.

Table 6
2026 TRC-Plus and Net Benefits – Comparison With and Without Consideration of Electricity Winter Peak Capacity (kW) Impacts

2026 TRC-Plus Forecast kW Approach Comparison	Consideration of Winter and Summer Peak kW Impacts		Consideration of Summer Peak kW Impacts Only	
	Net Benefits ²	TRC-Plus Ratio	Net Benefits ²	TRC-Plus Ratio
Residential Program	(\$7,095,729)	0.97	\$48,461,215	1.24
Whole Home	\$12,064,525	1.12	\$12,103,509	1.12
Single Measure	(\$42,390,202)	0.66	\$12,964,149	1.18
Smart Home	\$21,637,007	2.27	\$21,784,218	2.28
Moderate Income Direct Install	\$8,167,326	2.06	\$8,183,724	2.06
Energy Education & Outreach	(\$3,231,385)	0.28	(\$3,231,385)	0.28
Program Level Costs	(\$3,343,000)	-	(\$3,343,000)	-
Income Qualified Program	\$16,035,550	1.39	\$18,401,249	1.48
Home Winterproofing	\$8,210,107	1.27	\$10,478,684	1.38
Affordable Housing Multi-Residential	\$10,078,443	2.15	\$10,175,565	2.17
Program Level Costs	(\$2,253,000)	-	(\$2,253,000)	-
Commercial Program	\$111,195,575	2.60	\$114,534,093	2.73
Com Custom	\$62,919,487	3.18	\$62,947,418	3.19
Com/Ind Prescriptive Downstream	\$21,580,525	3.66	\$21,603,523	3.66
Com/Ind Prescriptive Direct Install	\$26,125,762	2.37	\$29,229,800	2.83
Com/Ind Prescriptive Upstream	\$6,964,962	2.08	\$6,980,634	2.08
Com Existing Building Commissioning	\$94,512	1.25	\$94,512	1.25
Com Microbusiness	(\$257,672)	0.56	(\$89,793)	0.79
Program Level Costs	(\$6,232,000)	-	(\$6,232,000)	-
Industrial Program	\$295,112,712	3.92	\$295,114,746	3.92
Industrial Custom	\$300,739,712	4.15	\$300,741,746	4.15
Program Level Costs	(\$5,627,000)	-	(\$5,627,000)	-
Large Volume Program	\$51,994,100	7.24	\$52,000,467	7.24
Large Volume Direct Access ³	\$52,247,100	7.47	\$52,253,467	7.47
Program Level Costs	(\$253,000)	-	(\$253,000)	-
Total	\$467,242,208	1.98	\$528,511,769	2.27

¹ Forecast TRC-Plus Benefits and TRC Costs are calculated using avoided costs in Exhibit D, Tab 9, Schedule 1, Attachment 3.

² Net Benefits are the difference between the TRC-Plus Benefits and the TRC Costs.

³ The Large Volume Direct Access offering has a total target for the 5-year term in 2030. For illustrative purposes, forecast values shown are yearly estimates and assume all eligible customers remain in the offering.

14. Enbridge Gas also notes that two other offerings (in addition to the Single Measure Offering) have a TRC-Plus ratio below 1.0: the Energy Education and Outreach Offering and the Commercial Microbusiness Offering. As discussed above, the DSM Framework requires a TRC-Plus ratio above 1.0 at the portfolio level (not the offering level). Enbridge Gas has proposed these offerings as they address important objectives of DSM, discussed further below.
15. The Energy Education and Outreach Offering is designed to drive savings by helping customers understand their energy use and by providing energy savings tips. In addition, this offering will help to build awareness of Enbridge Gas's other offerings and has a very broad reach, ensuring significant participation across Enbridge Gas's residential customers. Further details regarding the offering can be found in Exhibit E, Tab 2, Schedule 6.
16. The Commercial Microbusiness Offering is designed to reach a specific set of small business customers that have been historically underserved. In its Decision, the OEB found that Enbridge Gas's DSM programs should consider additional opportunities for small business customers and directed Enbridge Gas to discuss this topic with the SAG.⁴ The SAG indicated that the Commercial Microbusiness Offering was a good addition.⁵ Further details regarding the offering can be found in Exhibit E, Tab 4, Schedule 7.
17. Another consideration regarding the costs and benefits of DSM programs and offerings is the level of spend compared to the savings results. This provides insight into which DSM programs and offerings generate the greatest natural gas savings for the least amount of spend. Tables 7 to 11 provide the proposed budgets,

⁴ EB-2021-0002, OEB Decision, November 15, 2022, p.37.

⁵ EB-2022-0295, SAG Report, November 11, 2024, p.57.

proposed natural gas savings in net annual cubic metres (m^3), and the calculated values of $$/m^3$ at both the program and offering level for 2026 to 2030.

Table 7
2026 Spend Ratio (\$/m³)

2026 Spend Ratio (\$/Savings)	Budget (\$)	Net Annual Gas Savings (m ³)	\$/m ³
Residential Program	\$ 101,915,100	28,512,780	\$ 3.57
Whole Home	\$ 49,640,000	9,107,326	\$ 5.45
Single Measure	\$ 26,327,600	9,327,496	\$ 2.82
Smart Home	\$ 7,209,000	5,966,957	\$ 1.21
Moderate Income Direct Install	\$ 9,400,000	1,583,500	\$ 5.94
Energy Education & Outreach	\$ 2,460,000	2,527,500	\$ 0.97
Residential Building Beyond Code	\$ 3,535,500	-	-
Program Level Costs	\$ 3,343,000	-	-
Income Qualified Program	\$ 38,672,102	6,357,507	\$ 6.08
Home Winterproofing	\$ 27,607,000	3,821,180	\$ 7.22
Affordable Housing Multi-Residential	\$ 8,812,102	2,536,327	\$ 3.47
Program Level Costs	\$ 2,253,000	-	-
Commercial Program	\$ 54,809,939	27,361,069	\$ 2.00
Com Custom	\$ 18,183,716	13,767,911	\$ 1.32
Com/Ind Prescriptive Downstream	\$ 7,634,467	4,489,230	\$ 1.70
Com/Ind Prescriptive Direct Install	\$ 15,403,954	6,903,998	\$ 2.23
Com/Ind Prescriptive Upstream	\$ 4,221,362	1,963,582	\$ 2.15
Com Existing Building Commissioning	\$ 572,530	196,590	\$ 2.91
Com Microbusiness	\$ 261,910	39,757	\$ 6.59
Com SEM	\$ 780,000	-	-
Com Energy Innovation	\$ 2,000,000	-	-
Program Level Costs	\$ 5,752,000	-	-
Industrial Program	\$ 37,307,497	60,168,724	\$ 0.62
Industrial Custom	\$ 29,380,497	60,168,724	\$ 0.49
Industrial SEM	\$ 780,000	-	-
Industrial Energy Innovation	\$ 2,000,000	-	-
Program Level Costs	\$ 5,147,000	-	-
Large Volume Program	\$ 3,451,622	22,499,137	\$ 0.15
Large Volume Direct Access ¹	\$ 3,198,622	22,499,137	\$ 0.14
Program Level Costs	\$ 253,000	-	-
Portfolio Costs	\$ 15,778,000	-	-
Total	\$ 251,934,261	144,899,216	\$ 1.74

¹ The Large Volume Direct Access Offering has a total target for the 5-year term in 2030. For illustrative purposes, forecast values shown are yearly estimates and assume all eligible customers remain in the offering.

Table 8
2027 Spend Ratio (\$/m³)

2027 Spend Ratio (\$/Savings)	Budget (\$)	Net Annual Gas Savings (m ³)	\$/m ³
Residential Program	\$ 118,764,628	32,821,613	\$ 3.62
Whole Home	\$ 55,218,228	9,351,737	\$ 5.90
Single Measure	\$ 33,068,720	11,361,279	\$ 2.91
Smart Home	\$ 7,493,570	5,966,957	\$ 1.26
Moderate Income Direct Install	\$ 12,882,600	2,028,200	\$ 6.35
Energy Education & Outreach	\$ 2,652,000	4,113,440	\$ 0.64
Residential Building Beyond Code	\$ 4,039,510	-	-
Program Level Costs	\$ 3,410,000	-	-
Income Qualified Program	\$ 44,580,564	7,241,521	\$ 6.16
Home Winterproofing	\$ 31,865,980	4,289,430	\$ 7.43
Affordable Housing Multi-Residential	\$ 10,415,584	2,952,091	\$ 3.53
Program Level Costs	\$ 2,299,000	-	-
Commercial Program	\$ 64,287,563	31,075,653	\$ 2.07
Com Custom	\$ 22,090,952	15,422,005	\$ 1.43
Com/Ind Prescriptive Downstream	\$ 8,080,115	4,691,523	\$ 1.72
Com/Ind Prescriptive Direct Install	\$ 18,882,979	7,998,342	\$ 2.36
Com/Ind Prescriptive Upstream	\$ 5,473,090	2,611,565	\$ 2.10
Com Existing Building Commissioning	\$ 723,130	294,499	\$ 2.46
Com Microbusiness	\$ 335,297	57,720	\$ 5.81
Com SEM	\$ 796,000	-	-
Com Energy Innovation	\$ 2,040,000	-	-
Program Level Costs	\$ 5,866,000	-	-
Industrial Program	\$ 39,215,169	62,661,376	\$ 0.63
Industrial Custom	\$ 31,128,169	62,661,376	\$ 0.50
Industrial SEM	\$ 796,000	-	-
Industrial Energy Innovation	\$ 2,040,000	-	-
Program Level Costs	\$ 5,251,000	-	-
Large Volume Program	\$ 3,487,401	24,749,050	\$ 0.14
Large Volume Direct Access ¹	\$ 3,230,401	24,749,050	\$ 0.13
Program Level Costs	\$ 257,000	-	-
Portfolio Costs	\$ 15,941,000	-	-
Total	\$ 286,276,324	158,549,214	\$ 1.81

¹ The Large Volume Direct Access Offering has a total target for the 5-year term in 2030. For illustrative purposes, forecast values shown are yearly estimates and assume all eligible customers remain in the offering.

Table 9
2028 Spend Ratio (\$/m³)

2028 Spend Ratio (\$/Savings)	Budget (\$)	Net Annual Gas Savings (m ³)	\$/m ³
Residential Program	\$ 151,256,605	37,996,234	\$ 3.98
Whole Home	\$ 61,873,995	9,583,085	\$ 6.46
Single Measure	\$ 53,428,505	14,359,452	\$ 3.72
Smart Home	\$ 7,890,736	5,966,957	\$ 1.32
Moderate Income Direct Install	\$ 16,448,184	2,472,900	\$ 6.65
Energy Education & Outreach	\$ 3,017,000	5,613,840	\$ 0.54
Residential Building Beyond Code	\$ 5,119,184	-	-
Program Level Costs	\$ 3,479,000	-	-
Income Qualified Program	\$ 51,962,185	8,082,025	\$ 6.43
Home Winterproofing	\$ 37,198,048	4,786,430	\$ 7.77
Affordable Housing Multi-Residential	\$ 12,419,137	3,295,595	\$ 3.77
Program Level Costs	\$ 2,345,000	-	-
Commercial Program	\$ 70,716,658	33,994,257	\$ 2.08
Com Custom	\$ 24,794,934	16,961,672	\$ 1.46
Com/Ind Prescriptive Downstream	\$ 8,453,909	4,909,288	\$ 1.72
Com/Ind Prescriptive Direct Install	\$ 20,927,515	8,641,472	\$ 2.42
Com/Ind Prescriptive Upstream	\$ 6,368,250	3,055,531	\$ 2.08
Com Existing Building Commissioning	\$ 747,804	310,854	\$ 2.41
Com Microbusiness	\$ 549,246	115,439	\$ 4.76
Com SEM	\$ 811,000	-	-
Com Energy Innovation	\$ 2,081,000	-	-
Program Level Costs	\$ 5,983,000	-	-
Industrial Program	\$ 42,028,719	67,058,985	\$ 0.63
Industrial Custom	\$ 33,781,719	67,058,985	\$ 0.50
Industrial SEM	\$ 811,000	-	-
Industrial Energy Innovation	\$ 2,081,000	-	-
Program Level Costs	\$ 5,355,000	-	-
Large Volume Program	\$ 3,550,947	27,448,947	\$ 0.13
Large Volume Direct Access ¹	\$ 3,288,947	27,448,947	\$ 0.12
Program Level Costs	\$ 262,000	-	-
Portfolio Costs	\$ 16,258,000	-	-
Total	\$ 335,773,114	174,580,448	\$ 1.92

¹ The Large Volume Direct Access Offering has a total target for the 5-year term in 2030. For illustrative purposes, forecast values shown are yearly estimates and assume all eligible customers remain in the offering.

Table 10
2029 Spend Ratio (\$/m³)

2029 Spend Ratio (\$/Savings)	Budget (\$)	Net Annual Gas Savings (m ³)	\$/m ³
Residential Program	\$ 176,031,339	43,168,412	\$ 4.08
Whole Home	\$ 68,900,671	9,799,961	\$ 7.03
Single Measure	\$ 66,064,718	17,743,203	\$ 3.72
Smart Home	\$ 8,300,707	5,966,957	\$ 1.39
Moderate Income Direct Install	\$ 19,834,226	2,917,600	\$ 6.80
Energy Education & Outreach	\$ 3,396,000	6,740,690	\$ 0.50
Residential Building Beyond Code	\$ 5,986,018	-	-
Program Level Costs	\$ 3,549,000	-	-
Income Qualified Program	\$ 59,561,822	8,882,167	\$ 6.71
Home Winterproofing	\$ 42,774,565	5,306,930	\$ 8.06
Affordable Housing Multi-Residential	\$ 14,395,257	3,575,237	\$ 4.03
Program Level Costs	\$ 2,392,000	-	-
Commercial Program	\$ 77,396,496	36,617,220	\$ 2.11
Com Custom	\$ 27,556,996	18,269,999	\$ 1.51
Com/Ind Prescriptive Downstream	\$ 9,106,351	5,261,534	\$ 1.73
Com/Ind Prescriptive Direct Install	\$ 22,949,861	9,179,997	\$ 2.50
Com/Ind Prescriptive Upstream	\$ 7,050,320	3,361,084	\$ 2.10
Com Existing Building Commissioning	\$ 798,956	341,940	\$ 2.34
Com Microbusiness	\$ 881,011	202,666	\$ 4.35
Com SEM	\$ 828,000	-	-
Com Energy Innovation	\$ 2,122,000	-	-
Program Level Costs	\$ 6,103,000	-	-
Industrial Program	\$ 44,207,547	69,896,150	\$ 0.63
Industrial Custom	\$ 35,794,547	69,896,150	\$ 0.51
Industrial SEM	\$ 828,000	-	-
Industrial Energy Innovation	\$ 2,122,000	-	-
Program Level Costs	\$ 5,463,000	-	-
Large Volume Program	\$ 3,623,526	27,448,947	\$ 0.13
Large Volume Direct Access ¹	\$ 3,355,526	27,448,947	\$ 0.12
Program Level Costs	\$ 268,000	-	-
Portfolio Costs	\$ 16,583,000	-	-
Total	\$ 377,403,729	186,012,896	\$ 2.03

¹ The Large Volume Direct Access Offering has a total target for the 5-year term in 2030. For illustrative purposes, forecast values shown are yearly estimates and assume all eligible customers remain in the offering.

Table 11
2030 Spend Ratio (\$/m³)

2030 Spend Ratio (\$/Savings)	Budget (\$)	Net Annual Gas Savings (m³)	\$/m³
Residential Program	\$ 204,554,239	48,727,228	\$ 4.20
Whole Home	\$ 76,498,849	10,007,929	\$ 7.64
Single Measure	\$ 81,691,673	22,025,042	\$ 3.71
Smart Home	\$ 8,723,696	5,966,957	\$ 1.46
Moderate Income Direct Install	\$ 23,348,292	3,362,300	\$ 6.94
Energy Education & Outreach	\$ 3,788,000	7,365,000	\$ 0.51
Residential Building Beyond Code	\$ 6,883,729	-	-
Program Level Costs	\$ 3,620,000	-	-
Income Qualified Program	\$ 67,472,206	9,636,165	\$ 7.00
Home Winterproofing	\$ 48,782,409	5,859,075	\$ 8.33
Affordable Housing Multi-Residential	\$ 16,249,797	3,777,090	\$ 4.30
Program Level Costs	\$ 2,440,000	-	-
Commercial Program	\$ 84,545,543	38,939,512	\$ 2.17
Com Custom	\$ 30,310,068	19,174,512	\$ 1.58
Com/Ind Prescriptive Downstream	\$ 9,765,490	5,582,299	\$ 1.75
Com/Ind Prescriptive Direct Install	\$ 25,335,973	9,823,175	\$ 2.58
Com/Ind Prescriptive Upstream	\$ 7,819,135	3,697,192	\$ 2.11
Com Existing Building Commissioning	\$ 862,848	373,735	\$ 2.31
Com Microbusiness	\$ 1,219,029	288,598	\$ 4.22
Com SEM	\$ 844,000	-	-
Com Energy Innovation	\$ 2,164,000	-	-
Program Level Costs	\$ 6,225,000	-	-
Industrial Program	\$ 45,779,489	71,314,465	\$ 0.64
Industrial Custom	\$ 37,199,489	71,314,465	\$ 0.52
Industrial SEM	\$ 844,000	-	-
Industrial Energy Innovation	\$ 2,164,000	-	-
Program Level Costs	\$ 5,572,000	-	-
Large Volume Program	\$ 3,695,397	27,448,947	\$ 0.13
Large Volume Direct Access ¹	\$ 3,422,397	27,448,947	\$ 0.12
Program Level Costs	\$ 273,000	-	-
Portfolio Costs	\$ 16,915,000	-	-
Total	\$ 422,961,873	196,066,316	\$ 2.16

¹ The Large Volume Direct Access Offering has a total target for the 5-year term in 2030. For illustrative purposes, forecast values shown are yearly estimates and assume all eligible customers remain in the offering.

DSM STAFF BUDGETS

1. This evidence is organized as follows:

1. DSM Staff Budgets
 - 1.1 Commercial and Industrial
 - 1.2 Residential and Income Qualified
2. Business Unit Benefits

1. DSM Staff Budgets

1. Enbridge Gas has allocated DSM staff budgets directly to programs wherever the budgets can be directly tied to a program. Where DSM staff budgets cannot be directly tied to a DSM program, they have been allocated to the portfolio level.
2. Enbridge Gas is proposing to increase DSM staff levels from the 169 full-time equivalents (“FTE”) approved for 2023 in the Company’s 2023-2025 DSM Plan, to 186 FTEs for 2026. The 2026 proposed FTE level of 186 FTEs is expected to remain consistent throughout the 2026-2030 DSM Plan term.
3. Table 1 displays the allocation of DSM staff FTEs at the program and portfolio levels approved for 2023 and proposed for 2026. In addition, Table 1 displays the net difference of incremental FTEs by program and for the portfolio level, inclusive of reallocations and additions.
4. It should be noted that Enbridge Gas has allocated FTEs to the program level and not to any individual offering level, as most DSM staff support entire sectors or program types. Therefore, any attempts to budget and allocate staffing resources to a particular offering would not be practical nor accurate.

5. Enbridge Gas may redirect DSM staff resources between programs and/or the portfolio level as permitted by the DSM Framework to optimize DSM activities. Additionally, Enbridge Gas will be required to manage DSM staff resources within the budgets that are ultimately approved by the OEB, if they are adjusted from the proposed levels. As a result, the actual allocation of FTEs to the various DSM programs may change.

Table 1
Approved 2023 DSM FTEs Compared to Proposed 2026 DSM FTEs

DSM Program/Portfolio	2023 FTE	Allocation	Incremental	2026 FTE
Residential Program	17.0	+5	+5	27.0
Low Income Program	15.0	0	+3	18.0
Commercial Program	33.5	+4.5	+6	44
Industrial Program	35.0	+2	+3	40
Large Volume Program	2.0	0	0	2.0
Energy Performance Program	0.5	(0.5)	0	0
Building Beyond Code Program	5.0	(5)	0	0
Program Subtotal	108.0	+6	+17	131.0
Portfolio Subtotal	61.0	(6)		55.0
Total	169.0		+17	186.0

*Numbers above reflect net changes only

6. As can be seen from Table 1, through the development of the 2026-2030 DSM Plan Enbridge Gas has reallocated resources between different programs and the portfolio level in order to better align the resources with where the primary work will be completed. The following details are provided regarding the reallocations of resources from portfolio level to programs:

- a) Three resources reallocated to the Residential Program
- b) Two resources reallocated to the Commercial Program
- c) One resource reallocated to the Industrial Program

7. Due to discontinuation or combining of scorecards from the previous DSM plan, resources have been reallocated between programs as follows:
 - a) Building Beyond Code Program – Only one relevant offering is proposed in the 2026-2030 DSM Plan, compared to five in the 2023-2025 DSM Plan. As a result:
 - i. Two resources were reallocated to the Residential Program, since the scorecard was combined.
 - ii. Two resources were reallocated to the Commercial Program.
 - iii. One resource was reallocated to the Industrial Program.
 - b) Energy Performance Program – This scorecard was eliminated. As a result:
 - i. Half a resource was reallocated to the Commercial Program.
8. Table 2 displays the approved 2023 DSM FTEs and staff budgets¹ along with the proposed 2026 amounts. This shows a proposed increase of 17 FTEs and \$4,415,071 in DSM staff costs for 2026, relative to the 2023 approved budget. The proposed DSM staff costs for 2026 includes the business unit benefits for the 17 additional FTEs (see Section 2 below).

¹ EB-2021-0002, Exhibit D, Tab 1, Schedule 1, Table 12, p. 21.

Table 2
DSM FTE and Staff Budget (2023 Approved and 2026 Proposed)

Line No.	Particulars	Approved 2023	Proposed 2026	Change
1	FTE	169	186	17
2	DSM Staff Budget	\$ 17,384,929	\$ 21,800,000*	\$ 4,415,071
3	Average Staff Budget/FTE	\$ 102,869	\$ 117,204*	\$ 14,335

* Includes business unit benefits for the 17 additional FTEs (see Section 2).

9. Table 3 illustrates how the proposed DSM FTE increases are allocated within the program and portfolio level budgets.

Table 3
DSM FTEs for Programs and Portfolio Levels (2026 Proposed)

Line No.	Category	Total 2026 FTE	Incremental FTE vs. 2023	Total 2026 DSM Budget
1	Programs	131	17	\$ 15,721,000
2	Portfolio	55	0	\$ 6,079,000
3	Total	186	17	\$ 21,800,000

10. Moving forward in 2026 and beyond, Enbridge Gas continues to anticipate an evolution in the types of DSM programs, offerings, activities, and support that will be required to meet the primary and secondary objectives outlined by the OEB for DSM programming. Resources will continue to be trained and reallocated, as appropriate, to those activities that are adding the most value to customers.

11. In developing the 2026-2030 DSM Plan and in an effort to achieve aggressive natural gas savings results, it became evident to Enbridge Gas that increases would be required not only to incentive, promotion and delivery budgets, but also for utility DSM staff, to deliver the expanded DSM portfolio. Enbridge Gas firmly believes that the 17 additional DSM FTEs are necessary to address the proposed increase in DSM programming and are required to support and successfully deliver the 2026-2030 DSM Plan. Further detail is provided in the sections below.

1.1 Commercial and Industrial

12. The commercial and industrial sectors are navigating significant challenges that demand increased expertise and resources within Enbridge Gas to support effective solutions. While many impacts from the COVID-19 pandemic are no longer acute, long-term labour churn has affected both Enbridge Gas and the broader market, creating a knowledge gap that needs to be bridged. This intensifies the need for specialized skills, proactive partner engagement, and a focused expansion of Enbridge Gas's project portfolio to meet aggressive energy savings goals. Specific challenges driving the need for additional staffing include:
- a) Evolving codes and standards: Baseline changes in codes and standards have led to a significant shift in project viability. Previously cost-effective projects are no longer cost-effective, such as boiler upgrades, and are no longer eligible, necessitating a shift to smaller, more complex projects (e.g., controls, ventilation) that require targeted expertise and strategic engagement.
 - b) Increased project volume: With a higher volume of smaller projects, including projects from new offerings (such as the Commercial Existing Building Commissioning (“EBCx”) and Commercial Microbusiness Offerings), Enbridge Gas anticipates that the cumulative effect of more small projects, rather than fewer large projects, will be additional requirements for project management, review, and support.
 - c) Uncertainty around climate goals: While all levels of government are setting aggressive climate goals, there is a lack of clarity around the resources, technologies, and support mechanisms needed to achieve these goals. Enbridge Gas needs to engage proactively with market actors to explore and implement solutions that align with DSM objectives.

13. Given these challenges, Enbridge Gas requires increased DSM staffing across multiple DSM functions to provide the technical support, partner engagement, and program design support needed to drive results in this evolving market, as described further below.

- a) Technical Support: Sales and technical services staff for diverse projects.
 - i. Rationale: With the baseline changes resulting from Amendment 15 requiring a shift from boiler upgrades to diverse energy efficiency projects, Enbridge Gas must adapt by supporting a range of smaller, more specialized projects such as controls and ventilation. These projects typically result in smaller individual savings but require skilled technical resources for customer engagement, project design, and technical support.
 - ii. Roles and Details: Enbridge Gas proposes to add 4 additional sales FTEs (2 in commercial, 2 in industrial) and 3 technical service FTEs (2 in commercial, 1 in industrial). These roles are essential for:
 - Engaging customers and trade allies at critical decision points to provide the technical and financial support needed;
 - Managing increased project volume, with particular attention to integrating complex solutions such as electric heat pumps into existing programming; and,
 - Ensuring each project meets DSM standards for energy savings.
- b) Partner Engagement: Expanded engagement with market actors, including trade allies and service providers.
 - i. Rationale: Dedicated support is required to effectively engage market actors in promoting and delivering Enbridge Gas's DSM programs, increasing market reach and program visibility.

- ii. Roles and Details: Enbridge Gas proposes to add 1 marketing FTE to support communication and engagement with trade allies. This role will focus on:
- Designing and executing outreach campaigns to increase program awareness and trade ally participation; and,
 - Working with industry partners to continuously improve the number of engaged trade allies and service providers and extend Enbridge Gas's DSM impact across sectors.
- c) Program Design Support: For the Energy Innovation Fund and new program offerings.
- i. Rationale: The Energy Innovation Fund is essential to foster collaboration with market actors and develop solutions aligned with DSM and climate goals. Managing this initiative, alongside new program offers such as the Commercial EBCx and Commercial Microbusiness Offerings, requires dedicated program design expertise.
 - ii. Roles and Details: Enbridge Gas proposes to add 1 program design FTE to oversee the Energy Innovation Fund, ensuring efficient deployment and stakeholder coordination. This role will also support:
 - The development and implementation of new programs, such as the Commercial EBCx and Commercial Microbusiness Offerings, which will require specialized design and resource allocation; and,
 - Establishing guidelines for outreach, proposal evaluation, project milestone tracking, and fund administration to maximize the Energy Innovation Fund's impact.

1.2 Residential and Income Qualified

14. The residential and income qualified sectors are proposing significant new offerings that require additional resources to support their design and implementation. Specific challenges driving the need for additional staffing include:

- a) Increased programing: The introduction of single measure electric heat pumps for both the Residential and Income Qualified Program, and the new Moderate Income Direct Install and Energy Education and Outreach Offerings, all require program support to design and implement.
- b) Increased project volume: The new offerings are expected to drive a broader reach, resulting in significant increases in customer participation.

15. Given these changes, Enbridge Gas requires increased staffing across multiple functions to provide the customer care support, partner engagement, program design support, and dedicated management needed to drive results in this market, as described further below.

- a) Customer care support: To support increased participation.
 - i. Rationale: With significant increased programing, Enbridge Gas expects customer call volumes to increase proportionally, requiring additional staff to ensure customer calls are responded to appropriately.
 - ii. Role and Details: Enbridge Gas proposes to add 1 additional customer care FTE.
- b) Partner engagement: Expanded engagement with market actors, including trade allies and service providers.
 - i. Rationale: Dedicated support is required to effectively engage market actors in promoting and delivering Enbridge Gas's DSM programs, increasing market reach and program visibility.

- ii. Roles and Details: Enbridge Gas proposes to add 2 new FTEs, 1 for the Residential Program and 1 for the Income Qualified Program, to support outreach, communication and engagement with trade allies and service providers.
- c) Program design support for new program offerings.
 - i. Rationale: The introduction of multiple new offerings requires additional program support to design programs as well as execute day-to-day program management, including working with marketing, delivery partners, managing budgets, forecasting results and continuously improving the programs. In addition, a greater focus on collaboration with third parties may drive the need for additional resources to align programming, but will also be offset by efficiencies from joint programming, however these are not included below.
 - ii. Roles and Details: Enbridge Gas proposes to add 4 program design FTEs, 3 in the Residential Program and 1 in the Income Qualified Program, to support increased programming.
- d) Dedicated management for the income qualified sector.
 - i. Rationale: To ensure that the income qualified sector maintains a high level of focus as the Residential and Income Qualified Programs expand.
 - ii. Roles and Details: Enbridge Gas proposes to add 1 FTE for Manager of Income Qualified to oversee the income qualified sector, ensuring leadership and oversight.

2. Business Unit Benefits

16. Business unit (“BU”) benefits are centrally managed costs which include pension and other post-employment benefits (“OPEB”), short-term and long-term incentive

pay (“STIP” and “LTIP”, respectively), and health and other employee benefits for Enbridge Gas employees.

17. Enbridge Gas’s 2024 Rebasing Application² included the BU benefits associated with DSM staff for the period of 2024 to 2028, which assumed 169 FTEs based on the approved 2023 FTE amounts from the Company’s 2023-2025 DSM Plan.

18. As described above, in this 2026-2030 DSM Plan Application Enbridge Gas is proposing to increase DSM staffing levels from the 169 FTEs approved for 2023, to 186 FTEs.

19. These additional 17 FTEs (and their associated BU benefits) were not considered in Enbridge Gas’s 2024 Rebasing Application as it was not known at that time what levels of DSM staff would be required to successfully execute the DSM Plan in 2026 and beyond.

20. To ensure cost recovery in a timely manner and reduce carrying costs for ratepayers, Enbridge Gas is proposing to recover the BU benefits costs associated with the incremental 17 FTEs on an annual basis as part of the DSM Deferral and Variance Account clearance proceeding. This treatment of the BU benefits costs associated with the incremental FTEs will continue through to the end of 2028 and will be reassessed as part of Enbridge Gas’s next Rebasing application.

² EB-2022-0200, Exhibit 4, Tab 4, Schedule 2.

SYSTEM MAINTENANCE AND IMPROVEMENTS BUDGET

1. The proposed system maintenance and improvements budget represents \$1.2 million of the portfolio budget in 2026, allocated to sustain, enhance, and optimize Enbridge Gas's tracking and reporting systems for DSM activities. These systems are essential for tracking, monitoring, verification, incentive payment and evaluation of DSM program performance, creating efficiencies for Enbridge Gas staff and third-party delivery partners.
2. By automating data collection, ensuring accuracy, and streamlining workflows, the systems support strategic decision-making, regulatory compliance, audit readiness, and labour cost savings.
3. The tracking and reporting systems are designed to flexibly incorporate new program offerings, allowing Enbridge Gas to confidently manage an expanded suite of offerings within the existing system framework. However, ongoing maintenance and upgrades will be required to ensure system functionality and adaptability, covering licenses, system support, integration and infrastructure, backup and recovery, and core system updates.
4. As Enbridge Gas aims to increase participation and broaden its customer and market reach in DSM programming, system enhancements will be essential to maintain efficiency and control tracking and reporting costs. These enhancements will support collaboration and coordination efforts with the IESO and other third parties as well as expanding the trade ally and service provider delivery channels.
5. Enbridge Gas utilizes a robust IT governance framework to guide all enhancements, aligned with industry best practices and compliance requirements. This framework includes resource allocation, portfolio planning, risk assessment, data security, disaster recovery planning, and continuous operational support. By following this

structured approach, Enbridge Gas aims to improve efficiency, minimize risks, and secure the sustainability of its IT systems.

6. Table 1 provides the proposed DSM system maintenance and improvement budgets for 2026 to 2030.

Table 1
2026 - 2030 DSM System Maintenance and Improvements Budget

System Maintenance & Improvements	2026	2027*	2028*	2029*	2030*
Licenses	\$ 395,000	\$ 403,000	\$ 411,000	\$ 419,000	\$ 428,000
System Support Costs	\$ 250,000	\$ 255,000	\$ 260,000	\$ 265,000	\$ 270,000
Integration & Environments	\$ 140,000	\$ 143,000	\$ 146,000	\$ 149,000	\$ 152,000
Updates & Enhancements	\$ 385,000	\$ 240,000	\$ 244,000	\$ 249,000	\$ 254,000
Other	\$ 30,000	\$ 31,000	\$ 31,000	\$ 32,000	\$ 32,000
Total Budget	\$ 1,200,000	\$ 1,072,000	\$ 1,092,000	\$1,114,000	\$1,136,000

* Includes a 2% proxy annual inflation factor. The actual annual inflation factor used will be based on the annual average Consumer Price Index (“CPI”) percentage change, not seasonally adjusted.

REGULATORY AND STAKEHOLDERING BUDGET

1. The regulatory and stakeholdering budget is intended to cover the cost of OEB regulatory proceedings related to DSM, including annual clearance proceedings, annual rate filings, any application(s) for the mid-term assessment, any significant DSM related involvement in other proceedings (such as leave to construct and IRP-related proceedings), and any intervenor costs associated with DSM (including for intervenor stakeholder sessions).
2. Enbridge Gas is proposing a budget of \$0.8 million in 2026, increasing by inflation for the remainder of the term. This estimated budget does not overlap with any salary budgets or other budgets included elsewhere in the 2026-2030 DSM Plan. Since many of the costs in this category are externally driven and can vary significantly, Enbridge Gas proposes that any overspend/underspend from the budget will be collected/returned to ratepayers through the DSMVA on an annual basis and that the budget will not be used for other purposes without OEB approval.

RESEARCH AND INNOVATION OVERVIEW

1. Enbridge Gas's 2026-2030 DSM Plan incorporates a multi-faceted approach to innovation and technology development. Relying on both self-directed and market-driven research, a range of activities are proposed to foster innovation within the natural gas sector; from a continued focus on robust market and jurisdictional analysis, to testing and evaluating emerging technologies, to assessing innovative program concepts or delivery models, to name a few.
2. New ideas for DSM often follow a typical product development process that includes stages such as: idea generation and research, idea screening, concept development, prototyping/testing, and eventually market testing and implementation.
3. Enbridge Gas is proposing two budgets related to research and innovation: (i) the research, development and market data budget; and (ii) the Energy Innovation Fund for commercial and industrial sectors. See Table 1 for an overview.
4. The proposed research, development and market data budget is intended for activities related to early stages of development, including research to support idea generation, idea screening, concept development and prototype/pilot testing that is not included within the scope of the Energy Innovation Fund. Also included in the budget is work required to sustain current programming amidst market changes, such as technical research required to update and maintain measures in the Technical Resource Manual ("TRM"). Details regarding the research, development and market data budget are provided at Exhibit D, Tab 7, Schedule 2.
5. Pilots for technologies in the later stages of this process that are ready to be piloted within a commercial or industrial environment will be funded through the proposed

Energy Innovation Fund. Details for the Energy Innovation Fund are provided at Exhibit D, Tab 7, Schedule 3.

Table 1

Comparison of Research, Development and Market Data Budget and Energy Innovation Fund

Category	Research, Development and Market Data Costs	Energy Innovation Fund
Sector(s)	All	Commercial and Industrial
Objective	To support research, development, market data, and other types of insight-generating projects that will support Enbridge Gas to continuously improve its DSM programming and ultimately result in lower natural gas consumption.	To support the advancement of innovative energy efficiency solutions towards market adoption. More specifically, it will target energy efficiency technologies in the upper ranges of the Technology Readiness Level Scale ("TRL") as well as innovative applications and delivery of existing solutions.
Project Types	<ul style="list-style-type: none"> • Market, Jurisdictional and Technical Research and Analysis • Memberships and Sponsorships • Market Data • Testing/Pilots 	<ul style="list-style-type: none"> • Technology and Applicability Pilots • Community Energy Initiatives • Market Facilitation • Advanced Envelope Treatment
Project Management	Projects managed internally by Enbridge Gas	Combination of Enbridge Gas-led and externally led projects
Project Idea Solicitation	Internal, linked to broader planning activities for programs and offerings	Majority open bid, where customers and/or key market actors will be invited to submit project proposals
Project Selection Criteria	Primarily based on: <ul style="list-style-type: none"> • The anticipated value each initiative will provide to DSM programming • Required costs and resources 	Based on: <ul style="list-style-type: none"> • Technical Feasibility • Addressing specific Market Gaps • Cost-Effectiveness • Natural Gas Savings Potential • Scalability and Replicability • Alternative Funding Sources or Co-Funding Potential • Expertise of group submitting proposal • References (External Support of Project)

6. The heightened focus and combined funding of research and innovation activities and initiatives in the 2026-2030 DSM Plan ensures that Enbridge Gas's DSM programs remain responsive and effective, supporting the evolution of DSM

programming in driving substantial, cost-effective energy savings aligned with both OEB and government objectives.

RESEARCH, DEVELOPMENT AND MARKET DATA BUDGET

1. This evidence is organized as follows:

1. Objective
2. Initiative Benefits
3. Initiative Details
4. Project Types and Scope
5. Project Selection
6. Budget

1. Objective

1. Research, development and market data funding is critical to support Enbridge Gas's DSM programming and is required to ensure new measures, concepts and program approaches are investigated and tested, technical resources are sustained, and target markets are identified and understood. By supporting projects that produce actionable insights, these costs have a direct connection to the sustainment and growth of opportunities in the DSM portfolio, ultimately resulting in lower natural gas consumption in the province.

2. Initiative Benefits

2. The research, development and market data budget:
 - a) Enables Enbridge Gas to be responsive to the ever-changing consumer and energy landscape in Ontario through the acquisition of up-to-date data and insights;
 - b) Provides necessary funds for technical research and analysis to consistently and accurately estimate the natural gas savings generated through DSM program delivery; and,

- c) Facilitates collaboration opportunities for activities aligned with research and insight generation with entities such as the IESO, municipalities, community organizations, industry associations, academics, and other utilities.

3. Initiative Details

3. The 2026-2030 DSM Plan term will see a continuation of rapid change and Enbridge Gas believes it has a central role to play in supporting the corresponding evolution and advancement of energy efficiency technology and DSM programming. Key to this is allocating funding for research, development, market data, and other types of insight-generating projects that will allow Enbridge Gas to be responsive to the ever-changing consumer and energy landscape in Ontario, and to evolve DSM programming accordingly.
4. Specifically, the research, development and market data budget is necessary to investigate new measures and innovative program approaches; identify technical and market barriers of new energy efficiency opportunities; test new concepts; sustain and update technical resources; and procure market data to understand and effectively target potential participants.
5. The research, development and market data budget builds off the success of the previously approved Research and Innovation Fund (“RIF”) by continuing support for critical research, development and market data activities. Pilots that involve energy efficient technologies and solutions that could transition into custom and prescriptive offers for the commercial or industrial sectors will now be funded under the proposed Energy Innovation Fund (see Exhibit D, Tab 7, Schedule 3).

6. With these efforts, an increased emphasis and a material amount of budget is being directed to research and development as recommended by the non-utility members of the DSM Stakeholder Advisory Group (“SAG”).¹

4. Project Types and Scope

7. Research, development, and market data activities will include projects within the following categories:
 - a) Market research and analysis: This reflects the quantitative and qualitative assessment of customer markets/sectors. This includes objectives such as determining the size of a market, end-use profiling, seeking to understand customer buying patterns/decision making, and identifying perceived barriers and enablers to adopt energy efficient technologies and practices.
 - b) Jurisdictional research and analysis: This includes the review of policies, programs, and regulations from other regions to identify successful strategies that can be adapted for Ontario. These types of scans can help avoid duplicating efforts or investing in strategies that have already been tested and found ineffective elsewhere and provides insights into lessons learned and potential pitfalls.
 - c) Technical research and analysis: This includes research and analysis undertaken to consistently and accurately estimate the natural gas savings generated through DSM program delivery. Enbridge Gas conducts research on new and current Technical Resource Manual (“TRM”) measures which is provided to the Evaluation Contractor for their review and inclusion in the TRM. In addition, Enbridge Gas conducts desktop and field measurement

¹ EB-2022-0295, SAG Report, November 11, 2024, p.36.

research to develop and maintain calculators and modelling tools to estimate natural gas savings for custom offerings.

- d) Memberships & Sponsorships: Enbridge Gas is involved with a number of memberships and associations to identify innovative technologies and program approaches, identify and leverage collaboration opportunities, and to generally benefit from the learning and experience of other entities involved with energy efficiency programs and technologies.
- e) Market Data: This includes external tools, subscriptions and datasets of information that allow segmentation and classification of customers, including demographics, industry, and building stock information. These tools and datasets are essential in identifying potential participants that may be well suited for targeted DSM program offerings. By leveraging this market data, offerings and outreach can be tailored to the specific needs and characteristics of different customer segments, ensuring more effective delivery of natural gas savings opportunities. Enbridge Gas can also create additional value by combining third party data sets with its own customer data, as well as any new data acquired through DSM research.
- f) Testing: This category provides the opportunity to test ideas through market research (such as focus groups), pilots, and other types of trials prior to committing additional resources to them. These activities generate valuable insights about the effectiveness and scalability of the ideas being tested, as well as feedback and other data that can be used to refine the ideas prior to a wider roll-out. Testing occurs not only with new technologies, but also with innovative program concepts or market approaches. For example, new program delivery methods or communication channels can be piloted to test customer reactions. Pilot projects involving the commercial and industrial

sectors will be funded through the Energy Innovation Fund, while the rest will be funded from the research, development and market data budget.

8. When pursuing projects, Enbridge Gas will look for ways to collaborate with external efforts or entities in activities aligned with research, development and market data. Enbridge Gas will leverage complementary efforts, including energy efficiency innovation activities by external organizations such as the IESO, private industry, industry trade organizations, corporate laboratories, Natural Resources Canada and regional, national and international partners including utility, academia, non-governmental organizations, municipalities and other market stakeholders. Collaborative projects could take the form of market research, technology research, pilots, and the other project categories outlined above.

5. Project Selection

9. Enbridge Gas will focus research, development and market data costs on projects and activities that directly benefit current and future DSM programming. An annual research planning process will be conducted to bring forward project ideas and insight needs from across the DSM business unit. This process is integrated with broader DSM program and offering planning activities for all sectors to ensure research and other insight needs are considered proactively as plans for the upcoming year are developed. This approach aligns with the SAG recommendation that research and development be done in a comprehensive manner.

10. Approval and prioritization of these ideas will be primarily based on:

- a) The anticipated value each initiative will provide to DSM programming; and,
- b) The required costs and resources.

11. Technology research and pilots that involve emerging technologies will also consider:

- a) Technical feasibility;
- b) Addressing specific market gaps;
- c) Cost-effectiveness;
- d) Natural gas savings potential;
- e) Scalability and replicability; and,
- f) Alternative funding sources or co-funding potential.

12. The research, development and market data budget will not be used for investigating natural gas technologies where a more cost-effective electric alternative exists.

6. Budget

13. Table 1 displays the proposed budget for research, development and market data during the 2026-2030 DSM Plan term. Enbridge Gas notes that the budget could be underspent in some years due to the cyclical nature of business needs, with the underspent amount to be returned through the DSMVA.

Table 1
2026-2030 Proposed Research, Development & Market Data Budget*

	2026	2027	2028	2029	2030
Total	\$3,160,000	\$3,223,000	\$3,288,000	\$3,353,000	\$3,420,000

Note:

* Includes a 2% proxy annual inflation factor. The actual annual inflation factor used will be based on the annual average Consumer Price Index ("CPI") percentage change, not seasonally adjusted.

ENERGY INNOVATION FUND

1. This evidence is organized as follows:

1. Objective
2. Initiative Benefits
3. Initiative Details
4. Project Types and Scope
5. Project Selection
6. Outreach and Engagement Strategy
7. Budget
8. Savings Attribution

1. Objective

1. This initiative marks an evolution from previous innovation efforts under the Research & Innovation Fund (“RIF”), shifting towards a predominantly market-driven approach in response to feedback from the DSM Stakeholder Advisory Group (“SAG”). SAG members “reached consensus that Enbridge should proceed with including an energy innovation offer as part of its next DSM plan.”¹ While Enbridge Gas remains committed to continuing its own efforts in driving research and innovation within the commercial and industrial sectors, the majority of the funding will be allocated to support projects through an open bid, market driven process.
2. The fund aims to advance energy-efficient solutions toward market readiness by actively engaging various market actors, promoting both the development of new technologies and innovative applications, and the delivery of existing solutions.

¹ EB-2022-0295, SAG Report, November 11, 2024, p.67.

3. Most projects will be selected through an open bid process, encouraging participation from customers, engineering firms, academic institutions, municipalities, and other stakeholders. The remainder of projects will focus on closing perceived program and/or market gaps not addressed through the bidding process.
4. While the primary goal is to integrate successful initiatives into Enbridge Gas's DSM programs, additional outcomes may include the development of new delivery models, heightened market engagement, and broader adoption of energy-efficient practices across the commercial and industrial sectors.

2. Initiative Benefits

5. Energy Innovation Fund benefits include:
 - a) Driving Innovation: The initiative aims to foster exploration of both new and existing energy efficiency technologies by providing funding, technical support, and a platform for piloting innovative solutions. By shifting towards a market-driven process, it has the potential to enable broader participation, enhance awareness, and address barriers that traditionally hinder adoption.
 - b) Enhanced Market Engagement: By actively engaging customers, market actors, and industry stakeholders through an open bid process, the initiative may drive market transformation and facilitate collaboration across sectors. This approach may lead to new delivery models that streamline the customer experience and simplify project implementation, as well as innovative strategies for integrating energy-efficient solutions, ultimately accelerating their adoption across commercial and industrial markets.
 - c) Broader Environmental Impacts: The initiative supports advancements in technologies that may contribute to greenhouse gas emissions reductions, aligning with broader climate goals. Its flexibility in supporting a range of

solutions – from new technologies to improved deployment of existing ones – has the potential to address both immediate and long-term sustainability outcomes in commercial and industrial settings.

3. Initiative Details

6. The Energy Innovation Fund is designed to accelerate market adoption of innovative energy efficiency solutions. The fund targets technologies ready to be tested in a commercial or industrial environment, including those in mid to late stages of technology development, ranging from Technology Readiness Level (“TRL”) 5 to TRL 9.² Figure 1 displays the TRL stages.
7. The fund also supports innovative applications of existing solutions, new delivery models, and strategies that enhance market engagement. This comprehensive approach aims to bridge the gap from concept to large-scale adoption in commercial and industrial sectors, utilizing an open bid, market-driven process to maximize participation and impact.

² TWI, What are Technology Readiness Levels (2024). <https://www.twi-global.com/technical-knowledge/faqs/technology-readiness-levels>.

TRLs, developed by NASA and adapted by the EU, assess a technology’s maturity from early research (level 1) to full deployment (level 9). The fund will focus on projects validated at mid to late stages (TRL 5-9)

Figure 1: Technology Readiness Level (“TRL”)



4. Project Types and Scope

8. The Energy Innovation Fund will prioritize projects within the following categories:
- Technology and Applicability Pilots: This category supports the testing and evaluation of emerging technologies, such as advanced electric heat pumps, smart management systems, and energy-efficient appliances with significant potential for broad market adoption. It also encompasses innovative applications of existing solutions, piloting them in real-world settings to assess their effectiveness, adaptability across different building types, and scalability.
 - Community Energy Initiatives: These projects focus on energy conservation at the community level, closely aligned with municipal planning and coordination efforts. They integrate not only advanced technologies but also innovative planning, process optimization, and retrofit strategies that enhance energy efficiency across entire communities.

- c) Market Facilitation: This category supports initiatives that aim to increase awareness and adoption of energy-efficient solutions among commercial and industrial customers. It includes education, outreach, and innovative delivery models that bridge the gap between development and adoption, helping to drive demand and scalability across the market.
- d) Advanced Envelope Treatment: Initiatives in this category prioritize optimizing building energy performance by addressing envelope improvements. By utilizing innovative materials and strategies to minimize energy leakage, these projects right-size energy loads, supporting a more efficient transition to electric-based systems. This approach goes beyond technology alone, focusing on holistic solutions that improve overall building performance.

5. Project Selection

9. Projects being driven by market actors will be selected through an open bid process, guided by a scoring framework that considers how well the projects align with criteria outlined below. Key market actors, including but not limited to customers, contractors, technology providers, engineering firms, academic institutions and municipalities, will be invited to submit project proposals.
10. For the projects being led by Enbridge Gas, the focus will be on addressing market gaps that were not covered through the open bid process. Areas of focus will align with the categories of prioritized projects outlined above, however may be more specific, such as testing a particular form of electric heat pump application within identified building types, or supporting an innovative delivery model that caters to overcoming supply chain challenges with upgrading a specific type of technology on burnout.

11. Successful projects will be selected based on:

- Technical feasibility;
- Addressing specific market gaps;
- Cost-Effectiveness;
- Natural gas savings potential;
- Scalability and replicability;
- Alternative funding sources or co-funding potential;
- Expertise of group submitting proposal; and,
- References (external support of project).

12. Enbridge Gas will encourage proposals that involve multiple partners, recognizing that collaborative efforts can enhance project effectiveness and scalability.

13. The Energy Innovation Fund will not be used for investigating natural gas technologies where a more cost-effective electric alternative exists.

6. Outreach and Engagement Strategy

14. The success of the Energy Innovation Fund will depend on proactive outreach to ensure broad market awareness and participation. Key outreach activities include:

- a) Strategic Alliances: Closely collaborate with industry associations, academic research centers, and other stakeholders to create awareness of the initiative and encourage diverse and innovative project submissions.
- b) Workshops and Webinars: Host informational sessions for potential applicants, including municipalities, contractors, academic institutions, technology developers, Indigenous communities, and non-profit organizations. These sessions will cover the fund's purpose, eligibility requirements, and application process.

- c) Targeted Outreach: Conduct direct outreach to high-potential sectors (e.g., commercial real estate, industrial manufacturing) with tailored communication strategies that highlight mutual benefits. Engaging with national accounts and property owners will also help test the scalability of certain solutions.

7. Budget

15. Table 1 displays the proposed budget for the Energy Innovation Fund during the 2026-2030 DSM Plan term. An annual budget starting at \$2 million in 2026 is proposed per sector (commercial and industrial), increasing by inflation for subsequent years. Each sector's funds will be split, with \$0.5 million allocated for Enbridge Gas-led projects and \$1.5 million for market-led projects through an open bid process.
16. Unused funds are being proposed to be carried forward into the next year and tracked through the DSMVA, as described in Section 2 of Exhibit F, Tab 2, Schedule 1.

Table 1
2026-2030 Proposed Energy Innovation Fund*

	2026	2027	2028	2029	2030
Enbridge Gas-led	\$500,000	\$510,000	\$520,000	\$530,500	\$541,000
Market-led	\$1,500,000	\$1,530,000	\$1,561,000	\$1,591,500	\$1,623,000
Total Commercial Energy Innovation Fund	\$2,000,000	\$2,040,000	\$2,081,000	\$2,122,000	\$2,164,000
Enbridge Gas-led	\$500,000	\$510,000	\$520,000	\$530,500	\$541,000
Market-led	\$1,500,000	\$1,530,000	\$1,561,000	\$1,591,500	\$1,623,000
Total Industrial Energy Innovation Fund	\$2,000,000	\$2,040,000	\$2,081,000	\$2,122,000	\$2,164,000
Total	\$4,000,000	\$4,080,000	\$4,162,000	\$4,244,000	\$4,328,000

* Includes a 2% proxy annual inflation factor. The actual annual inflation factor used will be based on the annual average Consumer Price Index (“CPI”) percentage change, not seasonally adjusted.

8. Savings Attribution

17. Savings from completed pilot projects, where they can be appropriately measured and accounted for, will be captured in the appropriate DSM program scorecard.

PROGRAM EVALUATION

1. This evidence is organized as follows:

1. OEB-led Activities
2. Utility-led Activities

2.1 Process Evaluation Guidelines

1. OEB-led Activities

2. As described in the DSM Framework, the OEB is accountable for activities related to the Evaluation, Measurement, and Verification (“EM&V”) Plan, impact evaluation and annual verification of DSM results, and the Technical Resource Manual (“TRM”) updates.¹ Enbridge Gas will continue to collaborate with OEB staff and the Evaluation Advisory Committee (“EAC”) to identify and support priorities related to these activities during the 2026-2030 DSM Plan term.
3. The budget for these activities is \$3.0 million for 2026, escalating annually by inflation for 2027 to 2030. In addition to supporting activities related to the EM&V Plan, impact evaluation and annual verification of DSM results, and the TRM updates, this budget also supports costs associated with the EAC and any other OEB-led studies, such as achievable potential studies. The budget does not include funding for any utility costs. As the costs for this budget item are entirely managed by OEB staff, Enbridge Gas expects that any actual overspend/underspend relative to the budget will be collected/returned to ratepayers through the DSMVA on an annual basis.

2. Utility-led Activities

4. As described in the DSM Framework, Enbridge Gas is accountable for activities related to process evaluation.²

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), pp. 18-19.

² EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.19.

5. The budget for these activities is \$0.575 million for 2026, escalating annually by inflation for 2027 to 2030. This budget supports the costs associated with utility-led evaluations of DSM offerings, including process evaluations, ongoing participant feedback studies, and any other utility-led studies. Administrative costs (such as for utility salaries) are not included in this budget item.
6. In its submissions for the previous DSM Plan (EB-2021-0002), OEB Staff expressed concern that Enbridge Gas had not conducted enough process evaluations and had not promptly implemented resulting improvements to its DSM offerings.³ To address this concern and to support more efficient execution of process evaluation, Enbridge Gas undertook a new approach to process evaluations by focusing on targeted inquiries that addressed specific offering-related questions, as opposed to comprehensive or broad process evaluations that were conducted in years prior. As a result, Enbridge Gas is on track to complete more process evaluations in a shorter amount of time, with recommendations that are more applicable into the offering's design or delivery.
7. Since the start of the previous DSM Plan term (i.e., since 2023) and as of the filing of this Application, Enbridge Gas has completed three process evaluations: the Custom Industrial Utility Influence Study,⁴ the Low Income Single Family Process Evaluation,⁵ and the Low Income Multi-Residential Process Evaluation.⁶ Furthermore, Enbridge Gas is in the process of completing two other process evaluations focusing on the residential Smart Home Offering and the Commercial Custom Offering, both of which are anticipated to be completed prior to the end of 2025.

³ EB-2021-0002, OEB Staff Submission, May 19, 2022, pp.40-41.

⁴ Enbridge Gas Draft 2023 DSM Annual Report (June 7, 2024), Appendix E, <https://engagewithus.oeb.ca/26884/widgets/149848/documents/133206>

⁵ Will be appended to Enbridge Gas's Final 2023 DSM Annual Report.

⁶ Will be appended to Enbridge Gas's Final 2023 DSM Annual Report.

2.1 Process Evaluation Guidelines

8. For the 2026-2030 DSM Plan term, Enbridge Gas has developed Process Evaluation Guidelines to be considered when developing its Process Evaluation Workplan, to support the identification and prioritization of offerings suitable for a process evaluation in pursuit of continuous improvements to program design and delivery. The guidelines will identify the offerings that will benefit the most from a process evaluation as well as the research goals and areas of investigation. The guidelines will enhance transparency of the process and provide the EAC with a better opportunity to provide informed and comprehensive feedback. Similar guidelines exist in jurisdictions such as Arkansas, Pennsylvania, and California.
9. Enbridge Gas's Process Evaluation Guidelines consist of three components:
 - a) Determining Whether and When to Perform a Process Evaluation
 - b) Key Focus Areas
 - c) Types of Process Evaluation

Determining Whether and When to Perform a Process Evaluation

10. The purpose of this guideline component is to help identify which offerings should undergo process evaluation based on the merits of the design and delivery of the offering itself. Ultimately, this will help Enbridge Gas prioritize timing and resources compared to potential process evaluations for other offerings.
11. Circumstances influencing the decision to conduct a process evaluation are provided below:
 - a) The offering has not previously undergone a process evaluation: Ideally, every program will have had a process evaluation within the last five years.
 - b) The offering is new: New offerings should be in market for at least one full program year before initiating a process evaluation. This allows for the offering to be fully implemented and affords time to address any early design

or delivery issues. A process evaluation performed too early in the offering lifecycle may affect the results of the process evaluation, for example, by highlighting issues that have already been resolved.

- c) Significant modifications to program design or delivery have occurred: Where an offering is not new but significant changes have been implemented, a process evaluation may be suitable to evaluate the effects of the changes.
- d) Delivery challenges: A process evaluation may help resolve known delivery or operational concerns with an offering, for example, administrative challenges, concerns with a delivery agent or trade ally, etc.
- e) Diminishing results or participation challenges: If an offering is not meeting targets or results are on a downward trend, a process evaluation could help identify areas of improvement in the offering.
- f) Offering-specific question(s): If Enbridge Gas has offering-specific questions that warrant exploration, a targeted process evaluation may be initiated for this purpose. For example, an offering may have a unique and innovative incentive mechanism where feedback from participants, trade allies, etc., would be of value.

Key Focus Areas

12. The purpose of this guideline component is to help define relevant focus areas for process evaluation. Without placing restrictions on what a process evaluation should or should not evaluate, this list of common key focus areas (which is not necessarily comprehensive and can be enhanced over time) can aid in determining the scope of a process evaluation.

13. Key Focus Areas include:

- a) New or modified aspects of program design or delivery
- b) Program marketing
- c) Administration
- d) Program delivery
- e) The impacts of various offering details, including:
 - i. Incentives
 - ii. Technical education
- f) Overall participant experience, including:
 - i. Motivation
 - ii. Goals
 - iii. Barriers
 - iv. Influence mediums
- g) The experience of other stakeholders (e.g., delivery agents or contractors)
 - Program systems

Types of Process Evaluations

14. Once Enbridge Gas has identified the offerings for which process evaluation would be most valuable and the appropriate focus areas of the research, Enbridge Gas will then determine the size of the study.

15. As outlined above, Enbridge Gas recently undertook a new approach to process evaluations by focusing on targeted inquiries that addressed specific offering-related questions, as opposed to comprehensive or broad process evaluations conducted in years prior. This approach will continue to be the appropriate approach for many offerings; however, some offerings will still benefit from broad process evaluations.

16. Understanding the size of the research being considered will help Enbridge Gas schedule and allocate resources for upcoming process evaluations, described further below.

- a) Comprehensive Process Evaluation: This type of process evaluation engages a wide range of stakeholders including end-users, trade allies, utility personnel, etc. Comprehensive process evaluations address multiple key focus areas and are often more expensive, due to their wide scope.
- b) Targeted Process Evaluation: Where a comprehensive process evaluation is not warranted or optimal, a targeted process evaluation allows Enbridge Gas to focus on a narrow group of key focus areas that may address specific questions or concerns the Company may have about the offering. Ideally, these process evaluations result in very focused recommendations for Enbridge Gas to apply to the offering to resolve any identified concerns.

17. Using these Process Evaluation Guidelines, Enbridge Gas intends to submit an updated Process Evaluation Workplan to the EAC early in 2026. The Process Evaluation Workplan will identify upcoming process evaluations and their anticipated scopes.

NET-TO-GROSS

1. This evidence is organized as follows:
 1. The Application of NTG in the Development of Term Targets and Budgets
 2. Developing and Applying NTG Values and Updates to Results and Targets
 - 2.1 Prospective Application of NTG Values and Updates to Results
 - 2.2 One-Time Prospective Application of NTG Updates to Targets
 - 2.3 Annual Methodology to Review and Update NTG Values
 3. NTG Values for New Measures

1. The Application of NTG in the Development of Term Targets and Budgets
 2. Net-to-gross (“NTG”) values (which include free-ridership and spillover) are applied to gross natural gas savings to reflect the savings specifically influenced by energy conservation programs.
 3. During the development of the 2026-2030 DSM Plan, Enbridge Gas presented its proposed targets and budgets to the DSM Stakeholder Advisory Group (“SAG”). A member of the SAG asked if in developing these targets and budgets, Enbridge Gas utilized its previous evaluated NTG ratios to “gross up” the net targets to determine the associated budgets. Enbridge Gas confirmed that the previous NTG ratios were used when determining the relationship between the increased net results and total budget.
4. In order to achieve the ambitious targets proposed within the 2026-2030 DSM Plan, Enbridge Gas designed DSM programs to aggressively pursue savings results. As described throughout Exhibit E, changes to proposed DSM programming within the 2026-2030 DSM Plan includes increased incentives to reduce payback periods,

increased incentives to support enabling activities, and increased engagement with trade allies and service providers.

5. After learning of these new approaches to program design and delivery, members of the SAG felt it would be inappropriate to apply NTG ratios that were the result of evaluations of historical offerings to these newly designed offerings.
6. There are some important limitations that require highlighting with respect to the historical NTG values, which arose during conversations with the SAG as follows:
 - a) Determining the effect of a DSM program's influence on an individual's decision making is complex and uncertain. The non-utility members of the SAG agreed "that there is no perfect way to precisely assess a program's influence."¹
 - b) The evaluated NTG ratios were the result of self-report surveys, which are generally understood to be uncertain due to the influence of many factors, including response bias, survey timing, and means of scoring free-ridership².
 - c) The previous NTG studies were conducted on offerings with a different approach to market than the newly proposed offerings. The newly proposed offerings include larger incentives and an updated suite of measures that better meet the current needs of customers.
 - d) At the outset of this process, the best available evaluated NTG studies were quite old, ranging from 2015 to 2018. Toward the end of SAG discussions on NTG, 2023 evaluated free rider results for the custom commercial, industrial,

¹ EB-2022-0295, SAG Report, November 11, 2024, p.26

² EB-2021-0002, Exhibit E, Tab 4, Schedule 5, Attachment 1, pp.19 – 20.

and large volume offerings were available, and factored into final conversations with the SAG and the Evaluation Advisory Committee (“EAC”).

- e) Some historical NTG ratios, in particular for prescriptive measures, were based on dated studies with very small sample sizes and might not be appropriate for application into future target development. The Natural Gas DSM Stakeholder Advisory Group Report to the OEB (“SAG Report”) noted that “[t]he OEB’s Evaluation Contractor, DNV, provided some insights related to the previous prescriptive NTG assessments, noting that for certain measures, there was limited participation which resulted in very small sample groups for some measures.”³
7. Considering the SAG conversations noted above and the limitations associated with the historical NTG values, it became clear to SAG members that new NTG values were needed to develop proposed targets for this Application. These new NTG values should represent the best estimate of future actual NTG ratio values. As noted in the SAG Report:

Non-utility members stressed the importance that as part of its planning process, Enbridge develop budgets and targets with estimated NTG values that consider future programs. It was acknowledged by non-utility members that forecasting budgets and targets for future programs with a NTG ratio that is too high or too low provides risk to ratepayers (through inflated budgets that are not required to meet the natural gas savings targets, or a windfall shareholder incentive for Enbridge) or Enbridge (through natural gas savings targets that cannot be met).⁴

8. As a result, NTG values for the purpose of forecasting results and budgets were deemed through a OEB staff led forum, involving utility and non-utility members of

³ EB-2022-0295, SAG Report, November 11, 2024, p.28.

⁴ EB-2022-0295, SAG Report, November 11, 2024, p.28.

the SAG and EAC, with input from the Evaluation Contractor.⁵ In this way, it was possible to develop more realistic natural gas savings targets and associated budgets that are reflective of new program designs. For the purpose of this Application, “deemed NTG values” are those that are not evaluated, instead they are either: a) estimated by the SAG and/or EAC; b) historical estimates; or c) estimated at 80% for new measures (see Section 3).

2. Developing and Applying NTG Values and Updates to Results and Targets

9. The decision to use deemed NTG values in the development of term targets and budgets led to detailed discussions at the SAG and resulted in a number of inter-related recommendations. Enbridge Gas proposes that all three of the following changes be approved in order to minimize risk to the ratepayers and the utility. The changes are summarized here and described in full below:
 - a) NTG values and updates should be applied prospectively to results for all programs. This approach aligns with the approach used in Illinois⁶ and has been identified as regulatory best practice.⁷
 - b) NTG updates should be applied prospectively into targets on a one-time basis, the first time a deemed NTG value is updated per NTG value per term.
 - c) NTG values will be reviewed by the EAC annually and updated when appropriate.

⁵ NTG values proposed in support of this Application are provided at Exhibit D, Tab 9, Schedule 1, Attachment 2.

⁶ Illinois Energy Efficiency Policy Manual Version 3.0, Section 6.3, p.30. https://www.ilsag.info/wp-content/uploads/IL_EE_Policy_Manual_Version_3.0_Final_11-3-2023.pdf

⁷ EB-2021-0002, Exhibit E, Tab 4, Schedule 5, Attachment 2, p.17.

2.1 Prospective Application of NTG Values and Updates to Results

10. Establishing NTG values to determine scorecard results as well as the application of NTG updates (i.e., retroactive vs. prospective) were important discussions at the SAG, and included consideration of impacts to both ratepayers and the utility. As noted in the SAG report, non-utility members felt that decisions governing NTG policy should avoid unreasonable risk to ratepayers and the utility, including:

- a) Ratepayers incurring risk if a pessimistic NTG assumption is used to set savings targets and future evaluation finds the NTG value to be considerably higher than that used to set savings targets, such that savings are inflated but targets unadjusted and higher shareholder incentives are recovered as a result.
- b) The utility incurring risk if there are fixed savings targets for each year of its DSM plan, an overly optimistic assumption about NTG is used at the outset of a multi-year plan for setting those targets, future OEB evaluations finds the NTG to be considerably lower such that savings in future years are reduced but targets are unadjusted and lower shareholder incentives are earned as a result.⁸

11. Applying NTG values to results that are misaligned with the NTG values used to develop targets (i.e., the retroactive application of NTG updates) creates significant uncertainty for the utility as well as risk to both the ratepayers and utility. Further, as a result of the time required to complete a NTG study following a program year, NTG values that only reflect a snapshot of one program year, when applied retroactively, often impact more than one year's worth of program results. In that scenario, results and targets would be misaligned. Additionally, retroactive application of NTG updates increases regulatory burden throughout the audit and the Deferral and Variance Account Disposition Application proceeding.

⁸ EB-2022-0295, SAG Report, November 11, 2024, p.30.

12. Enbridge Gas believes that the prospective application of NTG values into results reduces the risk for both the ratepayer and utility of either a windfall for Enbridge Gas or a reduced ability for Enbridge Gas to realistically achieve targets.
13. Non-utility SAG members supported a prospective application of NTG updates for all programs:

Non-utility members agreed that the OEB should apply updated NTG values on a prospective basis for all programs/offers. Non-utility members acknowledged that Enbridge has a greater level of influence and control over participants in its custom commercial and industrial offers, but that applying the updated NTG values prospectively strikes a reasonable balance of risk between ratepayers and the utility – as long as NTG assumptions are updated regularly (e.g., annually).⁹

2.2 One-Time Prospective Application of NTG Updates to Targets

14. As outlined above, there can be a risk to the ratepayers and the utility when there is a misalignment between the NTG value applied to set targets and to determine net results. The term targets in this Application were developed using deemed NTG values, estimated by the SAG and EAC in consideration of future programming. However, it is uncertain what future NTG evaluations will determine. In the event a NTG evaluation, conducted part way through the term, yields updated NTG values that vary significantly from the deemed NTG, which was estimated in 2024, then results and targets for the following year will be misaligned. This is because the updated NTG value will be applied prospectively into results, but the target will still reflect the deemed NTG as it was estimated prior to the plan term.

15. To mitigate the risk of targets set either too high or too low due to inaccurate predictions of NTG values, Enbridge Gas proposes a one-time prospective adjustment to targets, which was addressed in the SAG Report, as follows:

⁹ EB-2022-0295, SAG Report, November 11, 2024, p.31.

Non-utility members agreed that it would be reasonable to consider a one-time target amendment to recognize NTG values determined through evaluations, appreciating that the updated NTG values recommended by the non-utility members are only educated estimates, and empirical results will be available, which have the potential to impact savings in either a positive or negative manner. Non-utility members agreed that this would provide for reasonable flexibility early in the next plan period and recognize the variability in actual versus estimated results in response to a number of program changes, some material in nature.¹⁰

16. This target adjustment would only update term targets once per deemed NTG value.

2.3 Annual Methodology to Review and Update NTG Values

17. Enbridge Gas largely supports the Process to Apply Updated Net-to-Gross Values as outlined in the SAG report, as follows.

- a) NTG values are determined (i.e., approved) at the outset of the plan term by the OEB, with the granularity of the NTG values commensurate with the impacts of the program/offer/measure.
- b) Each year, annual adjustments to NTG values are considered by the EAC when there's a basis for making a change (e.g., an evaluation has taken place, a party has identified a value that requires consideration, etc.)
- c) The OEB's Evaluation Contractor proposes its initial recommendation for changes to NTG values based on their assessment of relevant information (including recent evaluation results, NTG results from other jurisdictions, documentation and proposals from Enbridge and/or EAC members, etc.).
- d) EAC members, including both non-utility and utility members, try to come to consensus on revised NTG values, informed by information provided by the independent evaluator.
- e) If consensus is reached by members of the EAC, the agreed-to NTG value is used prospectively for all programs/offers/measures and included as part of

¹⁰ EB-2022-0295, SAG Report, November 11, 2024, p.20.

the program implementation and evaluation for the program year that immediately follows.

- f) If the EAC does not reach consensus, the OEB's Evaluation Contractor, based on its expert judgement and independent review (and the benefit of the discussion among the EAC and Enbridge), determines the updated NTG value to be applied going forward.¹¹
18. Enbridge Gas believes that the above should be supplemented with additional details regarding timelines and definitions to be determined through the EAC and documented as appropriate.

3. NTG Values for New Measures

19. For the purpose of assigning NTG values to new measures, a deemed NTG adjustment of 80% should be applied until a NTG value specific to the measure is established by the EAC. Enbridge Gas proposed this approach for NTG values for new measures to the SAG¹² and EAC; non-utility SAG members did not provide any objections.
20. Implementation of the recommendations described throughout this Schedule requires modifications to the DSM Framework. The proposed modifications are provided at Sections 2.6 and 2.7 of Exhibit C, Tab 1, Schedule 1.

¹¹ EB-2022-0295, SAG Report, November 11, 2024, p.31.

¹² EB-2022-0295, SAG Report, November 11, 2024, p.31.

DSM PLAN INPUTS

1. This evidence is organized as follows:
 1. Input Assumptions and Adjustment Factors
 - 1.1 New Prescriptive Measure Input Assumptions and Adjustment Factors
 2. Avoided Costs

1. Input Assumptions and Adjustment Factors

1. For the purpose of forecasting DSM results and establishing targets for this Application, Enbridge Gas has applied input assumptions and adjustment factors. As outlined in the DSM Framework,¹ input assumptions include natural gas savings, electricity impacts (reflecting both reductions and increases in electricity use), water impacts, effective useful life (“EUL”), and equipment cost. Adjustment factors include net-to-gross (“NTG”) adjustments and verification adjustments.
2. Since the filing of its previous DSM Plan (EB-2021-0002), Enbridge Gas has consulted with the IESO and has updated its approach to quantifying electricity impacts to more closely align with Enbridge Gas’s understanding of the IESO’s methodology. While Enbridge Gas has always quantified annual and lifetime kWh impacts (energy impacts), the Company is now also quantifying electricity peak kW impacts (capacity impacts). Peak kW impacts are estimated as the portion of kWh impacts that occur during peak hours as defined by the IESO. Peak kW impacts will be quantified for both custom measures and prescriptive measures in the Technical Resource Manual (“TRM”).
3. For prescriptive measures that are currently in the TRM, Enbridge Gas has applied TRM input assumptions for the purposes of forecasting DSM results and setting

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.20.

targets.² The current TRM (Version 8.0, dated April 30, 2024 and released on May 23, 2024) was completed by the OEB's Evaluation Contractor ("EC") as part of its annual TRM review. Enbridge Gas will continue to use the TRM to claim energy savings results, accounting for any future TRM updates as appropriate. Enbridge Gas will introduce its approach to quantifying kW impacts for TRM measures into the next annual TRM review.

4. For measures that are not in the TRM, for example, commercial custom projects or residential whole home projects, Enbridge Gas used best available input assumptions at the time of filing this Application for the purposes of forecasting DSM results and proposing targets. Enbridge Gas will use project-specific input assumptions or best available information to claim energy savings results. Best available information also includes EUL input assumptions. Enbridge Gas will use the EULs provided in Exhibit D, Tab 9, Schedule 1, Attachment 1 in order to determine actual results, until such time as EUL values are re-evaluated through the OEB led evaluation, measurement and verification ("EM&V") process.
5. As outlined in the DSM Framework,³ adjustment factors are used to determine the final net savings to be claimed by the utility. These include NTG and verification adjustments. For the purposes of forecasting DSM results and proposing targets, Enbridge Gas used adjustment factors from prior verification studies available at the time of filing this Application for all measures and offerings, with the exception of NTG adjustments.

² Input assumptions for Residential Adaptive Thermostats and Commercial HVLS Destratification Fans are exceptions. Enbridge Gas submitted research to the Evaluation Advisory Committee in support of updated TRM values for these measures, but updates will not be approved or form part of the TRM until 2025. On an exception basis, Enbridge Gas believes it is appropriate to use updated inputs as best available information to forecast DSM results and set targets.

³ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.20.

6. As described in Exhibit D, Tab 8, Schedule 2, for the purposes of forecasting DSM results and proposing targets, Enbridge Gas used NTG values (provided at Exhibit D, Tab 9, Schedule 1, Attachment 2) that were either deemed or evaluated. To claim energy results, Enbridge Gas will use the NTG values provided in Attachment 2 until such time as new NTG values are determined by the Evaluation Advisory Committee (“EAC”), consistent with the methodology proposed in Exhibit D, Tab 8, Schedule 2.
7. As described in Exhibit D, Tab 8, Schedule 2 and supported in the Natural Gas DSM Stakeholder Advisory Group Report to the OEB (“SAG Report”),⁴ changes to NTG adjustments will be applied prospectively.

1.1. New Prescriptive Measure Input Assumptions and Adjustment Factors

8. In the development of this Application, Enbridge Gas has introduced seven prescriptive measures, which are new to the Company’s DSM programming and have not yet been included in the TRM review process.
9. For these new measures, Enbridge Gas expects to provide research to the EC for their inclusion into a future TRM update. To forecast DSM results, Enbridge Gas has used placeholder input assumptions for these measures. The input assumptions are informed by internal analysis and TRMs from other jurisdictions. Table 1 details these placeholder input assumptions and adjustment factors for the new measures included in this Application.

⁴ EB-2022-0295, SAG Report, November 11, 2024, p.31.

Table 1
Input Assumptions and Adjustment Factors for New Measures^{1,2,3,4}

	Hybrid RTU	Water Heating Electric Heat Pump	Water Heating Electric Heat Pump	Space Heating Electric Heat Pump 4A ⁵	Space Heating Electric Heat Pump 4B ⁶	Space Heating Electric Heat Pump 4C ⁷	Space Heating Electric Heat Pump 4D ⁸
Sector	Commercial/Industrial	Commercial/Industrial	Residential, Micro-Business	Residential, Income Qualified, Micro-Business	Residential, Income Qualified, Micro-Business	Residential, Income Qualified, Micro-Business	Residential, Income Qualified, Micro-Business
Natural Gas (m³)	2,806	434	592	444	991	1,190	1,523
Electricity (kWh)	-3,657	-1,126	-1,126	-1,584	-3,545	-4,323	-7,460
Summer Electric Peak Impacts (kW)	2.599	-0.158	-0.158	0.268	0.265	0.265	0.363
Winter Electric Peak Impacts (kW)	-4.347	-0.220	-0.220	-1.356	-2.038	-2.382	-5.474
Water (L)	0	0	0	0	0	0	0
EUL (Years)	16	15	15	16	16	16	16
Incremental Cost (\$)	\$10,350	\$3,260	\$3,258	\$3,424	\$3,824	\$4,224	\$6,425
NTG (%)	97.5%	80%	80%	91% ⁹	91% ⁹	91% ⁹	91% ⁹
Switchover Temp (°F)	N/A	N/A	N/A	32°F	25°F	17°F	N/A

Notes:

¹ The savings and energy usage data presented in this table are derived from averages across multiple scenarios.

² A positive value indicates energy savings and a negative value indicates an increased energy usage.

³ The NTG values indicated in this table exclude the Income Qualified Program, which has a NTG of 100% as per the DSM Framework.⁵

⁴ Where applicable to the Income Qualified Program, input assumptions used for forecasting may differ from the table due to program design and baselines unique to the program.

⁵ Emphasis on cooling.

⁶ Balanced heating and cooling.

⁷ Emphasis on heating.

⁸ Sized on design heating load.

⁹ These NTG Values consist of 31% Free Ridership and 22% Spillover.

⁵ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), Section 7.1.3, pp.10-11.

10. As outlined in Exhibit D, Tab 1, Schedule 2, Enbridge Gas will update its term targets once the measure research and substantiation has been provided to the EC. For the purpose of claiming energy savings results, Enbridge Gas will use the researched values provided to the EC following the TRM process outlined in Section 8.5 of the DSM Framework, rather than the placeholder values provided above. Subsequently, any changes to the input assumptions and adjustment factors for the measures above in future years will follow the processes proposed in Section 2.7 of Exhibit C, Tab 1, Schedule 1.

2. Avoided Costs

11. For previous multi-year DSM plans, Enbridge Gas updated avoided costs on an annual basis. Enbridge Gas now proposes maintaining the current estimates of avoided costs (provided at Exhibit D, Tab 9, Schedule 1, Attachment 3) for the duration of the 2026-2030 DSM Plan term, adjusted each year only for inflation. This is similar to the IESO's approach of filing a fixed set of avoided costs in their 2021-2024 CDM plan and updating them only as part of their mid-term filing.⁶

12. Enbridge Gas proposes fixing the avoided costs to allow for certainty in designing DSM programming, prioritizing research, and forecasting results. In the event that there is a significant development impacting the DSM avoided costs, for example significant policy changes related to the Federal Carbon Charge, Enbridge Gas will update the avoided costs to reflect these changes, as appropriate.

13. Enbridge Gas is using the following approaches and information for its DSM avoided cost components.

⁶ IESO, 2021-2024 Conservation and Demand Management Framework Mid-Term Review, December 2022, p.19.

- a) Avoided natural gas upstream transportation and third-party services and avoided natural gas seasonal storage requirement costs: Based on supply planning models (i.e. SENDOUT©).
- b) Avoided natural gas commodity costs: Based on supply planning models (i.e. SENDOUT©), and third-party long-term commodity forecasts.
- c) Avoided unaccounted for natural gas fuel losses: Based on OEB approved unaccounted for gas annual rate, applied to all rate zones.
- d) Avoided natural gas downstream infrastructure costs: Based on the 2015 Navigant Avoided Distribution Costs report for the EGD rate zone, and the 2018 ICF Assessment of Union Avoided Local Distribution System Infrastructure Costs report for the Union rate zones.
- e) Avoided costs, other resources (electricity): Enbridge Gas proposes using a single average stream of avoided electricity energy costs (\$/kWh) that is based on the IESO's time-of-use avoided cost categories and load profiles applicable to the Company's DSM measures. Enbridge Gas also uses the IESO's summer and winter avoided peak capacity costs (\$/kW), applying either the summer avoided peak capacity costs only, or considering both the summer and winter avoided peak capacity costs when appropriate, to reflect the IESO's dual-peaking forecast.⁷
- f) Avoided costs, other resources (water): Based on the average rates of retail cost of water, from the municipalities within the EGD rate zone and the Union rate zones, reduced to estimate the portion of the retail cost that is consumption-variable.

⁷ IESO, 2024 Annual Planning Outlook, March 2024, p.2.

- g) Avoided carbon costs: Based on the Federal Carbon Charge, applied by rate class, weighted by the customer volume forecast subject to the Federal Carbon Charge.

Table 1
Custom EUL guideline

Technology	Equipment Type	Sector	EUL
Boilers	Industrial Process - greater than 2500 MBH _p	Industrial	25 yrs.
	Space heating - Under 300 MBH _p	Commercial & Multi-Residential	25 yrs.
	Space heating - 300 to 2500 MBH _p	Commercial & Multi-Residential	25 yrs.
	Domestic Hot Water	Commercial & Multi-Residential	25 yrs.
	Controls (Non Burner Mod.)	All	15 yrs.
	Controls (Burner Modification)	All	20 yrs.
	Air Makeup (line)	Industrial	15 yrs
	Oxy-Fuel	Industrial	20 yrs.
	Low NO _x Boiler	Industrial	25 yrs.
Building Optimization	Operational Improvement	Commercial	5 yrs.
Economizers	Conventional and condensing	Industrial & Commercial	20 yrs.
Electronic Burner Control	Linkage-Less Controls, Modulating Motors, Mod Motors	Industrial & Commercial	20 yrs.
Agriculture	IR Poly	Greenhouse	5 yrs.
	Energy Curtains	Greenhouse	10 yrs.
	Grain Dryer	Commercial	20 yrs.
HVAC	Air Curtains (single and double door)	Commercial	15 yrs.
	High Speed Doors	Industrial & Commercial	15 yrs.
	Building Automation System - New	Industrial & Commercial	15 yrs.
	Cooling tower for HVAC systems	Commercial	15 yrs.
	Destratification	Industrial & Commercial	15 yrs.
	Dessicant Cooling	Industrial & Commercial	15 yrs.
	Exhaust Fan Controls	Commercial	15 yrs.
	Heat Recovery (COM)	Commercial	15 yrs.
	Heat Recovery (IND)	Industrial	20 yrs.
	Infiltration Controls - Dock Seals	Commercial	10 yrs.

Technology	Equipment Type	Sector	EUL
	Infiltration Controls - Air Doors	Industrial & Commercial	15 yrs.
	Advance Building Automation System	Commercial & Multi-Residential	15 yrs.
	Demand Control Ventilation	Industrial & Commercial	15 yrs.
	Make-Up Air	All	15 yrs.
	Heat Reflector Panels	Commercial & Multi-Residential	15 yrs.
	VFD retrofit on MUA	Commercial / Multi-Residential and Industrial	15 yrs.
	Infrared heaters	Industrial	17 yrs.
	Furnace	Industrial	18 yrs.
	Turndown controls on Modulating Boiler	Commercial	15 yrs.
Heat Exchangers	Plate - Plate or Tube-Tube (COM)	Commercial	17 yrs.
	Plate - Plate or Tube-Tube (IND)	Industrial	
	Air-Air (COM)	Commercial	
	Air-Air (IND)	Industrial	
Insulation	Roof/Ceiling insulation	Industrial & Commercial	25 yrs.
	Pipe Insulation	Industrial & Commercial	14 yrs.
	Building Weatherization - Air sealing	Commercial	15 yrs.
	Building Envelope	Commercial	25 yrs.
	Tank Exterior Insulation	Industrial & Commercial	20 yrs.
Ovens and Thermal oxidizers	Low Temperature (less than 300°C)	Industrial	20 yrs.
	Medium Temperature (300°C - 1000°C)	Industrial	20 yrs.
	High Temperature (>1000°C)	Industrial	20 yrs.
Process Controls	Electronic Loop Controllers	Industrial	20 yrs.
	PLC's	Industrial	20 yrs.
	Flame Supervision (relays)	Industrial	20 yrs.
Steam Distribution	Steam Traps	Industrial & Commercial	6 yrs.
	Steam Valve	Industrial Food Services	10 yrs.

Technology	Equipment Type	Sector	EUL
Water Conditioners	Reverse Osmosis (RO)	Industrial	20 yrs.
	Ion Exchange	Industrial	20 yrs.
Industrial Equipment	All other industrial equipment	Industrial	20 yrs.
Water Heating	High Extraction Washer	Commercial	10 yrs.
	Ice Resurfacing	Commercial	10 yrs.
HVAC	Heat Pumps	Commercial	15 yrs.
Residential	Whole Home	Residential	25 yrs.
	Income Qualified – Whole Home	Residential	25 yrs.
	Air Sealing (Single Measure)	Residential	15 yrs.
	Behavioural	Residential	1 yr.

Table 1
Offering-Level Net to Gross Values

Program: Offering	Free rider rate	Spillover	NTG	Source
Commercial Program: Commercial Custom Offering, Commercial Existing Building Commissioning Offering	28%	3%	75%	1
Industrial Program: Industrial Custom Offering	33%	3%	70%	1
Large Volume Program: Large Volume Direct Access Offering	72.05%	0.82%	28.77%	2
Residential Program: Whole Home Offering	20%	10%	90%	1
Residential Program: Smart Home Offering	21%	7%	86%	1
Residential Program: Energy Education and Outreach Offering	0%	0%	100%	4
Income Qualified Program: All offerings	0%		100%	3
Commercial Program: Commercial Microbusiness Offering			80%	5

Sources:

- (1) Deemed values set via SAG/EAC discussions as outlined in SAG report.¹
- (2) Studied values measured via EC-led studies. Free rider value determined in the 2023 custom NTG study² and spillover value determined in the 2015 custom spillover study.³
- (3) As per 2023 Framework⁴ and continued support within SAG discussions.
- (4) Deemed value determined via a jurisdictional scan of North American behavioural programs. See Exhibit D, Tab 9, Schedule 1, Attachment 4.
- (5) As proposed in Section 2.6 of Exhibit C, Tab 1, Schedule 1.

¹ EB-2022-0295, SAG Report, November 11, 2024, pp.28-29.

² Pending release.

³ CPSV Participant Spillover Results Report, DNV, (May 23, 2018),
<https://engagewithus.oeb.ca/26884/widgets/108755/documents/94560>

⁴ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework) pp.10-11.

Table 2

Commercial/Industrial Net to Gross Values (Deemed Unless Otherwise Noted)

Measure Grouping	Prescriptive Downstream NTG	Direct Install NTG	Upstream NTG
Adaptive Thermostat	80%	80%	80%
Air Curtains	50% ¹	95%	95%
Combi-Oven	80%	80%	80%
Condensing Storage Water Heater	95%	95%	95%
Condensing Tankless Water Heater	98%	98%	98%
Condensing Unit Heater	100%	100%	100%
Conveyor Broilers	80%	80%	80%
Conveyor Ovens	80%	80%	80%
Demand Control Kitchen Ventilation (DCKV)	62% ¹	95%	95%
Demand Control Ventilation (DCV)	80% ²	80%	80%
Destratification Fan	90%	90%	90%
Dock Door Seals	50%	95%	95%
Energy Star Convection Oven	80%	80%	80%
Energy Star Dishwasher - Conveyor type	73%	73%	73%
Energy Star Dishwasher - Stationary door type	80%	80%	80%
Energy Star Dishwasher - Undercounter	60%	60%	60%
Energy Star Fryer	80%	80%	80%
Energy Star Rack Oven	80%	80%	80%
Energy Star Steam Cooker	80%	80%	80%
ERV and ERV In-suite	30% ¹	95%	95%
Faucet Aerator	90%	90%	90%
Griddles	80%	80%	80%
Heat Pump Water Heater	80%	80%	80%
High Efficiency Condensing Furnace	82.5%	82.5%	82.5%
HRV and HRV In-suite	95%	95%	95%
Hybrid Rooftop Unit (RTU)	97.5%	97.5%	97.5%
Infrared Heater	67%	67%	67%
Low-Flow Showerhead	90%	90%	90%
Make-Up Air (MUA) Unit	95%	95%	95%
Ozone Laundry	92%	92%	92%
Under Fired Broilers	80%	80%	80%

Notes

- (1) 2017 CI Prescriptive Verification Report, Itron, (February 7, 2020),
<https://engagewithus.oeb.ca/26884/widgets/108755/documents/136076>
- (2) DCV NTG deemed at 80% pending ongoing EAC discussions.

Table 3
Residential Net to Gross Values (Deemed)

Measure Grouping	Single Measure NTG	Moderate Income Direct Install NTG
Air Sealing	80% ³	80% ³
Attic Insulation	80% ³	80% ³
Heat Pump	91% ¹	91% ¹
Heat Pump Water Heater	91% ¹	91% ¹
Heat reflector panels	100%	100%
Pipe wrap	96%	96%
Faucet Aerator	67%	67%
Low-Flow Showerhead	90%	90%
Smart Thermostat	86% ²	86% ²

Notes:

- (1) These NTG values were deemed via SAG/EAC discussions as outlined in the SAG report⁵ and consist of 31% Free Ridership and 22% Spillover.
- (2) These NTG values were deemed via SAG/EAC discussions as outlined in the SAG report⁶ and consist of 21% Free Ridership and 7% Spillover.
- (3) As proposed in Section 2.6 of Exhibit C, Tab 1, Schedule 1.

⁵ EB-2022-0295, SAG Report, November 11, 2024, pp.28-29.

⁶ EB-2022-0295, SAG Report, November 11, 2024, pp.28-29.

Avoided Costs

2026 Avoided Costs – Enbridge Gas

Inflation Rate	2.00%
Discount Rate Nominal	6.08%
Discount Rate Real	4%

Table A	
Market Segment for Forecasting	Weighted % Subject to Carbon Charge
Residential	99.97%
Commercial/Industrial	76.6%
Large Volume	1.5%

	Gas Costs (\$/m3)		Carbon Costs (\$/m3)	Water Costs (\$/m3)	Electricity Energy Costs (\$/kWh)	Electricity Summer Peak Capacity Costs (\$/kW)	Electricity Winter Peak Capacity Costs (\$/kW)
Year	Baseload	Weather Sensitive					
2026	0.203	0.238	0.213	1.081			
2027	0.246	0.278	0.242	1.102			
2028	0.263	0.296	0.271	1.124			
2029	0.273	0.307	0.300	1.147			
2030	0.286	0.320	0.329	1.170			
2031	0.287	0.321	0.329	1.193			
2032	0.277	0.313	0.329	1.217			
2033	0.288	0.325	0.329	1.242			
2034	0.301	0.338	0.329	1.266			
2035	0.311	0.348	0.329	1.292			
2036	0.327	0.365	0.329	1.318			
2037	0.344	0.384	0.329	1.344			
2038	0.356	0.396	0.329	1.371			
2039	0.377	0.418	0.329	1.398			
2040	0.388	0.430	0.329	1.426			
2041	0.397	0.440	0.329	1.455			
2042	0.394	0.437	0.329	1.484			
2043	0.400	0.444	0.329	1.513			
2044	0.410	0.454	0.329	1.544			
2045	0.421	0.467	0.329	1.575			
2046	0.455	0.501	0.329	1.606			
2047	0.469	0.517	0.329	1.638			
2048	0.485	0.533	0.329	1.671			
2049	0.500	0.550	0.329	1.704			
2050	0.516	0.567	0.329	1.738			
2051	0.533	0.584	0.329	1.773			
2052	0.550	0.602	0.329	1.809			
2053	0.567	0.621	0.329	1.845			
2054	0.579	0.633	0.329	1.882			
2055	0.590	0.646	0.329	1.919			
2056	0.602	0.659	0.329	1.958			
2057	0.614	0.672	0.329	1.997			
2058	0.626	0.685	0.329	2.037			
2059	0.639	0.699	0.329	2.078			
2060	0.652	0.713	0.329	2.119			

Notes:

(1) Costs are in nominal dollars except for carbon and electricity peak capacity costs, which are in real dollars.

(2) For forecasting, carbon costs are weighted according to market segment (see Table A). However, future actual costs will be based on the customer's rate class.

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Tab 9
Schedule 1
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The electricity avoided costs used by Enbridge Gas rely on IESO information that has not been published at the time of filing this Application. Once the IESO publishes the information, Enbridge Gas will file an update to this Attachment.

ENBRIDGE GAS'S JURISDICTIONAL SCAN OF FREE RIDERSHIP IN
BEAHVIOURAL PROGRAMS, JANUARY 2024

Brief description of research

Seeking to understand what the average free ridership rate is for other behavioural programs, particularly those that have both treatment and control groups. Behavioural programs are also referred to as Home Energy Reports.

Key Objectives

To find the free ridership rates from different jurisdictions.

Research Results

A key feature of the randomized control trial ("RCT") design for the Home Energy Report program is that the analysis estimates net savings, not gross savings. While some customers that receive reports may have taken energy-conserving actions or purchased high-efficiency equipment in the absence of the program, the random selection of program treatment customer (as opposed to voluntary participation) assures that, on average, their behaviour would have been no different in the absence of the program than the actual average behaviour of the control group. Thus, there is no free ridership, and no NTG adjustment is necessary.

Jurisdiction	Measure	Free Ridership Rate
Connecticut ¹	Behavioral Change (electric and gas)	0%
Massachusetts ²	Home Energy Reports (electric and gas)	0%
Rhode Island (National Grid) ³	New Movers Dual Fuel (home energy reports, gas)	0%
Rhode Island (National Grid) ⁴	Existing Gas (home energy reports, gas)	0%
Rhode Island (National Grid) ⁵	New Movers Gas only (home energy reports, gas)	0%
Rhode Island (National Grid) ⁶	Existing Dual Fuel (home energy reports, gas)	0%
PacifiCorp (WY, ID) ⁷	Home Energy Report	0%
People's Gas and North Shore Gas (IL) ⁸	Home Energy Report	0%
Evergy (MO) ⁹	Home Energy Report	0%

¹ Connecticut's 2024 Program Savings Document, energizeCT (March 14, 2024), p.455, <https://app.box.com/s/1xvtredeigv9zy9tady3yoil6wcs829837>

² Massachusetts eTRM, Version 2025-2027 Three-Year Plan, Measures – Behavior – Home Energy Report, <https://www.masssavedata.com/Public/TechnicalReferenceLibrary>

³ Rhode Island Technical Reference Manual For Estimating Savings from Energy Efficiency Measures 2024 Program Year, Rhode Island Energy (October 2023), p.388, https://ripuc.ri.gov/sites/g/files/xkqbur841/files/2023-10/2335-RIEnergy_2024_Technical_Reference_Manual.pdf

⁴ Ibid, p.386.

⁵ Ibid, p.390.

⁶ Ibid, p.384.

⁷ Wyoming Home Energy Reports Program 2015-2016 Evaluation Report, Navigant Consulting (August 18, 2017), p.11, https://www.pacificorp.com/content/dam/pccorp/documents/en/pacificorp/environment/dsm/wyoming/Rocky_Mountain_Power_Wyoming_HER_Evaluation_Report_final.pdf

⁸ Residential Education and Outreach Program Impact Evaluation Report, Guidehouse (June 15, 2021), p.5, https://www.ilsag.info/wp-content/uploads/PGL_NSG-Home-Energy-Reports-2020-Impact-Eval-Report-2021-06-15-Final.pdf

⁹ MEEIA Cycle III: Residential & Demand Response Measurement, and Verification Report Evergy Metro and Missouri West: Main Report, ADM Associates (July 1, 2021), pp.2-4, <https://efis.psc.mo.gov/Document/Display/4531>

PROGRAM OVERVIEW

1. Enbridge Gas has designed the DSM programs within its 2026-2030 DSM Plan in alignment with the OEB's DSM Framework and in consideration of stakeholder feedback. The proposed DSM programs deliver meaningful, cost-effective natural gas savings with increased program access for customers.
2. In addition to providing financial incentives to customers for energy efficiency upgrades, the 2026-2030 DSM Plan is focused on achieving market transformational outcomes by advocating for the integration of energy efficiency into everyday practices and business operations. This focus is embedded throughout the 2026-2030 DSM Plan and is a core component of the DSM program strategies.
3. To influence long term market transformation and adoption of energy efficient technologies, the DSM programs within Enbridge Gas's 2026-2030 DSM Plan are designed with a focus of expanding market accessibility, capacity building, and increasing energy literacy by fostering a culture of energy awareness.

1. Expanding Market Accessibility

4. To broaden access to energy efficiency solutions, the 2026-2030 DSM Plan will target historically underserved sub-segments and will expand its network of participating retailers, contractors, and professional trade allies across all sectors. This expanded network will enhance program awareness and encourage participation among a diverse customer base. Key examples include:
 - a) The proposed residential Moderate Income Direct Install Offering aims to serve customers that may not qualify for traditional income-based programs yet still face financial barriers to investing in energy efficiency solutions.

- b) Recruiting additional participating retailers (point-of-purchase) and contractors in the residential Smart Home Offering ensures more customers are aware of and have access to the offering, while the post-purchase rebate option is expected to help address geographic challenges and increase engagement among residents in Northern Ontario, where natural gas use is higher but historical DSM program uptake is lower than Southern Ontario.
- c) The residential Education & Outreach Offering will engage 150,000 to 300,000 participants, empowering customers to understand and optimize their energy use.
- d) The Commercial Microbusiness offering will drive greater adoption of weatherization measures and will increase the reach of DSM programming for the smallest commercial customers.
- e) The expansion of the Commercial/Industrial Prescriptive Direct Install Offering delivery network is expected to extend the reach of current DSM programming and drive adoption of energy efficiency technologies, such as hybrid rooftop units.
- f) Increasing participation of distributors and manufacturers through the Commercial/Industrial Prescriptive Upstream Offering can influence shifts in the supply chain with the goal of altering what is promoted and made available in the market.

2. Capacity Building

- 5. To achieve the 2026-2030 DSM Plan's ambitious natural gas savings goals, it is essential to invest in the skills and capacity of the energy efficiency industry. Examples include:

- a) Further development of a professional air sealing contractor network, which is non-existent in the Ontario market but is key to achieving future results.
- b) Specialized support targeted at the adoption of lower-carbon solutions that include electric heat pumps, which can face barriers such as upfront costs, supply chain and contractor capacity, and customer awareness and acceptance. Through promotional activities, educational resources, and technical support (in addition to financial incentives) Enbridge Gas anticipates that its DSM programs can influence broader availability and adoption of these solutions over time.
- c) In the residential and income qualified markets, HVAC contractors will be provided training to ensure they are equipped with the knowledge and skills necessary to install and size equipment according to Natural Resources Canada's electric heat pump sizing and selection guidelines.
- d) In the commercial and industrial markets, education, training, technical tools, sales support, and other resources will be made available to trade allies and commercial contractors to increase their understanding of technologies and enhance their comfort with promoting them to customers.

3. Fostering a Culture of Energy Awareness

- 6. Enbridge Gas's DSM programs will continue to support the development of an environment in Ontario where individuals and businesses understand the impact of their energy use and are motivated to reduce consumption. Key strategies for the residential market include:
 - a) Enbridge Gas will leverage success stories, community engagement, and learnings to inspire additional households to adopt similar energy-saving measures. A robust educational component will help educate customers,

particularly Home Winterproofing Offering participants, about electric heat pump technology including how to maximize energy savings.

- b) Through the increased engagement of participating retailers and contractors in offerings such as the residential Smart Home and Single Measure Offerings, residential customers will become aware of energy efficiency measures, even those not directly involved in the program.
- c) The Home Efficiency Rebate – Optimized (“HER-O”) Pilot will support continuous program improvement of the residential Whole Home Offering by testing strategies to achieve deeper energy retrofits and engaging industry stakeholders to develop best practices in program delivery.
- d) The enhanced builder engagement, training and financial support included in the Residential Building Beyond Code Offering will provide builders with the tools to develop and sustain net zero energy ready (“NZER”) building practices in Ontario.

7. In the commercial and industrial markets, efforts will focus on supporting and promoting a continuous improvement mindset with customers, emphasizing reducing overall heating demands through system optimization and projects that reuse energy. Examples include:

- a) Offerings such as the Commercial Existing Building Commissioning Offering and the Commercial and Industrial Custom Offerings will provide tools and training for long term performance maintenance, driving more efficient energy use and contributing to improving overall efficiency of facilities across Ontario.
- b) Through the Commercial and Industrial Custom offerings, funding for audits, metering, studies and Energy Management Information Systems will help to

address knowledge barriers related to identification, cost, benefits, and feasibility of efficiency opportunities. Personalized support provided by Enbridge Gas Energy Solutions Advisors through site walk-throughs, portfolio benchmarking, and planning processes helps customers understand their energy usage, how to identify and prioritize efficiency opportunities, and encourages sharing and adoption of best practices.

4. Summary

8. In order to reach the aggressive natural gas savings targets included in the 2026-2030 DSM Plan and to support long term market transformational outcomes, Enbridge Gas will need to remain flexible, adapt to changing market conditions, and evolve program design and delivery methods to meet customer needs.

9. As the primary natural gas DSM program administrator in Ontario, Enbridge Gas requires the flexibility to execute its DSM programs in the context of evolving policy and market conditions. Furthermore, flexibility will be key in pursuing collaboration opportunities with the IESO and other parties. As such, Enbridge Gas will adjust incentive levels, measure mixes, and approaches to market as necessary throughout the 2026-2030 DSM Plan term, in compliance with the DSM Framework.

RESIDENTIAL PROGRAM

1. This evidence is organized as follows:

1. Residential Sector Overview
 - 1.1 Customers
 - 1.2 Market Actors
 - 1.3 Energy Use
 - 1.4 External Factors
 - 1.5 Motivations and Barriers
2. Residential Program Proposal

1. Residential Sector Overview

2. Enbridge Gas serves approximately 3.6 million residential customers across its service area. The sector includes two different markets, existing housing and new construction.
3. The existing housing market represents the largest customer group in Enbridge Gas's service area. Consequently, Enbridge Gas undertakes significant efforts to serve these customers through various DSM offerings and initiatives operating under the Residential and Income Qualified Program scorecards.
4. The new construction market refers to Part 9 housing under the Ontario Building Code ("OBC") and represents an estimated 30,000 or more additional Part 9 housing units annually in Ontario. As of 2012, the province of Ontario implemented a supplementary standard, SB-12, into the 2006 OBC. This standard introduced a performance element to new construction, requiring builders to meet energy efficiency minimum requirements through either a prescriptive or performance track. The SB-12 standard was updated in 2024 and remains in effect.

5. Local municipal governments are also becoming active participants in influencing energy efficiency in the new construction market. An increasing number of municipalities are introducing Green Development Standards (“GDS”). Most GDS are aligned with labelling programs such as ENERGY STAR for New Homes.

1.1 Customers

6. For the purposes of DSM programming, Enbridge Gas customers in the broader residential sector can be stratified by income level as follows:
 - a) Residential: This segment includes approximately 2.8 million customers residing in single-family type residential buildings (i.e., detached house, semi-detached house, row house, townhouse, or a mobile home with a permanent foundation). For the purposes of the 2026-2030 DSM Plan, multi-residential buildings are considered part of the commercial sector and served through the Commercial Program (refer to Exhibit E, Tab 4 for further details). The residential segment consists of customers with household incomes that exceed the defined thresholds for moderate income and income qualified groups detailed below. These thresholds are aligned with the IESO and are periodically revised to reflect economic conditions.
 - b) Moderate Income: Representing approximately 333,000 customers, the moderate income segment constitutes a substantial group of Enbridge Gas customers. Many moderate income households experience high home energy cost burdens and barriers to participation in energy efficiency¹ but don't qualify for DSM program offerings under the Income Qualified Program. As the cost of living continues to increase and disposable incomes tighten, more customers find themselves in this segment, necessitating additional financial

¹ Canadian Urban Sustainability Practitioners (October 2019), Energy poverty in Canada: A CUSP backgrounder, p.9. <https://energypoverty.ca/backgrounder.pdf>.

support to allow energy efficiency consideration. Moderate income is currently defined as follows, in alignment with income screening thresholds utilized by the IESO:

Table 1
Moderate Income Thresholds²

Number of people in the home	Before-tax household income
1	\$67,144
2	\$94,955
3	\$116,295
4	\$134,287
5	\$150,138
6	\$164,467

- c) Income Qualified (formerly Low Income): This segment is estimated to include 435,000 customers. In recognition of the unique needs and additional barriers faced by this lowest income segment, income qualified customers are supported directly through the Income Qualified Program detailed at Exhibit E, Tab 3. The income thresholds for this customer segment are currently defined as follows in alignment with income screening thresholds utilized by the IESO:

² Save on Energy, Energy Affordability Program (October 2024), <https://saveonenergy.ca/For-Your-Home/Energy-Affordability-Program>

Table 2
Income Qualified Thresholds³

Number of people in the home	Before-tax household income
1	\$45,322
2	\$64,095
3	\$78,499
4	\$90,643
5	\$101,343
6	\$111,015
7+	\$119,910

1.2 Market Actors

7. Market Actors in the residential sector include:

- a) Service Organizations (“SO”): SOs are licensed through Natural Resources Canada (“NRCan”) and perform several key functions such as HOT2000 training, quality assurance and quality control, and employing a team of Registered Energy Advisors. These advisors are certified to perform the pre- and post-audits required for the Home Energy Retrofit (“HER”) energy upgrades and rebates.
- b) Registered Energy Advisors (“REA”): REAs are certified energy advisors who conduct EnerGuide Assessments to inform customers about energy efficiency opportunities in their homes. These assessments are also used to measure whole-home energy savings after a post-assessment is completed.
- c) Contractors: Contractors sell, source, and install energy efficiency measures. The measures applicable to residential buildings include but are not limited to HVAC equipment, insulation, and windows/doors.

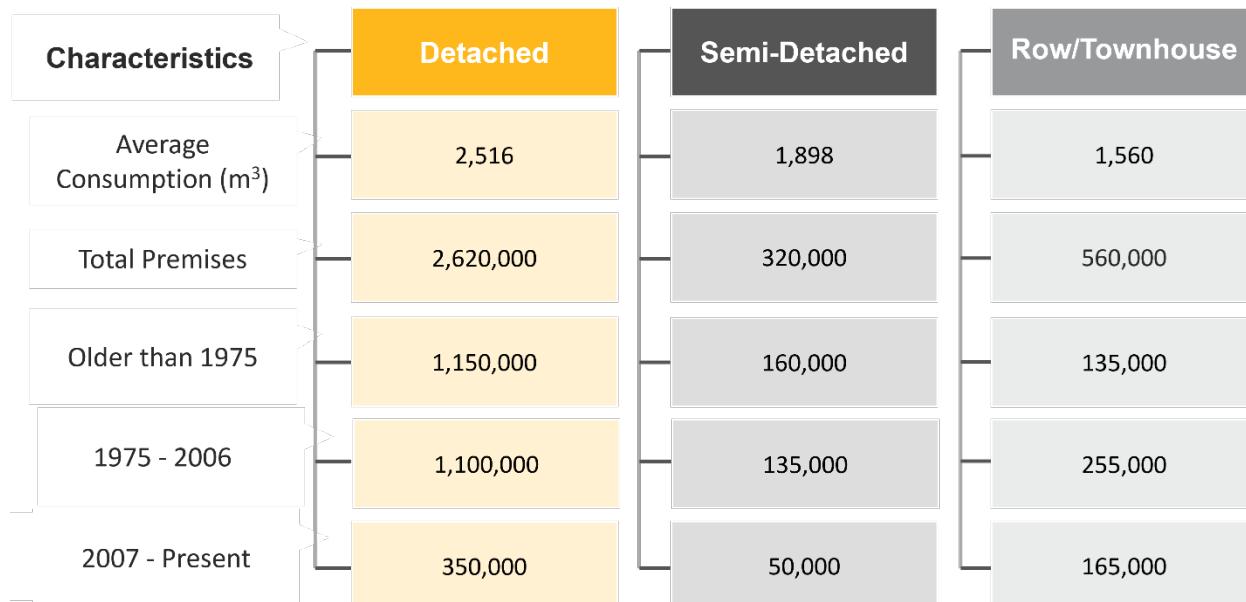
³ Save on Energy, Energy Affordability Program (October 2024), <https://saveonenergy.ca/For-Your-Home/Energy-Affordability-Program>

- d) Builders: Builders are companies that design and construct new homes.
- e) Municipalities: Municipalities are a level of government that supports community-related efforts such as new construction through their roles of issuing permits, conducting site inspections, and imposing GDS. Municipalities also play a critical role in engaging specific neighbourhoods and customer segments to support DSM-related efforts.

1.3 Energy Use

8. While consumption varies based on housing type and vintage, as depicted in Figure 1, the average annual natural gas consumption in this sector is currently approximately 2,300 m³ per customer account (i.e., per home).

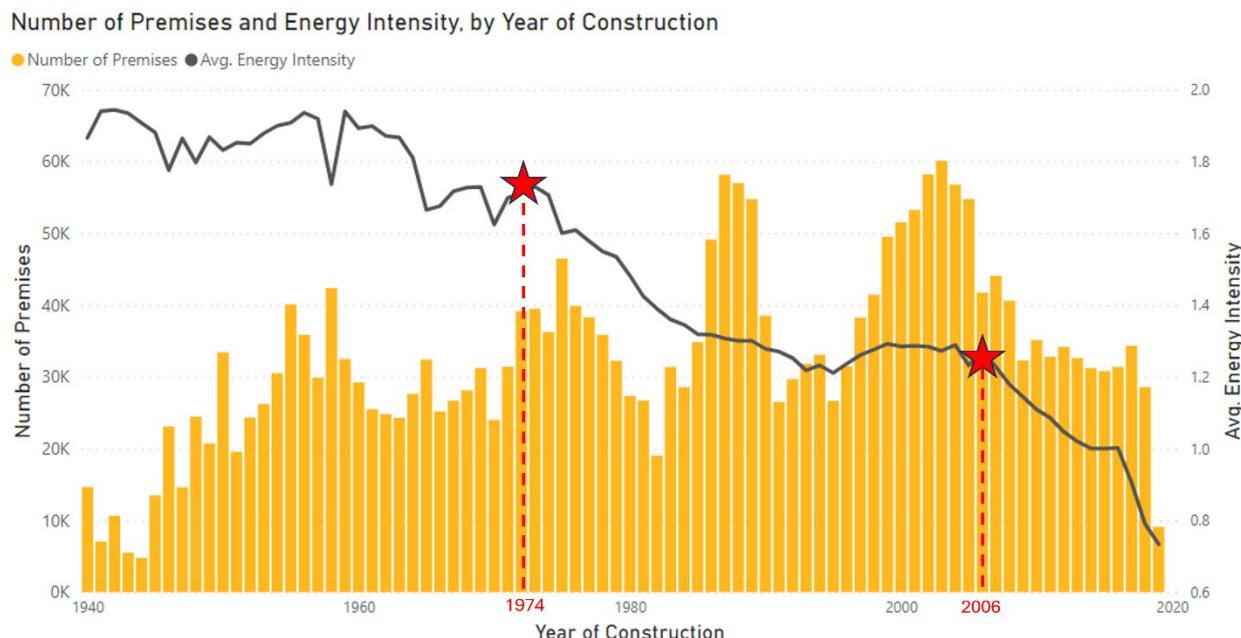
Figure 1: Residential Natural Gas Consumption by Building Type⁴



⁴ Enbridge Gas Residential Consumption Data, 2023

9. An effective way to illustrate energy performance is through energy intensity, which is the ratio of total natural gas consumption to the total square footage of a home. As shown in Figure 2, energy intensity was highest until 1974, when the Ontario Building Code was introduced. Approximately half of Enbridge Gas's customer base lives in homes built before 1974. Targeted programs, such as direct install attic insulation for moderate income customers, can significantly reduce natural gas consumption in these older homes and lower energy bills for these customers.

Figure 2: Number of Premises and Energy Intensity, by Year of Construction⁵



10. Programs that drive a reduction of natural gas usage in both existing and new buildings support Ontario's reduction of greenhouse gas ("GHG") emissions. Performance-based programs, such as Enbridge Gas's Residential Building Beyond Code Offering, are instrumental in advancing building standards beyond the code.

⁵ Enbridge Gas Residential Consumption Data, 2020.

These efforts are complemented by municipalities implementing their GDS to support incremental advancements at the local level.

1.4 External Factors

11. The adoption of energy efficiency measures within Ontario's residential sector is shaped by a variety of external factors, spanning political, economic, social, and technological influences. These dynamics affect the affordability and appeal of energy-saving investments, guiding how homeowners and tenants prioritize such improvements. The following factors are presumed to be most impactful to residential investment in energy savings:
- a) Federal Policies and Programs: Federal policies, such as the Federal Carbon Charge, Canada Greener Homes Grant program, and national goals for Net Zero Energy Ready (“NZER”) performance by 2030, can have an influence on the direction of provincial energy efficiency initiatives, particularly in the residential and new construction segments. Such policies create opportunities for Enbridge Gas to influence and support customers interested in reducing their energy usage.
 - b) Focus on Increasing Housing Supply in Ontario: The Ontario Government’s More Homes Built Faster Act is focused on the province’s goal of building 1.5 million new homes across the province in the next ten years. This focus on expediting availability of affordable new housing for Ontarians has however slowed progress in advancing performance standards in the provincial building code, such as adopting elements of the National Energy Code for Buildings (“NECB”) for Part 9 buildings. At the same time, there are a number of municipalities developing GDS. With the growth of GDS across Ontario municipalities and the nationwide interest in harmonizing and evolving building codes, planning for increasing performance requirements enforces

the importance and continuing support needed from Enbridge Gas's next generation of DSM new construction programming. Further, the recently announced National Green Building Strategy requires provinces and territories to adopt forthcoming changes in the National Building Code ("NBC") to access the new \$6 billion Canada Housing Infrastructure Fund announced in Canada's Budget 2024.⁶

- c) Municipal Climate Action Plans: Many municipal climate action plans are aligning with Pan-Canadian goals to establish NZER targets for new housing and existing housing. These action plans are comprehensive frameworks that local governments create to guide their communities in reducing GHG emissions through energy conservation programs, GDS, transportation emissions reductions, waste reductions and renewable energy initiatives. To meet mandatory and voluntary GDS requisites within desired timeframes, the builder market will require support to expand capacity of new homes meeting these higher standards. While municipalities have an important role in guiding the development of new homes and influencing associated GHG emissions, they are not able to directly impact the emissions from existing residential homes after they are built. It is crucial for municipalities and Enbridge Gas to continue to collaborate to ensure program eligibility is aligned in both the new construction and retrofit markets to support the goals of natural gas reductions in the 2026-2030 DSM Plan and municipal emission reduction efforts.

⁶ Government of Canada (April 16, 2024), Budget 2024, Chapter 1: More Affordable Homes. <https://budget.canada.ca/2024/report-rapport/chap1-en.html>.

d) Economic Challenges to Energy Efficiency Investments: The global rise in the cost of living has residents in Canada struggling with affordability.⁷ The rapid increase in inflation, which began in 2021 due to the COVID-19 pandemic, has led to higher home costs and mortgage rates, as illustrated in Table 3. As a result, many Canadians are prioritizing immediate concerns with the cost of living and housing over longer-term climate actions.⁸ To encourage participation in energy efficiency programs, incentives must be designed to account for the immediate socioeconomic pressures faced by consumers.

Table 3
Ontario Price Increases Since March 2021 (%)⁹

Category	Percent Increase
All Items	16.1%
Food purchased from store	23.3%
Shelter	21.7%
Rent	21.2%
Mortgage interest	55.5%

e) Changing Demographics: In Ontario, the age of the population is expected to shift over time, with a gradual increase in the percentage of Ontarians aged 65 or older.¹⁰ Insights from Enbridge Gas's Residential End User Study ("REUS") show that customers age 65+ are less likely to have plans to make their home more energy efficient.¹¹ This suggests that additional efforts may be required to effectively engage and market energy efficiency initiatives to the growing older demographic.

⁷ Government of Canada (April 16, 2024), Budget 2024, Chapter 3: Lowering Everyday Costs.

<https://budget.canada.ca/2024/report-rapport/chap3-en.html>

⁸ Abacus Data (October 4, 2024), Public concern about Climate Change drops 14-points since last year. Why?. <https://abacusdata.ca/from-climate-action-to-immediate-relief/>

⁹ Statistics Canada (October 15, 2024), Table 18-10-0004-01 Consumer Price Index.
<https://doi.org/10.25318/1810000401-eng>.

¹⁰ Ministry of Finance, Government of Ontario (October 1, 2024), Ontario Population Projections.
<https://www.ontario.ca/page/ontario-population-projections>.

¹¹ Enbridge Gas 2023 Residential End User Study - Energy Conservation, p.10.

- f) Emerging Technologies: Due in large part to the success of the Clean Home Heating Initiative (“CHHI”) and Home Efficiency Rebate Plus (“HER+”) programs, electric heat pump installations in Ontario have increased. Enbridge Gas-delivered electric heat pump programs in Ontario have provided the following valuable insights:
- i. Cold climate technology has been highly preferred in the air source electric heat pump market due to higher incentives and higher performance in colder temperatures, as seen in both the CHHI and HER+ programs.¹²
 - ii. Electric heat pump training is needed for contractors, covering topics such as appropriate sizing, selection, installation, and commissioning. Quality control and assurance measures are essential to ensure contractors are properly trained and employ best practices. Field assessments will help achieve the desired outcomes for customers.
 - iii. Technological advancements in energy efficiency offer opportunities but also present challenges. New technologies like electric heat pumps can offer promising benefits for enhancing energy outcomes, though their evolving adoption and unknown lifetime cost impacts (including consideration of upfront costs) may require careful consideration.

1.5 Motivations and Barriers

12. One of the principal factors influencing residential customer decisions to undertake energy upgrades is access to rebates that offset project costs. Customers are motivated by other important factors such as efforts to improve the energy efficiency of the home, lower energy use, replace end of life equipment or windows/doors, and

¹² Enbridge Gas HER+ and (CHHI) Data, 2023.

improve home comfort.

13. Several barriers to residential investment also exist.

- a) Energy Literacy: Customer awareness and knowledge about home energy efficiency remains low. According to the 2023 Enbridge Gas REUS, 83% of customers who have an attic believe their attic is adequately insulated or well insulated,¹³ despite data showing that almost all homes built before 2005 are under-insulated, as illustrated in Table 4.

Table 4
Percentage of Under-Insulated Attics (R-10 below Section 9.36 Requirements)¹⁴

Province	# of Homes	Built before 1945	Built between 1945-1960	Built between 1960-1977	Built between 1977-1983	Built between 1983-1995	Built between 1995-2005	2005+
Ontario	2,854,757	100%	99%	99%	99%	99%	99%	95%

- b) Contractor Knowledge of Programs: The role of contractors and service organizations in supporting customers with energy efficiency decisions is critically important. In Enbridge Gas's satisfaction survey of HER+ offering participants, 42% reported that they first learned about the HER+ offering from a contractor or industry professional.¹⁵ Enbridge Gas will increase efforts to strengthen contractor channels to ensure they have comprehensive program knowledge, are confident addressing customer inquiries and strive to meet best practices in market.

¹³ Enbridge Gas 2023 Residential End User Study - Energy Conservation, p.5.

¹⁴ NAIMA Canada (2016), An Analysis of Under-Insulated Houses in the Existing Canadian Housing Stock, p.13.

¹⁵ Enbridge Gas HER+ Participant Satisfaction Survey, June 2023-September 2024 results.

- c) Engagement: The Residential Program has experienced good participation over time but much of the residential market has not recently participated in DSM programming. Participation in the HER+ offering increased in response to increased incentives. With increasing costs, the need to offer low or no cost initiatives becomes even greater. There is also an opportunity to broaden participation by providing greater breadth of offerings and facilitating multiple paths for program participation.
 - d) Equity: Creating programs that are available to everyone isn't enough. Programs must consider and aim to address the barriers and needs of all demographics to ensure everyone has fair access to energy improvement initiatives, including those that fall into moderate income and income qualified segments, as well as Indigenous communities that may require additional support.
 - e) Accessibility: Participation remains lower in Northern Ontario relative to Southern and Central Ontario. Fewer REAs and qualified contractors in northern parts of the service area pose challenges to participation in these communities. Addressing those barriers through additional offerings and capacity building activities are critical in improving participation levels in these areas. Programs should focus on addressing geographic challenges to broaden reach.
14. By addressing the above noted factors, Enbridge Gas aims to drive greater program awareness, uptake, and participation – collectively driving an increase in energy savings and in customer satisfaction across the residential sector.
15. Enbridge Gas plans to implement a three-pronged approach to meet the needs of the customers across the residential sector:

- a) Build: Support growth through capacity building;
- b) Engage: Encourage participation by enhancing awareness; and,
- c) Execute: Achieve natural gas savings by maximizing opportunities for program uptake.

Table 5
Enbridge Gas's Approach to the Residential Sector

	Objectives	Activities
Build	- Support contractor training to ensure best practices are followed	- Contractor training and recruitment
Engage	- Advance energy literacy and conservation awareness - Provide no/low-cost opportunities for customers to explore energy conservation concepts - Offer incentives to customers to engage in activities to help identify and execute energy-saving practices	- Online home assessments - Behavioural offering (home energy reports) - EnerGuide audits (in-person home assessments) - Draft proofing kits (whole home)
Execute	- Provide flexible offerings to meet diverse customer needs - Develop multiple delivery paths to broaden reach	- Smart thermostats - Single measures (attic insulation, air sealing, electric heat pumps) - Direct install - Whole home customer solutions (the Whole Home Offering and Home Winterproofing Offering encourage multiple measures) - Net zero energy ready development stream for builders

2. Residential Program Proposal

16. The proposed Residential Program has been developed based on the following design principles:

- a) Broaden participation and increase savings
- b) Incorporate flexibility into offerings
- c) Focus on accessibility and equity
- d) Advance energy literacy
- e) Promote envelope upgrades before mechanicals
- f) Explore collaboration and partnerships
- g) Attract increased market activity
- h) Work towards scalability

17. The offerings have been designed with a “good, better, best” approach to offer a variety of entry points to ensure maximum participation, accessibility and to drive incremental savings. Generally, programs with additional features and requirements tend to achieve higher natural gas savings.

18. Educating consumers on energy use in their home is a foundational step in the residential sector, paving the way for increased motivation to act and participate in energy conservation programming. Efforts to improve energy use education include the delivery of home energy reports as part of a new behavioural offering, more personalized online program guidance through Enbridge Gas’s website, and the continuation of in-person EnerGuide audits.

19. Recognizing that affordability has become a bigger challenge in the current economic climate, a full home retrofit may not be an accessible option for everyone.

Offerings incenting smaller single measure projects and a new direct install offering targeting moderate income customers aim to address the affordability barrier. The DSM Stakeholder Advisory Group (“SAG”) supported the inclusion of both offerings in the Residential Program.¹⁶

20. The residential suite of offerings have been designed to provide flexibility to customers. The offerings proposed in the 2026-2030 DSM Plan will meet diverse customer needs and project sizes. The Single Measure Offering is a simplified approach that provides residential customers with an incentive for a single measure energy upgrade without the need for a whole home energy audit – saving time and upfront costs for customers. The Whole Home Offering will continue to motivate homeowners to pursue deeper energy savings by undertaking multiple energy upgrades to their home, through guidance of an energy report generated by an in-home audit. SAG members were largely supportive of Enbridge Gas’s proposed Whole Home Offering and enhancements.¹⁷
21. In addition, to test approaches and supports needed to encourage homeowners to complete deeper energy retrofits, Enbridge Gas is also proposing the Home Efficiency Rebate – Optimized (“HER-O”) Pilot. This pilot will test alternative and enhanced strategies, meant to enable customers to perform deeper incremental energy savings activities, optimizing the Whole Home Offering.
22. To support the uptake of residential offerings and better support the residential customer in making energy conservation choices, Enbridge Gas will work with the contractor community to help build the capacity of qualified contractors in the Ontario market who are proficient in best practices. This effort is intended to facilitate market

¹⁶ EB-2022-0295, SAG Report, November 11, 2024, p.43.

¹⁷ EB-2022-0295, SAG Report, November 11, 2024, p.43.

engagement and support the advancement of measures such as electric heat pumps and professional air sealing.

23. The Residential Program is comprised of the following offerings, including offerings targeted towards the moderate income segment and new construction market.

Table 5
Residential Offering Descriptions and Enabling Activities

Residential Program		
Offering	High Level Description	Key Offering Elements
Whole Home	This offering will motivate homeowners to pursue deeper energy savings by undertaking multiple energy upgrades to their home, through guidance of an energy report generated by a home audit and with home weatherization kits (draft proofing). The result is increased comfort of homes and reduced energy consumption.	<p>Participants must complete a pre- and post-audit as well as install two or more measures from the list below:</p> <ul style="list-style-type: none">• Attic Insulation• Exposed Floor Insulation• Exterior Wall Insulation• Basement Insulation• Crawl Space Insulation• Air Sealing• Window/Door/Skylight/Sliding Door <p>Prescribed incentives are provided for the associated project measures and a portion of the audit related costs</p>
Single Measure	This offering reduces the barriers to entry that some customers face with the Whole Home Offering (such as time and cost). The Single Measure Offering provides a simplified approach for smaller projects, as it does not require an audit.	<ul style="list-style-type: none">• Simplified, faster process to receive an incentive• Includes professional air sealing, electric heat pumps, attic insulation, and electric heat pump water heaters delivered through contractors• Will target insulation and air sealing offerings to older homes for maximum savings. Focus on right-sizing with electric heat pump installations
Smart Home	This offering will replace existing thermostats with smart control devices, such as smart thermostats, to reduce natural gas consumption in the home.	<ul style="list-style-type: none">• Rebates provided to participants for common Smart Thermostat models (Nest, ecobee, Sensii, Honeywell)• Multiple incentive pathways: Rebates can be redeemed in-store, online or through a participating contractor. Both instant rebate and post-purchase rebates are available

Table 5 (continued)*

Residential Offering Descriptions and Enabling Activities (continued)

Residential Program		
Offering	High Level Description	Key Offering Elements
Moderate Income Direct Install	This offering will target moderate income communities that may not qualify for the Income Qualified Program but still face cost barriers.	<ul style="list-style-type: none"> • Work with municipalities to geo-target high-density moderate income zones; homes older than 1974 to maximize savings with attic insulation • Delivered by third party Delivery Agents at zero cost to participant • Measures include: Attic Insulation, Professional Air Sealing, Smart Thermostat • No audit required
Energy Education and Outreach	This offering will increase residential customer understanding of energy usage in their homes and educate them on available energy efficiency upgrade opportunities, as well as available incentive programs.	<ul style="list-style-type: none"> • Home Energy Report will show customers their consumption relative to other homes, and provide educational tips tailored to their usage and habits to drive changes in energy usage • Serves as a gateway to other residential energy efficiency offers
Residential Building Beyond Code	This offering supports the residential new build industry in increasing the number of Net Zero Energy Ready ("NZER") homes being built by providing both education and financial incentives to builders and their affiliated trades and professional networks.	<ul style="list-style-type: none"> • Builders are directed into one of two streams depending on their NZER experience: <ol style="list-style-type: none"> 1. Demonstration stream: New NZER Builders 2. Development stream: Existing NZER Builders
Enabling Activities	High Level Description	
Online Home Assessments and Targeted Outreach	The online home assessment will provide targeted customers with a customized list of prioritized energy efficiency opportunities and the associated incentive offerings. This information will be generated for customers based on the information they provide in an online questionnaire, supported by data analytics. This information is aimed at enhancing customer energy literacy and driving greater market awareness of available programs and, in turn, program uptake.	
Industry Capacity Building	<p>Enbridge Gas will help to create new and expand existing market participants that are key to driving growth in DSM participation and results. For example, Enbridge Gas will focus on the development of a professional air sealing contractor network. This does not currently exist in Ontario and will be key to achieving future results for the air sealing measure.</p> <p>In addition, pilots and offerings (HER-O Pilot and Residential Building Beyond Code Offering) are designed to ensure the residential market has the right industry support to drive reductions in natural gas usage.</p>	

WHOLE HOME OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. HER-O Pilot
 - 9.1 HER-O Pilot Incentives
10. Metric
11. Gross Measurement

1. Objective

2. The objective of the Whole Home Offering is to motivate homeowners to pursue deeper energy savings by undertaking multiple energy upgrades to their home. Registered Energy Advisors (“REA”) recommend which energy upgrades would be most beneficial based on an energy report generated by a pre-retrofit home audit. Savings achieved are then confirmed via a post-retrofit audit. The goal is to assist consumers with making the right choices to increase the comfort of their homes and reduce their energy consumption and bills, with a focus on thermal envelope upgrades.

2. Participant Benefits

3. Benefits to participants include:

- a) Partial cost coverage for upgrade and audit costs as well as an available bonus incentive for installing an electric heat pump, through the Single Measure Offering, following participation in the Whole Home Offering. This encourages the best practice of upgrading the building envelope before replacement of mechanicals, ensuring the mechanicals can be effectively sized to the reduced heating load.
- b) In person home audits by REAs, which provide energy savings education and information that both identifies and prioritizes energy efficiency projects/measures.
- c) Free draft proofing / weatherization kit as an additional measure to address air leakage issues.

3. Target Market

4. The Whole Home Offering targets all residential customers interested in understanding and implementing holistic home efficiency improvements and those interested in weatherization upgrades, subject to eligibility details outlined below.

4. Eligibility Criteria

5. To be eligible for this offering, a participant must be a residential Enbridge Gas customer whose residence (detached house, semi-detached house, row housing, townhome, or a mobile home on a permanent foundation) is primarily heated using natural gas at the time of the pre- and/or post- audit. Participants must not have participated in or received a rebate for the same qualified measure(s) for the same home in the past from an Enbridge Gas program.

5. Offering Details

6. The Whole Home Offering is designed to generate natural gas savings in the residential sector by educating customers about their energy consumption, promoting a holistic approach to maximize both energy savings and customer benefits. The program consists of the following participation activities:
 - a) An initial home energy audit, called the pre-assessment or D-audit, conducted by an REA through a Service Organization qualified by Enbridge Gas and licensed by Natural Resources Canada (“NRCan”).
 - b) Installation of at least two eligible measures (draft proofing kit does not count as one of the two measures).
 - c) A final home energy audit, called the post-assessment or E-audit, conducted by an REA through a Service Organization qualified by Enbridge Gas and licensed by NRCan.
7. All participants will receive a no cost weatherization draft proofing kit to support do-it-yourself air sealing efforts that are identified during the pre-audit air leakage identification.

6. Key Changes

8. Compared to Enbridge Gas's previous DSM Plan (EB-2021-0002), the Whole Home Offering in the proposed 2026-2030 DSM Plan includes the following key changes:

- a) Financial Incentives: Electric heat pump bonus incentives (space and water heating) will be available through the Single Measure Offering as a prescriptive, add-on offer. Whole Home Offering participants can receive an additional bonus incentive if they install a space heating electric heat pump following the completion of whole home upgrades (i.e., thermal envelope upgrades).
- b) Measures: A free draft proofing kit will be provided for all Whole Home Offering participants consisting of weatherstripping, rope caulking and outlet caskets. The draft proofing kit is designed to assist the participant to improve air leakage issues identified in their home through the in-person home energy audit.
- c) Home Efficiency Rebate – Optimized (“HER-O”) Pilot: To support continuous program improvement and test strategies to achieve deeper energy retrofits as part of the Whole Home Offering, Enbridge Gas will launch the HER-O Pilot. Please see the HER-O Pilot section below for details.

7. Incentives

- 9. There are two types of incentives available for participants of the Whole Home Offering: measure incentives and audit incentives. There is a combined maximum for measure and audit incentives of \$5,000. Measure incentives are provided to participants according to the measure installed, as shown in Table 1.

Table 1
Whole Home Offering Measure Incentives

Qualifying Retrofit Measures	Rebate
Attic Insulation	
Attic Insulation R12 or less (achieve R50)	\$1,500
Attic Insulation greater than R12 to R25 (achieve R50)	\$1,200
Attic Insulation greater than R25 to R35 (achieve R50)	\$900
Cathedral/Flat Roof Insulation	\$780
Exterior Wall Insulation	
Wall Insulation (Add greater than R20 to 100% of building)	\$3,600
Wall Insulation (Add greater than R12 up to R20 to 100% of building)	\$2,100
Wall Insulation (Add greater than R7.5 up to R12 to 100% of building)	\$1,200
Exposed Floor Insulation	
Exposed Floor Insulation (Add at least R20, min. area of 11m ² or 120 ft ²)	\$300
Basement Insulation	
Basement Insulation (Add greater than R22) to 100% of basement	\$1,500
Basement Insulation (Add R10 - R22) to 100% of basement	\$900
For sealing and insulating at least 80% of basement header to add a min. R20	\$300
For sealing and insulating at least 50% of the entire basement slab by a min. of R3.5	\$500
Crawl Space	
Basement Insulation (Add greater than R22) to 100% Exterior Crawl Space)	\$1,200
Basement Insulation (Add R10-R22) to 100% Exterior Crawl Spacer)	\$600
Basement Insulation (Add greater than R24) to 100% Crawl Space Ceiling)	\$1,200
Windows/Doors	
Each window, door or skylight replaced with an ENERGY STAR® certified model	\$50
Air Sealing	
Achieve Base Target	\$120
Achieve 10% or more above Base Target	\$180

8. Enabling Activities

10. Enabling activities are activities that drive increased uptake in-year or in future years, by increasing awareness of energy saving opportunities and available incentive offerings. Enabling activities include:

- a) Online Home Assessments & Targeted Outreach: The objective is to advance energy literacy and expand market opportunities, by utilizing online home assessments. These assessments will assist customers in discovering opportunities within their home based on information obtained through an

online questionnaire and leveraging data analytics. Energy saving opportunities and associated incentive offerings will be presented to assist in project decision making.

- b) Contractor Engagement: Trade allies, including market participants such as contractors, Service Organizations and their associated REAs, have the most direct influence on customer purchasing decisions. Enbridge Gas will engage with trade allies via channels such as a website where they can access all of the necessary offering information such as eligibility criteria and incentive details.
- c) Industry Capacity Building: Enbridge Gas will help create and expand residential market participants, which will be key to realizing growth in DSM results. The HER-O Pilot is designed to ensure that the existing residential market has the right industry support to achieve natural gas reductions.

9. HER-O Pilot

11. To support continuous improvement of the Whole Home Offering and test strategies to achieve deeper energy retrofits, Enbridge Gas will launch the Home Efficiency Rebate – Optimized (“HER-O”) Pilot. The HER-O Pilot is designed to support advancing existing homes in their journey to further reduce their natural gas usage and associated energy bills, via deeper energy retrofits.
12. Enbridge Gas proposes a 5-year pilot to identify ways to better support deeper energy retrofit projects. The pilot aims to create a roadmap that helps customers plan and phase in required retrofits over time, making the retrofit process more affordable and accessible to a broader customer base. The HER-O Pilot will be offered to participants in the Whole Home Offering, through a specially trained group of REAs called HER-O advisors. These advisors will provide additional support to

homeowners during their retrofit journey. The cost of this support will be covered by an incentive paid directly to the HER-O advisor.

13. The HER-O Pilot will have three objectives:

- a) Optimize: Optimize the existing in-person home energy assessment process and establish a standard of best practices in offering delivery, to ensure a high standard of customer satisfaction.
- b) Develop a deep energy retrofit roadmap: Develop the supports and tools, such as a staged home energy retrofit report with a long-term retrofit plan, to encourage adoption of this approach by energy auditors and contractors in order to facilitate homeowners undertaking deeper energy retrofits.
- c) Provide net zero energy ready (“NZER”) retrofit support: Develop a better understanding of how to support customers with participating in existing industry programs that are focused on net zero energy performance.

14. The savings related to HER-O Pilot projects will be incorporated into the Whole Home Offering results and any pilot-related outcomes that can be supported by the budget will be incorporated into the Whole Home Offering as they are identified and tested.

9.1 HER-O Pilot Incentives

15. HER-O Pilot participants will be eligible for a bonus incentive in addition to the Whole Home Offering measure incentive amounts (see Table 2). The participant will receive the bonus incentive after confirmation of correct installation by the HER-O energy advisor as part of the post-audit assessment. This bonus incentive is based on the modeled reduction in energy savings in HOT2000 by comparing the pre- and post-assessments.

Table 2
HER-O Pilot Homeowner Performance Bonus Incentive

Performance level (reduction in annual gas consumption, m³)	Bonus incentive	Total homeowner incentive (estimated)
0-49%	None	Whole Home Offering measure incentive
50+%	\$1,000	Whole Home Offering measure incentive + \$1,000

16. Incentives will also be provided to the HER-O energy advisor directly from Enbridge Gas, based on eligible tasks, to cover the additional support a deep energy retrofit project will require. A HER-O energy advisor could receive financial support for the additional efforts that they provide to a customer as part of the HER-O Pilot. Advanced training to become a HER-O energy advisor is provided at no cost to participating REAs.

10. Metric

17. The metric for the Whole Home Offering is net annual (first-year) natural gas savings, measured in m³.

11. Gross Measurement

18. NRCan HOT2000 software, used in EnerGuide Mode, is required for estimating natural gas savings for participants in the Whole Home Offering. Homes will be initially modelled based on the existing state of the home and again based on the post-retrofit state of the home. All completed HOT2000 assessments and associated documentation will be submitted to NRCan in accordance with its QA/QC processes.

SINGLE MEASURE OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The goal of the Single Measure Offering is to encourage broader participation in the Residential Program through the delivery of simplified, single measure alternatives, encouraging additional customers (those who would not have or could not have participated in the Whole Home Offering) to work with contractors to identify and undertake energy efficiency improvements. The Single Measure Offering adds flexibility to the Residential Program, meeting customers at different stages of their energy journey and providing additional ways for them to engage with Enbridge Gas's DSM programs.

2. Participant Benefits

3. Benefits to participants include:

- a) Reduced time and cost barriers to energy efficiency upgrades by allowing participants to complete one upgrade at a time.

- b) Simplified approach without the requirement to schedule pre and post energy audits.
- c) Energy efficiency measures contribute to comfort improvements in the home.

3. Target Market

- 4. The Single Measure Offering is targeted to residential customers, subject to eligibility details outlined below.

4. Eligibility Criteria

- 5. To be eligible for the offering, a participant must be a residential Enbridge Gas customer at the time of measure installation, whose residence (detached house, semi-detached house, row house, townhouse, or a mobile home with a permanent foundation) is heated with natural gas at the time the measure is installed.
- Participants must use an Enbridge Gas approved contractor.

5. Offering Details

- 6. The Single Measure Offering provides incentives for the installation of an eligible single measure by an Enbridge Gas approved contractor. No energy audit is required.
- 7. Eligible measures are listed below; however, Enbridge Gas may introduce additional measures in the future based on Technical Resource Manual (“TRM”) measures approved during the DSM Plan term:
 - a) Attic Insulation
 - b) Professional Air Sealing
 - c) Electric Cold Climate Air-Source Heat Pump (Space Heating)
 - d) Electric Heat Pump Water Heater

6. Key Changes

8. Compared to Enbridge Gas's previous DSM Plan (EB-2021-0002), the Single Measure Offering in the proposed 2026-2030 DSM Plan includes the following key changes:
 - a) Financial Incentives: An electric heat pump bonus incentive will be available for Whole Home Offering participants who have completed whole home upgrades (i.e., thermal envelope upgrades) and then installed a space heating electric heat pump.
 - b) Delivery: Enbridge Gas will focus on increasing participation in the offering. Expanded capacity building with industry market actors through electric heat pump training as well as further development of a professional air sealing contractor network are key to realizing growth in DSM results and meeting the targets proposed over the term.

7. Incentives

9. Incentive details are as follows:
 - a) Attic Insulation: The offering will use a tiered incentive approach based on the existing nominal R-value by attic type and the project cost for the insulation upgrade. The incentive available to a participant will be 50% of the project cost up to the maximum incentive per category as defined in Table 1.

Table 1
Attic Single Measure – Incentive Structure

Attic Insulation	Rebate
Attic Insulation R12 or less (achieve R50)	50% of project costs up to max. \$1,200
Attic Insulation greater than R12 to R25 (achieve R50)	50% of project costs up to max. \$950
Attic Insulation greater than R25 to R35 (achieve R50)	50% of project costs up to max. \$750
Cathedral/Flat Roof Insulation	50% of project costs up to max. \$600

- b) Professional Air Sealing: Professional air sealing is conducted by an approved contractor utilizing a blower door test on the home to identify air leakage and implementing sealing measures, where possible, during the same visit. A \$500 incentive will be provided to partially offset the cost of the blower door guided air sealing activities performed by the approved contractor.
- c) Electric Cold Climate Air-Source Heat Pump (Space Heating): As outlined in Table 2, incentives will be tiered based on the capacity of the electric heat pump installed, which aligns with the expected natural gas savings, as higher capacity equipment can displace more of the natural gas consumption. Offering requirements are aligned with best practices as defined in Natural Resources Canada’s (“NRCan”) electric air-source heat pump sizing and selection guide.¹ Expected incentives are illustrated below for a single detached home assuming a 2-tonne air conditioning equipment capacity requirement and a 48,000 BTUH design heating load, with electric air-source heat pump capacities rounded up to the nearest half tonne. Conditions will

¹ Natural Resources Canada (December 21, 2020), Air-source Heat Pump Sizing and Selection Guide, [https://natural-resources.canada.ca/sites/nrcan/files/canmetenergy/pdf/ASHP%20Sizing%20and%20Selection%20Guide%20\(EN\).pdf](https://natural-resources.canada.ca/sites/nrcan/files/canmetenergy/pdf/ASHP%20Sizing%20and%20Selection%20Guide%20(EN).pdf)

vary by home. A \$500 Bonus incentive will be offered for those who participate in the Whole Home Offering prior to installing an electric heat pump.

Table 2
Electric Heat Pump Single Measure Incentives

	4A: Emphasis on Cooling	4B: Balanced Heating and Cooling	4C: Emphasis on Heating	4D: Sized on Design Heating Load
Incentive Amount	\$1,000	\$1,500	\$2,250	\$3,000

Option 4A: Electric heat pump primarily for cooling, meeting cooling needs and providing mild heating; secondary system covers most of the heating season.

Option 4B: Electric heat pump supports both heating and cooling, sized slightly above cooling needs. Provides moderate heating, with secondary system for colder weather.

Option 4C: Electric heat pump serves as the main heating source, covering most of the season, with secondary heating for extreme cold.

Option 4D: Electric heat pump sized to meet most/all heating needs under design conditions, minimizing secondary heating.

As noted in Section 2.3 of Exhibit C, Tab 1, Schedule 4, Enbridge Gas proposes to limit conservation program incentives for electric heat pumps to models which meet the cold climate standard, as suggested by the DSM Stakeholder Advisory Group (“SAG”).

- d) Electric Heat Pump Water Heater: \$1000 per unit, with a maximum of 1 unit per home.

8. Enabling Activities

10. The Single Measure Offering will be delivered by trade contractors (i.e., insulation contractors, HVAC contractors). An online portal will be used to manage interactions including allowing new contractors to qualify and manage training requirements and program compliance. An online portal will also be used to allow contractors to submit completed projects directly to Enbridge Gas for processing rebate payments to participants.

9. Metric

11. The metric for the Single Measure Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

12. For prescriptive measures, the offering will use the TRM (including the established process for the introduction of new measures) as the basis for natural gas savings (m³) gross measurement. Projects must meet requirements as outlined in the version of the TRM applicable to the program year.
13. For project-specific inputs in the case of professional air sealing, a custom calculator will be used.

SMART HOME OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The goal of the Smart Home Offering is to encourage the installation and use of a smart control device in the homes of residential customers, thereby helping them to manage their energy consumption and their energy bills.

2. Participant Benefits

3. Benefits to participants include:

- a) A straightforward action that participants can take to improve their energy management and lower energy costs.
- b) Multiple pathways are available to receive a rebate, including point of sale or post purchase, as well as self-installation or contractor installation.
- c) Optimizes home temperature for comfort and efficiency and may extend the life of HVAC systems.

3. Target Market

4. The Smart Home Offering is targeted to residential customers subject to eligibility details outlined below.

4. Eligibility Criteria

5. To be eligible for the offering, a participant must be a residential Enbridge Gas customer whose residence (detached house, semi-detached house, row housing, townhome, or a mobile home on a permanent foundation) is primarily heated using natural gas at the time the measure is installed. Customers who have previously received a smart thermostat incentive or device through Enbridge Gas DSM programming are not eligible for the smart thermostat measure incentive.

5. Offering Details

6. The Smart Home Offering provides residential Enbridge Gas customers with incentives to support the purchase of smart control devices. Currently, the offering provides an incentive for qualifying smart thermostats, which control temperature settings to drive energy savings to a customer's space heating load. Enbridge Gas will continue to monitor the smart home space to introduce additional smart control devices to the offering as they become market ready.
7. The offering will be delivered using an online incentive platform that connects two incentive delivery channels: retail incentives and contractor led incentives.
 - a) Retail incentives will be provided in two ways, directly upon purchase to the customer at participating retailers or e-commerce web sites, and post-purchase if eligible devices were purchased through non-participating retail channels.

- b) Contractor led incentives will be available to participants who purchase an eligible smart control device through a contractor. Enbridge Gas uses a third party to provide and manage a contractor portal to facilitate this incentive delivery mechanism.

6. Key Changes

- 8. Compared to Enbridge Gas's previous DSM Plan (EB-2021-0002), the Smart Home Offering in the proposed 2026-2030 DSM Plan includes the following key changes:
 - a) Financial Incentives: The previous moderate income rebate will be removed from the Smart Home Offering and a direct install replacement will be included as part of the Moderate Income Direct Install Offering.
 - b) Delivery: Enbridge Gas will focus on expanding market reach and accessibility through the recruitment of additional participating retailers (point-of-purchase) and contractors participating in the offering.

7. Incentives

- 9. Eligible participants will receive a \$75 incentive towards the purchase of a qualifying smart control device. Eligible devices include qualifying ecobee, Copeland Sensi (Emerson), Honeywell, and Google Nest smart thermostats.

8. Enabling Activities

- 10. Specific enabling activities that will be utilized to support the Smart Home Offering include:
 - a) Flexible participation pathways: Multiple pathways to participate, including both self-installation and contractor installation options, encourages higher uptake by accommodating different customer preferences and capabilities.

- b) Promotional campaigns: Limited Time Offers (“LTO”) have proven effective in driving incremental results in the offering and will continue to be used going forward, whereby incentives are increased by \$25 to \$100 for a specified period.
- c) Partnership with retailers and contractors: Enbridge Gas will collaborate with local retailers and contractors to promote the offering.

9. Metric

11. The metric for the Smart Home Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

12. The offering will use the Technical Resource Manual (“TRM”) as the basis for natural gas savings (m³) gross measurement. Projects must meet requirements as outlined in the version of the TRM applicable to the program year.

Moderate Income Direct Install Offering

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The objective of the Moderate Income Direct Install Offering is to support the strategy of equity participation within the residential sector by targeting moderate income customers and communities that do not qualify for the Income Qualified Program but still face cost barriers. The offering is designed as a zero-cost, direct install option targeting both:

- a) Concentrated areas of moderate income customers with older vintage homes based on data analytics and municipal partnerships; and,
- b) Customers who have applied to the Home Winterproofing (“HWP”) Offering but do not meet the income qualification threshold, however, still face significant financial barriers to participate in residential conservation programming.

3. This offering removes the barriers of qualification for participants and the scheduling process for audits and contractors.

2. Participant Benefits

4. Benefits to participants include:

- a) No-cost installation of applicable energy efficiency measures.
- b) Turnkey installation – no need to find and hire a contractor.
- c) Timely access to energy efficiency measures without the requirement to schedule pre and post energy audits.

3. Target Market

5. The Moderate Income Offering is targeted at customers that meet the household income threshold as defined by the IESO and shown in Table 1 and subject to the eligibility details outlined below. Enbridge Gas will utilize data analytics to geographically target areas with the highest density of moderate income customers who live in older neighborhoods.

4. Eligibility Criteria

6. To be eligible for the offering, a participant must be a residential Enbridge Gas customer whose residence (a detached house, semi-detached house, row housing, townhome, or a mobile home on a permanent foundation) is primarily heated using natural gas at the time the measure is installed, and satisfies either of the following two requirements:

- a) The participant lives in a community identified by Enbridge Gas with a high propensity of customers that meet the moderate income household threshold;

OR

- b) The participant did not meet the income qualification threshold for the Home Winterproofing (“HWP”) Offering, however, meets the household moderate income threshold as outlined in Table 1.

Table 1
2024 Moderate Income Thresholds¹

Number of people in the home	Low-Income household income before tax	Moderate-Income household income before tax
1	\$45,322	\$67,144
2	\$64,095	\$94,955
3	\$78,499	\$116,295
4	\$90,643	\$134,287
5	\$101,343	\$150,138
6+	\$111,015	\$164,467
7+	\$119,910	N/A

7. Income thresholds change periodically, and these values will be adjusted throughout the 2026-2030 DSM Plan term in alignment with the IESO and other income qualified conservation programming.
8. Customers who have previously received a DSM incentive from Enbridge Gas for a smart thermostat, attic insulation or air sealing are not eligible for those measures under this offering.

¹ Save on Energy, Energy Affordability Program (October 2024), <https://saveonenergy.ca/For-Your-Home/Energy-Affordability-Program>.

5. Offering Details

9. The Moderate Income Direct Install Offering provides a turnkey approach, delivering the following measures:

- a) Direct install attic insulation and professional air sealing
- b) Direct install smart thermostats

10. Direct install attic insulation and professional air sealing will be delivered through an approved set of delivery agents via two streams:

- a) Geographically identified high-density pockets of moderate income customers in detached homes older than 1974 as these represent the largest area of opportunity for natural gas and energy savings for participants.
- b) Leveraging HWP Offering delivery agents targeting customers who did not meet the income eligibility requirements for that offering but meet the moderate income household threshold.

11. Direct install smart thermostats will continue to be delivered through existing delivery agents that deliver the HWP Offering and understand the direct install process for smart thermostats.

6. Key Changes

12. This is a newly proposed standalone offering in the 2026-2030 DSM Plan that was not included in the previous DSM Plan (EB-2021-0002).

7. Incentives

13. All of the offering's components including installation will be provided at no cost to the participant and costs will be reimbursed directly to the contractors or delivery agents. Contractors must be qualified and approved by Enbridge Gas to deliver the offering.

8. Enabling Activities

14. Enabling activities include:

- a) Data Driven Tools: Enbridge Gas will utilize data sets like Municipal Property Assessment Corporation (“MPAC”), Statistics Canada, Environics Demostats, and previous DSM participant data to identify communities that meet the eligibility requirements for this offering. This will remove the barrier of pre-screening customers on an individual basis that is currently an identified barrier for the Income Qualified Program.
- b) Centralized Contractor Engagement: The objective will be to have a centralized engagement strategy for market participants which includes free training to ensure the offering-related elements are being delivered as designed and adhere to industry best practices, as well as tools to reduce administrative time requirements.

9. Metric

15. The metric for the Moderate Income Direct Install Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

16. For prescriptive measures, the offering will use the Technical Resource Manual (“TRM”) (including the established process for the introduction of new measures) as the basis for natural gas savings (m³) gross measurement. Projects must meet requirements as outlined in the version of the TRM applicable to the program year.

17. For project-specific inputs in the case of professional air sealing, a custom calculator will be used.

ENERGY EDUCATION AND OUTREACH OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The Energy Education and Outreach Offering is designed to achieve the following three objectives:

- a) To advance energy education by providing participants with an understanding of energy usage in their homes relative to comparable homes, personalized energy savings tips, and identifying energy efficiency projects.
- b) To drive incremental savings by motivating participants to make energy efficient behavioural changes in their home.
- c) To promote and build awareness of Enbridge Gas's DSM offerings that can support identified energy efficiency projects.

2. Participant Benefits

3. Benefits to participants include:

- a) No cost to learn about where energy is being used in the home through customized online home energy reports.
- b) Meaningful advice about how to improve the home's energy management and lower energy costs or improve home comfort.
- c) Applicable to all customers, regardless of income level or where they are on their energy journey.

3. Target Market

4. The Energy Education and Outreach Offering is targeted but not limited to residential customers (including income qualified) that have high energy usage subject to the eligibility details outlined below.

4. Eligibility Criteria

5. To be eligible for the offering, a participant must be a residential Enbridge Gas customer whose residence (detached house, semi-detached house, row housing, townhome, or a mobile home on a permanent foundation) is primarily heated using natural gas.

5. Offering Details

6. Enbridge Gas's Energy Education and Outreach Offering is designed with the following structure:

- a) Third-party vendor delivery: Enbridge Gas intends to work with a vendor with expertise in energy behavioural based programming.

- b) Enrollment: Designed as a free, opt-out initiative to reach participants who may otherwise not be aware of their energy use and, therefore, are not actively looking for ways to reduce usage. Participants will only be considered for enrollment if they have not opted-out from receiving communications from Enbridge Gas. All participants will have a clear method for opting out of the offering if they no longer want to receive the information.
 - c) Home Energy Reports: Targeted households will receive a welcome message (mail and/or email) and are considered a participant in the offering once they have received the message. Participants will then receive a combination of email and print home energy reports annually. These reports will include specific savings tips based on their energy usage patterns, housing characteristics, and demographics.
 - d) Web portal: All participants will have access to a web portal that will enable them to create a profile, perform an online audit, access energy savings tips, monitor usage over time, and compare usage to comparable homes for benchmarking purposes.
7. Enbridge Gas intends to roll the offering out to 150,000 customers in 2026, expanding the offering to 300,000 customers in 2030, representing approximately 9% of the entire residential sector. In addition to this treatment group, a control group will be required for the purpose of measuring and validating savings.

6. Key Changes

- 8. This is a newly proposed offering in the 2026-2030 DSM Plan that was not included in the previous DSM Plan (EB-2021-0002).

7. Incentives

9. This offering takes a different approach from the typical incentive structure. Instead of direct financial incentives, customers benefit from curated home energy reports that highlight immediate energy saving tips, educational resources to advance energy literacy, and guidance on how to further reduce energy consumption. The offering also highlights available DSM program offers, giving customers access to support for further energy saving actions.

8. Enabling Activities

10. The entire Energy Education and Outreach Offering is comprised of enabling activities that support the offering as well as support increased engagement for other DSM offerings. Through the modules on the home energy reports, Enbridge Gas can display relevant program information and available rebates for other DSM programs to encourage participants to implement more energy saving measures.

9. Metric

11. The metric for the Energy Education and Outreach Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

12. Annual natural gas savings are determined by comparing the average usage between the treatment and control groups. A regression analysis is involved, which incorporates pre-treatment data to provide more accurate savings.

RESIDENTIAL BUILDING BEYOND CODE OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric

1. Objective

2. The Residential Building Beyond Code Offering is designed to support the industry in advancing new home construction towards Net Zero Energy Ready (“NZER”). A NZER home is a high-performance home that is so energy efficient that a renewable energy system could offset most or all of the home's annual energy use. The result is to evolve the culture and practice of homebuilding in Ontario and institute NZER as the normative standard for all housing. This will be achieved by providing education and financial incentives to increase the number of Canadian Home Builders Association (“CHBA”) labels obtained in this category. The offering will target building capacity of builder organizations, including their affiliated trades and professional networks, to encourage innovation. It also provides a framework for scalability, thereby facilitating the necessary transition to a NZER modelled code.

2. Participant Benefits

3. Benefits to participants include:

- a) Education and training to build capacity of residential home builders to effectively incorporate NZER performance standards into their projects.
- b) Financial incentives to offset the costs associated with building to higher performance tiers and associated cost of achieving label (e.g., NZER cost to construct, labelling fees, builder courses, etc.)
- c) Resources and support to ensure scalability of building practices moving forward.

3. Target Market

4. The Residential Building Beyond Code Offering is directed towards low rise residential (Part 9) home builders. Based on their experience with NZER labelling (per CHBA), they will be placed into one of two participation streams.

- a) The Demonstration stream will be directed towards builders who have not yet completed a NZER labelled build or discovery home. Their project must be early in the design phase to qualify. Builders will be required to become a qualified net zero builder prior to commencing any further activities under this stream (if they are not qualified already).
- b) The Development stream will be available to any qualified NZER builder who has already completed a NZER labelled build and would like to continue building to this standard. The development stream will incentivize up to a maximum of 25 labels per builder per year.

5. Please note that in either stream builders are not required to use natural gas to participate.

4. Eligibility Criteria

6. Eligibility criteria for the two streams are as follows:
 - a) Demonstration stream: Low rise residential (part 9) builders are eligible for the Demonstration stream if they have not yet completed a NZER labelled build or discovery home.
 - b) Development stream: To be eligible for the Development stream, low rise residential (part 9) builders must be qualified NZER builders, who have already completed a NZER labelled build and would like to continue building to this standard.
7. In either stream, projects must be located in the Enbridge Gas service area and must be one of the following building types: single family homes, semi-detached homes, or townhomes.

5. Offering Details

8. Interested builders will complete an application form. Upon review, Enbridge Gas will assign the builder to one of two participation streams based on their NZER labelling qualifications (as confirmed by CHBA).
9. The Demonstration stream will begin with an assessment of whether the builder is already a qualified net zero builder. This will include confirming their CHBA membership, their registration as a Natural Resources Canada (“NRCan”) EnerGuide builder, and whether they have successfully completed advanced building science and CHBA builder courses. If these requirements have not been met, Enbridge Gas will coordinate and cover the costs for two people from the builder organization to complete these courses. Once these criteria have been achieved, the builder can participate in training workshops offered under the program. The workshops will be led by various subject matter experts (“SME”) and

will support capacity building and proper implementation of measures that can be used to obtain the NZER label. For example, on-site trades training will be available to the builder's trades staff during the construction process. Training will be made available at no cost to the builder and the offering will set requirements around builder participation in the training. The builder's first NZER labelled home must be completed by the end of the next calendar year following enrollment, with proof of label provided to Enbridge Gas. After which, Enbridge Gas will provide incentives to the builder to cover some upgrade costs and associated labelling and evaluation fees. Any builder who successfully completes the Demonstration stream by achieving their first label will be automatically enrolled into the Development stream for future labels.

10. In the Development stream, home builders will receive incentives for building to the NZER standard beyond their first labelled home. These incentives will also cover some upgrade costs and labelling and evaluation fees. Incentives will be paid to the builder after proof of label is provided to Enbridge Gas; up to a maximum of 25 labels per builder per year. Any builder who achieves the 25 labels in this stream within the year must wait until the following year to receive additional incentives. The training workshops will also be made available to builders in the Development stream free of charge. This will allow them to continue strengthening their skillset and keep up to date with evolving industry technologies.

6. Key Changes

11. Compared to Enbridge Gas's previous DSM Plan (EB-2021-0002), the Residential Building Beyond Code Offering in the proposed 2026-2030 DSM Plan includes the following key changes:

- a) Financial Incentives: Addition of the Development stream that provides incentives beyond the first labelled demonstration home to promote continued NZER building and labelling.
- b) Measures: Discontinuation of Energy Star for New Homes (“ESNH”) path.
- c) Delivery: Enbridge Gas is evolving the Demonstration stream by removing one-on-one design assistance and transitioning to broader training workshops which can be leveraged by both new and existing NZER builders.

7. Incentives

12. Please see Table 1.

Table 1
Residential Building Beyond Code Offering Incentives

Stream	Item	Incentives
Demonstration (New NZER Builders)	NZER Builder Qualification Courses (provided after proof of successful completion of courses is received)	\$1,600
	Demonstration Incentive (provided after proof of label received)	\$15,000
	Labelling and Evaluation (provided after proof of label received)	\$2,100
	Training Workshops	In kind
Development (Continuous NZER Labelling)	Development Incentive* (provided after proof of label received)	\$7,500
	Labelling and Evaluation* (provided after proof of label received)	\$2,100
	Training Workshops	In kind

Notes:

*Up to 25 NZER labels per builder per calendar year

13. Due to the nature of new construction projects, there will be a time lag between finishing the training in the design phase and construction of the demonstration project. Enbridge Gas proposes to use the Deferred Participant Cost (“DPC”) mechanism¹ to account for future program funding commitments made at the time participants enroll in the Demonstration stream.

8. Enabling Activities

14. Builder training and customer education are two important enabling initiatives under this offering. Training workshops will expand builder knowledge of NZER practices and associated technologies. This will increase builder capacity and facilitate the application of NZER practices across the province. Additionally, enhancing customer knowledge and awareness of NZER building practices can generate market demand for homes with this label. Homebuyers that understand the value of NZER homes are more likely to seek builders that can provide homes with these labels. Enbridge Gas’s marketing plan will be updated to enhance NZER information and exposure for homebuyers.

15. Enbridge Gas will curate a sales and marketing plan to recruit participants for both streams. This could include assigning designated sales staff and participating in municipal engagements and builder events to increase awareness. A designated delivery agent may help deliver various program elements including training workshops and label tracking.

9. Metric

16. The metric for both the Demonstration and the Development streams are the number of homes built by participating builders to the NZER standard as defined by

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), Section 12.2.1, pp.35-36.

the Canadian Home Builders Association (“CHBA”) Net Zero Labelling program. In order to provide an incentive to the participating builder and count the constructed home towards the NZER homes built metric (including discovery homes built), Enbridge Gas will require label certification and/or energy modelling results that confirm energy efficiency performance in line with the CHBA Net Zero Labelling program.

INCOME QUALIFIED PROGRAM

1. This evidence is organized as follows:

1. Income Qualified Sector Overview
 - 1.1 Customers
 - 1.2 Market Actors
 - 1.3 Energy Use
 - 1.4 External Factors
 - 1.5 Motivations and Barriers
2. Income Qualified Program Proposal

1. Income Qualified Sector Overview

2. The income qualified segment in the Enbridge Gas service area spans both the residential and commercial sectors, representing approximately 435,000 residential and 5,000 commercial multi-residential premises. To ensure overall equitable participation in DSM programming, the income qualified segment has a separate scorecard and Enbridge Gas will refer to it as a separate sector for the purposes of its 2026-2030 DSM Plan.
3. As outlined in Figure 1, this sector includes social housing, co-operative housing, supportive housing, market rate rentals, and Indigenous housing under both single-family and multi-unit residential building (“MURB”) housing types. Income qualified private homes are also included under the single-family housing type. Each income qualified housing type is characterized by distinct energy consumption patterns, decision-making structures, and unique barriers to participation in energy conservation programs.

Figure 1: Income Qualified Single-Family and MURB Housing Types

Income Qualified Sector – Single-Family Housing Types

					
Social Housing Housing provided by the municipality based on income.	Co-operative Housing Housing controlled by members who have a vote in decisions. Rents are less than local average; some units subsidized.	Supportive Housing Supportive housing provided by a non-profit agency (e.g., charity, Indigenous housing). Tenancy is based on income.	Market Rate Rentals Homes rented without regard to tenant income, but tenant meets income eligibility.	Private Homes People living in the home are the homeowners and meet income eligibility.	Indigenous Housing Indigenous people living in on-reserve and off-reserve housing which varies by type.

Income Qualified Sector - MURB Housing Types

				
Social Housing Housing provided by the municipality based on income.	Co-operative Housing Housing controlled by members who have a vote in decisions.	Supportive Housing Supportive housing provided by a non-profit agency (e.g., charity, Indigenous housing). Tenancy is based on income.	Market Rate Rentals Units rented without regard to tenant income, but rent roll meets the Canada Mortgage and Housing Corporation (CMHC) guideline for affordable housing. ¹	Indigenous Housing Indigenous people living in on-reserve and off-reserve housing which varies by type.

4. In Ontario, the income qualified sector includes some of the province's most vulnerable populations. There is no standardized policy definition of "low-income", "income qualified" or "energy poverty", though the terms are often used in utility program planning. Energy poverty is defined by Natural Resources Canada ("NRCan") as households spending more than 30% of their income on shelter or 10% of their income on energy alone.² Statistics Canada defines poverty using the

¹ At least 30% of the units are rented at less than 80% of the median market rent.

² Statistics Canada (February 20, 2024), Income Inequality in Canada, <https://www150.statcan.gc.ca/n1/pub/46-28-0001/2024001/article/00001-eng.htm>

Low-Income Measurement (“LIM”), which fluctuates annually based on socio/economic factors. Both Enbridge Gas and the IESO set thresholds as a function of the LIM, which Statistics Canada specifies on annual before-tax income and household size. As of December 2023, the aligned income qualification values for the IESO and Enbridge Gas are shown in Table 1. These values will be adjusted annually throughout the 2026-2030 DSM Plan term in alignment with the IESO. Enbridge Gas is committed to supporting this sector through comprehensive DSM programs designed to address the specific challenges of this sector.

Table 1
IESO Income Qualification Requirements³

Number of people in the home	Before-tax household income
1	\$45,322
2	\$64,095
3	\$78,499
4	\$90,643
5	\$101,343
6	\$111,015
7+	\$119,910

1.1 Customers

5. As outlined above, Enbridge Gas’s customers in the income qualified sector include:
 - a) Social Housing: Social housing (sometimes referred to as community housing) is government-assisted (including municipally-assisted) housing that provides lower cost rental units to households with low-to-moderate incomes and can include:
 - i. Public housing (owned directly or indirectly by service managers)
 - ii. Rent supplement programs (often in the private market)

³ Save on Energy, Energy Affordability Program (October 2024), <https://saveonenergy.ca/For-Your-Home/Energy-Affordability-Program>

- iii. Rural and urban Indigenous housing (owned by Ontario Aboriginal Housing Services)
 - iv. Housing provided by municipalities based on income. These units are often in poorer condition and subject to lengthy waitlists.⁴
- b) Co-operative Housing: Governed by members with voting rights, these units offer below-average rents, with some units subsidized. Decision-making can be slow due to the need for board approval.
- c) Supportive Housing: Provided by community-based non-profit agencies (e.g., individual charities), including Indigenous housing, with tenancy based on income. Also known as private non-profit housing.⁵
- d) Market Rate Rentals:
- i. Single-family – This includes independent owner/landlords and tenants. Landlords may be skeptical of free DSM programs, and tenants often fear eviction if they disclose their income qualified status. This sector likely houses a high percentage of income qualified tenants, especially in rural and remote areas.
 - ii. MURB – This primarily includes purpose-built rental apartments, which make up a small percentage of the housing stock in urban areas like the Greater Toronto Area (“GTA”). Rising rents have reduced the number of affordable units available to income qualified tenants.

⁴ Ministry of Municipal Affairs and Housing (August 6, 2024), Ontario's interim Action Plan under the National Housing Strategy (2022–23). <https://www.ontario.ca/document/ontarios-second-action-plan-under-national-housing-strategy-2022-23/ontarios-context#foot-1>

⁵ Ontario Non-profit Housing Association (October 2024), About non-profit housing., <https://www.onpha.on.ca/Content/About/About-non-profit-housing>

e) Private Homes (single-family):

- i. Private homes, owned by the occupants, who may fall into the income qualified bracket at different life stages, such as during retirement or while raising a family, regardless of the characteristics of their home.
- ii. These homes are typically less energy efficient due to their age, leading to higher energy costs. Customers in these homes often face energy poverty, spending a significant portion of their income on energy bills.

f) Indigenous Housing:

- i. On-Reserve Indigenous Housing: Residential housing units on reserves can vary widely in terms of quality and age. Some homes may be newer and built to recent standards, while others may face challenges related to maintenance and structural issues.
- ii. Off-Reserve Indigenous Housing: These homes are typically located in urban, suburban, or rural areas and are not managed by a band council. Instead, they are often overseen by Indigenous-led housing organizations, non-profits, or local housing authorities, and are sometimes supported by federal, provincial, or municipal programs aimed at addressing housing needs. Off-reserve Indigenous housing can vary in type, including single-family homes, multi-family dwellings, rental units, and subsidized housing.

1.2 Market Actors

6. Market Actors in the income qualified sector include:

- a) Delivery Agents (“DA”): DAs are full-service organizations that provide home energy assessments and contractor services to support the Home Winterproofing Offering.

- b) Service Organizations (“SO”): SOs are licensed through NRCan and perform several key functions such as HOT2000 training, quality assurance/quality control (“QA/QC”) and employing a team of Registered Energy Advisors.
- c) Registered Energy Advisors (“REA”): REAs are certified energy advisors who conduct EnerGuide Assessments to inform customers about energy efficiency opportunities in their homes. These assessments are also used to measure whole-home energy savings after a post-assessment is completed. REAs work with SOs that are licensed through NRCan.
- d) Contractors: Contractors are individuals who sell, source, and install energy efficiency measures. These measures include HVAC systems, insulation, and windows/doors.
- e) Affordable Housing and Market Rate Associations: Organizations such as the Ontario Non-Profit Housing Association (“ONPHA”), Co-operative Housing Federation of Canada (“CHFC”), and the Federation of Rental Housing Providers (“FRPO”) advocate for affordable housing and support energy efficiency initiatives. These associations can be leveraged for program promotion and customer outreach.
- f) Municipalities: Municipalities are key partners in delivering income qualified programs. They are responsible for housing plans, environmental plans, and enforcing building codes.
- g) Indigenous Housing Services: The Ontario Aboriginal Housing Service (“OAHS”) collaborates with Indigenous housing providers to support income qualified Indigenous families. These entities are crucial for reaching and serving Indigenous communities both on and off reserves.

- h) Enbridge Gas Energy Solutions Advisors (“ESA”): Enbridge Gas ESAs promote the Affordable Housing Multi-Residential Offering to building owners, working with both social housing providers and market-rate landlords.
- i) IESO: Enbridge Gas collaborates with the IESO to provide a comprehensive energy efficiency program that includes both natural gas and electricity savings for the single-family housing type. This collaboration offers participants a one window approach to address their energy efficiency needs.
- j) Social Agencies: Social agencies are key partners to promote and create program awareness, for example United Way Simcoe Muskoka is an organization that intakes all Low-income Energy Assistance Program (“LEAP”) applications and promotes the Home Winterproofing Offering to LEAP participants.

1.3 Energy Use

7. Energy use in the income qualified sector is consistent with similar single-family building types outlined in the Residential Sector Overview (Exhibit E, Tab 2, Schedule 1) and MURB types outlined in the Commercial Sector Overview (Exhibit E, Tab 4, Schedule 1). Energy use is significantly affected by the age and condition of the housing stock. Older homes and MURBs typically have higher energy consumption due to inefficient building systems which affects energy consumption and comfort. For these reasons and more, “households who live in less efficient homes will typically have higher energy costs than their counterparts in more efficient homes.”⁶ When considering the number of households with high home energy cost burdens, single-family homes (single detached housing) account for the largest share, totaling

⁶ Canadian Urban Sustainability Practitioners (October 2019), Energy poverty in Canada: A CUSP backgrounder, p.8. <https://energypoverty.ca/backgrounder.pdf>.

1.8 million households in Canada.⁷ Financial constraints also mean that income qualified households spend a higher percentage of their income on energy, often leading to energy poverty.

8. Enbridge Gas is well positioned to support broader investment in the capital upgrades and energy retrofit requirements for these buildings. With a proven track record of success in delivering energy efficiency initiatives, Enbridge Gas offers financial incentives and technical support to facilitate improvements in the energy systems of income qualified buildings. Recognizing the growing number of income qualified individuals living in privately owned buildings, driven by the shortage of social housing in Ontario, Enbridge Gas acknowledges the importance of enhancing efforts to identify and target these buildings throughout its service area by extending support through income qualified energy conservation programming.

1.4 External Factors

9. The income qualified sector is shaped by a variety of external factors, spanning political, economic, social and technological influences. The following factors are presumed to be the most impactful on the income qualified customer base:

- a) Complex Political Environment: Political support for affordable housing and climate change initiatives is robust at federal, provincial, and municipal levels, leading to significant funding and regulatory changes. However, navigating these complex regulatory environments, aligning with OEB mandates, and engaging effectively with Indigenous communities are essential for optimizing program delivery.

⁷ Canadian Urban Sustainability Practitioners (October 2019), Energy poverty in Canada: A CUSP backgrounder, p.8. <https://energypoverty.ca/backgrounder.pdf>.

- b) Economic Challenges to Energy Efficiency Investments: The sector faces substantial challenges, many of which overlap with challenges outlined in the Residential Sector Overview (Exhibit E, Tab 2, Schedule 1). Rising costs of materials and labour due to inflation have significantly impacted the feasibility of energy efficiency projects. The commercialization of the housing market, where large investors drive up rents, complicates the qualification of buildings for income qualified programs.⁸
- c) Social Stigma: Trust and identification issues hinder program participation, as income qualified customers often hesitate to self-identify and share income information due to stigma and past experiences with scams. The poor conditions of older housing stock presents additional health and safety challenges that must be addressed to facilitate energy efficiency upgrades. Building strong relationships with community organizations and municipalities are important to overcome these barriers and improve outreach.
- d) Emerging Technologies: Technological advancements in energy efficiency offer opportunities but also present challenges. New technologies like electric heat pumps can offer promising benefits for enhancing energy outcomes, though their evolving adoption and unknown lifetime cost impacts may require careful consideration. Upgrades in co-operatives or social housing usually involve multiple units, increasing the risk.

1.5 Motivations and Barriers

10. Energy efficiency presents a compelling opportunity for cost savings and improved comfort, which is especially crucial for income qualified households facing financial

⁸ Ministry of Municipal Affairs and Housing (August 6, 2024), Ontario's interim Action Plan under the National Housing Strategy (2022-23). <https://www.ontario.ca/document/ontarios-interim-action-plan-under-national-housing-strategy-2022-23/ontarios-context>

constraints. Beyond economic benefits, energy efficiency resonates with Indigenous values of stewardship, providing an environmentally responsible approach that also promotes healthier living conditions. By leveraging government funding and community support, Enbridge Gas can effectively overcome participation barriers, creating an accessible pathway for households in the income qualified sector to improve their quality of life while contributing to environmental sustainability.

11. In addition to the barriers outlined in the Residential Sector Overview (Exhibit E, Tab 2, Schedule 1) and the MURB-specific barriers and needs noted in the Commercial Sector Overview (Exhibit E, Tab 4, Schedule 1), the following are specific to the income qualified sector:

a) Identification and Trust

i. Many individuals are hesitant to self-identify as income qualified due to the sensitive nature of income qualification, making them uncomfortable with sharing personal information. This challenge represents a major barrier to the success of income qualified programs. Trust is an important aspect of programming when working with Indigenous communities and requires a unique approach to outreach. Additionally, a general mistrust of free programs persists, largely stemming from past experiences with scams, further complicates engagement efforts.

b) Economic Barriers

i. Single-Family: Rising costs of goods, labour, and services impact the feasibility of energy efficiency projects. Many income qualified customers live in older homes that require significant upgrades, which can be costly. Many Ontarians are more financially constrained than ever, with a greater percentage of incomes going towards basic needs such as paying for rent and groceries.

- ii. Multi-Residential: Energy efficiency projects often compete for capital, with building managers/owners prioritizing more urgent repairs. Moreover, any additional capital is heavily reliant on funding streams, which affect long-term decision making for multi-residential building owners.⁹ Further, the commercialization of the housing market has led to increased rents, making it more difficult for buildings to be eligible for income qualified programs.
- c) Social Barriers
- i. Tenants may fear eviction if they disclose their income qualified status. There is also a stigma associated with being income qualified, which can deter participation in programming.
 - ii. There are challenges associated with the decision-making processes for multi-residential customers. Operational scale and structure vary significantly, with social housing often having centralized decision-making governed by larger organizations, while co-operative housing is member-governed with smaller organizations, each with varying degrees of technical knowledge.¹⁰
 - iii. Across all multi-residential building types, there are limited resources available to track and learn about the various types of energy efficiency offerings and technologies, and the capacity to implement projects. Some housing providers lack professional property managers, relying on volunteer boards that may not have such knowledge and experience.¹¹

⁹ Enbridge Gas Stakeholder Engagement, Brickworks Communications, August 7, 2024, p.38.

¹⁰ Enbridge Gas Stakeholder Engagement, Brickworks Communications, August 7, 2024, p.39.

¹¹ Enbridge Gas Stakeholder Engagement, Brickworks Communications, August 7, 2024, p.29.

d) Health and Safety Barriers

- i. The condition of a home may cause a participant to be disqualified from participating. This includes physical and structural problems within single-family housing units such as asbestos, pest infiltration or excessive hoarding, elevating the safety risk for residents (and contractors) in undertaking improvement projects. In these unfortunate instances, units are ineligible for participation until environmental and safety risks are adequately addressed.

2. Income Qualified Program Proposal

12. The Income Qualified Program extends the principles of the Residential Program, adapting its design to meet the specific needs of this customer segment. While grounded in similar design principles, the Income Qualified Program goes further by addressing the distinct challenges faced by income qualified households in Ontario. Hence, the Income Qualified Program encompasses important components such as:

- a) Strategic outreach specifically tailored to the unique characteristics of hard-to-reach customers;
- b) Updated, province-wide income eligibility criteria in collaboration with the IESO;
- c) Turnkey, fully funded weatherization programming for income qualified residents of single-family and low-rise social housing. DSM Stakeholder Advisory Group “members agreed that the continuation of no cost opportunities for income-qualified customers is a critical component of Enbridge’s future DSM plan.”¹²

¹² EB-2022-0295, SAG Report, November 11, 2024, p.48.

- d) Standardized private multi-residential building eligibility screening; and,
 - e) Enhanced incentives, low or no cost direct install measures to improve economic feasibility of efficiency projects contributing to the preservation and improvement of the multi-residential social and assisted housing supply and qualified privately-owned multi-residential buildings.
13. The Income Qualified Program is comprised of offerings that support the income qualified sector for both the residential and commercial multifamily sectors.

Table 2:
Income Qualified Offering Descriptions and Enabling Activities

Income Qualified Program		
Offering	High Level Description	Key Offering Elements
Home Winterproofing	<p>Provides no-cost upgrades to income qualified customers to reduce their energy consumption and help lower their energy bills.</p> <p>Targeted to the following market segments: social housing, supportive housing providers, co-operative housing, private market rate housing for single-family housing, and Indigenous housing.</p>	<p>No-cost home energy assessments and energy efficient upgrades including insulation, draft proofing and a smart thermostat. Professional installation by qualified contractors.</p> <p>New Measures:</p> <ul style="list-style-type: none"> • Windows (in the case where damaged and compromises building envelope) • Electric heat pumps for space heating. • Heat reflector panels.
Affordable Housing Multi-Residential	<p>Support for property managers that have income qualified tenants living in their buildings; to increase the efficiency of buildings, help save on energy costs and increase comfort for residents.</p> <p>Targeted to the following market segments: social housing, supportive housing providers, co-operative housing, private market rate housing providers, and Indigenous housing.</p>	<p>Up to \$15,000 for energy audits to identify energy upgrades for qualifying participants.</p> <p>Incentives for prescriptive, custom, and direct install measures, plus new Commercial Existing Building Commissioning Offering.</p> <p>Up to \$30,000 for Energy Manager support to help social housing providers that do not have energy management staff.</p> <p>Delivered through Enbridge Gas ESAs and third-party DAs (for direct install).</p>

Table 2: (continued)*

Income Qualified Offering Descriptions and Enabling Activities (continued)

Income Qualified Program	
Enabling Activities	High Level Description
Indigenous Outreach	Enbridge Gas will continue to work with elected Chiefs and Councils to deliver the Income Qualified Program to both existing and new Indigenous communities. The Enbridge Gas Senior Advisor, Indigenous Energy Conservation, will develop community-based outreach strategies, meeting with housing providers and tenants to directly connect them with Enbridge Gas program offerings.
Community Based Outreach	Working with front-line agencies, Enbridge Gas will develop targeted marketing campaigns that reflect the language and culture of the diverse community base.
Municipal Partnerships	<p>Municipalities maintain socio-economic and demographic information about their communities and neighborhoods as well as offering various assistance programs to income qualified residents. Enbridge Gas proposes to further expand contact with municipalities to leverage various offices that address low-income issues and build collaborative outreach campaigns.</p> <ul style="list-style-type: none">● Municipal Initiatives that could be leveraged for outreach campaigns include:<ol style="list-style-type: none">a. Utility Arrears Assistance Programsb. Property Tax Rebate/Deferral Programsc. Transit and Recreational Subsidiesd. Home Energy Retrofit Loanse. Ontario Renovatesf. Designated Vulnerable Neighborhood Initiatives
Non-Profit Housing Delivery Agent	<p>Successfully working with housing providers is significantly different than with owner-occupied homes. Housing providers require a longer planning cycle and more guidance and support in planning and decision-making than owner-occupied participants.</p> <p>Enbridge Gas will utilize experienced non-profit housing DAs, who are skilled in servicing this sector and able to build the business case for management teams and provide them with post-project metrics to demonstrate goals are met. Since tenants have the right of refusal, the delivery team will also engage residents through community engagement events to answer all questions, address concerns and, ultimately, build trust; ensuring all tenants participate.</p>

HOME WINTERPROOFING OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The objective of the Home Winterproofing (“HWP”) Offering is to reduce energy costs for residents of income qualified single-family households by improving the energy efficiency of their homes.

2. Participant Benefits

3. Benefits to participants include:

- a) No-cost energy assessment and direct installation of energy efficient upgrades deemed necessary.
- b) Turnkey, one window delivery aligned with the IESO (i.e., no need for participants to find and hire multiple contractors).
- c) Remediation of health and safety issues that would otherwise prevent participation.

- d) Free installation of carbon monoxide detectors if missing from the home.

3. Target Market

4. Customers living in either owner-occupied or rental homes qualify for the offering through proof of income or proof of participation in specified programs. Housing providers, including social and assisted housing, non-profit housing and co-operative housing are eligible for this program, and may apply on behalf of their tenants. Consistent with the direction given by the OEB in the DSM Framework¹, the HWP Offering is aligned with the Tier 1 eligibility income screening criteria outlined in the IESO Energy Affordability Program (“EAP”), as described in the section below.

4. Eligibility Criteria

5. To qualify for low income (Tier 1) support, the participant must be:
- a) A resident of an eligible social or assisted housing property. Social and Assisted Housing, for the purposes of the Income Qualified Program includes:
 - i. Non-profit providers of social or assisted housing under a federal, provincial or municipally funded program, and includes, without limitation, non-profit corporations governed by the Housing Services Act 2011 (as amended or any successor legislation);
 - ii. Public housing corporations owned by municipalities directly or through local housing corporations;
 - iii. Non-profit housing co-operatives as defined in the Co-operative Corporations Act;
 - iv. Non-profit housing corporations that manage or own residential (including multi-residential) buildings developed under the CMHC Affordable Housing Fund; and,

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), Section 7.2, p.13.

- v. Non-profit organizations, or municipal or provincial governments, that manage or own residential (including multi-residential) supportive housing, shelters and hostels.

OR

- b) An individual who owns, rents, or leases a residence in Ontario and meets ONE of the following criteria:
- Has an annual household income for the previous year that does not exceed the following limits:²

HWP Offering Income Eligibility

Number of people in the home	Before-tax household income
1	\$45,322
2	\$64,095
3	\$78,499
4	\$90,643
5	\$101,343
6	\$111,015
7+	\$119,910

- Received one of the following types of assistance in the past 12 months.
 - Allowance for Survivors
 - Guaranteed Income Supplement
 - Allowance for Seniors
 - Ontario Works
 - Ontario Disability Support Program (“ODSP”)

² Values as of December 2023. These values will be adjusted annually throughout the term in alignment with the IESO.

- Healthy Smiles Ontario Child Dental Program
 - Ontario Electricity Support Program
- iii. Received a Low-Income Energy Assistance Program (“LEAP”) grant or were part of the Ontario Electricity Support Program (“OESP”) within the last 12 months.
- iv. Qualified to participate in the Tier 1 CDM Energy Assistance Program (“EAP”) formally known as the Home Assistance Program (“HAP”) during the past 12 months.

OR

- c) A resident of an on-reserve Indigenous single-family home that can demonstrate one of the following:

- i. A letter from Band Housing confirming that community income thresholds are within income eligibility criteria,

OR

- ii. Confirmation that the community has participated in the CDM Energy Assistance Program Tier 1 during the past 12 months.

5. Offering Details

6. The HWP Offering is provided free of cost to all income eligible residential customers.

7. Eligible measures for the offering include:

- Insulation (attic, basement & wall) and air sealing
- Smart thermostats
- Reflector panels
- Pipe wraps, aerators and showerheads

- Electric cold climate air source heat pumps
 - Windows (in the case where damaged and compromises building envelope)
8. The offering is delivered by third-party Delivery Agents (“DA”) who cover specific postal codes within Enbridge Gas’s service area. The DAs screen eligibility of a potential participant. If eligible, a Registered Energy Advisor (“REA”) is sent to the home to conduct an energy assessment/audit. The REA collects information on the home, including size and layout, current insulation levels, airtightness, and heating and cooling equipment. This information is used to create a model using HOT2000, an energy simulation program developed and maintained by Natural Resources Canada (“NRCan”). Based on the results of the audit and model, the DA determines which measures the home qualifies for through the offering. If the customer agrees to proceed with the recommended measures, the DA arranges for a qualified contractor to schedule and install them. An REA then conducts a post-installation energy assessment. The savings for insulation and air sealing are based on the improvements shown between the initial and post HOT2000 models. All remaining measures are direct install prescriptive, and the offering will reference the Technical Reference Manual (“TRM”) as the basis for natural gas savings. Projects must meet requirements as outlined in the version of the TRM applicable to the program year.
9. Enbridge Gas notes that there is an important policy consideration for the income qualified space for electric heat pump technology. Electric heat pumps provide an opportunity to reduce natural gas consumption but are fuel switching with an embedded efficiency gain from the electric heat pump. For income qualified customers participating in the HWP Offering, Enbridge Gas will be looking to understand whether the natural gas bill savings are equal to or larger than the corresponding increase to the electricity bill, and to ensure that consumers understand how and when to operate the equipment to achieve energy bill savings.

If policy changes are made to the current Federal Carbon Charge, there could be implications to the number of hours of operation that would make economic sense for the occupant to run the electric heat pump in heating mode. If the home did not previously have air conditioning, then using the electric heat pump for air conditioning will increase the electricity bill. These unique policy issues were discussed with the DSM Stakeholder Advisory Group (“SAG”) and during intervenor engagement sessions.

6. Key Changes

10. Compared to Enbridge Gas’s previous DSM Plan (EB-2021-0002), the HWP Offering in the proposed 2026-2030 DSM Plan includes the addition of the following new measures:
- a) Electric cold climate air source heat pumps;
 - b) Heat reflector panels; and,
 - c) Window replacements (will be offered as a building envelope measure where existing windows are damaged and are a source of air leakage beyond repair).

7. Incentives

11. The HWP Offering continues to offer direct install measures at no cost to the customer.

8. Enabling Activities

12. The primary enabling activity of this offering is the pre-energy assessment performed by the REA assigned to the home. This assessment provides all of the recommendations required for customers to realize energy efficiency opportunities based on their specific home and equipment.

13. Ongoing support throughout the upgrade process is another key enabling activity. Enbridge Gas has designed the offering to fully guide customers through the entire journey from start to finish.
14. Additional enabling initiatives include strategic partnerships with municipalities and community-based front-line agencies. Furthermore, Enbridge Gas will address income eligible provider participation by creating a delivery model specific to their needs.
15. Finally, a key enabling initiative involves Enbridge Gas's Indigenous housing strategy where a dedicated Enbridge Gas staff member will develop and deliver an outreach strategy specifically for the on-reserve HWP Offering as well as off-reserve Indigenous housing.

9. Metric

16. The metric for the HWP Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

17. NRCan HOT2000 software, used in General Mode, is currently required for estimating natural gas savings achieved from weatherization improvements of participants in the HWP Offering. Homes will be initially modelled based on the existing state of the home (pre-assessment) and again after upgrades have been installed in the home (post-assessment).

18. In the case of direct install prescriptive measures, the offering will reference the TRM as the basis for natural gas savings (m³). Projects must meet requirements as outlined in the version of the TRM applicable to the program year.

AFFORDABLE HOUSING MULTI-RESIDENTIAL OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The Affordable Housing Multi-Residential (“AHMR”) Offering provides enhanced incentives and technical support to multi-residential buildings that house the province’s most vulnerable populations. These buildings are typically government funded or non-profit social housing but increasingly include privately owned multi-residential housing. The offering aims to reduce natural gas consumption through energy efficiency upgrades, helping to lower energy costs while contributing to the province’s overall energy goals.

2. Participant Benefits

3. Benefits to participants include:

- a) A variety of enhanced incentives available through a mix of prescriptive, custom and direct install energy efficiency measures.

- b) Financial support for energy manager services to help social housing providers that do not have energy management staff identify, plan and implement energy savings solutions.
- c) Free energy audits to assist with understanding building energy usage and energy efficiency project scoping.
- d) Participants may experience increased comfort for residents, extended equipment life, and reduced greenhouse gas emissions due to lower energy consumption.

3. Target Market

4. The AHMR Offering will target:

- a) All social and assisted housing providers including non-profit social housing providers, non-profit housing co-operatives, non-profit housing corporations, supportive housing, and shelters.
- b) Owners/managers of privately owned multi-residential buildings that meet the eligibility criteria supporting high incidence of income qualified tenants.

4. Eligibility Criteria

5. Participants must be an Enbridge Gas income qualified multi-unit residential building (“MURB”)¹ customer falling under one of the two classifications described in the criteria below:

- a) Social and Assisted Housing – This includes:
 - i. Non-profit providers of social or assisted housing under a federal, provincial, or municipally funded program, and includes, without

¹ Properties used for residential purposes that typically have seven or more self-contained units, though some buildings may deviate from this general description.

limitation, non-profit corporations governed by the Housing Services Act, 2011 (as amended or any successor legislation);

- ii. Public housing corporations owned by municipalities directly or through local housing corporations;
 - iii. Non-profit housing co-operatives as defined in the Co-operative Corporations Act;
 - iv. Non-profit housing corporations that manage or own residential (including multi-residential) buildings developed under the CMHC Affordable Housing Fund; and,
 - v. Non-profit organizations, or municipal or provincial governments that manage or own residential (including multi-residential) supportive housing, shelters, and hostels.
- b) Privately Owned Multi-Residential Buildings – The following must be demonstrated:
- i. Privately owned multi-residential building owner or property manager must confirm, based on rent roll review, that at least 30% of the units are rented at less than 80% of the median market rent, as determined by the CMHC. Where median rental data is not available through the CMHC portal, Enbridge Gas will use the rental data outlined within the applicable municipality's current Affordable Housing Plan.
 - ii. The building has participated in a federal, provincial, or municipal affordable housing funding program within the preceding 5 years.
 - iii. Participants with privately owned facilities must also sign a declaration indicating they have been qualified via rent roll or by receiving previous funding for affordability.
6. New and existing MURBs are eligible for the offering.

5. Offering Details

7. The AHMR Offering is available across the entire Enbridge Gas service area and aims to help social housing providers and private apartment building owners improve the energy efficiency of their aging buildings. The incentives in this offering take a “building as a system” approach, and provide participants comprehensive building assessments, greater financial incentives for mechanical upgrades, and technical expertise to improve efficiency for heating, hot water systems, and building controls. In the absence of incentives and other support, cost constraints may lead owners to implement only lower cost options which provide less energy conservation benefits.
8. While the AHMR Offering is structured like the Commercial Program, the AHMR Offering provides increased customer incentives that offset a greater share of upgrade costs, helping affordable housing providers overcome the significant capital constraints that often limit their participation. A key challenge in this market is motivation to carry out the upgrades as the building owners, who are the ones making large financial investments in upgrades, are not the beneficiaries of those upgrades directly. Moreover, the residents that are the ultimate energy users, lack the ability to reduce their consumption. Enhanced financial incentives help bridge this gap by making energy efficiency investments more financially viable for building owners.
9. Affordable housing and privately owned multi-residential building owners and property managers often do not have the staff to understand the technical aspects of their building or what energy improvements are needed in the building. With Enbridge Gas’s technical support to assist building owners and property managers to better understand the energy efficiency options available to them, and enhanced incentives to buy-down the project costs, Enbridge Gas will help these customers realize meaningful energy savings while improving the comfort of the building for tenants.

6. Key Changes

10. Compared to Enbridge Gas's previous DSM Plan (EB-2021-0002), the AHMR Offering in the proposed 2026-2030 DSM Plan includes the following key changes:

- a) Financial incentives: Addition of an Energy Manager Assistance incentive; up to \$30,000 is available to qualified customers who do not have an energy manager in-house and require assistance.
- b) Measures: A new Commercial Existing Building Commissioning ("EBCx") Offering is proposed that aims to enhance operational efficiency of existing building systems through operational and behavioral improvements.

7. Incentives

11. The AHMR Offering will include five categories of incentives:

- a) Custom incentives will be increased from \$2/gross m³ saved to \$3/gross m³ saved, to reflect changes in the market such as economic conditions over the last few years causing higher interest rates and material/labour/equipment supply cost increases.
- b) Prescriptive downstream incentives are available for the following measures:

Table 1:
AHMR Offering Prescriptive Measure Incentives

AHMR Offering Prescriptive Measures	Incentive Levels
Heat Recovery Ventilators ("HRV")	\$1.60/CFM to \$6.25/CFM
Energy Recovery Ventilators ("ERV")	\$2.00/CFM to \$7.80/CFM
In-suite HRV	\$240/unit to \$900/unit
In-suite da	\$450/unit to \$1200/unit
Condensing Make-Up Air ("MUA") unit	\$0.60/gross m ³ saved to \$1.10/gross m ³ saved
Condensing Storage Water Heater	\$4.00/gross m ³ saved
Condensing Tankless Water Heater	\$1.80/gross m ³ saved

- c) Direct install of reflective panels, including full cost coverage.

- d) Energy Audit/Energy Manager:
 - i. Energy Audit costs covered up to \$15,000 per project.
 - ii. Energy Manager costs covered up to \$30,000.
- e) The EBCx Offering which includes no cost pre- and post- assessments to identify no cost/low-cost measures and a custom incentive calculated at \$1/gross m³ saved.

8. Enabling Activities

12. Enabling activities include:

- a) Energy Audits – Conducted by energy advisors, the energy audit provides recommendations to help customers identify and prioritize energy efficiency opportunities based on their specific building and existing equipment.
- b) Energy Managers – Enbridge Gas proposes to increase equity in the offering by ensuring small portfolio housing providers can access the AHMR Offering. Enbridge Gas will pay up to \$30,000 for energy manager services. To be eligible, the customer must not employ energy manager services (or engineering or similar services) in-house.
- c) Indigenous Strategy – Enbridge Gas's Senior Advisor, Indigenous Energy Conservation, will lead outreach and delivery to Indigenous housing providers both on and off reserves.

9. Metric

13. The metric for the AHMR Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

14. Custom Projects: This offering will employ several customized approaches in the calculation of natural gas savings (m^3) including engineering calculations and energy modelling, as determined reasonable by Enbridge Gas's technical experts. In the case of modelling analysis, specific tools may be used such as, eQUEST, EnergyPlus, CANQUEST, Integrated Environmental Solutions ("IES") and Tas Engineering. For commonly implemented measures, standard calculators have been developed such as e-tools to ensure that common baseline assumptions and calculation methodology are applied across similar types of projects. This offering will use a custom calculator as the basis for natural gas savings (m^3) gross measurement resulting from EBCx Offering measures.
15. Prescriptive and Direct Install Measures: Natural gas savings claims (m^3) will reference the current version of Technical Resource Manual ("TRM") applicable to the program year. Projects must meet requirements as outlined in the version of the TRM applicable to the program year.

COMMERCIAL PROGRAM

1. This evidence is organized as follows:

1. Commercial Sector Overview
 - 1.1 Customers
 - 1.2 Market Actors
 - 1.3 Energy Use
 - 1.4 External Factors
 - 1.5 Motivations and Barriers
 - 1.6 Segment-Specific Needs
2. Commercial Program Proposal

1. Commercial Sector Overview

2. The commercial sector in Ontario encompasses approximately 245,000 premises that collectively consume nearly 6 billion cubic meters of natural gas each year. This sector is diverse and can be divided into three main segments: Business, MURB (Multi-Unit Residential Building), and MUSH (Municipal, University, School, and Hospital). Each segment has distinct consumption patterns, decision-making structures, and barriers to participating in energy conservation programs, reflecting their distinct energy needs and potential for savings.
3. Recognizing the sector's significant potential for natural gas savings, Enbridge Gas has developed a comprehensive program with tailored offerings designed to address its unique characteristics. This approach aligns with Enbridge Gas's broader mission to provide reliable, cost-effective energy efficiency solutions that adapt to the evolving needs of commercial customers.

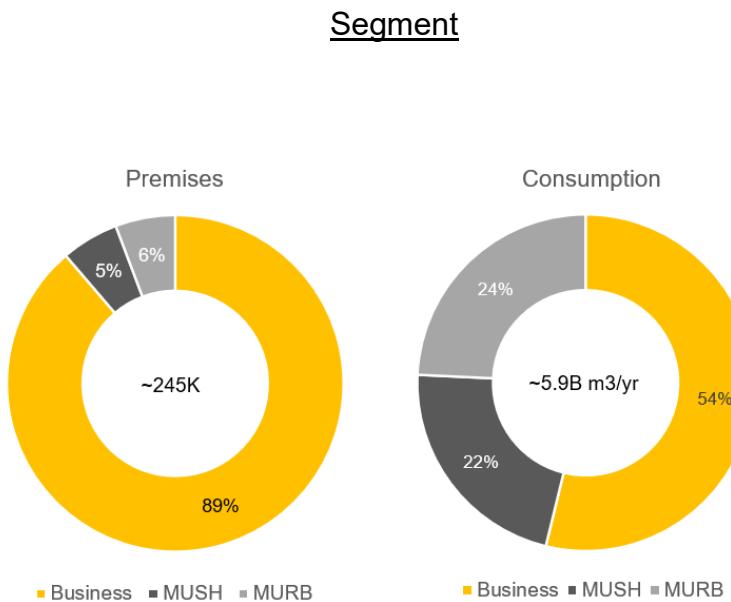
1.1 Customers

4. As outlined above, Enbridge Gas classifies the Commercial sector into three market segments:
 1. Business:
 - i. Includes retail stores, warehouses, long-term care facilities, food service establishments, office buildings, hotels/motels, entertainment complexes, places of worship, and recreational centers.
 - ii. Represents 89% of premises but only 54% of consumption.
 - iii. Despite lower consumption at an account level, collectively, these customers represent a substantial energy savings opportunity.
 2. MURB:
 - i. Comprised of Part 3 multi-unit residential buildings with four or more stories. Includes privately owned buildings (approximately 14,000 premises) but excludes affordable housing buildings (approximately 5,000 premises).¹
 - ii. Represents a higher proportion of consumption (24%) relative to the number of premises (6%).
 - iii. These customers are made up of a relatively homogeneous set of building types, ideal to target for scalable energy efficiency research and upgrades.
 3. MUSH:
 - i. Covers buildings owned by municipalities, universities, colleges, schools, and hospitals.

¹ The affordable housing multi-residential market is addressed as part of the Income Qualified Program.

- ii. Similar to MURB, represents a higher proportion of consumption (22%) relative to the number of premises (5%) and is typically the most cost-effective to reach from a results per capita perspective.
- iii. Targeting energy efficiency programs to this group can yield significant energy savings, but also requires a high level of engagement and longer project timelines.

Figure 1: 2023 Premises and Annual Natural Gas Consumption by Commercial Market Segment



5. The commercial sector can also be further divided into small and large commercial premises. Small commercial premises are defined as those that consume less than 100,000 m³ of natural gas annually,² while large commercial premises are those that consume more than this amount. Customer size is important to consider, as large commercial customers have more potential for savings by reducing their energy use³ and participating in DSM, but they also tend to have larger and more complex buildings that may require a customized approach. Conversely, small commercial customers tend to have less complex buildings, supporting a prescribed approach to DSM.

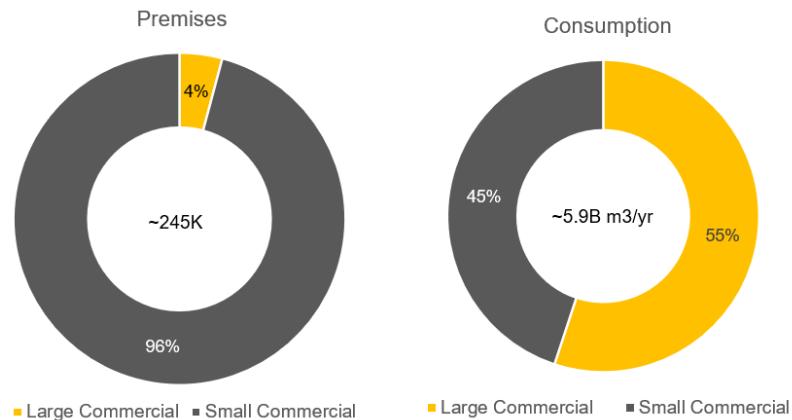
6. While financial constraints to investing in efficiency opportunities are experienced by customers across the sector, they are more pronounced for small customers who

² As assessed based on a three-year average of previous consumption (as available, provided the premise is not newer than 3 years).

³ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.52.

are more selective with how they prioritize their limited funds and consider energy efficiency a mid-range priority or not important at all.⁴

Figure 2: 2023 Premises and Annual Natural Gas Consumption by Large and Small Commercial Premises



1.2 Market Actors

7. The successful implementation of energy efficiency initiatives within the commercial sector relies on the collaboration of various market actors, each playing a distinct role in driving awareness, adoption, and execution of energy-saving measures:
 - a) Enbridge Gas Energy Solutions Advisors (“ESA”) work towards developing and managing relationships with trade allies, building owners, property managers and facility operators to support opportunity identification, prioritization, and implementation (both capital and operational).
 - b) Contractors and engineering firms represent a key point of contact and potential source of energy efficiency information for customers during times of equipment replacement and/or procurement.

⁴ Enbridge Gas Small Commercial Market Research Results, Resource Innovations, June 5, 2024, p.37.

- c) Distributors, retailers, and manufacturers are vital partners that control the supply chain and availability of equipment, with established market channels, industry partnerships, and real-time market insights.
 - d) Industry associations are stakeholders that have broad reach and influence over businesses and can help generate awareness of conservation programs and adoption of best practices.
 - e) Utilities, government, and regulatory agencies often provide programs and regulations to encourage emissions reduction and conservation efforts.
 - f) Customers add credibility to efficiency opportunities by sharing experiences and best practices (i.e., word of mouth).
8. Strategically engaging the relevant market actors is essential to maximize program reach, cost effectiveness, and influence. By leveraging the unique strengths and insights from these market actors, Enbridge Gas can enhance the effectiveness of its offerings, drive broader adoption of best practices, and foster more sustainable and energy efficient practices in the commercial sector.

1.3 Energy Use

9. For most commercial customers, space heating and ventilation requirements drive the greatest amount of natural gas consumption. However, energy use patterns vary significantly across different building types and market segments (see Table 1).

Table 1
Primary Natural Gas Uses by Commercial Segment

Market Segment	Building Types	Primary Natural Gas Uses			
		Space Heating	Ventilation	Water Heating	Cooking
Business	Food service establishments, long-term care facilities, hotels	x	x	x	x
	Retail and office spaces, entertainment complexes, places of worship, recreational centers, warehouses	x	x		
MURB	Large apartment complexes, high-rise condo buildings, smaller low-rise buildings	x	x	x	
MUSH	Municipal buildings – offices, recreation centers, arenas, fire/police stations	x	x	x	
	Municipal buildings – long-term care	x	x	x	x
	Primary and secondary schools	x	x		
	Universities* and colleges	x	x	x	x
	Hospitals*	x	x	x	x

Note:

* Some hospitals and universities also have on-site combined heat and power ("CHP") units or steam systems

1.4 External Factors

10. The adoption of energy efficiency measures within Ontario's commercial sector is shaped by a range of external factors, encompassing political, economic, social, and technological dynamics. These factors influence both the feasibility and attractiveness of energy-saving investments, impacting how businesses prioritize

such initiatives. Enbridge Gas has determined the following factors to be the most impactful on the commercial customer base:

- a) Natural Resources Canada (“NRCan”) Amendment 15 to the Energy Efficiency Regulations: Amendment 15, effective January 2025, will raise the minimum efficiency standards for commercial boilers to condensing levels. While this promotes energy efficiency, it may require additional system modifications⁵ that customers might be unaware of or unable to fund. For Enbridge Gas, the new advanced efficiency standards limit the savings opportunities traditionally associated with boiler upgrades and reduce a valued touchpoint with customers that has historically led to additional savings/educational opportunities. As a result, a greater focus will now shift towards encouraging customers to optimize their boiler systems. Although this will result in less savings per project, it will help to ensure that installed condensing boilers operate as intended and provide a continued touchpoint with customers.
- b) Economic Challenges to Energy Efficiency Investments: The industry faces increased costs for labour, transportation, and raw materials,⁶ affecting businesses financially. Small-to-medium sized enterprises and sectors like food service have been particularly impacted,⁷ limiting their ability to invest in costly energy efficiency projects. High interest rates further deter these investments. However, incentive programs offering financial support can help businesses justify energy-saving upgrade business cases, turning economic challenges into opportunities for cost reduction.

⁵ Enbridge Gas Commercial and Industrial Stakeholders’ Engagement, Ipsos, June 2024, p.138.

⁶ Enbridge Gas Insights into Market Actors Qualitative Report, Ipsos, November 2023, p.16.

⁷ Restaurants Canada, Ontario budget: Some welcomed initiatives, but nothing specific for restaurants (March 26, 2024). <https://www.restaurantcanada.org/ontario-budget-some-welcomed-initiatives-but-nothing-specific-for-restaurants/>

- c) Climate Change Legislation: Climate change legislation and municipal initiatives are pushing for sustainability. Many Ontario municipalities have declared climate emergencies and are creating emissions reduction plans.⁸ These plans aim to drive communities toward net-zero targets, increasing the demand for DSM programs. However, many commercial customers view net-zero goals as too ambitious and are not fully motivated or equipped with financial and technical resources to pursue them.⁹
- d) Emerging Technologies: The growing interest in lower-carbon solutions, such as electric air source and ground source heat pumps, represents a significant opportunity for substantial natural gas savings. However, adoption remains limited due to high upfront costs and technical barriers, including building electrical capacity constraints and the cost of service line upgrades.¹⁰ Additionally, concerns about the long-term performance and reliability of such technologies, especially in older multi-unit residential buildings, further slow their implementation.¹¹

1.5 Motivations and Barriers

11. Reducing operational costs is a universal motivator across the commercial sector, but the specific drivers for energy efficiency investments differ by segment. In the business segment, cost-cutting and attracting investors and tenants are key priorities.¹² Businesses are also motivated by the need to replace failing equipment and to increase safety and comfort. In addition to those motivators that typically drive business segment energy efficiency upgrade decisions, MURB customers are also

⁸ Enbridge Gas Ontario Municipal DSM Survey – Climate Change Focus, Ipsos, April 2024, p.5.

⁹ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.118.

¹⁰ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.120.

¹¹ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.31.

¹² Enbridge Gas Commercial Next Gen DSM Planning Stakeholder Engagement Report of Qualitative Research Findings, October 2020, p.23.

driven by the need to improve property values and tenant retention, and to meet benchmarking goals like Energy Star or Leadership in Energy and Environmental Design (“LEED”) certification.¹³ For the MUSH segment, achieving sustainability goals such as greenhouse gas reduction targets is a driver.¹⁴ However, when budgeting, schools and hospitals often prioritize operational safety over sustainability.¹⁵

12. While many motivational factors support conservation efforts in the commercial sector, key barriers also exist, with the most common related to knowledge gaps, decision making, financial constraints, and competing priorities.

a) Knowledge Gaps: Customer awareness of available incentives and of energy efficiency technologies is limited in the commercial sector. Often, customers do not recognize the value and benefits of efficiency solutions.¹⁶ Contractors not actively engaged with a market actor, like an ESA, often lack awareness of newer technologies¹⁷ and are, therefore, less likely to promote high-efficiency options. While Enbridge Gas ESAs are continuously developing relationships on a one-to-one basis with market actors, there is a clear need for a more comprehensive approach. This highlights the importance of increased focus on building relationships with trade allies to help Enbridge Gas engage and educate both customers and market actors on DSM offerings, thus broadening reach and increasing cost-effective participation in DSM programming. DSM Stakeholder Advisory Group (“SAG”) members largely agreed with Enbridge Gas “that training contractors, trade allies,

¹³ Enbridge Gas Commercial Next Gen DSM Planning Stakeholder Engagement Report of Qualitative Research Findings, October 2020, p.23.

¹⁴ Enbridge Gas Commercial Next Gen DSM Planning Stakeholder Engagement Report of Qualitative Research Findings, October 2020 p.57.

¹⁵ Enbridge Gas Commercial and Industrial Stakeholders’ Engagement, Ipsos, June 2024, p.64.

¹⁶ Enbridge Gas Commercial Next Gen DSM Planning Stakeholder Engagement Report of Qualitative Research Findings, October 2020, p.39.

¹⁷ Enbridge Gas Commercial and Industrial Stakeholders’ Engagement, Ipsos, June 2024, p.131.

commercial building managers and operators will be critical to ensuring efficiency opportunities are identified, pursued, completed and maintained."¹⁸

- b) Decision-Making Barriers: In the MUSH and MURB segments, decision-making is often slowed down by bureaucracy and fragmented ownership structures. MURB owners typically lack transparency into tenants' energy consumption,¹⁹ complicating justifications for in-suite energy efficiency upgrades. Commercial tenants frequently lack control over major capital investments such as HVAC systems, making operational improvements through recommissioning more appealing. In the MUSH segment, especially municipalities, decision-making can be delayed by complex approval processes.²⁰ As a result, the program must support complex capital improvements while also targeting operational improvements and incentivize technologies that require minimal owner involvement, fostering faster adoption among tenants and other non-owner decision-makers.
- c) Financial Constraints: Across all market segments, financial limitations represent a significant obstacle to adopting energy efficiency measures. In particular, small businesses operate on thinner margins and the post-COVID-19 pandemic economic environment has made it more difficult for them to invest in long-term energy-saving measures.²¹ This is especially true for businesses that lease their spaces, as is the case with nearly 60% of independently-owned small businesses.²² For these companies, financial incentives are essential, with shorter payback periods (3-4 years)²³ being a

¹⁸ EB-2022-0295, SAG Report, November 11, 2024, p.59.

¹⁹ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.24.

²⁰ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.40.

²¹ Ontario Chamber of Commerce, 2024 Ontario Economic Report, February 7, 2024,p.31.

²² Enbridge Gas Small Commercial Market Research Results, Resource Innovations, June 5, 2024, p.10.

²³ Enbridge Gas Small Commercial Market Research Results, Resource Innovations, June 5, 2024, p. 46

major factor in their decision to participate in energy efficiency programs. By offering higher incentive levels and reducing upfront costs, energy efficiency programs can align better with the financial realities of smaller businesses, helping them prioritize these investments.

- d) Competing Priorities: A customer's decision to move forward with energy efficiency projects is weighed against a number of priorities beyond just selecting the most energy efficient option, such as the potential additional maintenance requirements of the new high efficiency equipment, whether the occupant comfort will be negatively impacted, health and safety concerns, or more lucrative financial investment opportunities. In some cases, even the potential disruption to operations during equipment installations further discourages some from adopting efficiency upgrades.

13. The categories mentioned above capture common barriers experienced, to varying extents, across the sector. However, each segment also has unique needs that demand customized solutions for effective adoption and implementation of energy-saving measures. An outline of these segments is provided below, including particular subgroups within them, and other influential groups that must be considered for a successful program design.

1.6 Segment-Specific Needs

14. Small Commercial Customers: Small businesses are often hindered by more pronounced barriers²⁴ and require a turnkey solution that provides end-to-end support from identifying opportunities to equipment installation and application submission. These businesses often need guidance on available technologies, simplified application processes,²⁵ and increased financial incentives to cover a

²⁴ Ontario Chamber of Commerce, 2024 Ontario Economic Report, February 7, 2024, p.7.

²⁵ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.55.

higher proportion of project costs. Given that many small commercial customers lease their spaces, and likely pay the monthly energy bill, solutions focused on operational improvements (rather than infrastructure upgrades) are more relevant. A sub-group of small commercial customers that face similar constraints are microbusinesses that operate out of former residential dwellings, and that have traditionally been underserved by commercial DSM programs.

15. Key Accounts: Characterized by centralized decision-making across multiple properties, key accounts span various segments within the sector and require a hands-on portfolio management approach. Key accounts include large retail chains, school boards, municipal buildings, university campuses, hospitals, and major commercial property management firms. Given their size and level of natural gas consumption across multiple premises, employing a portfolio level opportunity identification approach represents a significant energy savings opportunity. In terms of sustainability goals, while some key accounts (i.e., municipalities, universities and hospitals) have established roadmaps and are actively managing projects to meet their sustainability targets, others are still in the early stages and lack concrete plans.²⁶

16. MURB Customers: The MURB segment faces unique barriers related to ownership and tenant relationships. Owners, who are responsible for making efficiency investments, don't directly see cost savings while tenants, who benefit, lack control over these decisions. Addressing this barrier requires targeted support, such as financial incentives that make upgrades more attractive for owners, and educational resources such as case studies that empower tenants to advocate for improvements while building confidence in innovative technologies among owners through

²⁶ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.10.

examples of successful implementations.²⁷ MURB customers also benefit from technical support for identifying and pursuing efficiency opportunities, especially when it reduces administrative burden on owners.

17. **MUSH Customers:** In the MUSH segment, municipalities are looking for ways to decarbonize to meet their climate action goals. Although municipalities are motivated by these goals, they face staff shortages and funding gaps,²⁸ which can slow implementation. Multiple customers within the MUSH segment have indicated that they expect to continue to use natural gas in most of their buildings for space and water heating for the next ten years.^{29,30} School boards specifically require help balancing sustainability goals with ongoing natural gas use; they need technical and financial support, as well as ongoing education on newer technologies.³¹ Universities and hospitals, despite having identified energy-saving opportunities, often struggle with funding for project implementation,³² making higher incentive caps and project-specific financial assistance their most pressing needs.

18. To develop an impactful Commercial Program, it's crucial to address both broad customer segments and the unique needs of specific segments. By taking these varied needs into account, Enbridge Gas's Commercial Program can achieve significant energy savings and support broader sustainability goals while delivering clear benefits to each customer group.

²⁷ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.25.

²⁸ Enbridge Gas Ontario Municipal DSM Survey – Climate Change Focus, Ipsos, April 2024, p.5.

²⁹ Enbridge Gas Municipality Building Sustainability Survey Final Report, Ipsos, October 2024, p.15.

³⁰ Enbridge Gas School Board Energy Planning Survey, Ipsos, April 19, 2024, p.15.

³¹ Enbridge Gas School Board Energy Planning Survey, Ipsos, April 19, 2024, p.16.

³² Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.69.

2. Commercial Program Proposal

19. The Commercial Program is designed to address barriers and meet the diverse needs of Enbridge Gas's commercial customers while adapting to the changing market landscape. It supports energy efficiency by helping customers identify, plan, and implement energy-saving projects through the delivery of targeted conservation offerings providing customers access to a balance of education, technical support, and financial incentives. For the 2026-2030 DSM Plan, the program's core strategies will be structured around three key themes:

- a) Shifting Focus Beyond Equipment "Replacement" to Pursue More Opportunities that "Reduce" and "Reuse" Energy: The implementation of Amendment 15 has altered the baseline of boiler upgrade projects, which means that Enbridge Gas will no longer generate a similar level of claimed savings results for boiler related projects. In addition to the loss of claimed savings, such projects have also historically served as crucial touchpoints for engaging customers and business partners in promoting alternative energy efficiency solutions. As a result, the program will increase its focus on a greater mix of projects that can "reduce" and "reuse" energy rather than relying as heavily on boiler replacement opportunities specifically. This approach emphasizes optimizing existing building systems and reusing energy while also still improving equipment efficiency during boiler replacements when opportunities arise. For instance, HVAC systems can be enhanced by adding controls, adjusting set points, and improving building envelopes to reduce air infiltration; furthermore, energy reuse will be explored through solutions like Energy Recovery Ventilators. When replacements or system enhancements to heating equipment (i.e., space heating, domestic hot water heating, commercial cooking, etc.) are necessary, the program will ensure equipment is properly sized and will consider high-efficiency technologies such as electric heat pumps. However, certain fuel-switching

projects may face cost-effectiveness challenges due to the need for service line upgrades resulting from existing building electricity capacity constraints, potentially leading to higher costs and longer timelines for customers.^{33,34,35}

b) Enhancing and Expanding Commercial Offerings to Cater to Customer Needs: Existing offerings, such as the Commercial/Industrial Prescriptive Downstream and the Commercial/Industrial Prescriptive Direct Install Offerings, will be enhanced with increased incentives and new Technical Resource Manual (“TRM”) measures such as hybrid roof top units (“RTU”), to drive increased adoption of energy-efficiency upgrades. The Commercial/Industrial Prescriptive Direct Install Offering will focus on hard-to-reach customers (e.g., restaurants, retail) by providing turnkey solutions with higher incentives, while the Commercial/Industrial Prescriptive Upstream Offering will see an increase in incentives and an expansion of participating distributors and manufacturers. Significant changes in the Commercial Custom Offering will emphasize optimizing boiler performance, addressing common misconceptions among customers that their systems operate at the efficiency levels stated on the nameplate, which is rarely the case.³⁶

To further support underserved customers, new Commercial Microbusiness and Commercial Existing Building Commissioning Offerings will be introduced. The Commercial Microbusiness Offering will cater to very small businesses operating from former residential dwellings with residential sized heating and cooling equipment. The offering will provide participants with

³³ Enbridge Gas Commercial and Industrial Stakeholders’ Engagement, Ipsos (June 2024), p.120.

³⁴ Toronto Hydro (2024), Service Upgrade Request. <https://www.toronto hydro.com/for-home/service-connections/service-upgrade-request>

³⁵ Alectra Utilities (2024), Make a Service Request. <https://alectrautilities.com/make-service-request#serviceupgrades>

³⁶ Enbridge Gas Commercial and Industrial Stakeholders’ Engagement, Ipsos (June 2024), p.126.

incentives for electric heat pumps, smart thermostats, and envelope upgrades. The Commercial Existing Building Commissioning Offering will help commercial customers consider the overall energy efficiency performance of their building and provide low cost / no cost recommendations for equipment and system improvements. For customers with multiple properties of similar design, an opportunity to create a more standardized commissioning plan exists; this need has been particularly identified in the MURB segment.³⁷ Enbridge Gas heard from the SAG that supporting the commissioning of existing buildings should be a priority area for the next DSM plan as it creates “opportunities for both direct natural gas savings and the ability to enable other program opportunities with customers.”³⁸

To overcome knowledge barriers, enabling activities such as site walk-throughs by Enbridge Gas ESAs and participating trade allies, and the provision of funding towards assessments, studies, metering, Energy Management Information Systems (“EMIS”), and, if possible / where applicable, collaboration with the IESO on a Strategic Energy Management (“SEM”) initiative for larger commercial customers will help identify and prioritize efficiency opportunities. Finally, a proposed Energy Innovation Fund will, among other things, pilot cutting-edge solutions in the marketplace.

- c) Strengthening Customer and Trade Ally Relationships through Ongoing Personalized ESA Engagement: As the Commercial Program evolves, Enbridge Gas ESAs will continue to be essential to the successful delivery of the DSM initiatives. ESAs will provide personalized services to key accounts and larger commercial customers, assisting with project planning,

³⁷ Enbridge Gas Commercial and Industrial Stakeholders’ Engagement, Ipsos, June 2024, p.18.

³⁸ EB-2022-0295, SAG Report, November 11, 2024, p.50.

implementation, and securing incentives to lower upfront costs. They will also assist customers in incorporating efficiency upgrades into capital asset renewal plans, ensuring proactive improvements rather than waiting for equipment to break down. This proactive approach is particularly beneficial for municipalities and MURBs that have long-term sustainability plans as it helps them navigate potential supply chain or installation challenges.

Additionally, ESAs will manage relationships with participating trade allies, ensuring they receive the level of support needed to actively promote and deliver programs to customers. Trade allies will expand awareness of DSM offerings, particularly among smaller commercial customers who tend to only address energy needs as they arise.³⁹ Trade allies will play a key role in promoting high-efficiency equipment at critical decision points, such as during equipment failure assessments. By broadening the geographic and customer segment reach, participating trade allies will also address gaps in DSM participation and support efforts to explore electric heat pumps and other innovative commercial energy efficiency solutions. Relationship building with participating trade allies will focus on ensuring that they have the necessary experience, training, and geographic reach to serve diverse customer needs.

20. Enbridge Gas is proposing the following offerings and enabling activities to address the needs of the commercial sector and support customers in their energy efficiency efforts:

³⁹ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.47.

Table 2
Commercial Offering Descriptions and Enabling Activities

Commercial Program		
Offering	High Level Description	Key Offering Elements
Commercial Custom	The Commercial Custom Offering helps customers lower natural gas usage and energy costs by identifying and supporting energy-saving projects that require detailed, site-specific calculations, including complex measures not covered by the TRM.	<ul style="list-style-type: none"> Site walkthroughs conducted by ESAs and/or participating trade allies. Financial incentives. Enabling activities such as audits, studies, metering, EMIS and Building Operator Training. Energy literacy tools such as case studies, technology sheets, calculators, etc.
Commercial/Industrial Prescriptive Downstream	The Commercial/Industrial Prescriptive Downstream Offering applies standardized financial incentives and natural gas savings amounts to commonly applicable technologies in the marketplace to simplify the application process and allow for more of a mass market approach to promoting eligible measures. Measure uptake is typically more easily quantifiable based on pre-approved inputs and assumptions outlined in the TRM.	<ul style="list-style-type: none"> Financial incentives for eligible measures. Support with identification, implementation and incentive application from an ESA or a qualified participating trade ally. Energy literacy tools such as case studies, technology sheets, calculators, etc.
Commercial/Industrial Prescriptive Direct Install	The Commercial/Industrial Prescriptive Direct Install Offering applies a turnkey solution whereby the customer is supported throughout the equipment application and installation process by a qualified contractor who installs eligible measures at little or no cost to the customer.	<ul style="list-style-type: none"> Free site assessment to identify upgrade opportunities. Financial incentives up to 100% project cost coverage for eligible measures.

Table 2 (continued)*
Commercial Offering Descriptions and Enabling Activities (continued)

Commercial Program		
Offering	High Level Description	Key Offering Elements
Commercial/Industrial Prescriptive Upstream	The Commercial/Industrial Prescriptive Upstream Offering aims to influence more customers through a broader reach, by encouraging equipment retailers, distributors, and manufacturers to promote energy-efficient options to contractors and end-use customers.	<ul style="list-style-type: none"> • Financial incentives to support the upselling of high efficiency measures. • Financial incentives and/or point of sale discounts to end-users. • Ongoing engagement of market actors at a corporate level and at a store level to increase awareness of the offering and available incentives, and to provide education, support, and sales training on upselling high efficiency equipment.
Commercial Microbusiness	The Commercial Microbusiness Offering engages businesses that operate from former residential dwellings with residential sized heating and cooling equipment, and where the dwelling can be modelled through HOT2000. Participants are provided with financial incentives, technical support, and implementation assistance to undertake energy efficiency projects.	<ul style="list-style-type: none"> • Financial incentives for site assessments and implementation of eligible measures.
Commercial Existing Building Commissioning	The Commercial Existing Building Commissioning Offering applies a simplified approach to investigating an existing building's operations and implementing low cost / no cost changes that improve the building's efficiency to reduce overall natural gas consumption and related costs.	<ul style="list-style-type: none"> • Financial incentives for site assessments/opportunity identification. • Financial incentives calculated per cubic meter of natural gas saved.

Table 2 (continued)*

Commercial Offering Descriptions and Enabling Activities (continued)

Enabling Activities	High Level Description
Site Walkthroughs	Conducted by Enbridge Gas ESAs or qualified trade allies to identify potential opportunities in a specific building.
Audits, Metering and Studies	Incentives available for a portion of third-party audits, assessments, and studies, as well as energy modelling and sub-metering.
Strategic Energy Management	Supports large commercial customers and key accounts by engaging in activities such as workshops, technical training and resource support that drive continuous energy management and performance improvement. Collaboration on this initiative with the IESO is currently being explored.
Building Operator Training	Provides training and education to building operators on optimizing energy use and reducing operating costs while maintaining occupant expectations.
Energy Innovation Fund	Supports the advancement of innovative energy efficiency technologies towards market readiness. Qualified technologies will include those ready for piloting within a commercialized environment. The majority of pilot projects are expected to be market driven through an open bid process, encouraging customers, engineering firms and other market actors to submit technology projects for funding. In addition, Enbridge Gas expects to drive a smaller number of projects on its own, and in collaboration with interested market actors. Ultimately, the goal of this fund is to transition proven technologies and applicable energy efficient solutions into the custom and prescriptive offerings. See Exhibit D, Tab 7, Schedule 3 for further details.

COMMERCIAL CUSTOM OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The primary objective of the Commercial Custom Offering is to help commercial customers reduce natural gas consumption and energy costs. This is achieved by working with customers to identify, prioritize, and incentivize energy efficiency projects, providing both technical and financial support for measures that require site-specific analysis. These projects often involve complex measures with interactive effects or process improvements that are not included in the Technical Resource Manual (“TRM”). By enabling customers to make informed decisions, the offering aims to foster long-term energy efficiency and cost savings across a range of commercial facilities.

2. Participant Benefits

3. Benefits to the participant include:

- a) Incentives reduce upfront project costs which improves return on investment / payback periods on the efficiency upgrade. Operational cost savings are achieved through avoided energy consumption.
- b) Improved energy efficiency which supports reduced greenhouse gas emissions and more sustainable buildings and businesses.
- c) Improved comfort and positive impact on health and safety of occupants/employees, and improved equipment performance.

3. Target Market

- 4. This offering is available to Enbridge Gas commercial business, MURB and MUSH customers. While the Custom Offering is typically more aligned with the needs of larger more complex commercial customers with annual consumption exceeding 100,000 m³ of natural gas per year, it is also available to smaller commercial customers with slightly more complex projects or energy efficiency upgrades that do not meet the measure eligibility criteria for the prescriptive offerings.
- 5. This offering is also well-suited for customers implementing multi-measure projects and projects requiring site-specific calculations due to their complexity. The Custom Offering's adaptability addresses the diverse natural gas consumption patterns across commercial sub-segments, which can range from primarily space heating needs to various combinations of space heating, water heating, and business-specific requirements. Additionally, the offering supports the implementation of advanced technologies, including but not limited to electric heat pump systems.

4. Eligibility Criteria

- 6. Commercial customers (specifically business, MURB, and MUSH) within the Enbridge Gas service area are eligible for this offering. All commercial buildings are

eligible, including various commercial sub-segments (e.g., offices, warehouses, retail, food service, accommodation).¹

7. New and existing commercial facilities are eligible for the offering.

5. Offering Details

8. The Commercial Custom Offering provides participants with technical support and financial incentives for both opportunity identification and project implementation. With the implementation of Amendment 15² raising the base case for most commercial boilers to condensing levels beginning in 2025, the offering will place increased emphasis on optimizing equipment and system performance, energy recovery, and exploring hybrid and fuel switching solutions such as electric heat pumps. This shift aims to support customers in reducing overall energy needs and adopting advanced efficiency technologies.
9. Key components of the offering include:
 - a) Technical Support:
 - i. Energy Solutions Advisors (“ESA”) or qualified trade allies may conduct site walkthroughs on their own, or work in tandem to identify efficiency opportunities.
 - ii. Third-party audits, assessments, and studies (e.g., steam trap studies, ASHRAE audits) may be suggested to further quantify opportunities.
 - iii. ESAs assist both customers and trade allies with project planning and implementation.

¹ Industrial customers and income qualified multi-residential customers are targeted through the Industrial and Income Qualified Programs, respectively.

² NRCan, Amendment 15 to the Energy Efficiency Regulations (June 2019), <https://natural-resources.canada.ca/energy-efficiency/energy-efficiency-regulations/planning-and-reporting/amendment-15-the-energy-efficiency-regulations/19384>

- iv. Where trade allies have not yet been identified by the customer, ESAs on request can suggest a variety of different partner alternatives.
 - v. Forecast natural gas savings estimates are provided based on engineering calculations and/or diagnostic tools.
- b) Financial Incentives:
- i. Incentives help reduce costs associated with assessments, studies and Energy Management Information Systems (“EMIS”), as well as procurement and installation of high-efficiency measures.³
- c) Eligible Measures: While there is no predefined list of eligible measures due to the custom nature of the offering, anticipated common measure types include:
- i. Boiler optimization (e.g., outdoor air temperature reset controls, low temperature emitter upgrades, etc.).
 - ii. Heat recovery systems.
 - iii. Advanced controls (e.g., Variable Frequency Drives, Building Automation System, Demand Control Ventilation, etc.).
 - iv. Electric heat pumps.
 - v. Steam trap replacement.
 - vi. Building envelope improvements.
 - vii. Temperature setback and equipment scheduling.
- d) Delivery Mechanisms:
- i. Primarily delivered through ESAs, providing one-on-one support to large commercial customers and key accounts.
 - ii. Increased trade ally engagement expected to extend reach of ESAs in supporting commercial customers.

³ A performance based incentive model may be introduced in collaboration with the IESO.

e) Outreach and Marketing:

- i. ESA and trade ally driven direct customer outreach, such as cold calling, conducting site-visits, responding to direct customer inquiries.
- ii. Targeted tactics include industry association sponsorships/memberships, event participation, and seminars/workshops.
- iii. Additional communications through newsletters, case studies, and digital ad campaigns to increase awareness, education, and participation.

6. Key Changes

10. Compared to Enbridge Gas's previous DSM Plan (EB-2021-0002), the Commercial Custom Offering in the proposed 2026-2030 DSM Plan includes the following key changes:

- a) Financial incentives: Incentives for project implementation have been increased to achieve a desired 3-4 year⁴ payback period and address financial barriers. Proposed incentives reflect a shift to more costly measures, inflation, and higher project costs associated with materials and labour.⁵ Additionally, more funds are allocated for enabling initiatives, including project identification, audits, metering, studies, EMIS, and operator training, to address knowledge gaps and support electric heat pumps and optimization measures.⁶
- b) Measures: Due to recent changes in equipment minimum energy performance standards, the focus will shift from boiler upgrades to other opportunities such as boiler optimization, electric heat pumps, and heat

⁴ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.57.

⁵ Enbridge Gas Insights Into Market Actors, Ipsos, November 2023, p.20.

⁶ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.75.

recovery. These options are generally more expensive, necessitating higher incentives to overcome financial barriers. For example, high upfront costs often limit adoption of electric heat pumps.⁷

- c) Delivery: Enbridge Gas will focus on expanding relationships with trade allies that can support smaller commercial customers. Through enhanced tools such as simplified savings calculators, program training and sales support materials, trade allies will help to broaden reach of programming and increase awareness, engagement, and ultimately participation.

7. Incentives

11. Table 1 outlines the offering's proposed implementation, enabling and bonus incentives.

⁷ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.31.

Table 1
Commercial Custom Offering Incentives

Implementation Incentives	
Incentive Details	Incentive Rates (per gross m ³ saved)
<ul style="list-style-type: none"> Calculated per project based on estimated annual natural gas savings (m³). Designed to reduce payback to 3-4 years. Cover up to 100% of incremental project costs. 	<ul style="list-style-type: none"> \$0.65/gross m³ saved. Maximum of \$250,000 per project, capped at 100% of incremental cost. Exceptions: <ul style="list-style-type: none"> \$3/gross m³ saved for electric heat pump projects, maximum of 100% of incremental cost and \$500,000 per project. Institutions (Hospitals and Universities): Maximum of 100% of incremental cost and \$500,000 per project.
Enabling Activities Incentives	
Incentive Details	Incentive Rates
Third party audits and studies	<ul style="list-style-type: none"> Large commercial premises (annual consumption greater than 100,000 m³): Up to 50% of costs, max \$8,000/year/premise. Small commercial premises (annual consumption less than 100,000 m³): Up to 50% of costs, max \$3,000/year/premise. Institutions: Up to 50% of costs, max \$10,000/study, up to 3 studies per year.
Energy Management Information Systems ("EMIS") and Metering	<ul style="list-style-type: none"> Up to 50% of incremental costs, max \$40,000 per customer. Supports large commercial premises.
Bonus Incentives	
Based on DSM Stakeholder Advisory Group ("SAG") recommendations, limited time bonus incentives may be available for:	
<ul style="list-style-type: none"> First-time program participants Underperforming measures Multi-measure projects 	

8. Enabling Activities

12. Enabling activities support customers in overcoming knowledge and resource barriers to identifying and implementing efficiency opportunities. These activities are instrumental for building and maintaining a robust pipeline of projects to meet year-over-year forecasted results. Specific enabling activities that will be utilized to support the Commercial Custom Offering include:
- a) Site walk-throughs: Conducted by ESAs and/or participating trade allies to identify potential efficiency opportunities.
 - b) Portfolio benchmarking: ESAs work with key accounts to identify and prioritize buildings with the highest potential for efficiency improvements.
 - c) Capital asset renewal planning: ESAs collaborate with customers to review capital asset renewal plans and identify opportunities to enhance efficiency during equipment, envelope, and other planned capital replacements. This form of proactive planning helps mitigate supply chain, installation, and other resource barriers by addressing them ahead of time rather than at the time of replacement.
 - d) Funding for audits, metering, studies and EMIS: To address knowledge barriers related to identification, cost, benefits, and feasibility of efficiency opportunities.
 - e) Educational tools: Webinars and workshops to raise awareness of and interest in high efficiency equipment.
 - f) Building operator training: To support more efficient building operation.

9. Metric

13. The metric for the Commercial Custom Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

14. This offering will use various customized approaches as the basis for natural gas savings (m³) gross measurement, examples include but are not limited to, engineering calculations, measurement and verification (“M&V”) and energy modelling, as determined appropriate by Enbridge Gas technical experts. For commonly implemented measures, standardized calculators have been developed such as eTools to ensure that common baseline assumptions and calculation methodologies are applied across similar project types.

COMMERCIAL / INDUSTRIAL PRESCRIPTIVE DOWNSTREAM OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The Commercial/Industrial Prescriptive Downstream Offering provides standardized financial incentives and natural gas savings estimates for widely used technologies and applications in the marketplace. By utilizing pre-approved inputs and assumptions from the Technical Resource Manual (“TRM”), this offering simplifies the process of quantifying energy savings and communicating costs and benefits to customers. This simplified approach allows for Energy Solutions Advisors (“ESA”) to support more of a mass market approach towards promoting eligible measures, and is more aligned with current sales practices of contractors, engineering firms, and other trade allies, thereby leading to an expected increase in market reach as a result. The primary goal is to help customers reduce energy costs by making it easier to adopt efficient solutions and lowering the upfront investment required for upgrades.

2. Participant Benefits

3. Benefits to the participant include:
 - a) Lower out-of-pocket costs for the project/upgrade, increased return on investment and faster payback, lower operational/energy costs.
 - b) Improved energy efficiency, more sustainable building and/or business, lower carbon and reduced greenhouse gas emissions.
 - c) Improved comfort for occupants/employees, increased productivity, reduced noise level, etc.

3. Target Market

4. The Commercial/Industrial Prescriptive Downstream Offering targets commercial and industrial customers across the Enbridge Gas service area. Contractors, suppliers, and manufacturers of eligible measures, as defined in the TRM, are secondary targets as they play a key role in influencing customer decisions. Certain TRM measures are restricted to specific building types or configurations, such as Demand Control Kitchen Ventilation, which targets commercial kitchens.

4. Eligibility Criteria

5. To be eligible for the offering, participants must be Enbridge Gas commercial or industrial customers.¹
6. New and existing commercial and industrial facilities are eligible, though some measures apply only to existing buildings.

¹ Commercial customers include MURBs, MUSH and other non-industrial businesses. Industrial customers are non-residential customers involved in the production and/or enhancement of mercantile goods and/or the cultivation of plants and/or livestock. Large volume customers, as defined in Exhibit E, Tab 6, Schedule 1 and income qualified multi-residential customers, as defined in Exhibit E, Tab 3, Schedule 3, are not eligible.

5. Offering Details

7. The Commercial/Industrial Prescriptive Downstream Offering is designed to lower the upfront costs associated with implementing high-efficiency technologies through prescribed incentives associated with measures that have predefined savings outlined in the TRM. This strategy simplifies the application process and encourages mass market adoption by making energy efficiency upgrade decisions easier for both customers and service providers.
8. Measures that will be included in the offering are listed below, however additional measures may be added throughout the duration of the 2026-2030 DSM Plan to increase participation and natural gas savings.
 - a) Air Curtains
 - b) Condensing Make up Air Units
 - c) Demand Control Kitchen Ventilation
 - d) Demand Control Ventilation
 - e) Destratification Fans
 - f) Dock Door Seals
 - g) Energy and Heat Recovery Ventilators
 - h) Ozone Laundry
9. Trade allies, such as contractors and engineering firms are well positioned to present efficiency opportunities to customers, as they are often the first point of contact when equipment breaks down or renovations are planned and are influential in the decision-making process,² making them a critical delivery channel in

² Enbridge Gas Small Commercial Market Research Results, Resource Innovations, June 5, 2024, p.23.

supporting the Commercial/Industrial Prescriptive Downstream Offering. Efforts will focus on building relationships with trade allies to broaden the offerings' reach through enhanced training, sales/technical support, and other benefits for participants.

10. Enbridge Gas ESAs will focus on larger commercial and industrial customers and key accounts. ESAs will help identify savings opportunities, quantify results, and support customers in developing business cases for their projects.

11. In addition to ESA and trade ally outreach efforts, targeted marketing activities such as case studies, email communications, digital advertising campaigns and segment or technology specific collateral will continue to be leveraged as a means of building customer awareness and interest in adopting prescriptive measures.

6. Key Changes

12. Compared to Enbridge Gas's previous DSM Plan (EB-2021-0002), the Commercial/Industrial Prescriptive Downstream Offering in the proposed 2026-2030 DSM Plan includes the following key changes:

- a) Financial incentives: Increased incentives to cover on average approximately 50% of incremental project costs for most measures, improving the business case for high-efficiency natural gas equipment and addressing financial barriers.
- b) Measures: It is expected that new TRM measures will be added over the DSM Plan term to broaden the offering's reach to more customers.
- c) Delivery:

- i. Increased focus on building relationships with trade allies to grow the number of participating service providers and increase market participation.
- ii. ESAs will focus on capital planning to help customers integrate efficiency measures into their capital asset renewal plans for optimized efficiency.

7. Incentives

13. The proposed incentive levels for the Commercial/Industrial Prescriptive Downstream Offering have been increased to cover, on average, 50% of incremental costs, as outlined in the TRM. Special bonus offers may be introduced, for a limited time, to encourage earlier upgrades and volume-based incentives may be applied where one decision maker oversees multiple sites.

14. Table 1 outlines proposed incentive levels by measure type.

Table 1
Commercial/Industrial Prescriptive Downstream Offering Incentives

Measure Type	Incentive Levels
Air Curtains - Pedestrian & Shipping Door	\$800 - \$12,500
Condensing Make-up Air	\$1,000 - \$15,000
Demand Control Kitchen Ventilation	\$2,500 - \$13,000
Demand Control Ventilation with CO2 Sensor	\$500
Destratification Fan	\$1,500 - \$3,500
Dock Door Seals – Compression & Shelter	\$700 - \$1,700
Energy Recovery Ventilator	\$50 - \$12,000*
Heat Recovery Ventilator	\$25 - \$8,000*
Ozone Laundry	\$7,500 - \$20,000

Note:

*The incentive range for Energy and Heat Recovery Ventilators is large as the incentive is based on several factors: CFM of the unit installed, whether the unit is in-suite, and whether there is no baseline or a 55% efficiency baseline.

8. Enabling Activities

15. Activities will vary based on individual customer and trade ally needs:

- a) Site walkthroughs: Conducted by Enbridge Gas ESAs and participating trade allies.
- b) Educational tools: Training and support materials such as case studies, technology specification sheets, and calculators will be provided to both customers and trade allies to ensure they have the necessary knowledge when making equipment purchasing and/or upgrade decisions.
- c) Capital asset renewal collaboration: For key accounts and larger customers with centralized decision-making over multiple sites, ESAs collaborate with customers to review capital asset renewal plans and identify opportunities to enhance efficiency during equipment, envelope, and other planned capital replacements.
- d) Building operator training: For key accounts and larger customers, this supports more efficient use of prescriptive equipment installed.

9. Metric

16. The metric for the Commercial/Industrial Prescriptive Downstream Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

17. The offering will use the TRM as the basis for natural gas savings (m³) gross measurement. Projects must meet requirements as outlined in the version of the TRM applicable to the program year.

COMMERCIAL / INDUSTRIAL PRESCRIPTIVE DIRECT INSTALL OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The primary goal of the Commercial/Industrial Direct Install Offering is to engage harder-to-reach customers who face significant financial, time, resource, and/or knowledge barriers, making them less likely to participate in DSM programs. By offering a turnkey solution, where participating contractors manage the entire equipment installation and application process at little to no cost, this program enables resource-constrained customers to undertake energy-saving projects that would otherwise be unattainable. A secondary objective is to expand program reach by targeting small commercial and industrial customers, who represent 96% and 91% of premises within these sectors, respectively.

2. Participant Benefits

3. Benefits to the participant include:

- a) Little or no out-of-pocket cost for the upgrade, lower energy bills, reduced operating costs.
- b) More energy efficient business/building, reduced greenhouse gas emissions.
- c) Simplified application and product procurement process, most measures improve comfort for employees/patrons (better temperature control, better air quality, less noise, etc.).

3. Target Market

- 4. The Commercial/Industrial Direct Install Offering primarily targets smaller commercial/industrial customers,¹ who typically consume less than 100,000 m³ of natural gas annually² and who tend to have higher seasonal consumption profiles versus process heavy loads.³
- 5. Many of the eligible commercial customers are independently owned businesses within the business market segment. However, larger customers, including key accounts with centralized decision-making, may also be eligible since size and ownership type do not always correlate with a customer having the aforementioned resources necessary to undertake energy conservation projects. Furthermore, research indicates that 93% of corporately owned customers (i.e., part of a national chain or key account) have not participated in DSM programs,⁴ demonstrating they too are less likely to participate in DSM programming without incremental financial and resource support.

¹ Large volume customers are ineligible to participate in the Commercial Program.

² As assessed based on a three-year average of previous consumption (as available provided the premise is not newer than 3 years).

³ Enbridge Gas Small Industrial Study, ICF, September 12, 2024, p.5.

⁴ Enbridge Gas Small Commercial Market Research Results, Resource Innovations, June 5, 2024, p. 28.

6. Small industrial customers tend to have higher seasonal consumption profiles vs. process heavy loads. Recent survey results have identified that this customer group has more pronounced knowledge, financial and capacity barriers, and can be best supported by a turnkey solution to engage in energy efficiency.
7. Both tenants and landlords are included, recognizing that many businesses operate from leased spaces,⁵ requiring a solid business case to motivate landlords.

4. Eligibility Criteria

8. To be eligible for the offering, a participant must be an Enbridge Gas commercial or industrial customer,⁶ and the participant must not have participated in non-direct install DSM offerings for the same measure in the prior three program years.⁷
9. New and existing commercial and industrial facilities are eligible for the offering.

5. Offering Details

10. The Commercial/Industrial Direct Install Offering provides a turnkey approach, delivering Technical Resource Manual (“TRM”) measures directly to eligible customers via Energy Solutions Advisors (“ESA”) or participating contractors. The process begins with a free site assessment conducted by the contractor, who identifies and qualifies specific high-efficiency equipment / upgrade opportunities. The contractor then provides the customer with a quote showing the project cost, including applied incentives. If the customer proceeds, the contractor manages equipment ordering and installation. The contractor also supports incentive

⁵ Enbridge Gas Small Commercial Market Research Results, Resource Innovations, June 5, 2024, p.10.

⁶ Commercial customers include MURBs, MUSH and other non-industrial businesses. Industrial customers are non-residential customers involved in the production and/or enhancement of mercantile goods and/or the cultivation of plants and/or livestock. Large volume customers, as defined in Exhibit E, Tab 6, Schedule 1 and income qualified multi-residential customers, as defined in Exhibit E, Tab 3, Schedule 3, are not eligible.

⁷ Historical non-participation criteria does not apply to hybrid heat pump solutions, which are available to all customers that meet facility requirements outlined in the TRM.

application paperwork, with incentives in most cases being deducted directly from the final invoice to minimize customer budget impact.

11. Eligible measures for the Commercial/Industrial Direct Install Offering are listed below, although additional measures may be added throughout the 2026-2030 DSM Plan term to increase participation and natural gas savings:

- a) Adaptive thermostats
- b) Air curtains - shipping doors
- c) Dock door seals
- d) Demand control kitchen ventilation ("DCKV")
- e) Hybrid Rooftop Units ("RTU")⁸
- f) Destratification fans

12. Uptake for hybrid RTUs is expected to be limited due to high incremental costs and market capability/supply chain issues such as long lead times and stocking challenges.⁹ Customer interest in these technologies is also low,¹⁰ indicating a need to generate more awareness and interest among customers with various building types. To overcome these adoption barriers, Enbridge Gas intends to include this measure in the Commercial/Industrial Direct Install Offering to build momentum, drive uptake, and develop market capability for the technology.

13. Over the course of the 2026-2030 DSM Plan term, Enbridge Gas will shift from solely using a small number of contracted direct install service providers to deliver

⁸ At the time of filing this Application, the TRM substantiation document for this measure has not yet been submitted. Please refer to Exhibit D, Tab 9, Schedule 1 for further details.

⁹ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.131.

¹⁰ Enbridge Gas Small Commercial Market Research Results, Resource Innovations, June 5, 2024, p.19.

this offering, to an expanded network of participating trade allies from across the province, such as local contractors. This expanded network of contractors will have the expertise to install eligible technologies and manage offering participation documentation and will be engaged by Enbridge Gas to ensure they are trained on the program offering details and participation guidelines. This expansion is expected to increase direct install offering participation and address geographic participation gaps, which previously occurred due to contractor concentration in the Greater Toronto Area. Research indicates that the primary target market (smaller and mid-size customers) is most likely to work directly with installers,¹¹ which positions participating trade allies (like local contractors) well to engage these hard-to-reach customers. Local contractors are highly influential in energy efficiency upgrades and are often the first point of contact for customers experiencing equipment failure.¹²

14. To ensure offering success and maintain the value of its turnkey aspect, Enbridge Gas will provide participating contractors with initial and follow up training (as needed) and support for measure identification, qualification, quoting, installation, and documentation submission. Enbridge Gas ESAs may also work with eligible customers, particularly key accounts, and participating contractors to create offering awareness and assist with decision-making, planning, and project implementation.

15. Outreach will employ a multi-pronged approach including:

- a) Targeted marketing efforts.
- b) Offering promotion and canvassing by participating contractors.
- c) Outreach via ESAs.

¹¹ Enbridge Gas Insights Into Market Actors, Ipsos, November 2023, p.4.

¹² Enbridge Gas Small Commercial Market Research Results, Resource Innovations, June 5, 2024, p.23.

16. Marketing efforts will include promotions through various channels and partnerships with industry and business improvement associations, municipalities, and chambers of commerce. Both tenants and landlords will be targeted, with messaging tailored to their specific needs and decision-making authority. Participating contractors will work closely with Enbridge Gas ESAs to identify project leads, qualify customers, and inform them of the offering. ESAs will focus on key accounts to identify resource-constrained locations that could benefit from the offering's additional support and higher incentives.

6. Key Changes

17. Compared to Enbridge Gas's previous DSM Plan (EB-2021-0002), the Commercial/Industrial Direct Install Offering in the proposed 2026-2030 DSM Plan includes the following key changes:

- a) Financial incentives: Increased incentives now cover up to 100% of the incremental equipment and installation costs. This increase aims to improve engagement from non-DSM participants and encourage the selection of high-efficiency natural gas equipment. The current 2023-2025 DSM incentive levels cover, on average, approximately 89% of the incremental project costs.
- b) Measures: The offering now includes additional TRM measures such as Adaptive Thermostats and Hybrid Rooftop Units ("RTU"). This expansion caters to a broader group of eligible customers and aligns with recommendations from previous DSM Plan proceedings to add new measures to the direct install offering to enable meaningful participation from small commercial customers.¹³

¹³ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.36.

- c) Delivery: The offering will transition from a small contractor network to a larger network of participating trade allies. This strategic shift addresses several objectives:
- i. Ensures broader reach across the target market.
 - ii. Addresses geographic constraints of a smaller delivery network.
 - iii. Aims to increase offer awareness and participation.

7. Incentives

18. The Commercial/Industrial Direct Install Offering features enhanced incentive levels, covering up to 100% of the incremental project costs, depending on the specific measure. It is important to note that where opportunities arise to collaborate with the IESO, and efficiencies can be found, Enbridge Gas expects to leverage these efficiencies to attract additional participation.

Table 1
Commercial/Industrial Direct Install Offering Incentives

Measure Type	Incentive Levels
Adaptive Thermostats	\$200
Air Curtains – Shipping Door	\$5,500-\$20,000
Demand Control Kitchen Ventilation	\$9,000-\$20,000
Dock Door Seals	\$2,000-\$3,000
Hybrid RTUs	\$1,500-\$5,000
Destratification Fans	\$6,000-\$7,000

8. Enabling Activities

19. The primary enabling activity for this offering is a free site assessment conducted by participating contractors. This assessment provides recommendations to help customers identify and prioritize energy efficiency opportunities based on their specific facility and existing equipment. Following the assessment, the contractor

provides the customer with a project quote that includes incentives for eligible measures, helping to build a business case for project implementation.

20. Ongoing support throughout the upgrade process is another key activity. Enbridge Gas provides training and support tools such as case studies, technology specification sheets, and calculators to both customers and participating contractors. These resources aim to increase knowledge of eligible technologies and facilitate smoother project implementation.
21. Additional enabling activities that will be implemented include collaborating with municipalities, industry and business associations, small business groups, and other stakeholders. These collaborations will be primarily leveraged for outreach and education purposes.

9. Metric

22. The metric for the Commercial/Industrial Direct Install Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

23. This offering will use the TRM as the basis for natural gas savings (m³) gross measurement. Projects must meet requirements as outlined in the version of the TRM applicable to the program year.

COMMERCIAL / INDUSTRIAL PRESCRIPTIVE UPSTREAM OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The Commercial/Industrial Prescriptive Upstream Offering (previously referred to as the midstream offering) focuses on increasing customer adoption of high-efficiency equipment by applying incentives “upstream” from the end-user, at the supply chain level. This approach aims to increase the reach of the offering and influence more customers by encouraging distributors, retailers, manufacturers, and rental companies to promote energy-efficient options to contractors and end-use customers. The offering includes two streams: a food service stream for commercial kitchen equipment and an HVAC stream for space and water heating equipment.

2. Participant Benefits

3. Benefits to the participant include:

- a) Point of sale discount directly lowers out-of-pocket costs for the project/upgrade, improving return on investment and shortening payback. Measures also provide immediate operational / energy savings.

- b) Promotion of energy efficient benefits at time of purchase supports customers in making informed decisions.
- c) Improved energy efficiency, more sustainable building and/or business, reduced greenhouse gas emissions.
- d) Other benefits may include improved comfort for occupants/employees, increased productivity, reduced noise level, etc.

3. Target Market

4. The primary target market for the Commercial/Industrial Prescriptive Upstream Offering includes distributors, retailers, manufacturers, and rental companies who support the sale and installation of qualifying equipment to end-users. There is a distinction between the two offering streams regarding end-users: in the food service stream, participating distributors, retailers, and manufacturers sell directly to end-use customers, while in the HVAC stream, an additional layer involves contractors who purchase from distributors or retailers and then sell to end-users. Unique to this distinction are rental companies who sell directly to end-users, across both streams. While end-users are not the primary point of influence for this offering, they ultimately benefit from the availability, promotion, and reduced costs of high-efficiency equipment.

4. Eligibility Criteria

5. To be eligible for the offering, equipment must be installed for commercial or industrial use by an Enbridge Gas customer.¹ Qualifying products and customers

¹ Commercial customers include MURBs, MUSH and other non-industrial businesses. Industrial customers are non-residential customers involved in the production and/or enhancement of mercantile goods and/or the cultivation of plants and/or livestock. Large volume customers, as defined in Exhibit E, Tab 6, Schedule 1 and income qualified multi-residential customers, as defined in Exhibit E, Tab 3, Schedule 3, are not eligible.

must meet requirements outlined in the current version of the Technical Resource Manual (“TRM”).

6. New and existing commercial and industrial facilities are eligible for the offering. Equipment must be procured from a participating dealer (manufacturer, distributor and/or retailer).

5. Offering Details

7. The Commercial/Industrial Prescriptive Upstream Offering is managed by a third-party vendor who in addition to identifying and enrolling manufacturers, distributors, and retailers, provides outreach, training, and support to help dealers promote and upsell energy-efficient equipment. An online portal developed and managed by the third-party vendor is used to handle customer and product validation, process incentives, and track key performance metrics.
8. The offering targets a selection of prescriptive commercial food service and HVAC measures from the current version of the TRM. Because measures are influenced at the point of sale (upstream from the customer), prescriptive measures with broad applicability and minimal customization are necessary for an upstream offering since Enbridge Gas will not always have detailed visibility into the customer or specific features of their facility. A breakdown of eligible upstream measures and their corresponding incentives are included in the incentives section below.

6. Key Changes

9. Compared to Enbridge Gas’s previous DSM Plan (EB-2021-0002), the Commercial/Industrial Prescriptive Upstream Offering in the proposed 2026-2030 DSM Plan includes the following key changes:
 - a) Financial incentives: Modifications will be made to the incentive flow-down to end-use customers. While a proportion of financial incentives will continue to

be allocated to participating dealers to encourage the promotion of high-efficiency measures, the structure of how such incentives flow down to end-use customers will vary depending on equipment and sales channel. For instance, commercial kitchen equipment is often procured by end-users through distributors and retailers.² In this case, offering financial incentives via distributors to provide instant discounts at the point of purchase will directly benefit end-users. Conversely, HVAC equipment is generally purchased by contractors on behalf of end-users, therefore instant discounts to contractors may not necessarily benefit the end-user.³ Modifying the incentive flow by incenting customers directly upon the installation of eligible HVAC equipment ensures they benefit.

- b) Measures: Consideration will be given to adding new measures over the DSM Plan term to address supply chain challenges associated with the adoption of high-efficiency technologies. Examples of measures currently under consideration include water and unit heaters in the rental market.
- c) Delivery: The dealer network will be expanded to encompass more distributors, retailers, and rental companies as well as the inclusion of manufacturers specializing in high-efficiency commercial kitchen and HVAC equipment. The provision of financial incentives at the manufacturing level could alleviate the incremental costs associated with higher-efficiency equipment, rendering it more feasible for retailers and distributors to stock, particularly with commercial kitchen equipment.⁴

² Enbridge Gas Commercial Kitchen Market Characterization, Finn Projects, September 16, 2024, p.5.

³ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.124.

⁴ Enbridge Gas Commercial Kitchen Market Characterization, Finn Projects, September 16, 2024, p.20.

7. Incentives

10. Enbridge Gas's goal in providing upstream incentives is to mitigate the price barrier between standard and high-efficiency equipment, and to motivate distributors to present contractors with energy-efficient alternatives when addressing equipment orders.
11. For food service equipment, incentives are paid directly to the participating dealer, who passes on a portion of the incentive to customers at the "point of sale" to provide an instant discount on equipment – this is referred to as "passthrough". The remaining portion of the incentive is retained by the participating dealer. This retained amount is intended to cover incremental offering related administrative costs, mitigate risks associated with stocking higher efficient equipment, and encourage investment in training of staff to increase sales of eligible measures.⁵
12. To increase uptake of high-efficient commercial kitchen equipment, passthrough incentives proposed in the new offering have increased to cover approximately 50% of incremental project costs as outlined in the TRM.
13. For HVAC equipment, an alternative incentive model will be explored, whereby participating dealers, contractors and customers will receive a predefined fixed dollar value per unit sold. Similar to the food service equipment incentive model, the fixed values attributable to customer incentives have been increased to cover approximately 50% of incremental project costs outlined in the TRM.
14. As the offering expands to include manufacturers of high efficiency equipment, elements of the incentive model may shift to accommodate anticipated changes in incremental project costs to customers downstream, with the objective of continuing

⁵ Trade Ally Engagement and Incentive Design in Midstream Programs, ESource, November 16, 2023, p.1.

to offer end-users incentives to cover approximately 50% of incremental project costs.⁶

Table 1
Commercial/Industrial Prescriptive Upstream Offering Incentives

Technology	Passthrough Incentive, Approximate \$/Unit*
HVAC	
Condensing Tankless and Storage Water Heaters	\$1,500 - \$1,700
Condensing Unit Heater	\$1,400
Food Service	
ENERGY STAR Fryers (2022 increase applied as base incentive)	\$1,500
ENERGY STAR Steam Cookers	\$1,500
High-Efficiency Under-Fired Broilers	\$1,500
ENERGY STAR Convection Oven	\$800
ENERGY STAR Rack Ovens	\$1,000
ENERGY STAR Combination Oven	\$3,000
Energy Star Griddles	\$2,400
ENERGY STAR Dishwashers	\$700
High-Efficiency Conveyor Broiler	\$2,000
High-Efficiency Conveyor Oven	\$700

Note:

*Limited time incentive offers may also be made available to encourage broader participation across dealers, and adoption among end users. Additional measures may be added to the offering over the term of the DSM Plan.

8. Enabling Activities

15. Promoting the sale of high-efficiency equipment by distributors, retailers, and manufacturers necessitates a comprehensive strategy encompassing various supply

⁶ Enbridge Gas Commercial Kitchen Market Characterization, Finn Projects, September 16, 2024, p.3.

chain elements, from awareness and education to financial incentives and strategic partnerships. Key initiatives include:

- a) Education and training: Collaborating with manufacturers to conduct knowledge sessions for participating dealers, emphasizing the benefits and selling points of high-efficiency technologies. This also involves partnering with dealers to host workshops and demonstrations for contractors and customers. Commercial test kitchens, for example, showcase the practical applications and benefits of high efficiency equipment to consumers.
- b) Financial incentives: To encourage dealers to promote and sell more high-efficiency equipment, as well as reduce upfront costs for end-users to promote wider adoption.
- c) Marketing Support: Development of point-of-sale materials such as brochures to educate customers and contractors on the advantages of high-efficiency equipment. Enbridge Gas collaborates with distributors on targeted campaigns, joint advertising initiatives, and promotional events aimed at end-users.
- d) Distributor portal: Leveraging a distributor web-based platform providing single point of access to key information including a qualified product list, methods for verifying end-user eligibility, and tools for submission and tracking of projects.
- e) Upstream offering training: Hands-on training and support for participating dealers, provided by a third-party offering administrator.

9. Metric

16. The metric for the Commercial/Industrial Prescriptive Upstream Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

17. The offering will use the TRM as the basis for natural gas savings (m³) gross measurement. Projects must meet requirements as outlined in the version of the TRM applicable to the program year.

COMMERCIAL EXISTING BUILDING COMMISSIONING OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The Commercial Existing Building Commissioning (“EBCx”) Offering aims to enhance operational efficiency of existing building systems, thereby reducing natural gas consumption and associated costs. It employs a targeted approach to analyzing building operations, focusing on how equipment and systems interact. As designed, the intention is for this offering to engage underserved commercial customers, including tenants and those with capital constraints, providing them an opportunity to participate in commercial programming. By addressing issues that typically emerge over a building's lifespan, the EBCx Offering strives to improve overall building performance through enhanced operations and maintenance (“O&M”) practices that go beyond customer routine procedures (which may be non-existent).

2. Participant Benefits

3. Benefits to the participant include:

- a) The EBCx Offering targets a 3-5% reduction¹ in natural gas consumption per participant, resulting in operational cost savings.
- b) More energy efficient business, reduced greenhouse gas emissions.
- c) Participants gain insights into operational and behavioral improvements with recommendations to enhance building efficiency. The offering includes strategies for maintaining efficiency, such as procedural updates and operator training to support continuous improvement. The offering may also help identify potential capital upgrades for long-term efficiency gains.
- d) Participants may experience increased comfort, extended equipment life, and reduced greenhouse emissions due to lower energy consumption.

3. Target Market

- 4. While the EBCx Offering is applicable to all commercial market segments, it will primarily target mid and small commercial customers such as medium-sized offices, schools, and multi-residential buildings that typically consume less than 100,000 m³ of natural gas per year. Larger more complex customers such as institutional (hospital and university) buildings are better suited by more comprehensive audits available through the Commercial Custom Offering.

4. Eligibility Criteria

- 5. To be eligible for the EBCx Offering, participants must be Enbridge Gas commercial customers² and the facility must not have undertaken a similar recommissioning exercise within the preceding five years.

¹ Based on outcomes of historical no-cost/low-cost offerings such as Run It Right.

² Commercial customers include MURBs, MUSH and other non-industrial businesses. Income qualified multi-residential customers, as defined in Exhibit E, Tab 3, Schedule 3, are not eligible.

5. Offering Details

6. The EBCx Offering provides commercial customers with financial incentives to investigate and implement no-cost/low-cost measures that improve the performance of existing building equipment and systems.
7. Recent studies indicate that 51% of commercial and industrial customers do not have equipment-based energy conservation strategies. Only 19% have conducted operational or maintenance improvements, and a mere 2% have undertaken whole building retro-commissioning.³ Enbridge Gas's EBCx Offering aims to promote building retro-commissioning by engaging customers to identify and correct operational deficiencies. This offering provides tools and training for long-term performance maintenance, contributing to broader market adoption of operational efficiency practices and a continuous improvement mindset.
8. Participants are required to work with an Enbridge Gas-qualified EBCx Offering service provider, who will guide them through the entire process. This begins with a site assessment of the building's systems, resulting in a report with recommendations for operational improvements, energy savings estimates, and incentive details. Recommendations will focus on low-cost and no-cost measures, such as:
 - a) Correcting simultaneous or unnecessary heating and cooling.
 - b) Addressing manual overrides in energy management systems.
 - c) Ensuring equipment operates only when needed.
 - d) Optimizing building pressurization and operational sequences.

³ Enbridge Gas Commercial End Use Survey: Overview Presentation, Ipsos, December 2021, p.47.

9. After recommended actions are implemented, EBCx Offering service providers will conduct post-project verification and assist with project incentive applications. To promote long-term efficiency, customers will also receive guidance on updating building operator manuals/guidelines and access to operator training opportunities.
10. To support the identification and quantification of savings opportunities, a custom intake form and calculator will be developed for EBCx Offering service providers, which will:
 - a) Simplify the energy savings assessment process.
 - b) Enable broader participation by including commercial customers without daily consumption meters.
 - c) Collect key facility information (e.g., building type, square footage, equipment, operating hours, weather data, historical energy consumption).
 - d) Guide service providers in identifying low-cost or no-cost measures.
 - e) Calculate estimated energy savings, cost savings, and return on investment for each measure.
 - f) Generate customer reports and calculate claimable savings after post-project verification.
11. To ensure adequate geographic coverage, Enbridge Gas will prioritize a targeted group of qualified EBCx Offering service providers who can establish a presence across key regions. This approach allows Enbridge Gas to ensure market availability in diverse geographic areas rather than opening the offering to all providers from the outset. As the program matures, additional qualified service providers may be added to broaden the offering's reach. All participating EBCx Offering service providers will

be required to demonstrate building recommissioning credentials and complete mandatory training on program structure, intake form, calculator, and customer eligibility requirements.

12. Marketing efforts will include targeted campaigns (e.g., e-blasts, industry newsletters, digital platforms) aimed at engaging small to mid-size commercial customers. EBCx Offering service providers will receive sales support materials, such as brochures and case studies, to promote the offering. Outreach materials will emphasize best practices, the benefits of operational efficiency, and common areas for building improvement.

6. Key Changes

13. This is a newly proposed offering in the 2026-2030 DSM Plan that was not included in the previous DSM Plan (EB-2021-0002). The EBCx Offering is distinct from the former Run it Right and P4P offerings⁴ as it does not require savings to be quantified at the meter. Offerings requiring meter-based savings have been a challenge in the past for the following reasons:

- a) Many customers do not possess daily meter readers, rendering them ineligible to participate.
- b) Establishing a baseline consumption value necessitates a year's worth of daily meter reading data.
- c) It typically takes a year post-project implementation to measure the results of participation.

⁴ EB-2021-0002, Exhibit E, Tab 2, Schedule 1, p.3.

d) The 3-5% savings attributable to operational improvements could easily be overshadowed by other factors when simply measuring at the meter, such as increased occupancy rates at hotels, schools renting out facilities over weekends, or expansions added to buildings. While it is possible to account for these factors, the time and cost involved prohibit this type of approach from being applied at a mass market level.

14. The EBCx Offering will utilize a streamlined custom calculator to estimate savings associated with operational improvements, leveraging inputs from pre- and post-project implementation site assessments to quantify and validate improvements and their respective impacts. This method of calculating savings addresses all the aforementioned challenges, enabling the offer to cater to a broader group of customers by eliminating the requirement for customers to have a daily meter reader and allowing for savings to be calculated on the spot upon verification, allowing for a more streamlined process for contractors.

7. Incentives

15. Participants in the EBCx Offering will receive two types of incentives designed to offset assessment costs and recognize energy saving efforts.

- a) Assessment Incentive: Up to \$1,500 for small commercial customers (those who consume less than 100,000 m³/year) and up to \$5,000 for large commercial customers (those who consume greater than 100,000 m³/year) towards initial site assessment and post-site assessment. Incentives are capped at 100% cost of pre and post-site assessments.
- b) Performance Incentive: \$0.25 per gross m³ of natural gas saved, up to the lesser of 15% of the facility's annual natural gas consumption or \$25,000 per facility based on estimated savings from implemented measures. These savings must be associated with recommended measures implemented by

the customer and verified by the EBCx Offering service provider. To motivate participation, incentives are awarded based on savings performance, irrespective of incremental costs associated with the adoption of no cost, low-cost measures.

8. Enabling Activities

16. The EBCx Offering includes enabling activities for both customers and service providers.

17. For customers:

- a) Site walk-throughs, assessments, and recommendation reports.
- b) Financial incentives for identification, quantification, and implementation of efficiency improvements.
- c) Guidance for updating building manuals and guidelines.
- d) Building operator training opportunities.

18. For EBCx Offering service providers:

- a) Streamlined calculator for quantifying and validating savings.
- b) Technical training on calculator usage and eligible measures.
- c) Sales support tools (e.g., brochures, case studies).

19. These initiatives aim to facilitate participation, improve decision-making, and ensure long-term efficiency maintenance while equipping service providers with necessary tools and knowledge to effectively deliver the offering.

9. Metric

20. The metric for the EBCx Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

21. This offering will use a custom calculator as the basis for natural gas savings (m^3) gross measurement.

COMMERCIAL MICROBUSINESS OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The Commercial Microbusiness Offering is designed to meet the specific needs of small commercial businesses operating from former residential dwellings. This customer group has historically been underserved¹ in energy conservation efforts. Additionally, these businesses are hard to reach and face significant barriers to participation.² The objective of this offering is to fill the programming gap by providing financial incentives, technical support, and implementation assistance to help microbusinesses complete energy efficiency projects.

2. Participant Benefits

3. Benefits to the participant include:

¹ EB-2021-0002, OEB Decision and Framework, November 15, 2022, p.36.

² Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.54.

- a) Partial coverage of the project cost, lower energy bills and reduced operating costs, increased property value.
- b) More energy efficient business, reduced greenhouses gas emissions.
- c) Improved comfort for owner/employees/patrons (better temperature control, better air quality, less noise, etc.).

3. Target Market

- 4. The target market for this offering is micro-commercial customers that operate out of former residential dwellings. Common examples of such types of microbusinesses include hair and beauty salons, law firms, dental and doctor offices. While some of these customers can be categorized as corporately owned or as a franchise, the majority are expected to be independently owned businesses.
- 5. Eligibility will not be restricted by natural gas consumption; however, it is expected that most of these customers will consume less than 5,000 m³ of natural gas annually. Furthermore, much of the natural gas consumption is likely to be attributed to space heating and water heating equipment.³
- 6. As described above, the types of businesses that operate from residential-sized facilities are, for the most part, independently owned businesses. Recently conducted market research on the small commercial customer base indicates that sixty percent of independently owned small businesses lease their business space.⁴ Therefore, particular attention will focus on engaging landlords and building owners, (to address the split incentive issue) highlighting the benefits of property upgrades even when they don't pay the energy bills.

³ Enbridge Gas Small Commercial Market Research Results, Resource Innovations, June 5, 2024, p. 11.

⁴ Enbridge Gas Small Commercial Market Research Results, Resource Innovations, June 5, 2024, p. 10.

4. Eligibility Criteria

7. To be eligible for the offering, participants must be small commercial customers in the Enbridge Gas service area.⁵ Further, buildings must:
 - a) Be used primarily for commercial purposes.
 - b) Be a former residential dwelling (detached house, semi-detached house, row housing, townhome, or a mobile home on a permanent foundation).
8. Buildings must not have participated in or received a rebate for the same qualified measure(s) from an Enbridge Gas DSM program in the past.

5. Offering Details

9. The Commercial Microbusiness Offering is designed for small businesses operating in residential-style buildings. This offering mirrors the residential Single Measure, Smart Home, and Whole Home Offerings, providing incentives for site assessments, energy-efficient equipment, and weatherization measures suited to residential-sized needs.
10. Eligible Measures include:
 - a) Insulation (Attic, Wall, Floor, Basement, etc.)
 - b) Air Sealing
 - c) Electric Heat Pumps (Space Heating and Water Heating)
 - d) Smart Thermostats
 - e) Windows and Doors

⁵ Commercial customers include MURBs, MUSH and other non-industrial businesses. Income qualified multi-residential customers, as defined in Exhibit E, Tab 3, Schedule 3, are not eligible.

11. Additional measures may be added throughout the duration of the 2026-2030 DSM Plan term to increase participation and achieve greater natural gas savings.
12. This offering will be delivered through Enbridge Gas's current residential service providers, leveraging their familiarity with these measures and experience with the Company's DSM programs. Recognizing that small business owners may have limited time and budget for energy efficiency improvements, this approach allows service providers to identify eligible upgrades during service calls, helping capture energy-saving opportunities at critical moments like equipment replacement.
13. As a new offering within the Commercial Program, targeted outreach will be required to build awareness. Enbridge Gas will implement a multifaceted strategy, focusing on broad geographic representation among participating service providers, targeted awareness campaigns for eligible customers, and partnerships with industry associations, small business groups, business improvement districts, chambers of commerce, and municipalities.
14. Outreach and education will emphasize the value of available incentives, efficiency upgrades suitable for small business settings, and the financial benefits of high-efficiency investments. For leased properties, outreach will include targeted messaging to both tenants – highlighting energy-saving benefits – and landlords, underscoring financial incentives and non-energy benefits, such as increased property value and tenant appeal.
15. For prescriptive measures installed, participants must use a participating service provider.
16. If a Technical Resource Manual ("TRM") substantiation document is not available for the measure, participants must have a Natural Resources Canada ("NRCan") licensed Registered Energy Advisor ("REA"), who is an employee or subcontractor

of an Enbridge Gas approved Service Organization, conduct the pre- and post-audits. Participants must complete a pre-audit, install at least two qualified measures, and complete a post-audit.

6. Key Changes

17. This is a newly proposed offering that was not included in the previous DSM Plan (EB-2021-0002).

7. Incentives

18. Incentives will be available for both site assessments and the installation of eligible measures, aligning with those offered in the Residential Program. To encourage participation, incentives may be enhanced through limited time offers, particularly for landlords who do not pay the energy bills and require additional financial motivation to implement efficiency upgrades. Proposed incentive levels for each measure type can be found in the Residential Program section (the Whole Home Offering can be found at Exhibit E, Schedule 2, Tab 2; the Single Measure Offering can be found at Exhibit E, Schedule 2, Tab 3).

8. Enabling Activities

19. Enbridge Gas will leverage enabling activities to help customers overcome knowledge and resource barriers that inhibit them from identifying and implementing energy efficiency opportunities. Customers who work with a service provider for site assessments and efficiency recommendations will receive expert guidance and incentives to help offset project costs. Collaborations with organizations like chambers of commerce and municipalities will further raise awareness of high-efficiency technologies and available resources. Finally, Enbridge Gas will offer participating service providers sales support and training to enhance their capacity and extend the reach of the offering.

9. Metric

20. The metric for the Commercial Microbusiness Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

21. If a prescriptive measure is installed, the offering will reference the TRM as the basis for natural gas savings (m³). Projects must meet requirements as outlined in the version of the TRM applicable to the program year.

22. If a TRM substantiation document is not available for the measure, NRCan HOT2000 software, used in Energuide Mode, is required for estimating natural gas savings. Buildings will be initially modelled based on the existing state of the building and again based on the post-retrofit state of the building. All completed HOT2000 assessments and associated documentation will be submitted to NRCan in accordance with its QA/QC processes.

23. To correctly claim energy savings, Enbridge Gas will make adjustments to the savings determined by the HOT2000 models to account for baseline considerations as appropriate.

24. For project-specific inputs in the case of professional air sealing, a custom calculator will be used.

INDUSTRIAL PROGRAM

1. This evidence is organized as follows:

1. Industrial Sector Overview
 - 1.1 Customers
 - 1.2 Market Actors
 - 1.3 Energy Use
 - 1.4 External Factors
 - 1.5 Motivations and Barriers
2. Industrial Program Proposal

1. Industrial Sector Overview

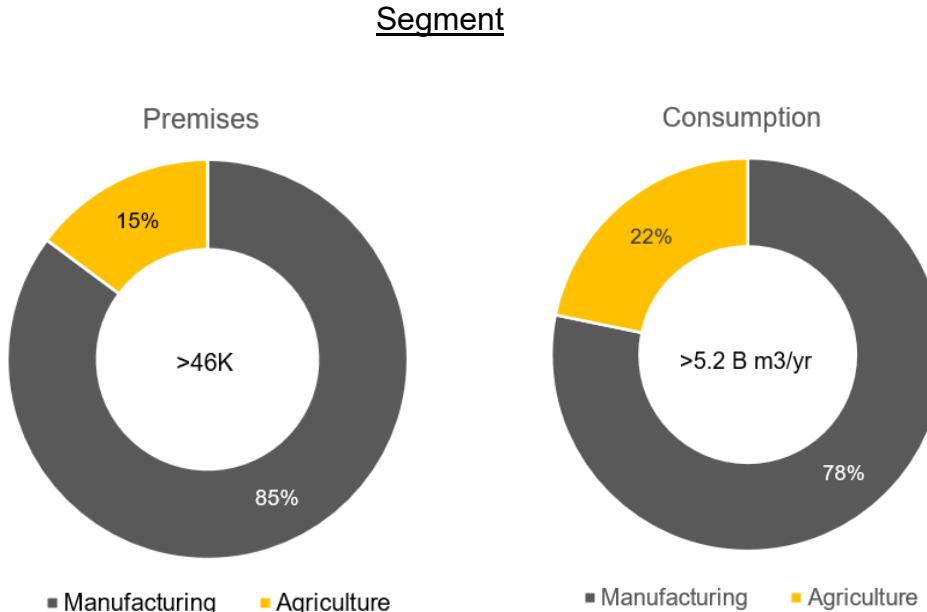
2. The industrial sector within the Enbridge Gas service area comprises over 46,300 customer accounts, collectively consuming 5.2 billion cubic meters of natural gas annually.¹ Customers within the sector include a mix of larger complex facilities in conjunction with smaller more straightforward buildings who are involved in the production, enhancement or cultivation of mercantile goods, plants and livestock. Industrial customers can be classified into two market segments: agriculture and manufacturing, each with distinct consumption profiles, decision-making structures, and barriers to participating in conservation efforts.
3. The proposed Industrial Program builds on its past successes and lessons learned by introducing enhancements and enabling activities designed to engage more customers, overcome participation barriers, and support continuous efficiency improvements; ultimately driving both economic and sustainability benefits.

¹ Large volume customers are ineligible to participate in the Industrial Program and are not included in these figures.

1.1 Customers

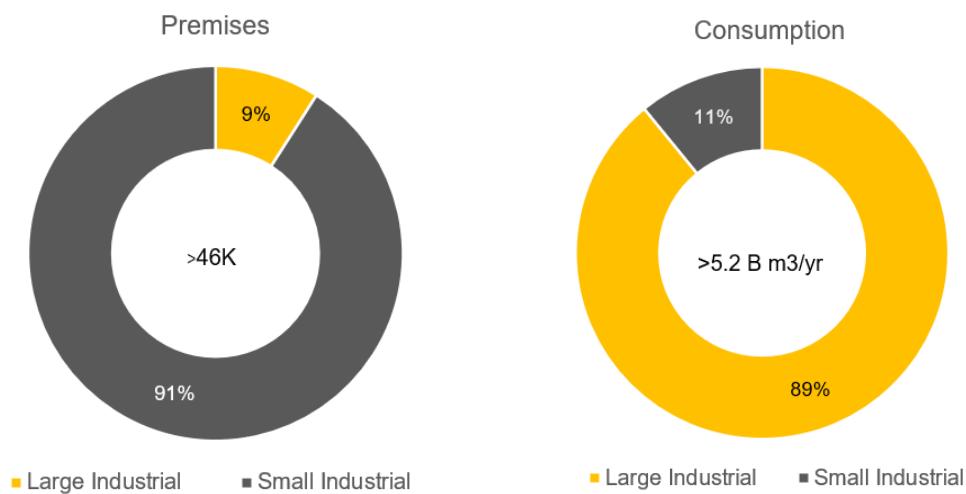
4. As outlined above, Enbridge Gas classifies the industrial sector into two market segments:
- Agricultural: Includes facilities that cultivate plants or livestock, such as vegetable, fruit, and flower greenhouses, vineyards, farms, and grain storage and drying facilities. This segment accounts for approximately 15% of the industrial sector's premises and 22% of its natural gas consumption.
 - Manufacturing: Encompasses a wide range of industrial facilities, including those involved in automotive, pharmaceutical, asphalt, packaged goods, pulp and paper, food/beverage/confectionary production, etc. This segment represents approximately 85% of the industrial sector's premises and 78% of its natural gas consumption. Given the extensive diversity of processes within manufacturing sites, even those within the same industry, further sub-segmentation to generalize opportunities at an industry level is impractical.

Figure 1: 2023 Premises and Annual Natural Gas Consumption by Industrial Market Segment



5. Segmenting customers by size provides a practical means of addressing customer needs. Industrial customers consuming on average less than 100,000 m³ of natural gas annually typically exhibit seasonal load profiles, underscoring the importance of focusing on efficiency opportunities supporting building envelope and HVAC system improvements.² Although these small industrial customers represent 91% of premises, they account for only 11% of total consumption. Therefore, a prescriptive, mass-market approach is a reasonable method for addressing their primary space heating needs. In contrast, larger industrial facilities with distinct and complex process loads necessitate a more customized approach to identifying and implementing energy efficiency solutions. These distinctions have been considered in the development of the proposed offerings to ensure that the Industrial Program appropriately addresses the needs of large and small customers.

Figure 2: 2023 Large and Small Industrial Premises and Consumption



² Enbridge Gas Small Industrial Study, ICF, September 12, 2024, p.5.

1.2 Market Actors

6. A variety of market actors are influential in supporting the adoption of conservation initiatives, collectively contributing to the successful implementation of energy efficiency programming.
 - a) Enbridge Gas Energy Solution Advisors (“ESA”) establish long-term relationships with larger industrial customers, acting as an extension of their teams to drive continuous efficiency improvements by helping to identify, prioritize and justify conservation opportunities.
 - b) Customer in-house experts (Energy Managers, Maintenance Managers, Plant Managers, Finance Managers, and Environmental, Social, and Governance (“ESG”) Managers, etc.) are key influencers and decision makers for conservation projects.
 - c) Service providers represent a number of different types of market actors including but not limited to energy services companies and consulting firms that may be engaged by facilities to help identify, prioritize, and quantify efficiency improvement measures to achieve cost-effective energy and/or sustainability goals.
 - d) Contractors and engineering firms represent a key point of contact and a potential source of energy efficiency information for customers during times of equipment replacement and/or procurement.
 - e) Distributors, retailers, and manufacturers are vital partners that control the supply chain and availability of equipment, with established market channels, industry partnerships, and real-time market insights.

- f) Industry associations are stakeholders that have broad reach and influence over businesses and can help generate awareness of conservation programs and adoption of best practices.
 - g) Utilities, government, and regulatory agencies often provide programs and regulations to encourage emissions reductions and conservation efforts.
 - h) Customers add credibility to efficiency opportunities by sharing experiences and best practices (i.e., word of mouth).
7. Strategically engaging the relevant market actors is essential to maximize program reach, cost effectiveness, and influence. By leveraging the unique strengths and insights from these market actors, Enbridge Gas can enhance the effectiveness of its offers, drive broader adoption of best practices, and foster more sustainable and energy-efficient practices in the industrial sector.

1.3 Energy Use

- 8. In the agricultural segment, energy is used for applications like process heating (e.g., drying crops or pasteurizing dairy) and in greenhouses for maintaining optimal temperatures, as well as powering pumps and ventilation systems, directly impacting operational efficiency and productivity.³
- 9. Manufacturing, on the other hand, uses natural gas as part of the production process for space and water heating (e.g., steel, chemicals, food processing) as well as for driving equipment like conveyors, fans, and compressors, and occasionally as feedstock.⁴

³ Enbridge Gas Ontario Greenhouse Market and Energy Efficient Technologies, Agritecture Consulting, August 9, 2024, p.7.

⁴ Manufacturing Canada's Future, Canadian Manufacturers and Exporters, November 2023, p.20.

10. Facilities in both industrial segments also use energy for motors and compressed air to support various operations.

11. Small industrial customers who consume on average less than 100,000 m³ of natural gas per year, regardless of market segment, are more likely to use natural gas for space heating purposes (seasonal load vs. process load) as described above.⁵

1.4 External Factors

12. External factors, including political, economic, social, and technological dynamics, play a crucial role in influencing energy efficiency investments among customers in the industrial sector. These dynamics impact how businesses prioritize and adopt energy-saving measures. The following factors are presumed to be most impactful on the industrial customer base:

- a) Emissions Performance Standards (“EPS”): The EPS Regulation (O. Reg. 241/19), under the Environmental Protection Act, manages greenhouse gas emissions from large facilities in the manufacturing, resource, and electricity generation sectors. Effective from January 1, 2022, this program sets annual emissions limits for industrial facilities, which become stricter over time. Eligible facilities must either reduce their emissions or pay for exceeding these limits.⁶ Because reducing natural gas consumption can lead to reduced emissions, EPS helps motivate participation in conservation programs.⁷

⁵ Enbridge Gas Small Industrial Study, ICF, September 12, 2024, p.5.

⁶ Ministry of the Environment, Conservation and Parks, Government of Ontario Emissions Performance Standards program, (September 16, 2024), <https://www.ontario.ca/page/emissions-performance-standards-program>

⁷ Enbridge Gas Commercial and Industrial Stakeholders’ Engagement, Ipsos, June 2024, p.118.

- b) Federal Carbon Charge: For non-EPS customers, the Federal Carbon Charge represents an avoided cost associated with conservation efforts, improving the cost/benefit of such investments.
- c) Labour Shortages: Post-COVID-19 pandemic, the sector faces labour shortages as experienced workers retire, creating knowledge gaps and resource constraints.⁸ This impacts capacity from a resourcing perspective, delaying project advancement and necessitating relationship building between Enbridge Gas ESAs and their new counterparts at various facilities.
- d) Financial Constraints: Financial considerations have intensified due to rising labour and material costs, higher interest rates, and poor economic conditions.⁹ An Enbridge Gas stakeholder engagement study conducted by Ipsos in 2020 revealed that most manufacturing customers require project payback periods of less than two years,¹⁰ while agricultural customers typically need between three and five years.¹¹ In recent market stakeholder discussions, the need for shorter payback periods has become more pronounced.¹² Additionally, advancements in technology, higher baselines, and increased costs of efficiency equipment have further complicated project outcomes.¹³

1.5 Motivations and Barriers

13. The primary motivators for energy efficiency projects in the industrial sector include cost savings, productivity improvements, and ESG goals.^{14,15} For agricultural

⁸ 2024 Manufacturing Workforce Report, Canadian Manufacturers and Exporters, May 2024, p.3.

⁹ 2024 Manufacturing Workforce Report, Canadian Manufacturers and Exporters, May 2024, p.14.

¹⁰ 2021-05-03, EB-2021-0002, Exhibit E, Tab 1, Schedule 5, Attachment 2, p.6.

¹¹Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, (June 2024), p.99

¹² Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos (June 2024), p.83 and p. 85.

¹³ 2024 Manufacturing Workforce Report, Canadian Manufacturers and Exporters, May 2024, p.14.

¹⁴ Enbridge Gas Small Industrial Study, ICF, September 12, 2024, p.20.

¹⁵ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.82.

customers, where energy costs constitute a substantial portion of operating expenses, optimizing natural gas consumption relative to productivity is crucial for maintaining profitability,¹⁶ while for manufacturing customers, improving productivity and meeting ESG targets such as emission reductions are key drivers.^{17,18}

14. While there are many motivational factors to support conservation efforts, several barriers to investment also exist. The most common challenges encountered by industrial customers in engaging in energy efficiency initiatives can be categorized as competing priorities, knowledge gaps and resource constraints.

- a) Competing Priorities: Industrial facilities must balance energy efficiency with other critical business concerns, including production deadlines, quality control, safety requirements, and regulatory compliance.¹⁹ Additionally, capital investments are frequently directed towards expanding production capacity or upgrading technology for productivity gains, rather than energy efficiency. These operational priorities often take precedence over energy saving measures, especially when the benefits of energy efficiency are seen as secondary or uncertain.²⁰ In smaller facilities, the lack of structured decision-making processes further compounds this issue, as energy efficiency initiatives are frequently reactive, triggered by equipment failures or external mandates, rather than being proactive investments in operational efficiency.²¹
- b) Knowledge Gaps: Knowledge gaps are prevalent across the sector, especially among smaller industrial customers.²² These gaps relate to identifying energy-saving opportunities, quantifying potential savings, and

¹⁶ Enbridge Gas Ontario Greenhouse Market and Energy Efficient Technologies, Agritecture Consulting, August 9, 2024, p.50.

¹⁷ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.80

¹⁸ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.85,99.

¹⁹ Process Evaluation of Enbridge Gas's CI Custom Offering, Ipsos, 2023, p.22.

²⁰ Process Evaluation of Enbridge Gas's CI Custom Offering, Ipsos, 2023, p.22.

²¹ Enbridge Gas Small Industrial Study, ICF, September 12, 2024, p.21.

²² Enbridge Gas Small Industrial Study, ICF, September 12, 2024, p.31.

validating business cases for energy efficiency investments.²³ Additionally, post-COVID-19 pandemic labour shortages have compounded the issue, as many facilities lack internal expertise to engage in energy efficiency initiatives.²⁴

c) Resource Constraints: Across the industrial sector, financial limitations are a significant obstacle to implementing energy efficiency measures.²⁵ Large industrial customers, although better resourced, still face substantial costs associated with upgrading complex production equipment.²⁶ Smaller industrial customers operate on thin margins, making it difficult to justify capital-intensive projects despite high energy prices.²⁷ These constraints underscore the importance of financial incentives to advance energy conservation efforts. Limited personnel poses significant barriers, especially for smaller industrial customers.²⁸ Without dedicated staff to manage energy projects, many potential energy-saving opportunities are overlooked or deprioritized.²⁹ Larger industrial facilities may have more resources but often struggle to allocate them to energy efficiency due to competing operational priorities.³⁰

15. In general, these challenges are more pronounced for small industrial customers in particular.³¹

2. Industrial Program Proposal

16. The Industrial Program aims to drive continuous energy efficiency improvements year-over-year by addressing the specific barriers and motivations identified in the

²³ Enbridge Gas Small Industrial Study, ICF, September 12, 2024, p.31.

²⁴ 2024 Manufacturing Workforce Report, Canadian Manufacturers and Exporters, May 2024, p.3.

²⁵ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.85.

²⁶ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.85

²⁷ Enbridge Gas Small Industrial Study, ICF, September 12, 2024, p.21.

²⁸ Enbridge Gas Small Industrial Study, ICF, September 12, 2024, p.34

²⁹ Enbridge Gas Small Industrial Study, ICF, September 12, 2024, p.5

³⁰ Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, June 2024, p.85.

³¹ Enbridge Gas Small Industrial Study, ICF, September 12, 2024, p.34.

sector analysis. The program's core strategies will be structured around three key themes:

- a) Empowering customers through knowledge and tools: Before industrial customers can decide to move forward with a project, they require knowledge related to opportunity identification, cost-benefit, payback period and validation of natural gas savings potential. Empowering customers with the knowledge to make informed decisions is therefore essential for driving energy efficiency initiatives. By enhancing investments in audits, assessments, and submetering, as well as hosting topical workshops and training sessions, awareness and interest in efficiency opportunities can grow and contribute to a robust project funnel. Several DSM Stakeholder Advisory Group ("SAG") members "agreed that the proposed enabling initiatives, including studies, metering, EMIS [Energy Management Information Systems], and SEM [Strategic Energy Management] should be included" in the Industrial Program.³²
- b) Addressing resource barriers: Providing the necessary technical and financial resources is key to overcoming barriers to project implementation. Enbridge Gas recognizes that the ongoing role of ESAs in collaborating with industrial customers to educate and drive continuous improvement is a critical factor in the success of the Industrial Program. Strengthening and expanding these one-to-one relationships will remain a priority to extend market reach and deliver greater value to industrial ratepayers. From a financial resource constraint perspective, increasing project implementation incentives will help reduce the payback period to less than two years for manufacturing projects, and three years for most agricultural projects. This financial support makes energy efficiency projects more attractive and feasible for implementation,

³² EB-2022-0295, SAG Report, November 11, 2024, p.66.

enabling more organizations to undertake these initiatives. Enbridge Gas received positive SAG support for this strategy of increasing incentives for industrial customers.³³

- c) Managing competing priorities: Industrial sites, though highly advanced, prioritize production over energy efficiency. Any project that poses a risk to production is unlikely to be considered. Furthermore, investments in production equipment often take precedence over energy efficiency opportunities. Ongoing engagement by ESAs with customers is essential to work through project obstacles, identify and promote both energy and non-energy benefits, and mitigate perceived project risks. The SAG “agreed that the conceptual approach to using dedicated account managers to work with larger customers on an on-going basis to drive efficiency projects is best practice allows for detailed one-on-one interactions that are required in the industrial sector.”³⁴ This continuous engagement ensures that energy efficiency projects remain a priority amidst other competing interests.

17. Enbridge Gas is proposing the following offering and enabling activities to address the needs of the industrial sector and support customers in their energy efficiency efforts:

³³ EB-2022-0295, SAG Report, November 11, 2024, p.66.

³⁴ EB-2022-0295, SAG Report, November 11, 2024, p.67.

Table 1
Industrial Offering Descriptions and Enabling Activities

Industrial Program		
Offering	High Level Description	Key Offering Elements
Industrial Custom	The Industrial Custom Offering helps customers use natural gas more efficiently by identifying, prioritizing, and incentivizing energy saving projects. This offering supports measures that require site specific inputs to calculate savings, making it ideal to address the unique processes, equipment and efficiency opportunities that exist across larger and/or more complex industrial facilities.	<ul style="list-style-type: none"> Technical support and account management provided by ESAs. Financial incentives towards efficiency investments. Enabling incentives towards audits, studies, metering, EMIS. Knowledge-building tools such as case studies, technology sheets, calculators, workshops, etc.
Commercial / Industrial Prescriptive Downstream	Please refer to Exhibit E, Tab 4, Schedule 3, for a description of this offering.	
Commercial / Industrial Prescriptive Direct Install	Please refer to Exhibit E, Tab 4, Schedule 4, for a description of this offering.	
Commercial / Industrial Prescriptive Upstream	Please refer to Exhibit E, Tab 4, Schedule 5, for a description of this offering.	
Enabling Activities		High Level Description
Technical support and account management from ESAs	Enbridge Gas's ESAs work with large industrial customers as an extension of their team, and provide support to help identify, quantify, and develop an implementation plan for efficiency projects. This might include support and expertise in conducting assessments, putting together the figures to build a business case, recommendations for third party contractors and experts, and understanding industry-specific or general best practices.	
Studies, Metering, Audits, EMIS	Funds for a portion of third-party audits, assessments, and studies, as well as energy modelling and sub-metering.	
Strategic Energy Management ("SEM")	Supports industrial customers in activities such as workshops, technical training and resource support that drive continuous energy management and performance improvement. Collaboration on this initiative with the IESO is currently being explored.	

Table 1 (continued)*
Industrial Offering Descriptions and Enabling Activities (continued)

Enabling Activities	High Level Description
Energy Innovation Fund	Supports the advancement of innovative energy efficiency technologies towards market readiness. Qualified technologies will include those ready for piloting within an industrial environment. The majority of pilot projects are expected to be market driven through an open bid process, encouraging customers, engineering firms and other market actors to submit technology projects for funding. In addition, Enbridge Gas expects to drive a smaller number of projects on its own, and in collaboration with interested market actors. Ultimately, the goal of this fund is to transition proven technologies and applicable energy efficiency solutions into the custom and prescriptive offerings. See Exhibit D, Tab 7, Schedule 3 for further details.

INDUSTRIAL CUSTOM OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market
4. Eligibility Criteria
5. Offering Details
6. Key Changes
7. Incentives
8. Enabling Activities
9. Metric
10. Gross Measurement

1. Objective

2. The primary objective of the Industrial Custom Offering is to help manufacturing and agricultural customers achieve continuous efficiency improvements and financial savings through avoided natural gas consumption. This is accomplished by Enbridge Gas Energy Solution Advisors (“ESA”) working with customers to identify, prioritize, and implement natural gas efficiency measures. This technical support coupled with financial incentives addresses barriers such as knowledge gaps, resource constraints and competing priorities to enable customers to invest in behavioural, operational and capital conservation efforts that are often complex, unique to customer production or cultivation processes, and not included in the Technical Resource Manual (“TRM”).

2. Participant Benefits

3. Benefits to the participant include:

- a) Incentives reduce upfront project costs which improves return on investment / payback period on the efficiency upgrade. Operational cost savings are achieved through avoided energy consumption.
- b) Improved energy efficiency leads to reduced greenhouse gas (“GHG”) emissions and more sustainable buildings and businesses.
- c) Improved production and operations support achievement of Emissions Performance Standards (“EPS”) requirements as well as enhanced understanding of energy consumption and efficiency opportunities through ongoing strategic account management support.

3. Target Market

4. The offering primarily caters to larger industrial customers who typically consume over 100,000 m³ of natural gas annually, with a significant portion utilized in their production processes. It is also suitable for smaller industrial customers with slightly more complex projects or energy efficiency upgrades that do not meet the measure eligibility criteria for the Commercial/Industrial Prescriptive Downstream, Prescriptive Upstream or Prescriptive Direct Install Offerings. A tailored solution is essential to meet the distinct needs of the unique production processes across each facility.

4. Eligibility Criteria

5. Industrial customers (specifically manufacturing and agriculture) within the Enbridge Gas service area are eligible for this offering.

6. New and existing industrial facilities are eligible for the offering.¹

5. Offering Details

7. The Industrial Custom Offering is designed to support measures requiring site-specific inputs for calculating savings, tailored to the unique production processes of each facility. Enbridge Gas ESAs serve as the primary delivery channel, offering technical support and strategic guidance on project identification, quantification, and implementation. Additionally, financial incentives are provided to help overcome the financial barriers associated with these projects.

8. Key components of the offering include:

- a) Technical and administrative support: Dedicated ESAs collaborate with customers to map out their consumption profiles, identify efficiency opportunities and work with them towards the achievement of their short and long-term business and sustainability objectives. Such activities may include:
 - i. Conducting detailed site visits and assessments to uncover energy-saving opportunities.
 - ii. Assistance with project planning and implementation, ensuring seamless execution and providing expertise on energy management best practices.
 - iii. Where necessary, supporting the scoping of third-party audits, studies, or metering (e.g., for energy-intensive processes or equipment) to validate opportunities.
 - iv. Quantification of project savings based on engineering calculations or diagnostic tools specific to the industrial process.

¹ Industrial customers are non-residential customers involved in the production and/or enhancement of mercantile goods and/or the cultivation of plants and/or livestock. Large volume customers, as defined in Exhibit E, Tab 6, Schedule 1, are not eligible.

- v. Providing administrative support with offering applications for financial incentives.
- b) Financial incentives: Two forms of financial incentives are available through the offer:
 - i. Implementation incentives help offset the costs of implementing energy-saving measures, including equipment procurement and installation. They are calculated based on estimated annual gross cubic meters of natural gas saved associated with implemented projects.
 - ii. Incentives are also available to offset the costs associated with enabling activities such as third-party assessments and installation of metering and/or Energy Management Information Systems (“EMIS”) to overcome knowledge barriers to identifying, quantifying and/or validating natural gas savings opportunities.
- c) Custom measures: Custom projects vary significantly across manufacturing and agriculture customers depending on the facility’s unique processes. While there is no predefined list of eligible measures, projects typically focus on activities that reduce overall energy requirements, recovering and reusing energy where possible, and replacing outdated equipment with more efficient equipment. Examples of each of these categories are outlined below.
 - i. Energy reduction: e.g., adding insulation, improving process controls, optimizing heating systems.
 - ii. Energy recovery and reuse: e.g., energy recovery from waste heat streams redistributed to other energy users, destratification fans to redistribute heated air.

iii. Energy replacement: e.g., replacing outdated equipment with more efficient models, such as regenerative burners replacing standard burners in furnaces.

Larger projects, such as facility expansions or plant retooling, also present opportunities to incorporate energy-saving measures, even when efficiency is not the primary focus of the project.

- d) Delivery mechanisms: Primary delivery is through ESAs, who work closely with large industrial customers to provide one-on-one support. An ESA's ongoing influence can help foster a customer's focus on comprehensive energy management and continuous energy improvement leading to that customer undertaking DSM activities year-over-year, driving incremental natural gas reductions over time.
- e) Outreach and marketing: Outreach and marketing efforts include engaging industrial customers through targeted communications, such as industry-specific events, newsletters, workshops, case studies, and digital campaigns to raise awareness about the offering, best practices and the benefits of energy efficiency.

6. Key Changes

- 9. Compared to Enbridge Gas's previous DSM Plan (EB-2021-0002), the Industrial Custom Offering in the proposed 2026-2030 DSM Plan includes the following key changes:
 - a) Financial Incentives: Consideration of DSM Stakeholder Advisory Group ("SAG") feedback has been incorporated into the incentive structure as described in the Incentives section below, and includes the following key changes:

- i. Project implementation incentives have been increased to account for higher costs of manufacturing equipment, in order to buy-down project payback periods to a more industry accepted level (less than 2 years for manufacturers). In 2023, standard industrial incentives averaged about \$0.15/m³ saved. Newly proposed Industrial Custom Offering incentives are expected to average \$0.30/m³ saved in 2026.
 - ii. Additional funding towards enabling initiatives such as financial incentives for audits, studies, metering and EMIS has also been proposed to provide access to a broader group of customers each year.
- b) Delivery: Additional resources along with a more tailored delivery and outreach will be used, specifically:
- i. An incremental three Enbridge Gas ESAs are proposed to broaden the reach of the offering, provide customers with the needed access to technical resources to overcome knowledge and resource barriers associated with industry-wide turnover challenges, and support growth in the project funnel to achieve forecasted year-over-year targeted results.
 - ii. Segment targeted outreach and enabling initiatives, based on the SAG recommendation, to tailor delivery and outreach efforts to specific subsectors within the manufacturing and agriculture industries.
Enbridge Gas will enhance its ongoing targeted initiatives, such as:
 - Continuing to deploy ESAs who specialize in select subsectors to leverage learnings across businesses and share best practices.

- Distinct brochures and workshops, addressing the unique challenges and opportunities within market segments will continue to be provided.
- Customer workshops on cross-cutting topics such as heating and ventilation in industrial facilities, process heating, water heating, and energy management will be prioritized to attract a diverse audience and stimulate dynamic discussions.
- These targeted strategies are designed to support customers in navigating unique energy challenges while fostering a collaborative environment for the exchange of knowledge.

7. Incentives

Table 1
Industrial Custom Offering Incentives

Implementation Incentives	
Incentive Details	Incentive Rates (per gross m ³ saved)
<ul style="list-style-type: none"> Calculated per project based on estimated annual natural gas savings. Designed to reduce payback periods to less than 2 years for manufacturing customers,² and 3-5 years for agricultural customers.³ Cover up to 100% of incremental project costs. 	<p>Standard incentive:</p> <ul style="list-style-type: none"> \$0.45 per gross m³ saved for the first 75,000 m³, \$0.25 per gross m³ saved for the remaining. Maximum of \$500,000 per project. Maximum of 100% of incremental project costs.
Enabling Activity Incentives	
Incentive Details	Incentive Rates
Third party audits, assessments and studies.	<ul style="list-style-type: none"> Up to 50% of costs, max \$10,000/study up to 3 studies per year.
Energy Management Information Systems (“EMIS”) and metering.	<ul style="list-style-type: none"> Up to 50% of incremental costs, max \$40,000 per customer.

10. As depicted in the Table 1, a tiered incentive structure is proposed. This system offers a higher dollar amount per gross cubic meter saved for the first 75,000 m³, with a reduced incentive for any additional savings beyond that threshold. Historically, this approach has been effective in motivating industrial customers to undertake both large and small projects. It ensures a fair distribution of incentives, accommodating both large-scale and smaller initiatives. Furthermore, projects for smaller industrial customers, who often face greater challenges in investing in efficiency improvements, typically do not exceed the 75,000 m³ savings mark. Finally, larger projects, which generally yield more substantial savings, are anticipated to continue to achieve desirable payback periods with the proposed tiered incentive structure.

² Enbridge Gas Commercial and Industrial Stakeholders’ Engagement, Ipsos, June 2024, p.85.

³ Enbridge Gas Commercial and Industrial Stakeholders’ Engagement, Ipsos, June 2024, p.99.

11. Enbridge Gas will implement a versatile bonus incentive design strategy that considers various options, such as first-time bonus incentives, tiered incentives, and other recommendations from the SAG, with the goal of encouraging broader participation and/or promoting the adoption of underperforming or deep energy savings measures.

8. Enabling Activities

12. Enabling activities are instrumental in building sustained project opportunities throughout the course of the 2026-2030 DSM Plan term, as they support customers in securing critical information to justify moving forward with projects. There are three main categories of enabling activities:

- a) Funding for third-party assessments or studies, installation of EMIS, and sub-metering: All support overcoming cost/benefit and project viability knowledge barriers.
- b) Strategic Energy Management (“SEM”) initiative: Supports customers who require more than sub-metering and an EMIS to better understand, monitor, and manage their energy usage.
- c) Knowledge-building initiatives: Includes site walkthroughs, energy mapping, workshops, webinars, case studies, and newsletters to build knowledge of best practices.

13. ESAs will work with customers to recommend the most suitable enabling activities to support their needs.

9. Metric

14. The metric for the Industrial Custom Offering is net annual (first-year) natural gas savings, measured in m³.

10. Gross Measurement

15. This offering will use various customized approaches as the basis for natural gas savings (m^3) gross measurement. Examples include, but are not limited, to engineering calculations, measurement and verification (“M&V”), and energy modelling such as the USDA Agricultural Research Service’s Virtual Grower, as determined appropriate by Enbridge Gas’s technical experts.

LARGE VOLUME PROGRAM

1. This evidence is organized as follows:

1. Large Volume Sector Overview
 - 1.1 Customers
 - 1.2 Energy Use
 - 1.3 External Factors
 - 1.4 Motivations and Barriers
2. Large Volume Program Proposal
 - 2.1 Large Volume Customers
 - 2.2 Large Volume Opt-Out Framework

1. Large Volume Sector Overview

2. Large volume customers are, by definition, some of the largest customers in terms of natural gas consumption within Enbridge Gas's service area. These complex and sophisticated energy consumers are primarily industrial customers with extremely high natural gas consumption which often accounts for a significant portion of their overall production costs.
3. Enbridge Gas's proposed Large Volume Program builds on the successes and learnings of the existing program, with modifications intended to be responsive to the OEB's Decision and Order for Enbridge Gas's 2022-2027 DSM Plan Application ("Decision"), and reflecting feedback received from stakeholders throughout the course of the development of the 2026-2030 DSM Plan.

1.1 Customers

4. Enbridge Gas's large volume customers span a variety of industries including steel, pulp and paper, mining, petroleum production and more.

5. Historically, the Large Volume Program was applicable to all customers in two rate classes; Rate T2 and Rate 100 in the Union rate zones. However, for the 2023-2025 DSM Plan term, the OEB directed the exemption of natural gas-fired generators in these rate classes from participation in the Large Volume Program.¹
6. Through the 2026-2030 DSM Plan, Enbridge Gas is proposing new criteria for the Large Volume Program, as described in Section 2. Under the new proposed criteria, customers within the large volume sector will comprise of approximately 30 accounts, collectively representing approximately 5 billion cubic meters of natural gas usage annually.

1.2 Energy Use

7. Large volume customers utilize tremendous amounts of natural gas in their operation, predominantly as part of the production process, and occasionally as feedstock.² While energy usage can significantly contribute to overall production costs, in some cases natural gas conservation efforts remain lower on the priority list in comparison to attention focused on broader energy use as well as operational considerations including production timelines, quality, reliability, and safety. As a result, Enbridge Gas has an opportunity to help certain customers with their efforts to optimize the natural gas efficiency of their operations.

1.3 External Factors

8. These large manufacturing facilities can be impacted by similar external factors to those detailed in the industrial sector overview in Exhibit E, Tab 5, Schedule 1. These include labour shortages, escalating labour and material costs, increased capital expenses and global competitive pressures – all of which affect the prioritization of investment in energy efficiency initiatives.

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.43.

² Enbridge Gas Commercial and Industrial Stakeholders' Engagement, Ipsos, (June 2024), p.80.

1.4 Motivations and Barriers

9. The primary motivators for energy efficiency projects among manufacturing customers include improving production efficiency, cost reduction, and meeting Environmental, Social, and Governance (“ESG”) targets such as emissions reductions.³
10. Ontario’s Emissions Performance Standards Regulation (“EPS”) introduced in the province in 2022, encourages emissions reduction efforts, potentially encompassing natural gas reduction projects.
11. Challenges encountered by large volume customers vary, but can be categorized as follows:
 - a) Competing Priorities: More pressing investment opportunities related to safety, regulatory, production, etc., that compete for the same resources.
 - b) Knowledge Gaps: Not having enough information (for example, regarding quantified savings, return on investment, technology reliability, etc.) to move forward with a project.

2. Large Volume Program Proposal

12. The Large Volume Program will continue to support a Large Volume Direct Access Offering, which ensures a dedicated amount of funds are allocated towards natural gas conservation efforts.

13. Changes have been made to the design of the Large Volume Direct Access Offering based on feedback received from stakeholders, to enable unspent incentive budgets to carry forward from year to year until the end of the 2026-2030 DSM Plan term.

³ Enbridge Gas Commercial and Industrial Stakeholders’ Engagement, Ipsos (June 2024), p.80.

This enhancement provides greater flexibility in utilizing funds over an extended period, thereby supporting projects with longer planning and implementation timelines. Consequently, Large Volume Program targets will be determined based on the total savings achieved at the conclusion of the DSM Plan term.

14. Table 1 provides an overview of the Large Volume Program offering.

Table 1
Large Volume Offering Description

Large Volume Program		
Offering	High Level Description	Key Offering Elements
Large Volume Direct Access Offering	The Large Volume Direct Access Offering engages large volume customers to prioritize, plan and pursue energy efficiency by developing a comprehensive Energy Efficiency Plan (“EEP”) and implementing targeted efficiency initiatives.	<ul style="list-style-type: none">– Delivered by dedicated Enbridge Gas Energy Solutions Advisors– Development of an EEP– Direct access incentive mechanism based on consumption– Incentives towards audits, assessments and project implementation

2.1 Large Volume Customers

15. In the previous 2022-2027 DSM Plan Application proceeding (EB-2021-0002), the Industrial Gas Users Association (“IGUA”) recommended that, should the OEB approve the continuation of a program for large volume customers, an opt-out framework should be developed. With respect to a possible opt-out framework, the OEB stated:

more evidence is required before an opt-out provision can be implemented.

Enbridge Gas is expected to work with relevant stakeholders, such as IGUA, to develop opt-out protocols and share with the SAG for input. The resulting opt-out

framework, if supported by large volume customers, should be included as part of Enbridge Gas's next DSM plan application.⁴

16. Enbridge Gas has responded to the OEB's expectation and has consulted with large volume customers over the course of the last year, first to ensure the Large Volume Program and corresponding Large Volume Direct Access Offering is designed in an effort to meet the needs of these customers and, second, to work collaboratively on the development of a framework that provides an opt-out option for these customers. The effort and feedback of IGUA and large volume customers were instrumental in the development of this proposal.

17. As noted above, the Large Volume Program has been historically applicable to customers within Rate T2 and Rate 100 in the Union rate zones, and most recently with an exception for natural gas-fired generators. However, in anticipation of the potential impact of the proposed rate harmonization plan to be filed in Phase 3 of 2024 Rebasing Application (which is proposed to be implemented in 2027) and in acknowledgement of the requirements of large industrial customers under Ontario's EPS,⁵ Enbridge Gas determined that it was appropriate and necessary to no longer rely on Rate T2 and Rate 100 as the criteria to establish the customer population that will be served by the 2026-2030 Large Volume Program.

18. Rather, the proposed 2026-2030 Large Volume Program will be applicable to customers that meet the following eligibility criteria:

As of November 30th, 2025, prior to the first year of the DSM Plan period:

⁴ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.44.

⁵ The Emissions Performance Standards Regulation (O. Reg. 241/19) under the *Environmental Protection Act* regulates greenhouse gas emissions from large facilities in the following industries: manufacturing, resource, and electricity generation.

- i. A customer must be required (i.e. has a mandatory obligation) to register in Ontario's Emissions Performance Standards Regulation (O.Reg. 241/19), as defined in that regulation;
- ii. A customer must be an industrial manufacturing facility, i.e. the primary activity of the facility is an industrial activity (excludes agriculture, greenhouse, institutional, and other non-industrial facilities) with contract accounts for unbundled or semi-unbundled services; and,
- iii. The total aggregate of firm contract demand ("CD") across a given customer's eligible natural gas accounts (see below) must be a minimum of 150k m³/day as of November 30th, 2025. Eligible natural gas accounts that can be aggregated together are defined as:
 - Those with natural gas meters servicing customer facilities that are required to register as an EPS facility under the Ontario EPS regulation,
 - Those with a daily CD of at least 60k m³/day per account; and,
 - All such aggregated gas accounts must be for facilities under the effective control of the same owner.⁶

20. Additionally, to ensure customer continuity for the Large Volume Program, until the results of any rate harmonization are established, current Rate T2 and Rate 100 customers that do not meet the eligibility criteria described above will continue to be served by the Large Volume Program. However, unlike the customers that meet the eligibility criteria above, Rate T2 and Rate 100 customers that do not meet the eligibility criteria will not have an option to opt out of the Large Volume Program (as described in Section 2.2).

⁶ Energy service providers may not aggregate client natural gas accounts for opt-out purposes.

21. Additionally, consistent with the OEB's Decision,⁷ natural gas-fired generators will continue to be exempt from the Large Volume Program.

2.2 Large Volume Opt-Out Framework

22. The proposed large volume opt-out framework and protocols were developed in consultation with the relevant stakeholders.

Opt-Out Eligibility Criteria

23. To opt-out of the Large Volume Program, the following eligibility criteria must be met as of November 30th, 2025, prior to the first year of the DSM Plan period.

- i. A customer must be required (i.e. has a mandatory obligation) to register in Ontario's Emissions Performance Standards Regulation (O.Reg. 241/19), as defined in that regulation;
- ii. A customer must be an industrial manufacturing facility, i.e. the primary activity of the facility is an industrial activity (excludes agriculture, greenhouse, institutional, and other non-industrial facilities) with contract accounts for unbundled or semi-unbundled services; and,
- iii. The total aggregate of firm contract demand ("CD") across a given customer's eligible natural gas accounts (see below) must be a minimum of 150k m³/day as of November 30th in the year prior to the first year of the DSM Plan period (2026). Eligible natural gas accounts that can be aggregated together are defined as:
 - Those with natural gas meters servicing customer facilities that are required to register as an EPS facility under the Ontario EPS regulation;
 - Those with a daily CD of at least 60k m³/day per account; and,

⁷ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.43.

- All such aggregated gas accounts must be for facilities under the effective control of the same owner.⁸

Opt-Out Process

24. The option to opt-out will be available on a one-time basis prior to the commencement of the 2026-2030 DSM Plan term and would be applicable for the duration of the DSM Plan term. Large volume customers who are not eligible to, or do not elect to, opt-out will remain in the Large Volume Program and will be eligible to participate in the offering for the duration of the 2026-2030 DSM Plan term.

Reporting

25. Enbridge Gas has taken guidance from stakeholders regarding a reporting proposal for those customers who elect to opt-out of the Large Volume Direct Access Offering. Through consultation with stakeholders, IGUA proposed that the annual reporting of emission performance in accordance with public information available under the Ontario EPS regulation provides the required information to demonstrate the year-over-year efforts and investments that opt-out eligible customers are undertaking to manage their own emissions, and should satisfy provisions allowing a customer's election to opt-out of DSM programming.

Rate Harmonization Considerations

26. In the event rate harmonization is approved by the OEB during the 2026-2030 DSM Plan term, Enbridge Gas will analyze the impacts of the change to the opt-out framework and the Large Volume Direct Access Offering.

27. Enbridge Gas will file its analysis within the Company's first DSM-related application following the release of the rate harmonization decision (for example, within an annual DSM Deferral and Variance Account Disposition application), for

⁸ Energy service providers may not aggregate client natural gas accounts for opt-out purposes.

consideration by Enbridge Gas, the OEB and interested parties, regarding any appropriate adjustments to the Large Volume Direct Access Offering. Such adjustments will consider the feasibility of offering opt-out for the duration of the then current plan term to any large volume customers newly qualifying under existing criteria for participation in the program as a result of rate harmonization.

Expression of Interest from Opt-Out Eligible Customers

28. Just prior to the filing of this Application, Enbridge Gas issued a brief questionnaire to opt-out eligible large volume customers requesting they provide a non-binding indication of their company's anticipated election to either remain in, or opt-out of, the Large Volume Direct Access Offering, assuming an opt-out framework is approved by the OEB for the 2026-2030 DSM Plan term. Notwithstanding the limited time provided to customers to respond to the questionnaire (less than a week), just over half of the customers responded by the deadline. Of the customers that responded, 94% indicated that they anticipate opting-out of the Large Volume Program.

LARGE VOLUME DIRECT ACCESS OFFERING

1. This evidence is organized as follows:

1. Objective
2. Participant Benefits
3. Target Market and Eligibility Criteria
4. Offering Details
5. Key Changes
6. Incentives
7. Enabling Activities
8. Metric
9. Gross Measurement

1. Objective

2. The Large Volume Direct Access Offering empowers and motivates large volume customers to prioritize, plan and pursue energy efficiency improvement projects by providing support and guidance in developing a comprehensive Energy Efficiency Plan (“EEP”) and implementing targeted efficiency initiatives.

2. Participant Benefits

3. Benefits to the participant include:

- a) Financial incentives to help reduce the upfront costs associated with investments in energy efficiency opportunities. Once implemented, the efficiency opportunities lead to financial benefits from improved operational efficiency, lower energy costs and reduced emissions costs.
- b) Participants receive technical assistance in identifying project opportunities, sharing best practices and knowledge, developing business cases, prioritizing

opportunities, and providing estimated energy savings and project payback metrics.

- c) Participation in efficiency projects offers social benefits by demonstrating environmental and sustainability goals.
- d) Supports greenhouse gas emissions reduction activities in compliance with Ontario's Emissions Performance Standards Regulation ("EPS").

3. Target Market and Eligibility Criteria

- 4. The Large Volume Direct Access Offering targets Enbridge Gas's largest, most complex and sophisticated industrial customers across Ontario as defined at Exhibit E, Tab 6, Schedule 1. To be eligible for the Large Volume Direct Access Offering a customer must not have opted-out of the Large Volume Program.

4. Offering Details

- 5. Participants in the Large Volume Direct Access Offering must submit an EEP, which is developed in collaboration with Enbridge Gas Energy Solutions Advisors ("ESA"). This plan provides a strategic framework that enables customers and ESAs to work together on identifying and implementing energy efficiency projects at eligible customer sites. Each project outlined in the EEP is evaluated and considered for potential funding.
- 6. Once the EEP is established, customers collaborate with Enbridge Gas ESAs to quantify potential energy savings, develop a business case, and implement identified projects. This partnership ensures a shared focus on achieving measurable energy efficiency improvements.
- 7. To encourage participation and motivate customers to pursue cost-effective energy conservation measures, Enbridge Gas utilizes a direct access funding model. Under

this approach, each customer is allocated a forecasted incentive budget, known as their Direct Access Budget, which is determined based on their consumption levels and contract demand ("CD") thresholds. By knowing their allocated funding for the program year, customers can plan their energy efficiency investments strategically, targeting reductions in annual energy usage at their facilities.

8. Should a participant fail to allocate or utilize their budgeted funds by the specified deadline, the unused funds are redirected through an aggregated pool approach. These unallocated funds are transferred to a large volume aggregate pool and made available to support additional energy efficiency initiatives for other eligible customers on a first-come, first-served basis. This approach reinforces the importance of executing the EEP and underscores the "use it or lose it" principle of the funding model, driving a focus on energy efficiency and timely action.

5. Key Changes

9. Compared to Enbridge Gas's previous DSM Plan (EB-2021-0002), the Large Volume Direct Access Offering in the proposed 2026-2030 DSM Plan includes the following key changes:
 - a) Opt-out Provision: With the newly proposed opt-out framework, budgets and targets associated with the Large Volume Direct Access Offering will be scaled based on customers who remain in or opt-out of the offering.
 - b) Multi-Year Budgets and Targets: In the previous DSM Plan offering, budgets and targets were forecasted on an annual basis, with the requirement for participants to spend the annual direct access budget and aggregate funds in each calendar year. To allow more flexibility among participants in the planning and implementation of projects, participants will be eligible to carry forward unused direct access funds for one year. Any direct access funds that remain unallocated at the end of two years from when they were initially made

available will then be transferred to the aggregate pool the following year, where they will be available to all other offering participants on a first-come, first-served basis. Unallocated funds from the aggregate pool will roll over each year until the conclusion of the plan term. This approach provides additional flexibility for customers to utilize incentive budgets for complex efficiency projects that require multiple years to complete. These funds would be tracked through the DSMVA as noted in Section 2 of Exhibit F, Tab 2, Schedule 1.

6. Incentives

10. Incentives are available to customers for both opportunity identification and project implementation. Incentives have been increased from previous years to align with inflation, which takes into consideration the increased costs of equipment and labour associated with conservation projects.
11. Opportunity identification incentives are typically used for steam trap surveys, energy assessments, sub-metering, and other project related studies. The incentives cover up to a maximum of the lesser of 50% of the cost or \$20,000 per opportunity identification project, with a maximum of two opportunity identification projects per year totaling no more than 25% of the customer's annual Direct Access Budget.
12. Project implementation incentives include:
 - a) Standard incentives: \$0.12/m³ of annual gross natural gas saved, up to the lesser of \$500,000 or 100% of incremental project costs per project. Combined opportunity identification and project implementation incentives cannot exceed the customer's Direct Access Budget.

- b) Aggregate pool incentives: \$0.06/m³ of annual gross natural gas saved, up to the lesser of \$250,000 or 100% incremental project costs, available on a first-come, first-served basis, and limited by available funds.

7. Enabling Activities

13. Participants receive access to a dedicated ESA who will aid them in the development of an EEP to identify and prioritize efficiency opportunities. ESAs can also provide support with the scoping of studies, project implementation planning and connections to service providers who can perform the project work.

8. Metric

14. The metric for the Large Volume Direct Access Offering is net annual (first-year) natural gas savings, measured in m³.

9. Gross Measurement

15. Natural gas savings (m³) achieved by customers in the Large Volume Direct Access Offering will be quantified by professional engineers using the custom engineered approach (determined relative to an Enbridge Gas approved baseline), incorporating the use of engineering calculations and process data. Due to the size, complexity and production variability of the customers participating in this offering, site meter-based analysis will not be used.

RATE IMPACTS AND ALLOCATION METHODOLOGY

1. This evidence is organized as follows:

1. Allocation Methodology
2. 2026-2030 DSM Plan Rate Impacts
3. 2024 Achievable Potential Study Rate Impacts

1. Allocation Methodology

2. Enbridge Gas will include 2026-2030 DSM budgets in rates for each year of 2026 to 2030, in accordance with the allocation methodology described below. Variances in actual spend compared to the budget amounts included in rates will be captured in the Demand Side Management Variance Account (“DSMVA”) in accordance with the OEB’s DSM Framework.¹
3. The 2026-2030 DSM budget will be allocated to rate classes in a manner that is consistent with the 2024 budget allocation methodology set out in Enbridge Gas’s 2024 Rebasing Application and Evidence², described below:
 - a) Program and administration costs specific to each DSM program, excluding the Income Qualified Program, are allocated to in-franchise rate classes based on the forecast customer participation in each program by rate class.
 - i. For residential rates, Enbridge Gas implements a uniform approach as directed by OEB in its Decision and Order for Enbridge Gas’s 2022-2027 DSM Plan Draft Rate Order.
 - ii. Large Volume Program and administration costs are allocated to rate classes based on the proportion of volumes of eligible Large Volume customers (as defined in Exhibit E, Tab 6, Schedule 1).

¹ EB-2021-0002, OEB DSM Framework, November 15, 2022, p.34.

² EB-2022-0200, Exhibit 7, Tab 1, Schedule 2, pp.22-23.

- b) Program and administration costs specific for the Income Qualified Program are allocated to in-franchise rate classes in proportion to forecast delivery revenues. This results in all in-franchise rate classes contributing to the recovery of the Income Qualified Program budget, including rate classes that are not eligible to participate in DSM programs.³ This allocation methodology is consistent with the electricity CDM framework, as well as the OEB's Low-Income Energy Assistance Program ("LEAP").

Administration costs that support the DSM portfolio that cannot be attributed to an individual DSM program are allocated to in-franchise rate classes in the same proportion as the allocation of total DSM program costs by rate class, with a portion of the administration costs attributed to the Income Qualified Program.

4. Shareholder incentive amounts are not included in the allocation of the DSM budget into rates. Shareholder incentive amounts are recovered through the DSM Incentive Deferral Account ("DSMIDA") in accordance with the DSM Framework.⁴
5. Please see Exhibit F, Tab 1, Schedule 2 for the rate class allocation of the 2026-2030 DSM Plan budget.

2. 2026-2030 DSM Plan Rate Impacts

6. Please see Exhibit F, Tab 1, Schedule 3, for the 2026-2030 DSM Plan rate impacts for all in-franchise rate classes.⁵ For comparison purposes, rate impacts based on the approved 2024 DSM budget are also provided.

³ EGD rates 125, 200, & 300 and Union rates M9, T3, & R25 are not eligible for DSM programs.

⁴ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), November 15, 2022, p.37.

⁵ A 2% proxy rate for future annual inflation has been applied to the budget amounts; however, in practice actual annual CPI rates will be used.

7. The residential rate impacts for the 2026-2030 DSM Plan are summarized below:

- a) For the average Rate 1 residential customer in the EGD rate zone (consuming 2,400 m³ per year), the 2026 rate impact for DSM is approximately \$38.89 per year or \$3.24 per month. This is an increase of approximately \$6.88 per year from 2024 (or an increase from 2.5% of total bill costs in 2024 to 3.0% of total bill costs in 2026).

By 2030, the rate impact for DSM increases to \$73.23 per year or \$6.10 per month (5.7% of total bill costs).

- b) For the average Rate M1 residential customer in the Union South rate zone (consuming 2,200 m³ per year), the 2026 rate impact for DSM is approximately \$36.99 per year or \$3.08 per month. This is an increase of approximately \$5.40 per year from 2024 (or an increase from 2.9% of total bill costs in 2024 to 3.4% of total bill costs in 2026).

By 2030, the rate impact for DSM increases to \$70.67 per year or \$5.89 per month (6.5% of total bill costs).

- c) For the average Rate 01 residential customer in the Union North rate zone (consuming 2,200 m³ per year), the 2026 rate impact for DSM is approximately \$36.99 per year or \$3.08 per month. This is an increase of approximately \$5.40 per year from 2024 (or an increase from 2.3% of total bill costs in 2024 to 2.7% of total bill costs in 2026).

By 2030, the rate impact for DSM increases to \$70.67 per year or \$5.89 per month (5.2% of total bill costs).

8. Some stakeholders requested that Enbridge Gas provide total rate impacts inclusive of shareholder incentive amounts and LRAM, which can be challenging to estimate due to unknowns related to future shareholder incentive amounts earned. For illustrative purposes only, please see Exhibit F, Tab 1, Schedule 4 for the 2026-2030 DSM Plan rate impacts for all in-franchise rate classes, inclusive of shareholder incentives and LRAM⁶ (assuming 100% target achievement across all scorecards).

3. 2024 Achievable Potential Study Rate Impacts

9. Enbridge Gas provides an overview of the OEB-led 2024 Achievable Potential Study (“2024 APS”) at Exhibit C, Tab 1, Schedule 3. Furthermore, at Section 3 of Exhibit D, Tab 2, Schedule 2, Enbridge Gas provides information regarding the 2024 APS budgets.
10. For illustrative purposes, please see Exhibit F, Tab 1, Schedule 5 for the rate impacts for Scenario A of the 2024 APS, based on the average gross budget from 2026 through 2030 (i.e., \$1,114.3 million). The residential rate impacts for Scenario A of the 2024 APS are summarized below:
 - a) For the average Rate 1 residential customer in the EGD rate zone (consuming 2,400 m³ per year), the rate impact for Scenario A of the 2024 APS is approximately \$191.75 per year or \$15.98 per month. This is an increase of approximately \$159.73 per year from 2024 (or an increase from 2.5% of total bill costs in 2024 to 15.0% of total bill costs).
 - b) For the average Rate M1 residential customer in the Union South rate zone (consuming 2,200 m³ per year), the rate impact for Scenario A of the 2024 APS is approximately \$183.81 per year or \$15.32 per month. This is an

⁶ LRAM amounts have been discounted by a proxy of 50% as LRAM amounts are applied in the month of installation in practice.

increase of approximately \$152.22 per year from 2024 (or an increase from 2.9% of total bill costs in 2024 to 16.8% of total bill costs).

- c) For the average Rate 01 residential customer in the Union North rate zone (consuming 2,200 m³ per year), the rate impact for Scenario A of the 2024 APS is approximately \$183.81 per year or \$15.32 per month. This is an increase of approximately \$152.22 per year from 2024 (or an increase from 2.3% of total bill costs in 2024 to 13.5% of total bill costs).

11. Please note, the 2024 APS did not provide a budget specifically for income qualified programs. As a result, Enbridge Gas could not allocate costs for income qualified programming to all rate classes in Exhibit F, Tab 1, Schedule 5, as per the cost allocation methodology for income qualified budgets described in Section 1. For this reason, some aspects of Exhibit F, Tab 1, Schedule 5 are not entirely accurate. For example, the -100% change in column (c) for some rate classes is not accurate, as this reflects rate classes that are ineligible for DSM programming; however, in practice these rate classes would be allocated some costs for income qualified programming. Notwithstanding this limitation, Exhibit F, Tab 1, Schedule 5 provides a general illustration of the rate impacts for Scenario A of the 2024 APS.

ENBRIDGE GAS INC.
 2026 - 2030 DSM Plan
DSM Budget - Proposed Allocation to Rates

Line No.	(\$000's)	2026 Budget				2027 Budget	2028 Budget	2029 Budget	2030 Budget
		Budget less Income Qualified (1)	Income Qualified Budget	Total Budget					
<u>EGD Rate Zone</u>									
1	Rate 1	66,630	15,743	82,373	94,990	117,671	135,723	156,146	
2	Rate 6	37,697	6,938	44,635	51,349	56,375	61,673	67,242	
3	Rate 100	208	34	242	276	301.61	328.65	356.62	
4	Rate 110	4,933	559	5,492	5,919	6,383	6,810	7,190	
5	Rate 115	1,176	90	1,266	1,345	1,442	1,527	1,598	
6	Rate 125	0	201	201	230	267	304	343	
7	Rate 135	1,683	19	1,703	1,776	1,888	1,977	2,041	
8	Rate 145	135	12	147	156	168	178	186	
9	Rate 170	646	42	688	735	789	836	877	
10	Rate 200	0	84	84	96	111	127	143	
11	Total EGD	113,109	23,722	136,831	156,872	185,395	209,485	236,122	
<u>Union North</u>									
12	Rate 01	12,338	2,915	15,254	17,589	21,490	24,648	28,199	
13	Rate 10	2,845	468	3,313	3,822	4,208	4,608	5,028	
14	Rate 20	1,947	473	2,420	2,588	2,807	3,004	3,178	
15	Rate 25	0	79	79	90	105	119	135	
16	Rate 100	741	173	915	943	984	1,029	1,076	
17	Total Union North	17,872	4,108	21,980	25,033	29,593	33,408	37,615	
<u>Union South</u>									
18	Rate M1	40,644	9,603	50,246	57,940	70,660	80,982	92,581	
19	Rate M2	13,949	1,335	15,283	17,288	18,890	20,493	22,116	
20	Rate M4	6,978	487	7,465	7,886	8,469	8,953	9,335	
21	Rate M5	476	35	511	540	580	613	639	
22	Rate M7	13,877	420	14,297	15,091	16,165	17,043	17,722	
23	Rate M9	0	29	29	33	38	43	49	
24	Rate T1	972	208	1,180	1,275	1,387	1,488	1,581	
25	Rate T2	2,767	1,218	3,986	4,175	4,429	4,704	4,988	
26	Rate T3	0	126	126	144	167	190	215	
27	Total Union South	79,663	13,461	93,123	104,371	120,785	134,511	149,225	
18	Total EGI	210,643	41,291	251,934	286,276	335,773	377,404	422,962	

Notes:

- (1) EGD rates 125, 200, & 300 and Union rates M9, T3, & R25 are not eligible for DSM programs. However, these rate classes will be subject to rate allocations related to the Income Qualified Program as well as the income qualified portion of portfolio overheads.

ENBRIDGE GAS INC. 2026 - 2030 DSM Plan 2026 DSM Budget Bill Impacts																				
Line No.	Rate Class	2024			2026			Typical Annual Billing Units (m³)	2024 Approved DSM Amounts in Total Bill Annual (\$)	2026 DSM Amounts in Total Bill			2026 Budget Change Impact (3) (\$ / customer)	2024 Total Bill (4) (\$)	2024			2026 DSM Budget		
		DSM Budget in Rates (1) (\$000s)	Proposed DSM Budget in Rates (2) (\$000s)	Change (%)	(b)	(c)=(b-a)/(a)	(d)			Annual (\$)	Monthly (\$)	(g)=(f/12)	(h)=(f-e)		Total Bill (%)	Total Impact (%)	(k)=(f/i)	(l)=(h/i)		
<u>EGD Rate Zone</u>																				
1	Rate 1	\$ 68,940	\$ 82,373	19%			2,400	\$ 32.02	\$ 38.89	\$ 3.24	\$ 6.88	\$ 1,283	2.5%	3.0%	0.5%					
2	Rate 6	\$ 31,444	\$ 44,635	42%			22,606	\$ 148.11	\$ 210.24	\$ 17.52	\$ 62.13	\$ 9,836	1.5%	2.1%	0.6%					
3	Rate 100	\$ 272	\$ 242	-11%			598,567	\$ 5,945	\$ 5,278	\$ 440	\$ (667)	\$ 270,833	2.2%	1.9%	-0.2%					
4	Rate 110	\$ 2,396	\$ 5,492	129%			9,976,120	\$ 22,376	\$ 51,289	\$ 4,274	\$ 28,913	\$ 3,243,421	0.7%	1.6%	0.9%					
5	Rate 115	\$ 1,046	\$ 1,266	21%			69,832,850	\$ 191,342	\$ 231,550	\$ 19,296	\$ 40,208	\$ 22,143,291	0.9%	1.0%	0.2%					
6	Rate 125	\$ 175	\$ 201	15%			206,000,000	\$ 43,670	\$ 50,361	\$ 4,197	\$ 6,691	\$ 55,371,532	0.1%	0.1%	0.0%					
7	Rate 135	\$ 980	\$ 1,703	74%			598,567	\$ 11,138	\$ 19,359	\$ 1,613	\$ 8,221	\$ 197,462	5.6%	9.8%	4.2%					
8	Rate 145	\$ 319	\$ 147	-54%			339,188	\$ 6,894	\$ 3,178	\$ 265	\$ (3,716)	\$ 115,145	6.0%	2.8%	-3.2%					
9	Rate 170	\$ 367	\$ 688	87%			9,976,121	\$ 11,333	\$ 21,226	\$ 1,769	\$ 9,893	\$ 2,973,291	0.4%	0.7%	0.3%					
10	Rate 200	\$ 42	\$ 84	99%			140,305,600	\$ 31,428	\$ 62,321	\$ 5,193	\$ 30,892	\$ 26,682,924	0.1%	0.2%	0.1%					
11	Total EGD	\$ 105,982	\$ 136,831	29%																
<u>Union North Rate Zone</u>																				
12	Rate 01	\$ 12,031	\$ 15,254	27%			2,200	\$ 31.60	\$ 36.99	\$ 3.08	\$ 5.40	\$ 1,365	2.3%	2.7%	0.4%					
13	Rate 10	\$ 1,654	\$ 3,313	100%			93,000	\$ 521.17	\$ 1,044.45	\$ 87.04	\$ 523.28	\$ 41,014	1.3%	2.5%	1.3%					
14	Rate 20	\$ 1,314	\$ 2,420	84%			3,000,000	\$ 3,973	\$ 7,313	\$ 609	\$ 3,340	\$ 1,018,149	0.4%	0.7%	0.3%					
15	Rate 25	\$ 79	\$ 79	0%			2,275,000	\$ 1,292	\$ 1,293	\$ 108	\$ 1	\$ 749,467	0.2%	0.2%	0.0%					
16	Rate 100	\$ 905	\$ 915	1%			27,000,000	\$ 24,915	\$ 25,167	\$ 2,097	\$ 252	\$ 9,150,359	0.3%	0.3%	0.0%					
17	Total Union North	\$ 15,984	\$ 21,980	38%																
<u>Union South Rate Zone</u>																				
18	Rate M1	\$ 39,317	\$ 50,246	28%			2,200	\$ 31.60	\$ 36.99	\$ 3.08	\$ 5.40	\$ 1,095	2.9%	3.4%	0.5%					
19	Rate M2	\$ 7,055	\$ 15,283	117%			73,000	\$ 403.75	\$ 874.65	\$ 72.89	\$ 470.90	\$ 26,692	1.5%	3.3%	1.8%					
20	Rate M4	\$ 5,522	\$ 7,465	35%			875,000	\$ 8,777	\$ 11,841	\$ 987	\$ 3,063	\$ 309,563	2.8%	3.8%	1.0%					
21	Rate M5	\$ 402	\$ 511	27%			825,000	\$ 4,410	\$ 5,600	\$ 467	\$ 1,190	\$ 275,084	1.6%	2.0%	0.4%					
22	Rate M7	\$ 4,188	\$ 14,297	241%			36,000,000	\$ 112,009	\$ 382,396	\$ 31,866	\$ 270,387	\$ 11,182,913	1.0%	3.4%	2.4%					
23	Rate M9	\$ 18	\$ 29	62%			20,178,000	\$ 5,918	\$ 9,593	\$ 799	\$ 3,675	\$ 3,324,418	0.2%	0.3%	0.1%					
24	Rate T1	\$ 965	\$ 1,180	22%			11,565,938	\$ 6,825	\$ 8,342	\$ 695	\$ 1,517	\$ 3,580,645	0.2%	0.2%	0.0%					
25	Rate T2	\$ 3,538	\$ 3,986	13%			197,789,850	\$ 91,313	\$ 102,880	\$ 8,573	\$ 11,567	\$ 58,596,521	0.2%	0.2%	0.0%					
26	Rate T3	\$ 112	\$ 126	13%			272,712,000	\$ 111,503	\$ 126,065	\$ 10,505	\$ 14,562	\$ 43,178,769	0.3%	0.3%	0.0%					
27	Total Union South	\$ 61,116	\$ 93,123	52%																
28	Total EGI	\$ 183,082	\$ 251,934	38%																

Notes:

- (1) EB-2022-0200, Rate Order, Working Papers, Schedule 22, P. 1, column (b).
- (2) Exhibit G, Tab 1, Schedule 2.
- (3) Year-over-Year for 2026 is relative to 2024 Current Approved.
- (4) Total Bill - Sales Service including Federal Carbon as applicable per EB-2024-0245, Exhibit F, Tab 1, Appendix D, Column (c).

ENBRIDGE GAS INC.
 2026 - 2030 DSM Plan
2027 DSM Budget Bill Impacts

Line No.	Rate Class	2026 Proposed DSM Budget in Rates (1) (\$000s)		2027 Proposed DSM Budget in Rates (1) (\$000s)		Typical Annual Billing Units (m³)	2026 DSM Amounts in Total Bill Annual (\$)		2027 DSM Amounts in Total Bill		2027 Budget Change Impact (2) (\$ / customer)		2024 Total Bill (3) (\$)	2026 DSM Total Bill (%)		2027 DSM Budget Total Bill (%) Change Impact (4)	
		(a)	(b)	(c)=(b-a)/(a)	(d)	(e)	(f)	(g)=(f/12)	(h)=(f-e)	(i)	(j)=(e/i)	(k)=(f/i)	(l)=(h/i)	(k)=(f/i)	(l)=(h/i)		
EGD Rate Zone																	
1	Rate 1	\$ 82,373	\$ 94,990	15%	2,400	\$ 38.89	\$ 44.85	\$ 3.74	\$ 5.96	\$ 1,283	3.0%	3.5%	0.5%				
2	Rate 6	\$ 44,635	\$ 51,349	15%	22,606	\$ 210.24	\$ 241.87	\$ 20.16	\$ 31.63	\$ 9,836	2.1%	2.5%	0.3%				
3	Rate 100	\$ 242	\$ 276	14%	598,567	\$ 5,278	\$ 6,013	\$ 501	\$ 736	\$ 270,833	1.9%	2.2%	0.3%				
4	Rate 110	\$ 5,492	\$ 5,919	8%	9,976,120	\$ 51,289	\$ 55,275	\$ 4,606	\$ 3,985	\$ 3,243,421	1.6%	1.7%	0.1%				
5	Rate 115	\$ 1,266	\$ 1,345	6%	69,832,850	\$ 231,550	\$ 245,908	\$ 20,492	\$ 14,359	\$ 22,143,291	1.0%	1.1%	0.1%				
6	Rate 125	\$ 201	\$ 230	14%	206,000,000	\$ 50,361	\$ 57,619	\$ 4,802	\$ 7,258	\$ 55,371,532	0.1%	0.1%	0.0%				
7	Rate 135	\$ 1,703	\$ 1,776	4%	598,567	\$ 19,359	\$ 20,189	\$ 1,682	\$ 830	\$ 197,462	9.8%	10.2%	0.4%				
8	Rate 145	\$ 147	\$ 156	6%	339,188	\$ 3,178	\$ 3,377	\$ 281	\$ 200	\$ 115,145	2.8%	2.9%	0.2%				
9	Rate 170	\$ 688	\$ 735	7%	9,976,121	\$ 21,226	\$ 22,678	\$ 1,890	\$ 1,452	\$ 2,973,291	0.7%	0.8%	0.0%				
10	Rate 200	\$ 84	\$ 96	14%	140,305,600	\$ 62,321	\$ 71,302	\$ 5,942	\$ 8,982	\$ 26,682,924	0.2%	0.3%	0.0%				
11	Total EGD	\$ 136,831	\$ 156,872	15%													
Union North Rate Zone																	
12	Rate 01	\$ 15,254	\$ 17,589	15%	2,200	\$ 36.99	\$ 42.55	\$ 3.55	\$ 5.56	\$ 1,365	2.7%	3.1%	0.4%				
13	Rate 10	\$ 3,313	\$ 3,822	15%	93,000	\$ 1,044.45	\$ 1,205.02	\$ 100.42	\$ 160.57	\$ 41,014	2.5%	2.9%	0.4%				
14	Rate 20	\$ 2,420	\$ 2,588	7%	3,000,000	\$ 7,313	\$ 7,819	\$ 652	\$ 506	\$ 1,018,149	0.7%	0.8%	0.0%				
15	Rate 25	\$ 79	\$ 90	14%	2,275,000	\$ 1,293	\$ 1,479	\$ 123	\$ 186	\$ 749,467	0.2%	0.2%	0.0%				
16	Rate 100	\$ 915	\$ 943	3%	27,000,000	\$ 25,167	\$ 25,957	\$ 2,163	\$ 790	\$ 9,150,359	0.3%	0.3%	0.0%				
17	Total Union North	\$ 21,980	\$ 25,033	14%													
Union South Rate Zone																	
18	Rate M1	\$ 50,246	\$ 57,940	15%	2,200	\$ 36.99	\$ 42.55	\$ 3.55	\$ 5.56	\$ 1,095	3.4%	3.9%	0.5%				
19	Rate M2	\$ 15,283	\$ 17,288	13%	73,000	\$ 874.65	\$ 989.35	\$ 82.45	\$ 114.70	\$ 26,692	3.3%	3.7%	0.4%				
20	Rate M4	\$ 7,465	\$ 7,886	6%	875,000	\$ 11,841	\$ 12,508	\$ 1,042	\$ 667	\$ 309,563	3.8%	4.0%	0.2%				
21	Rate M5	\$ 511	\$ 540	6%	825,000	\$ 5,600	\$ 5,916	\$ 493	\$ 317	\$ 275,084	2.0%	2.2%	0.1%				
22	Rate M7	\$ 14,297	\$ 15,091	6%	36,000,000	\$ 382,396	\$ 403,614	\$ 33,635	\$ 21,218	\$ 11,182,913	3.4%	3.6%	0.2%				
23	Rate M9	\$ 29	\$ 33	14%	20,178,000	\$ 9,593	\$ 10,976	\$ 915	\$ 1,383	\$ 3,324,418	0.3%	0.3%	0.0%				
24	Rate T1	\$ 1,180	\$ 1,275	8%	11,565,938	\$ 8,342	\$ 9,017	\$ 751	\$ 675	\$ 3,580,645	0.2%	0.3%	0.0%				
25	Rate T2	\$ 3,986	\$ 4,175	5%	197,789,850	\$ 102,880	\$ 107,773	\$ 8,981	\$ 4,893	\$ 58,596,521	0.2%	0.2%	0.0%				
26	Rate T3	\$ 126	\$ 144	14%	272,712,000	\$ 126,065	\$ 144,234	\$ 12,019	\$ 18,169	\$ 43,178,769	0.3%	0.3%	0.0%				
27	Total Union South	\$ 93,123	\$ 104,371	12%													
28	Total EGI	\$ 251,934	\$ 286,276	14%													

Notes:

- (1) Exhibit G, Tab 1, Schedule 2.
- (2) Year-over-Year for 2027 is relative to 2026 proposed.
- (3) Total Bill - Sales Service including Federal Carbon as applicable per EB-2024-0245, Exhibit F, Tab 1, Appendix D, Column (c).
- (4) Year-over-Year for 2027 vs. 2026 is relative to 2024 Current Approved.

ENBRIDGE GAS INC.
 2026 - 2030 DSM Plan
2028 DSM Budget Bill Impacts

Line No.	Rate Class	2027		2028		Typical Annual Billing Units (m³)	2027 DSM Amounts in Total Bill		2028 DSM Amounts in Total Bill		2028 Budget Change Impact (2) (\$ / customer)	2024 Total Bill (3) (\$)	2027 DSM Total Bill (%)		2028 DSM Budget Total Bill (%)	
		Proposed DSM Budget in Rates (1) (\$000s)	(a)	Proposed DSM Budget in Rates (1) (\$000s)	(b)		Annual (\$)	(e)	Annual (\$)	(f)			(i)	(j)=(e/i)	(k)=(f/i)	(l)=(h/i)
<u>EGD Rate Zone</u>																
1	Rate 1	\$ 94,990	\$ 117,671	24%	2,400	\$ 44.85	\$ 55.35	\$ 4.61	\$ 10.50	\$ 1,283	3.5%	4.3%	0.8%			
2	Rate 6	\$ 51,349	\$ 56,375	10%	22,606	\$ 241.87	\$ 265.54	\$ 22.13	\$ 23.67	\$ 9,836	2.5%	2.7%	0.2%			
3	Rate 100	\$ 276	\$ 302	9%	598,567	\$ 6,013	\$ 6,582	\$ 548	\$ 568	\$ 270,833	2.2%	2.4%	0.2%			
4	Rate 110	\$ 5,919	\$ 6,383	8%	9,976,120	\$ 55,275	\$ 59,610	\$ 4,968	\$ 4,336	\$ 3,243,421	1.7%	1.8%	0.1%			
5	Rate 115	\$ 1,345	\$ 1,442	7%	69,832,850	\$ 245,908	\$ 263,721	\$ 21,977	\$ 17,813	\$ 22,143,291	1.1%	1.2%	0.1%			
6	Rate 125	\$ 230	\$ 267	16%	206,000,000	\$ 57,619	\$ 66,633	\$ 5,553	\$ 9,014	\$ 55,371,532	0.1%	0.1%	0.0%			
7	Rate 135	\$ 1,776	\$ 1,888	6%	598,567	\$ 20,189	\$ 21,464	\$ 1,789	\$ 1,275	\$ 197,462	10.2%	10.9%	0.6%			
8	Rate 145	\$ 156	\$ 168	7%	339,188	\$ 3,377	\$ 3,625	\$ 302	\$ 248	\$ 115,145	2.9%	3.1%	0.2%			
9	Rate 170	\$ 735	\$ 789	7%	9,976,121	\$ 22,678	\$ 24,338	\$ 2,028	\$ 1,660	\$ 2,973,291	0.8%	0.8%	0.1%			
10	Rate 200	\$ 96	\$ 111	16%	140,305,600	\$ 71,302	\$ 82,457	\$ 6,871	\$ 11,155	\$ 26,682,924	0.3%	0.3%	0.0%			
11	Total EGD	\$ 156,872	\$ 185,395	18%												
<u>Union North Rate Zone</u>																
12	Rate 01	\$ 17,589	\$ 21,490	22%	2,200	\$ 42.55	\$ 53.09	\$ 4.42	\$ 10.54	\$ 1,365	3.1%	3.9%	0.8%			
13	Rate 10	\$ 3,822	\$ 4,208	10%	93,000	\$ 1,205.02	\$ 1,326.74	\$ 110.56	\$ 121.72	\$ 41,014	2.9%	3.2%	0.3%			
14	Rate 20	\$ 2,588	\$ 2,807	8%	3,000,000	\$ 7,819	\$ 8,481	\$ 707	\$ 662	\$ 1,018,149	0.8%	0.8%	0.1%			
15	Rate 25	\$ 90	\$ 105	16%	2,275,000	\$ 1,479	\$ 1,711	\$ 143	\$ 231	\$ 749,467	0.2%	0.2%	0.0%			
16	Rate 100	\$ 943	\$ 984	4%	27,000,000	\$ 25,957	\$ 27,073	\$ 2,256	\$ 1,116	\$ 9,150,359	0.3%	0.3%	0.0%			
17	Total Union North	\$ 25,033	\$ 29,593	18%												
<u>Union South Rate Zone</u>																
18	Rate M1	\$ 57,940	\$ 70,660	22%	2,200	\$ 42.55	\$ 53.09	\$ 4.42	\$ 10.54	\$ 1,095	3.9%	4.8%	1.0%			
19	Rate M2	\$ 17,288	\$ 18,890	9%	73,000	\$ 989.35	\$ 1,081.07	\$ 90.09	\$ 91.72	\$ 26,692	3.7%	4.1%	0.3%			
20	Rate M4	\$ 7,886	\$ 8,469	7%	875,000	\$ 12,508	\$ 13,434	\$ 1,119	\$ 925	\$ 309,563	4.0%	4.3%	0.3%			
21	Rate M5	\$ 540	\$ 580	7%	825,000	\$ 5,916	\$ 6,356	\$ 530	\$ 439	\$ 275,084	2.2%	2.3%	0.2%			
22	Rate M7	\$ 15,091	\$ 16,165	7%	36,000,000	\$ 403,614	\$ 432,342	\$ 36,028	\$ 28,727	\$ 11,182,913	3.6%	3.9%	0.3%			
23	Rate M9	\$ 33	\$ 38	16%	20,178,000	\$ 10,976	\$ 12,693	\$ 1,058	\$ 1,717	\$ 3,324,418	0.3%	0.4%	0.1%			
24	Rate T1	\$ 1,275	\$ 1,387	9%	11,565,938	\$ 9,017	\$ 9,805	\$ 817	\$ 788	\$ 3,580,645	0.3%	0.3%	0.0%			
25	Rate T2	\$ 4,175	\$ 4,429	6%	197,789,850	\$ 107,773	\$ 114,321	\$ 9,527	\$ 6,548	\$ 58,596,521	0.2%	0.2%	0.0%			
26	Rate T3	\$ 144	\$ 167	16%	272,712,000	\$ 144,234	\$ 166,798	\$ 13,900	\$ 22,564	\$ 43,178,769	0.3%	0.4%	0.1%			
27	Total Union South	\$ 104,371	\$ 120,785	16%												
28	Total EGI	\$ 286,276	\$ 335,773	17%												

Notes:

- (1) Exhibit G, Tab 1, Schedule 2.
- (2) Year-over-Year for 2028 is relative to 2027 proposed.
- (3) Total Bill - Sales Service including Federal Carbon as applicable per EB-2024-0245, Exhibit F, Tab 1, Appendix D, Column (c).

ENBRIDGE GAS INC.
 2026 - 2030 DSM Plan
2029 DSM Budget Bill Impacts

Line No.	Rate Class	2028		2029		Typical Annual Billing Units (m³)	2028 DSM Amounts in Total Bill		2029 DSM Amounts in Total Bill		2029 Budget Change Impact (2) (\$ / customer)	2024 Total Bill (3) (\$)	2028 DSM Total Bill (%)		2029 DSM Budget Total Bill (%)	
		Proposed DSM Budget in Rates (1) (\$000s)	(a)	Proposed DSM Budget in Rates (1) (\$000s)	(b)		Annual (\$)	(e)	Annual (\$)	(f)			(i)	(j)=(e/i)	(k)=(f/i)	(l)=(h/i)
<u>EGD Rate Zone</u>																
1	Rate 1	\$ 117,671	\$ 135,723	15%	2,400	\$ 55.35	\$ 63.75	\$ 5.31	\$ 8.40	\$ 1,283	4.3%	5.0%	0.7%			
2	Rate 6	\$ 56,375	\$ 61,673	9%	22,606	\$ 265.54	\$ 290.50	\$ 24.21	\$ 24.96	\$ 9,836	2.7%	3.0%	0.3%			
3	Rate 100	\$ 302	\$ 329	9%	598,567	\$ 6,582	\$ 7,172	\$ 598	\$ 590	\$ 270,833	2.4%	2.6%	0.2%			
4	Rate 110	\$ 6,383	\$ 6,810	7%	9,976,120	\$ 59,610	\$ 63,593	\$ 5,299	\$ 3,983	\$ 3,243,421	1.8%	2.0%	0.1%			
5	Rate 115	\$ 1,442	\$ 1,527	6%	69,832,850	\$ 263,721	\$ 279,280	\$ 23,273	\$ 15,559	\$ 22,143,291	1.2%	1.3%	0.1%			
6	Rate 125	\$ 267	\$ 304	14%	206,000,000	\$ 66,633	\$ 76,016	\$ 6,335	\$ 9,383	\$ 55,371,532	0.1%	0.1%	0.0%			
7	Rate 135	\$ 1,888	\$ 1,977	5%	598,567	\$ 21,464	\$ 22,482	\$ 1,873	\$ 1,018	\$ 197,462	10.9%	11.4%	0.5%			
8	Rate 145	\$ 168	\$ 178	6%	339,188	\$ 3,625	\$ 3,842	\$ 320	\$ 217	\$ 115,145	3.1%	3.3%	0.2%			
9	Rate 170	\$ 789	\$ 836	6%	9,976,121	\$ 24,338	\$ 25,814	\$ 2,151	\$ 1,477	\$ 2,973,291	0.8%	0.9%	0.0%			
10	Rate 200	\$ 111	\$ 127	14%	140,305,600	\$ 82,457	\$ 94,068	\$ 7,839	\$ 11,611	\$ 26,682,924	0.3%	0.4%	0.0%			
11	Total EGD	\$ 185,395	\$ 209,485	13%												
<u>Union North Rate Zone</u>																
12	Rate 01	\$ 21,490	\$ 24,648	15%	2,200	\$ 53.09	\$ 61.39	\$ 5.12	\$ 8.30	\$ 1,365	3.9%	4.5%	0.6%			
13	Rate 10	\$ 4,208	\$ 4,608	10%	93,000	\$ 1,326.74	\$ 1,452.93	\$ 121.08	\$ 126.19	\$ 41,014	3.2%	3.5%	0.3%			
14	Rate 20	\$ 2,807	\$ 3,004	7%	3,000,000	\$ 8,481	\$ 9,076	\$ 756	\$ 595	\$ 1,018,149	0.8%	0.9%	0.1%			
15	Rate 25	\$ 105	\$ 119	14%	2,275,000	\$ 1,711	\$ 1,952	\$ 163	\$ 241	\$ 749,467	0.2%	0.3%	0.0%			
16	Rate 100	\$ 984	\$ 1,029	5%	27,000,000	\$ 27,073	\$ 28,314	\$ 2,360	\$ 1,241	\$ 9,150,359	0.3%	0.3%	0.0%			
17	Total Union North	\$ 29,593	\$ 33,408	13%												
<u>Union South Rate Zone</u>																
18	Rate M1	\$ 70,660	\$ 80,982	15%	2,200	\$ 53.09	\$ 61.39	\$ 5.12	\$ 8.30	\$ 1,095	4.8%	5.6%	0.8%			
19	Rate M2	\$ 18,890	\$ 20,493	8%	73,000	\$ 1,081.07	\$ 1,172.78	\$ 97.73	\$ 91.72	\$ 26,692	4.1%	4.4%	0.3%			
20	Rate M4	\$ 8,469	\$ 8,953	6%	875,000	\$ 13,434	\$ 14,201	\$ 1,183	\$ 768	\$ 309,563	4.3%	4.6%	0.2%			
21	Rate M5	\$ 580	\$ 613	6%	825,000	\$ 6,356	\$ 6,721	\$ 560	\$ 365	\$ 275,084	2.3%	2.4%	0.1%			
22	Rate M7	\$ 16,165	\$ 17,043	5%	36,000,000	\$ 432,342	\$ 455,843	\$ 37,987	\$ 23,502	\$ 11,182,913	3.9%	4.1%	0.2%			
23	Rate M9	\$ 38	\$ 43	14%	20,178,000	\$ 12,693	\$ 14,480	\$ 1,207	\$ 1,787	\$ 3,324,418	0.4%	0.4%	0.1%			
24	Rate T1	\$ 1,387	\$ 1,488	7%	11,565,938	\$ 9,805	\$ 10,526	\$ 877	\$ 720	\$ 3,580,645	0.3%	0.3%	0.0%			
25	Rate T2	\$ 4,429	\$ 4,704	6%	197,789,850	\$ 114,321	\$ 121,416	\$ 10,118	\$ 7,095	\$ 58,596,521	0.2%	0.2%	0.0%			
26	Rate T3	\$ 167	\$ 190	14%	272,712,000	\$ 166,798	\$ 190,285	\$ 15,857	\$ 23,487	\$ 43,178,769	0.4%	0.4%	0.1%			
27	Total Union South	\$ 120,785	\$ 134,511	11%												
28	Total EGI	\$ 335,773	\$ 377,404	12%												

Notes:

- (1) Exhibit G, Tab 1, Schedule 2.
- (2) Year-over-Year for 2029 is relative to 2028 proposed.
- (3) Total Bill - Sales Service including Federal Carbon as applicable per EB-2024-0245, Exhibit F, Tab 1, Appendix D, Column (c).

ENBRIDGE GAS INC.
 2026 - 2030 DSM Plan
2030 DSM Budget Bill Impacts

Line No.	Rate Class	2029	2030	Typical Annual Billing Units (m³)	2029	2030 DSM Amounts in Total Bill		2030	2024 Total Bill (3) (\$)	2029	2030 DSM Budget
		Proposed DSM Budget in Rates (1) (\$000s)	Proposed DSM Budget in Rates (1) (\$000s)		DSM Amounts in Total Bill Annual (\$)	Annual (\$)	Monthly (\$)	Budget Change Impact (2) (\$ / customer)		DSM Total Bill (%)	Total Bill (%)
(a)	(b)	(c)=(b-a)/(a)	(d)	(e)	(f)	(g)=(f/12)	(h)=(f-e)	(i)	(j)=(e/i)	(k)=(f/i)	(l)=(h/i)
<u>EGD Rate Zone</u>											
1	Rate 1	\$ 135,723	\$ 156,146	15%	2,400	\$ 63.75	\$ 73.23	\$ 6.10	\$ 1,283	5.0%	5.7%
2	Rate 6	\$ 61,673	\$ 67,242	9%	22,606	\$ 290.50	\$ 316.73	\$ 26.39	\$ 9,836	3.0%	3.2%
3	Rate 100	\$ 329	\$ 357	9%	598,567	\$ 7,172	\$ 7,782	\$ 649	\$ 270,833	2.6%	2.9%
4	Rate 110	\$ 6,810	\$ 7,190	6%	9,976,120	\$ 63,593	\$ 67,148	\$ 5,596	\$ 3,243,421	2.0%	2.1%
5	Rate 115	\$ 1,527	\$ 1,598	5%	69,832,850	\$ 279,280	\$ 292,175	\$ 24,348	\$ 22,143,291	1.3%	1.3%
6	Rate 125	\$ 304	\$ 343	13%	206,000,000	\$ 76,016	\$ 85,752	\$ 7,146	\$ 55,371,532	0.1%	0.2%
7	Rate 135	\$ 1,977	\$ 2,041	3%	598,567	\$ 22,482	\$ 23,201	\$ 1,933	\$ 197,462	11.4%	11.7%
8	Rate 145	\$ 178	\$ 186	5%	339,188	\$ 3,842	\$ 4,023	\$ 335	\$ 115,145	3.3%	3.5%
9	Rate 170	\$ 836	\$ 877	5%	9,976,121	\$ 25,814	\$ 27,073	\$ 2,256	\$ 2,973,291	0.9%	0.9%
10	Rate 200	\$ 127	\$ 143	13%	140,305,600	\$ 94,068	\$ 106,116	\$ 8,843	\$ 26,682,924	0.4%	0.4%
11	Total EGD	\$ 209,485	\$ 236,122	13%							
<u>Union North Rate Zone</u>											
12	Rate 01	\$ 24,648	\$ 28,199	14%	2,200	\$ 61.39	\$ 70.67	\$ 5.89	\$ 1,365	4.5%	5.2%
13	Rate 10	\$ 4,608	\$ 5,028	9%	93,000	\$ 1,452.93	\$ 1,585.40	\$ 132.12	\$ 41,014	3.5%	3.9%
14	Rate 20	\$ 3,004	\$ 3,178	6%	3,000,000	\$ 9,076	\$ 9,601	\$ 800	\$ 1,018,149	0.9%	0.9%
15	Rate 25	\$ 119	\$ 135	13%	2,275,000	\$ 1,952	\$ 2,202	\$ 183	\$ 749,467	0.3%	0.3%
16	Rate 100	\$ 1,029	\$ 1,076	5%	27,000,000	\$ 28,314	\$ 29,592	\$ 2,466	\$ 9,150,359	0.3%	0.3%
17	Total Union North	\$ 33,408	\$ 37,615	13%							
<u>Union South Rate Zone</u>											
18	Rate M1	\$ 80,982	\$ 92,581	14%	2,200	\$ 61.39	\$ 70.67	\$ 5.89	\$ 1,095	5.6%	6.5%
19	Rate M2	\$ 20,493	\$ 22,116	8%	73,000	\$ 1,172.78	\$ 1,265.65	\$ 105.47	\$ 26,692	4.4%	4.7%
20	Rate M4	\$ 8,953	\$ 9,335	4%	875,000	\$ 14,201	\$ 14,807	\$ 1,234	\$ 309,563	4.6%	4.8%
21	Rate M5	\$ 613	\$ 639	4%	825,000	\$ 6,721	\$ 7,010	\$ 584	\$ 275,084	2.4%	2.5%
22	Rate M7	\$ 17,043	\$ 17,722	4%	36,000,000	\$ 455,843	\$ 473,999	\$ 39,500	\$ 11,182,913	4.1%	4.2%
23	Rate M9	\$ 43	\$ 49	13%	20,178,000	\$ 14,480	\$ 16,335	\$ 1,361	\$ 3,324,418	0.4%	0.5%
24	Rate T1	\$ 1,488	\$ 1,581	6%	11,565,938	\$ 10,526	\$ 11,177	\$ 931	\$ 3,580,645	0.3%	0.3%
25	Rate T2	\$ 4,704	\$ 4,988	6%	197,789,850	\$ 121,416	\$ 128,744	\$ 10,729	\$ 58,596,521	0.2%	0.2%
26	Rate T3	\$ 190	\$ 215	13%	272,712,000	\$ 190,285	\$ 214,656	\$ 17,888	\$ 43,178,769	0.4%	0.5%
27	Total Union South	\$ 134,511	\$ 149,225	11%							
28	Total EGI	\$ 377,404	\$ 422,962	12%							

Notes:

- (1) Exhibit G, Tab 1, Schedule 2.
- (2) Year-over-Year for 2030 is relative to 2029 proposed.
- (3) Total Bill - Sales Service including Federal Carbon as applicable per EB-2024-0245, Exhibit F, Tab 1, Appendix D, Column (c).

ENBRIDGE GAS INC.
2026 - 2030 DSM Plan
Total DSM Costs Bill Impacts (1)

Line No.	Rate Class	Representative Annual Billing Units (m³)	2026	2026	2026	2026	2026 DSM Amounts in Total Bill		2030	2030	2030	2030	2030 DSM Amounts in Total Bill	
			Proposed (\$000s)	Proposed (\$000s)	Proposed LRAM (4) (\$000s)	Total Proposed DSM Costs (\$000s)	Annual (\$)	Monthly (\$)	Proposed (\$000s)	Proposed (\$000s)	Proposed LRAM (4) (\$000s)	Total Proposed DSM Costs (\$000s)	Annual (\$)	Monthly (\$)
(a)	(b)	(c)	(d)	(e)=(b+c+d)	(f)	(g)=(f/12)	(h)	(i)	(j)	(k)=(h+i+j)	(l)	(m)=(l/12)		
EGD Rate Zone														
1	Rate 1	2,400	\$ 82,347	\$ 3,285	\$ -	\$ 85,631	\$ 40.44	\$ 3.37	\$ 156,103	\$ 5,359	\$ -	\$ 161,461	\$ 75.74	\$ 6.31
2	Rate 6	22,606	\$ 44,635	\$ 2,630	\$ -	\$ 47,265	\$ 222.63	\$ 18.55	\$ 67,242	\$ 4,239	\$ -	\$ 71,481	\$ 336.70	\$ 28.06
3	Rate 100	598,567	\$ 242	\$ 15	\$ -	\$ 257	\$ 5,599	\$ 467	\$ 357	\$ 24	\$ -	\$ 380	\$ 8,300	\$ 692
4	Rate 110	9,976,120	\$ 5,492	\$ 401	\$ 49	\$ 5,943	\$ 55,496	\$ 4,625	\$ 7,190	\$ 647	\$ 67	\$ 7,904	\$ 73,810	\$ 6,151
5	Rate 115	69,832,850	\$ 1,266	\$ 96	\$ 2	\$ 1,365	\$ 249,538	\$ 20,795	\$ 1,598	\$ 155	\$ 3	\$ 1,756	\$ 321,053	\$ 26,754
6	Rate 125	206,000,000	\$ 201	\$ 15	\$ -	\$ 217	\$ 54,202	\$ 4,517	\$ 343	\$ 25	\$ -	\$ 368	\$ 91,942	\$ 7,662
7	Rate 135	598,567	\$ 1,703	\$ 134	\$ 24	\$ 1,860	\$ 21,152	\$ 1,763	\$ 2,041	\$ 216	\$ 32	\$ 2,289	\$ 26,022	\$ 2,168
8	Rate 145	339,188	\$ 147	\$ 11	\$ 2	\$ 160	\$ 3,455	\$ 288	\$ 186	\$ 18	\$ 2	\$ 207	\$ 4,461	\$ 372
9	Rate 170	9,976,121	\$ 688	\$ 51	\$ 1	\$ 740	\$ 22,842	\$ 1,904	\$ 877	\$ 82	\$ 2	\$ 961	\$ 29,668	\$ 2,472
10	Rate 200	140,305,600	\$ 84	\$ 6	\$ -	\$ 90	\$ 67,074	\$ 5,589	\$ 143	\$ 10	\$ -	\$ 153	\$ 113,776	\$ 9,481
11	Total EGD		\$ 136,805	\$ 6,645	\$ 79	\$ 143,528			\$ 236,079	\$ 10,774	\$ 106	\$ 246,959		
Union North Rate Zone														
12	Rate 01	2,200	\$ 15,259	\$ 609	\$ -	\$ 15,867	\$ 38.39	\$ 3.20	\$ 28,207	\$ 968	\$ -	\$ 29,175	\$ 73.12	\$ 6.09
13	Rate 10	93,000	\$ 3,313	\$ 199	\$ -	\$ 3,512	\$ 1,107.22	\$ 92.27	\$ 5,028	\$ 321	\$ -	\$ 5,349	\$ 1,686.56	\$ 140.55
14	Rate 20	3,000,000	\$ 2,420	\$ 182	\$ 10	\$ 2,612	\$ 7,893	\$ 658	\$ 3,178	\$ 318	\$ 14	\$ 3,509	\$ 10,602	\$ 883
15	Rate 25	2,275,000	\$ 79	\$ 6	\$ -	\$ 85	\$ 1,392	\$ 116	\$ 135	\$ 10	\$ -	\$ 144	\$ 2,360	\$ 197
16	Rate 100	27,000,000	\$ 915	\$ 13	\$ 8	\$ 936	\$ 25,761	\$ 2,147	\$ 1,076	\$ 194	\$ 11	\$ 1,281	\$ 35,251	\$ 2,938
17	Total Union North		\$ 21,985	\$ 1,009	\$ 18	\$ 23,013			\$ 37,623	\$ 1,811	\$ 25	\$ 39,459		
Union South Rate Zone														
18	Rate M1	2,200	\$ 50,267	\$ 2,005	\$ -	\$ 52,272	\$ 38.39	\$ 3.20	\$ 92,615	\$ 3,179	\$ -	\$ 95,795	\$ 73.12	\$ 6.09
19	Rate M2	73,000	\$ 15,283	\$ 978	\$ -	\$ 16,262	\$ 930.64	\$ 77.55	\$ 22,116	\$ 1,577	\$ -	\$ 23,693	\$ 1,355.89	\$ 112.99
20	Rate M4	875,000	\$ 7,465	\$ 594	\$ 93	\$ 8,152	\$ 12,931	\$ 1,078	\$ 9,335	\$ 957	\$ 126	\$ 10,419	\$ 16,526	\$ 1,377
21	Rate M5	825,000	\$ 511	\$ 41	\$ 7	\$ 558	\$ 6,121	\$ 510	\$ 639	\$ 65	\$ 9	\$ 714	\$ 7,830	\$ 653
22	Rate M7	36,000,000	\$ 14,297	\$ 1,132	\$ 57	\$ 15,486	\$ 414,178	\$ 34,515	\$ 17,722	\$ 1,824	\$ 76	\$ 19,623	\$ 524,831	\$ 43,736
23	Rate M9	20,178,000	\$ 29	\$ 2	\$ -	\$ 31	\$ 10,325	\$ 860	\$ 49	\$ 4	\$ -	\$ 52	\$ 17,514	\$ 1,460
24	Rate T1	11,565,938	\$ 1,180	\$ 89	\$ 1	\$ 1,269	\$ 8,977	\$ 748	\$ 1,581	\$ 146	\$ 1	\$ 1,727	\$ 12,215	\$ 1,018
25	Rate T2	197,789,850	\$ 3,986	\$ 93	\$ 4	\$ 4,083	\$ 105,390	\$ 8,783	\$ 4,988	\$ 796	\$ 6	\$ 5,789	\$ 149,433	\$ 12,453
26	Rate T3	272,712,000	\$ 126	\$ 10	\$ -	\$ 136	\$ 135,680	\$ 11,307	\$ 215	\$ 15	\$ -	\$ 230	\$ 230,152	\$ 19,179
27	Total Union South		\$ 93,144	\$ 4,943	\$ 162	\$ 98,249			\$ 149,260	\$ 8,563	\$ 219	\$ 158,042		
28	Total EGI		\$ 251,934	\$ 12,597	\$ 259	\$ 264,790			\$ 422,962	\$ 21,148	\$ 350	\$ 444,460		

Notes:

- (1) Includes proposed DSM budget, DSM incentive, and lost distribution revenue.
- (2) Exhibit G, Tab 1, Schedule 2.
- (3) Assumes 100% target achievement, across all scorecards.
- (4) Lost revenues assumes 50% of first year savings.

Line No.	Rate Class	ENBRIDGE GAS INC. 2026 - 2030 DSM Plan												Average 2024 APS DSM Budget Bill Impacts		
		Average APS Proposed DSM Budget			Typical Annual Billing Units (m³)	2024 Approved DSM Amounts in Total Bill		Average APS DSM Amounts in Total Bill		Average APS Budget Change Impact (3) (\$ / customer)	2024 Total Bill (4) (\$)	2024 DSM Total Bill (%)		Average APS DSM Budget		
		2024 DSM Budget in Rates (1) (\$000s)	2024 DSM Budget in Rates (2) (\$000s)	Change (%)		Annual (\$)	Monthly (\$)	(g)=(f/12)	(h)=(f-e)			(i)	(j)=(e/i)	(k)=(f/i)	(l)=(h/i)	
EGD Rate Zone																
1	Rate 1	\$ 68,940	\$ 407,608	491%	2,400	\$ 32.02	\$ 191.75	\$ 15.98	\$ 159.73	\$ 1,283	2.5%	15.0%	12.5%			
2	Rate 6	\$ 31,444	\$ 188,060	498%	22,606	\$ 148.11	\$ 885.82	\$ 73.82	\$ 737.71	\$ 9,836	1.5%	9.0%	7.5%			
3	Rate 100	\$ 272	\$ 999	267%	598,567	\$ 5,945	\$ 21,806	\$ 1,817	\$ 15,861	\$ 270,833	2.2%	8.1%	5.9%			
4	Rate 110	\$ 2,396	\$ 18,778	684%	9,976,120	\$ 22,376	\$ 175,357	\$ 14,613	\$ 152,981	\$ 3,243,421	0.7%	5.4%	4.7%			
5	Rate 115	\$ 1,046	\$ 4,230	304%	69,832,850	\$ 191,342	\$ 773,536	\$ 64,461	\$ 582,194	\$ 22,143,291	0.9%	3.5%	2.6%			
6	Rate 125	\$ 175	\$ -	-100%	206,000,000	\$ 43,670	\$ -	\$ -	\$ (43,670)	\$ 55,371,532	0.1%	0.0%	-0.1%			
7	Rate 135	\$ 980	\$ 5,712	483%	598,567	\$ 11,138	\$ 64,946	\$ 5,412	\$ 53,808	\$ 197,462	5.6%	32.9%	27.2%			
8	Rate 145	\$ 319	\$ 487	53%	339,188	\$ 6,894	\$ 10,513	\$ 876	\$ 3,619	\$ 115,145	6.0%	9.1%	3.1%			
9	Rate 170	\$ 367	\$ 2,396	552%	9,976,121	\$ 11,333	\$ 73,938	\$ 6,161	\$ 62,605	\$ 2,973,291	0.4%	2.5%	2.1%			
10	Rate 200	\$ 42	\$ -	-100%	140,305,600	\$ 31,428	\$ -	\$ -	\$ (31,428)	\$ 26,682,924	0.1%	0.0%	-0.1%			
11	Total EGD	\$ 105,982	\$ 628,270	493%												
Union North Rate Zone																
12	Rate 01	\$ 12,031	\$ 74,445	519%	2,200	\$ 31.60	\$ 183.81	\$ 15.32	\$ 152.22	\$ 1,365	2.3%	13.5%	11.2%			
13	Rate 10	\$ 1,654	\$ 14,520	778%	93,000	\$ 521.17	\$ 4,578.06	\$ 381.50	\$ 4,056.89	\$ 41,014	1.3%	11.2%	9.9%			
14	Rate 20	\$ 1,314	\$ 6,612	403%	3,000,000	\$ 3,973	\$ 19,979	\$ 1,665	\$ 16,006	\$ 1,018,149	0.4%	2.0%	1.6%			
15	Rate 25	\$ 79	\$ -	-100%	2,275,000	\$ 1,292	\$ -	\$ -	\$ (1,292)	\$ 749,467	0.2%	0.0%	-0.2%			
16	Rate 100	\$ 905	\$ -	-100%	27,000,000	\$ 24,915	\$ -	\$ -	\$ (24,915)	\$ 9,150,359	0.3%	0.0%	-0.3%			
17	Total Union North	\$ 15,984	\$ 95,578	498%												
Union South Rate Zone																
18	Rate M1	\$ 39,317	\$ 244,784	523%	2,200	\$ 31.60	\$ 183.81	\$ 15.32	\$ 152.22	\$ 1,095	2.9%	16.8%	13.9%			
19	Rate M2	\$ 7,055	\$ 65,917	834%	73,000	\$ 403.75	\$ 3,772.35	\$ 314.36	\$ 3,368.60	\$ 26,692	1.5%	14.1%	12.6%			
20	Rate M4	\$ 5,522	\$ 24,705	347%	875,000	\$ 8,777	\$ 39,187	\$ 3,266	\$ 30,410	\$ 309,563	2.8%	12.7%	9.8%			
21	Rate M5	\$ 402	\$ 1,684	319%	825,000	\$ 4,410	\$ 18,463	\$ 1,539	\$ 14,053	\$ 275,084	1.6%	6.7%	5.1%			
22	Rate M7	\$ 4,188	\$ 49,663	1086%	36,000,000	\$ 112,009	\$ 1,328,277	\$ 110,690	\$ 1,216,269	\$ 11,182,913	1.0%	11.9%	10.9%			
23	Rate M9	\$ 18	\$ -	-100%	20,178,000	\$ 5,918	\$ -	\$ -	\$ (5,918)	\$ 3,324,418	0.2%	0.0%	-0.2%			
24	Rate T1	\$ 965	\$ 3,662	279%	11,565,938	\$ 6,825	\$ 25,896	\$ 2,158	\$ 19,071	\$ 3,580,645	0.2%	0.7%	0.5%			
25	Rate T2	\$ 3,538	\$ -	-100%	197,789,850	\$ 91,313	\$ -	\$ -	\$ (91,313)	\$ 58,596,521	0.2%	0.0%	-0.2%			
26	Rate T3	\$ 112	\$ -	-100%	272,712,000	\$ 111,503	\$ -	\$ -	\$ (111,503)	\$ 43,178,769	0.3%	0.0%	-0.3%			
27	Total Union South	\$ 61,116	\$ 390,415	539%												
28	Total EGI	\$ 183,082	\$ 1,114,263	509%												

Notes:

- (1) EB-2022-0200, Rate Order, Working Papers, Schedule 22, P. 1, column (b).
- (2) Based on scenario A average budget from 2026 to 2030. The 2024 APS did not provide an income qualified budget so allocations based on forecast delivery revenue not possible. Refer to Exhibit G, Tab 1, Schedule 1 for details.
- (3) Year-over-Year for Average APS is relative to 2024 Current Approved.
- (4) Total Bill - Sales Service including Federal Carbon as applicable per EB-2024-0245, Exhibit F, Tab 1, Appendix D, Column (c).

DSM ACCOUNTING CONSIDERATIONS

1. This evidence is organized as follows:

1. Overview
2. Tracking of Budget Carryover in the DSMVA
3. Impacts of Electric Heat Pumps on Lost Volumes and Revenues

1. Overview

2. As part of Enbridge Gas's 2022-2027 DSM Plan Application (EB-2021-0002) the Company proposed to establish new deferral and variance accounts to reflect the amalgamation of Enbridge Gas Distribution Inc. ("EGD") and Union Gas Limited ("Union") DSM programs into a combined Enbridge Gas DSM plan. In its Decision and Order for the aforementioned Application ("Decision"), the OEB approved the following DSM deferral accounts for Enbridge Gas commencing January 1, 2023:¹

- Demand Side Management Variance Account ("DSMVA")
- Lost Revenue Adjustment Mechanism ("LRAM")
- Demand Side Management Incentive Deferral Account ("DSMIDA")
- Conservation Demand Management Deferral Account ("CDMDA")
- Natural Gas Reduction Incentive Deferral Account ("NGRIDA")

3. The above-noted deferral accounts continue to remain relevant for the 2026-2030 DSM Plan term.

4. At the time of filing this Application, the proceeding for Enbridge Gas's 2022 DSM Deferral and Variance Account Disposition Application (EB-2024-0193) is underway. Upon completion of that proceeding and disposal of the deferral and variance

¹ EB-2021-0002, OEB Decision and Order, November 15, 2022, p.85.

account balances through the Quarterly Rate Adjustment Mechanism, the balances in the previous EGD and Union deferral accounts will have cleared, other than remaining Deferred Participant Costs (“DPC”) applicable to future years. The remaining DPC amounts will be transferred to the Enbridge Gas DSMVA account and the EGD and Union deferral accounts will be closed.

5. DPC represents future financial commitments to current participants. The DSM Framework² allows Enbridge Gas to account for funds associated with meeting a future program commitment in the DSMVA at the time the participant enrolls in the offering until such time as the performance eligibility period has expired.
6. The following DSM offerings had provisions for DPC; however, Enbridge Gas is not proposing continuation of these offerings in its 2026-2030 DSM Plan.
 - a) Commercial Savings by Design
 - b) Affordable Housing Savings by Design
 - c) Pay for Performance
7. Funds needed to fulfill the commitments for these offerings will continue to be held in the DSMVA as DPC deposits until expiry. At the time of expiration, unused deposits will be refunded to ratepayers through the DSMVA.
8. For the 2026-2030 DSM Plan, the Demonstration stream within the Residential Building Beyond Code Offering will require DPC treatment.³

² EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), pp.35-36.

³ Exhibit E, Tab 2, Schedule 7.

2. Tracking of Budget Carryover in the DSMVA

9. Enbridge Gas is requesting approval to modify the use and accounting order for the DSMVA to allow for budget carryover where a program or initiative design relies on a multi-year budget approach, as discussed below. Specifically, Enbridge Gas is requesting the budget carryover provision for the Large Volume Direct Access Offering and the Energy Innovation Fund.
10. Within the Decision, the OEB requested that Enbridge Gas work with relevant stakeholders, such as the Industrial Gas Users Association (“IGUA”), to develop opt-out protocols for large volume customers for consideration in this Application.⁴ Through these discussions, Enbridge Gas received feedback from large volume customers that there needs to be increased flexibility to utilize direct access funds over multiple years to support complex projects with longer planning and implementation timelines.
11. As a result of the feedback, changes have been made to the design of the Large Volume Direct Access Offering to permit carrying forward unused funds from one year to the next, continuing through until 2030 when any unused amounts would then be returned to ratepayers. In alignment with this approach, Large Volume Program targets will be determined based on the total savings achieved at the conclusion of the 2026-2030 DSM Plan term. Details of the Large Volume Program, including the proposed opt-out framework and the Large Volume Direct Access Offering, can be found in Exhibit E, Tab 6, Schedules 1 and 2.
12. Furthermore, the Energy Innovation Fund (described in Exhibit D, Tab 7, Schedule 3) would also benefit from the ability to carryover budget amounts. Projects supported by the Energy Innovation Fund, in particular large projects, will require

⁴ EB-2021-0002, OEB Decision, November 15, 2022, p. 44.

flexibility in funding and may not advance from proposal to completion stage within a calendar year. These projects may not otherwise proceed without this flexibility and that would be detrimental to the success of this initiative, which is largely based on engaging customers, market actors, and industry stakeholders as part of an open bid, market driven project selection process.

13. Budget carryover ensures that the DSM budget drives the intended results and that DSM funding is available to support programs and initiatives at the time they are needed.
14. Unlike DPC, the proposed budget carryover provision is not being proposed to exceed the DSM plan term. The proposed multi-year budget approach will only be available for ringfenced budgets (i.e., budgets where funds cannot be transferred to other areas) and budget carryover amounts will not include any utility staff-related costs. Carryover balances will be tracked within the DSMVA (but separately from DPC offerings) until all funds are either used, or unused amounts are cleared in Enbridge Gas's Deferral and Variance Account Disposition application for the final year of the DSM Plan term (i.e., 2030).
15. Budget carryover requires a modification to the DSM Framework. The modification is proposed in Section 2.9 of Exhibit C, Tab 1, Schedule 1.

3. Impacts of Electric Heat Pumps on Lost Volumes and Revenues

16. The OEB Decision included consideration of the agreement with Natural Resources Canada ("NRCan") for a joint residential whole home offering delivered by Enbridge Gas across Ontario. In the Decision, the OEB modified the proposed measure incentives to provide DSM funding for electric heat pumps.⁵ In Enbridge Gas's 2026-2030 DSM Plan, the Company is proposing to continue to offer incentives for electric

⁵ EB-2021-0002, OEB Decision and Order, November 15, 2022, pp.28-29.

heat pumps and expand support for this measure through the following offerings: Residential Single Measure, Home Winterproofing, Commercial Custom, Commercial/Industrial Prescriptive Direct Install, and Commercial Microbusiness.

17. Through the joint whole home offering collaboration with NRCan, Enbridge Gas identified a subset of participants who installed electric heat pumps and are no longer natural gas utility customers; a result of DSM funding for fuel-switching measures.
18. A fundamental concept of DSM is the ability for Enbridge Gas to recover costs and lost revenues associated with the delivery of DSM programs:

The OEB has determined that lost revenues related to reductions in customer gas consumption as a result of DSM programming should not be a disincentive to delivering DSM programs. As such, the OEB established a Lost Revenue Adjustment Mechanism (LRAM).⁶
19. Currently, LRAM captures the change in customer volumes attributable to DSM activities, versus the amount reflected in rates, for contract rate classes and is effective when the customer remains a customer. The AUVA ("Average Use Variance Account")⁷ captures volumetric impacts of the change in actual average use, versus the forecast average use in rates, for general service rate classes, inclusive of impacts attributable to DSM activities.
20. When a customer leaves the natural gas system, neither LRAM nor AUVA capture the associated losses in base volumes and fixed monthly customer charges.

⁶ EB-2021-0002, OEB Decision and Order, November 15, 2022, Schedule E (OEB DSM Framework), p.25.

⁷ As of January 1, 2024, AUVA replaces the previous AUTUVA for the EGD rate zone and NAC for Union rate zones. This approval was granted in the Decision and Order, 2024 Rates Application – Phase 1 (EB-2022-0200).

21. With increasing support for electric heat pumps through measure incentives and capacity building efforts aimed at trade allies and service providers, this issue may require consideration in the future as it could lead to material impacts to Enbridge Gas's volumes and revenues (directly resulting from the Company's DSM activities).