

Ontario Natural Gas Technical Evaluation Committee
2014 4th Quarter Report

The Technical Evaluation Committee (TEC; “the Committee”) publicly reports its discussions and activities on a quarterly basis. This report reflects work conducted for the period of October 8, 2014 to December 10, 2014. Previous quarterly reports are available on the Ontario Energy Board (OEB) website [online](#).

1. Committee Business: TEC Intervenor Member Election

Members discussed the TEC Intervenor member election that was previously scheduled to occur at the end of 2014. Given the pending release of the final DSM Framework and Guidelines, the TEC Intervenor member election will be postponed to Q1 2015. Upon the release of the final DSM Framework and Guidelines, the TEC will assess how to move forward with the TEC Intervenor member election and communicate the process to the Consultative.

Given the pending release of a new DSM Framework and Guidelines for 2015 and beyond, the TEC discussed the uncertain future of the TEC, noting that if the Committee were to continue its work into 2015, endorsement of its intervenor and independent members would be needed from the Consultative. The Committee also considered how much time would be needed to complete some of its priority projects. All members agreed that guidance should be sought from the OEB on whether the Committee should plan to continue its work in Q1 2015, highlighting its work to date on the (Technical Resource Manual) TRM and (Net-to-Gross) NTG projects. In the event the TEC is mandated to continue its work in 2015, the Committee identified future meeting dates.

2. Custom Commercial and Industrial Net-to-Gross (NTG) Study

The Committee discussed the next steps for the Custom Commercial and Industrial Projects NTG Study. The primary project element that remains unresolved involves the type of NTG ratio the study will measure; a current program effects NTG ratio or a cumulative program effects NTG ratio. Members observed that the draft Guidelines released in September do not provide the TEC with direction on this issue. Given the Consultant’s initial recommendation not to measure both types of NTG ratios due to the complexity involved, the Committee sought additional guidance from the Consultant on the topic by asking a follow-up question:

Is the additional complexity of measuring both types of NTG ratios such that it would negate any work done if the Consultant moves forward now with the Study and additional direction was provided later (January 2015)?

Members noted DNV GL's response that advised against developing a survey instrument and scoring algorithm that took both cumulative and current year program effects into account. Additionally, since contract negotiations are nearing completion, this is a required step prior to sharing utilities' customer data with the consultant. As a result, the NTG Study remains on hold pending final DSM Framework and Guidelines.

3. Technical Reference Manual (TRM)

4.1. Measure Review

Review of the utilities' prescriptive measures by the Consultant and the TEC subcommittee is ongoing.

Regarding the current status of the TRM Project:

- 1 measure is TEC-approved and filed with the OEB;
- 7 measures are TEC-approved and awaiting filing;
- 13 measures are currently under review (i.e. substantiation document drafted);
- 24 measures are awaiting review (i.e. no substantiation document drafted).

4.2. Project Timeline

The Consultant's most recent revised work schedule aims to have all measures ready for TEC endorsement by December 31. The subcommittee recommended refinements to the schedule. It seems unlikely that all TRM measures will be ready for TEC endorsement by this date. Rather, completion is currently estimated in Q1 2015. Members expressed a desire to ensure the quality of substantiation documents delivered is not sacrificed due to the increased pace of the project. The TRM Subcommittee stated that the quality of delivered substantiation documents in the last month has been acceptable.

4.3. Online Platform

The Committee discussed whether to re-engage MindTouch for the online portion of the TRM project, given uncertainty about the project's and Committee's future. The Committee will seek Board guidance regarding the MindTouch portion of the TRM project, highlighting TEC work undertaken to consider key software functionalities and select a vendor for the online platform.

4. Evaluation Budgets

A budget update was shared with the Committee that illustrated the respective 2014 Evaluation Budgets and forecasted spend for both Enbridge and Union. The utilities indicated that their respective budgets are forecasted as fully spent for 2014.

5. Prescriptive Free Ridership: Demand Control Ventilation

A written proposal containing utility and market data (i.e. incentive levels, program design, market penetration values, manufacturer commentary) was shared to inform a discussion on a Free Ridership value for Demand Control Ventilation. Members observed that market penetration is not a reliable proxy for Free Ridership but that it is a useful data input into the analysis and discussion. Similarly, due to barriers in customers' awareness of a measure, low simple payback does not directly translate to high customer uptake. The Committee used all available sources of data to inform its decision on an appropriate Free Ridership value. Utility program design was also presented and thoroughly considered. Due to noted differences in the Retrofit and New Construction markets, the Committee felt that a 5% Free Ridership value for the Retrofit application and a 20% value for the New Construction application were appropriate. These values will remain effective until January 1, 2016.

6. Privileged TEC Discussions

Continuing on prior TEC discussions, the Committee established final operating guidelines regarding privileged TEC discussions. The TEC endorsed the following guidelines:

- Portions of the remaining TEC Meetings may occur under privilege, contingent on Committee consensus.
- Discussions involving opinions on vendors will remain privileged.
- When consensus through negotiation is reached, members can disclose information about their own negotiating positions but not the negotiating positions of others.

7. Custom Project Savings Verification (CPSV)

7.1 Union's 2013 CPSV Related Audit Recommendations

The TEC addressed four 2013 audit recommendations relating to Union's Custom Project Savings Verification.

Recommendation # 2

Strive for accuracy in evaluating savings and develop a thorough and independent estimate of project impacts, rather than merely confirming whether or not the initial savings estimates are reasonable or conservative.

Resolution: The CPSV verifiers should perform according to the TEC endorsed CPSV Terms of Reference.

Recommendation # 10

Do not revise EULs for individual custom projects from the values established in the original program filing documents.

Resolution: The TEC rejects the recommendation.

Recommendation # 11

Use measure component savings (rather than costs) to calculate an average EUL for a project.

Resolution: The TEC agrees with the recommendation. The TEC added language to reflect this in the 2014 CPSV Terms of Reference.

Recommendation #12

Ensure that projects that will likely affect incremental costs in future years have these costs correctly incorporated into the cost effectiveness calculations for the program.

Resolution: The TEC accepts the recommendation.

7.2 CPSV Terms of Reference and Coversheet Template

The Committee reviewed and made minor revisions to the 2014 CPSV Terms of Reference. The new CPSV Coversheet Template was shared and members provided feedback on the content. The Committee endorsed the template with the addition of five sub-headings (Project Basics, Baseline, Annual Savings Estimate, Measure Life, and Results).

8. Input Assumptions Update

The TEC discussed next steps in filing updated input assumptions with the Board. Members noted the small number of measures that are ready for filing, relative to those that could potentially be ready in January 2015. In consideration of this and the anticipated TRM completion date, a filing in Q1 2015 will ensure a more comprehensive package of measure substantiation documents. The Committee agreed that a TEC-endorsed letter should be sent to the Board indicating that due to the ongoing TRM process, the 2014 updated input assumptions will be jointly filed by the utilities for Board approval in Q1 2015.

Future meetings: January 13, 2015; February 12, 2015; March 10, 2015