Comments on TRC Guide

2005 Conservation and Demand Management Initiative
RP-2004-0203

Enbridge Gas Distribution Submissions

1.2.2 Losses on the Distribution System

The Guideline indicates that a 4% loss factor should be included for purposes of cost effectiveness. This factor has not previously been used by Enbridge. It would be helpful for the Board to provide direction on whether Enbridge should use this factor on a go-forward basis.

2.1 Free Riders

Enbridge proposes that the sentence "Free ridership assessment is critical for the accuracy of cost effectiveness evaluations" be removed from this section. Free ridership is only one of many inputs to the TRC calculation and by including this statement only in the free ridership section appears to place more importance on this factor than any other in the calculation, when they are all equally important.

2.2 Attribution

The Guideline indicates that "… attribution is not a true adjustment to the TRC test …". Enbridge agrees with this statement and recommends that the following statement be added to this section:

> Attribution does not impact the TRC benefits generated by a program and should not be confused with Free Ridership. Only in cases where benefits of a program are allocated among program partners should a fraction of the benefits be included in an LDCs analysis.

Enbridge proposes that the concept of EUMS be removed from the guideline as it does not clearly reflect the factors associated with attributable savings. Some of the factors not included in this approach include brand effectiveness, program experience and reach, customer awareness and relationships, business partner network effectiveness, and the effect of leverage from other successful programs. The most effective approach to attribution in partnerships is for participating LDCs to include the assignment of attribution in their specific program agreement. This approach can also be applied to existing programs where additional partners come on board to achieve incremental benefits. The model with EUMS is not able to address these situations adequately.

Enbridge suggests that Case 2 and Case 3 do not accurately reflect how the allocation of TRC benefits from various energy forms should be treated. In most cases for brand new programs and initiatives, the gas benefits will accrue to the gas LDC and electric benefits to the electric LDC. However, in the majority of cases, where an electric LDC begins to partner with an existing program delivered by a gas LDC the allocation of gas, electricity and other benefits will be specifically outlined in the partnership agreement.

Although Enbridge has requested in its 2006 Rates Application a straight percent of net TRC incentive mechanism which will greatly simplify this scenario, the current pivot point mechanism suggests that treatment of these cases noted above will be contrary to the program assumptions already approved by the Board. It would be expected that if these rules changed to what is outlined in the Draft Guideline that the Board would also need to amend Enbridge's current pivot point based on the delta TRC mechanism (i.e. reduce TRC benefits where this situation occurs).

3.1 Tracking of Direct Acquisition Programs

Enbridge proposes that the word "easy" in the first sentence be replaced with "straightforward". Although the process is generally straightforward the level of resources and attention to this activity is certainly not easy.

3.2 Tracking of Market Support Programs

Market support programs are a critical component for promoting energy efficiency and achieving results. It is unclear from this section how these results are to be treated for TRC and LRAM calculations.

3.3 Custom Projects

The Guideline indicates that "it is expected that each custom project will incorporate a professional engineering assessment of the savings". This requirement may not be practical in all cases. There are many different methods to ensure that savings estimates are valid. These include:

- Engineering report
- Use of a prescriptive calculation tool (often designed by an engineer)
- Use of commonly accepted principles by knowledgeable and experienced staff
- Other defendable means that can be verified by an auditor

It is also not clear in this section if savings estimates signed off by an engineer would require further scrutiny in the audit. If the highest standard applied is to have a project signed off by an engineer practicing in the Province of Ontario, then it may not be necessary to include these projects as part of an additional audit. This issue may also require amendments to the last paragraph of section 3.3.

The Guideline indicates that “the minimum number of projects to audit would be 5 …”. After this sentence the following sentence could be added “In cases where less than 5 customer projects have been completed, all projects should be assessed in the audit.”

The Board may consider splitting the audit recommendations into a separate and more detailed section. Enbridge would be pleased to assist the Board with other issues relevant to auditing should it decide to proceed in that manner.