

Technical Evaluation Committee (TEC)
2nd Quarter Report
June 2012

This quarterly report from the Natural Gas Technical Evaluation Committee (Committee) of Ontario is intended to provide interested stakeholders with an update on Committee matters and activities.

In keeping with the Ontario Energy Board's (OEB) Demand Supply Management (DSM) Guidelines for Natural Gas Utilities, and the Terms of Reference on Stakeholder Engagement, the Committee was officially established in June 2012 with the appointment of two Independent Members as selected by the Intervenor Representatives and Utility Representatives; Ted Kesik Ph.D., professor of building science at University of Toronto and Bob Wirtshafter, Ph.D., DSM planning and evaluation, market research and program design expert. The three Intervenor Representatives are Jay Shepherd, Julie Girvan and Chris Neme. The two Utility Representatives are Melinda Clarke from Union Gas Ltd. (Union) and John DeVenz from Enbridge Gas Distribution Inc. (Enbridge).

Following a series of preliminary meetings with Intervenor Members and the Utility Representatives, the Committee officially commenced with all members present on June 5th at the OEB offices. At this meeting, the members reviewed the Terms of Reference on Stakeholder Engagement and discussed business conduct protocols, or operating guidelines, for the Committee. These guidelines included the Committee's scope of work, notes on consensus and on values & relationships as well as the scheduling and attendance of meetings. Confidentiality, non-disclosure, future meeting dates, and the method for sharing of electronic documents were also discussed and agreed upon.

Following a presentation of Union and Enbridge's 2012 Demand Side Management (DSM) Portfolio, the Committee reviewed the list of evaluation priorities jointly brought forward by Utilities. This list included:

- Sampling Methodology for Custom Project Reviews;
- Terms of Reference for Custom Project Savings Verification;
- Industrial and Commercial Custom Free-Ridership and Spillover Study;
- Current Input and Assumptions List - New Measures and Assumption Table Harmonization;
- Verification Study Guidelines; and
- Approach / Guidelines to Free-Ridership Rates for Prescriptive Measures.

1. Sampling Methodology Study:

With both utilities now operating within a new regulatory framework for DSM, the Committee agreed to establish this study as a top priority for 2012. A similar study was completed in March 2008 by Dan Violette of Summit Blue Consulting (now Navigant), describing a sampling design that would meet OEB requirements and support the verification of annual claimed gas savings from custom Commercial and Industrial projects.

The committee agreed to appoint Dan Violette from Navigant Consulting to undertake the 2012 study which will focus on:

- The development of a new sampling methodology for the 2012-2014 Multi-Year Plan which will meet the new DSM Guidelines; and
- A review of the approaches taken to realization rates¹ in other jurisdictions and a recommended method for use by Union and Enbridge.

¹ Realization rates are used to extrapolate audited savings from the sample of custom projects to the entire portfolio of custom projects.

Final study results are expected by the end of September 2012.

2. Terms of Reference for Custom Project Savings Verification:

In an effort to better understand current Evaluation, Measurement and Verification (EM&V) practices for custom projects, the Committee held a three hour conference call with engineering firms contracted by Union and Enbridge to conduct the annual custom project savings verification. The firms provided the Committee with an overview of their procedures when performing a review of the Commercial and Industrial Custom Projects and issues related to verification process. This call served to inform the Committee for both short and longer term improvements.

The outcome of this review will be used to make recommendations to enhance the process and inform the Terms of Reference for the 2012 Custom Project Savings Verification.

3. Industrial and Commercial Custom Free-Ridership Study:

The 2012 Industrial and Commercial Custom Free-Ridership Study was deemed a priority deliverable by the Committee. In anticipation of potential overlap with other initiatives (i.e., Union's 2013 Large Industrial DSM Application) the Committee identified the need for Intervenor Members to make contact with IGUA, CME and APPRO about the upcoming study.

Study details, timelines and terms of reference will be discussed at the August meeting.

4. Current Input and Assumptions List - New Measures and Assumption Table Harmonization:

The Committee agreed there was an immediate need to update the current input and assumptions list with new measures and updates to some existing measures in preparation for a 2012 filing. However, longer term development of a Technical Reference Manual (TRM) which could include additional supporting industry and usage data would be more substantial in cost with timelines longer than 6 months.

The Committee will seek to review TRMs from other jurisdictions and consider various subject experts by end of August 2012.

5. Verification Study Guidelines and Guidelines to Developing Free Ridership Rates for New Prescriptive Measures:

The Utilities will present background papers on these issues in the fall of 2012. The background papers will include a history of the issue and impact on cumulative m3.

6. Other TEC Items

Technical Consultant:

The Committee agreed to defer discussions on the subject of the TEC Technical Consultant until further considerations regarding the development of the TRM have been made. Discussions with respect to ideal qualifications and potential candidates are expected to resume in August 2012.

Upcoming Meeting Dates:

August 23rd, September 27th, October 25th, November 14th and December 12th