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Conservation Working Group Draft Report Comments

Introduction:

CWG report Section 1.1, 1.2, 1.3

I Concur:

Rationale:

I do not concur

Rationale:

Guiding Principles:

CWG report Section 2, 2.1

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 2, 2.1

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 2, 2.1

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.1 Program Description

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.1 Program Description

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.1 Program Description

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.2 Target Audience

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.2 Target Audience

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.2 Target Audience

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.3 Eligibility

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.3 Eligibility

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.3 Eligibility

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.4 Program Measures

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.4 Program Measures

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.4 Program Measures

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.5 Screening

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.5 Screening

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.5 Screening

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.6 Program Delivery

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.6 Program Delivery

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.6 Program Delivery

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.7 Education and training

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.7 Education and training

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.7 Education and training

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.8 Budgets and targets

Budget proposals:

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.8 Budgets and targets

Budget proposals:

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.8 Budgets and targets

Budget proposals:

I Concur:

Rationale:

I do not concur

Rationale:

CWG report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.9 Incentive structure

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.9 Incentive structure

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.9 Incentive structure

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.10 Program research in 2010

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.10 Program research in 2010

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.10 Program research in 2010

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur:

Rationale:

I do not concur

Rationale:

Conservation Working Group Draft Report Comments

From Gord Eamer, CHEC

Introduction:

CWG report Section 1.1, 1.2, 1.3

In general this section is satisfactory with the following comment.

In Section 1.1 the second paragraph contains the following statement: " The Low-Income Energy Assistance Program, or LEAP, is comprised of three components: temporary financial assistance for low income energy consumers in need; access to more flexible customer rules on matters such as billing, bill payment, disconnections, security deposits and arrears management; targeted electricity conservation and demand management ("CDM"); …"

Do not concur with the part on the "…more flexible customer rules…". Should replace with "Tailored customer service measures" which are the words used in the Board's notice.

Rationale: The proposal by the Board staff to codify the process for arrears management with respect to the low income consumer does not represent a more flexible program merely a specified program. In reality the code changes may result in a more rigid environment for the collection process associated with low income consumers as LDCs. LDCs may determine that they will follow the Code requirements to the letter, which would result in a process which is more restrictive and rigid than existing. It is more accurate to indicate that "tailored customer service measures will be codified".

Guiding Principles:

CWG report Section 2, 2.1

Section 2.1.3a) should be removed or restated.

In the expansion of third principal it is stated "Provide a clear, simple, accessible screening and intake process with broad criteria for determining low income status". Do not agree on the "broad criteria for low income status".

This statement should be altered to clearly indicate that the criteria is for "conservation program only". It had been discussed at the Conservation Working Group that the eligibility for the conservation program would be more inclusive than the criteria for the emergency funding program. It should be clear in this section that the criteria set for the conservation program does not apply for the emergency funding nor for the tailored customer service measures.

Rationale: If the wording is left as per the draft it may result in a wide selection of customers being included in both the code changes and emergency funding, which is not the intent. It may be possible to remove 3a) completely from the paper.

Enbridge report Section 2, 2.1

I Concur: Enbridge is suggesting they want to move away from TRC in the short term – that is consistent with our discussions. They also raise concern about being able to meet the long term objectives. This is a reasonable statement at this time.

Union report Section 2, 2.1

I Concur: Principal 1 they are saying they have not taken language etc. into their budget. One could assume that they believe this will not be a significant barrier because of the communities they will be working in. For the first year (2010) this is probably OK however as they move forward with more diverse groups (if indeed that is the case) language will need to be taken into consideration.

Principal 3 in addition to the Enbridge comments Union notes they do not have experience in landlord owned buildings and do not want to impact on the availability of low income housing. Need to gain experience on this.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.1 Program Description

I Concur: ok

Enbridge report Section 3.1 Program Description

I Concur: Enbridge indicated that they do not want to reduce the number of basic measures delivered. They have since presented their full program with an increase in the deep measures at the level suggested by the CWG. It would appear that they are proposing a balanced program and as such continuing the level of Taps program at the previous year levels may be appropriate. From the debate at the CWG table it would appear while concern exists, the ability to continue the Taps program is integral to the program.

Union report Section 3.1 Program Description

I Concur: Union has reduced their basic measures in 2010 recognizing that they will be increasing the deep measures. As Union has indicated that the program is very aggressive for their company the reduction of basic measures may make sense.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.2 Target Audience

I Concur: OK

Enbridge report Section 3.2 Target Audience

I Concur: OK

Union report Section 3.2 Target Audience

Union has suggested a change in the third point in this section. Not exactly sure why the change is needed. Perhaps some clarification can be obtained from Union with respect to the proposed change.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.3 Eligibility

I Concur: The report utilizes three measures at this time. The use of the

LICO and the OPA chart should clearly indicate that this is the before tax income. Union has raised the question as to why both the LICO and the OPA chart would be used. This is a valid question as the OPA chart is far more generous than the LICO chart. If the intent of the Conservation Program is to include as many properties as possible then the OPA chart may be a better measure to use. This is however with the condition that it only applies to the Conservation Program and not the Emergency Financial Assistance and the customer service measures. If the same criteria were to be used for all three parts of the LEAP process then the LICO chart, specific to community size should be the determining measure.

Enbridge report Section 3.3 Eligibility

I Concur: In the Enbridge report they allow the customer to self identify. This appears reasonable as it removes the burden from any Social Agnecy to be involved.

Union report Section 3.3 Eligibility

I Concur: Union notes the use of LICO and OPA. See the comments in the CWG Report Section.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.4 Program Measures

I do not concur: In light of the scorecard and the discussions at the last CWG meeting it is recommended that the electric measures be removed from the list of measures to be applied in the basic program. It is likely that these measures will be made available when the LDCs are given their direction from the Ministry with respect to conservation.

Rationale: The removal of these from the gas program will assist in driving partnering between the gas and electric companies to make these measures available to the low income sector in a coordinated manner.

Enbridge report Section 3.4 Program Measures

Removal of electric measures recommended.

Union report Section 3.4 Program Measures

Removal of electric measures recommended.

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Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.5 Screening

I do not concur: In this section, in the first bullet point, there is reference made to "to the utility such as reduced bad debt, reduced costs for disconnection/reconnection and arrears management". There is agreement to remove TRC as the primary screen however the benefit to the utilities of the program in reducing bad debt and arrears management cost has not been measured. Reference to this potential benefit should be removed.

The management of bad debt is an on-going part of doing business. The reduction of energy use in targeted properties will assist the individuals to pay however it does not remove the need for the utilities to run a full program for arrears management. If the LEAP program was seen to remove energy poverty it would be likely that the cost to the LDCs would reduce. However all have agreed that at the proposed level of funding and the continued increase in costs, energy poverty will continue for some time.

Removal of the reference to reduced utility costs is recommended.

Screening: Enbridge has presented a more refined screening process that may be appropriate for use in the final paper. The three potential criteria for a measure allows the measure to be added to the list of potential measures and further refined by the smart protocol at the household level.

The consultant based on input received at the 5th Working Group Meeting should be able to suggest a screening process that meets the requirements of the program and the goals of each of the utilities.

Enbridge report Section 3.5 Screening

Liked their suggestion for screening.

Union report Section 3.5 Screening

Illustrated a potential table for screening, recognized that requires further refinement.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.6 Program Delivery

I Concur: General occurrence by all presentations.

Enbridge report Section 3.6 Program Delivery

I Concur:

Union report Section 3.6 Program Delivery

I Concur:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.7 Education and training

I Concur: The issue was raised about there is not sufficient dollars and rewards placed on training. For the first year the training component should be reported on is some manner to determine if sufficient training has been completed to get the best use of the technologies and the associated savings.

Enbridge report Section 3.7 Education and training

Rationale:

Union report Section 3.7 Education and training

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.8 Budgets and targets

Budget proposals:

The CWG paper listed the suggestions from various groups with the intent that the utilities would make a proposal. The comments with respect to the proposals are contained in the utility section.

Enbridge report Section 3.8 Budgets and targets

Budget proposals:

I Concur: The suggestion by Enbridge levels off the basic number of installs while meeting the general level of deep installs that were suggested by the CWG group.

Union report Section 3.8 Budgets and targets

Budget proposals:

I Concur: Union has decreased their basic program to more fully address the deep measure program. This appears appropriate as the company appears to be cautious about what can be done in one year.

The number of deep measures, while a significant increase over 2008 is only a 100% increase over 2009 (125 to 250). If the 125 is delivered in 2009, the channel partners established and the processes refined a higher number of installs in 2010 may be appropriate for a target.

The impact of targets is the cost and rate impact. Currently Enbridge has a rate impact of 1.2% and Union a rate impact of 0.5%. A budget that proposes a 1% rate increase may be more appropriate to ensure a higher level of deep measures.

CWG report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur: The scorecard is a good approach for the program.

From the discussions a CWG #5 it would appear that the basic measure should be provided a maximum of 15% of the total incentive.

Generally agree with the idea of tracking the number of communities for information only. Also agree with utilities that removing the measure of number of references from Social Agencies is appropriate.

Enbridge report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur: Generally concur however move the basic measures to 15%.

Union report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur: Generally concur however move the basic measures to 15%.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.9 Incentive structure

I Concur: The incentives proposed by the utilities seem to be high for the low income portfolio. Recognizing that the measures are very costly the size of the program and the incentive should be taken into consideration.

The incentive levels suggested by the CWG may be more appropriate.

There has been some discussion of providing a higher per unit incentive for Union to ensure that the incentive is sufficient to obtain management buy in. The requirement to participate is regulated and as such an improved incentive could be questioned. One way of achieving an improved incentive is to increase the budget and the number of installs.

Each utility is at a different position in their development. Whether this warrants a different incentive or not is a question for review.

Cap on the incentive: We have heard that the utilities are not in favour of a cap on the incentive as a question of principle. This should be respected if indeed there is belief that the budget limits the potential incentive. Whether to have a cap or not may be better determined once the "total gas savings" number is added into the scorecard. The relationship between the numbers would help to identify the potential for grossly exceeding the expected returns of 100% to 150% performance.

Enbridge report Section 3.9 Incentive structure

Noted above

Union report Section 3.9 Incentive structure

Noted above

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.10 Program research in 2010

I Concur: OK

Enbridge report Section 3.10 Program research in 2010

Union report Section 3.10 Program research in 2010

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur: OK

Enbridge report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

Union report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

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Conservation Working Group Draft Report Comments as submitted by Direct Energy

Direct Energy supports a cost-effective delivery of natural gas low income DSM programs. The best way to ensure the lowest cost for the highest value of service is to tender out the delivery of the DSM programs to the private sector. A competitive bidding process would ensure that program administrative costs and shareholder incentives are kept at minimum levels while companies are motivated to deliver highly successful programs.

Below are Direct Energy's responses to the proposed short term (2010) framework for natural gas Low Income DSM to be delivered through incumbent utilities.

Introduction:

CWG report Section 1.1, 1.2, 1.3

I Concur: Yes, we concur

Rationale: The introduction, accurately describes the work of the CWG up to the date the report was issued. Perhaps, it would make sense to update the information with the outcomes of the meeting held on August 6.

I do not concur

Rationale:

Guiding Principles:

CWG report Section 2, 2.1

I Concur: Yes, we concur

Rationale: The principles developed by the CWG serve well the purpose of the program. In a framework that follows closely these principles, the low-income consumers would likely have uniform, equitable and fair access to emergency financial assistance. We particularly concur with:

- the "no-up front cost" formulation as it leaves the opportunity to serve more customers, and embrace alternative financing solutions that may be acceptable for some segments of low income customers;
- the cost-effective principle of program delivery, as it encourages stewardship of resources and, hopefully, would encourage private

sector participation;

- o the integrated, coordinated delivery approach, as it ensures that administrative costs, and any unexpected externalities are minimized to the benefit of program participants;
- o the formulation that it should be a direct install program that provides a turnkey solution, emphasizes deep measures and captures potential lost opportunities for energy savings, as we believe it altogether minimizes confusion and complexity from the prospective of the low income customer.

I do not concur:

Rationale:

Enbridge report Section 2, 2.1

I Concur:

Rationale:

I do not concur: No, we do not concur

Rationale: On principle #2, we feel that the TRC and the principle of "cost-effectiveness" are far from being equivalent. We understand "cost-effectiveness" as being much broader and much more inclusive than the traditional TRC. A cost–effective program to us is one that gives preference to those solutions that produce largest Energy Efficiency effects at the best cost offered in the market.

Studies indicate that largest energy savings are achieved through weatherization of dwellings, followed by "Energy Star"-rated space heating and water heating devices and "hot" and "wet" appliances. The CWG recommendation that utilities submit smart protocols alongside with the ranking of proposed measures in their filed DSM plans would provide enough guarantees that the program provides preference measures that produce both a significant and a long lasting energy saving.

On principle #3, EGD expressed concerns that including all segments of the low income housing market is premature in 2010.

We would like to cite the opening formulation in the CWG report that says that *"these guiding principles represent a broad approach to low income natural gas DSM in Ontario and have general applicability to all aspects of low-income energy conservation."* Also, we note, that principle #3 calls for a "simple, non-duplicative, integrated and coordinated application, screening and intake process for all segments of the low income housing market…" In our read the principle focuses on the screening and intake process to be unified not on the targeted segments of program participants, which may be gradually expanded as the program ramps up in future years.

Union report Section 2, 2.1

I Concur:

Rationale:

I do not concur: No, we do not concur

Rationale:

Principle #1: the argument that costs for linguistic/cultural differences have not been budgeted for 2010 is not applicable as Union has not filed yet its LI DSM plan with the OEB and there is still time to do a budget adjustment.

Principle #2: for the cost effectiveness argument please see our rationale in our comment to EGD report Section 2, 2.1.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.1 Program Description

I Concur: Yes, we concur

Rationale: The program description accurately matches the guiding principles developed by the CWG.

I do not concur:

Rationale:

Enbridge report Section 3.1 Program Description

I Concur:

Rationale:

I do not concur: No, we do not concur

Rationale: We believe that is important to emphasize that basic measures should continue but on a reduced scale. Natural Gas utilities have been generously compensated through their shareholder incentive mechanism for delivering basic measures in the past. When the incentive is built into the cost of basic measures, the dollar amount spent on these short-lasting energy efficiency savings does not look attractive from a ratepayer prospective. We strongly support the recommendation that "deep measures" must become the focus of the LI DSM program in the long term.

Union report Section 3.1 Program Description

I Concur:

Rationale:

I do not concur : No, we do not concur

Rationale: The "basic measures" do not appear to be producing meaningful bill savings to low income customers. Therefore the scale of this component should be considerably downsized to allow a greater weighting for the "deeper measures" program component.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.2 Target Audience

I Concur: Yes, we concur

Rationale: The short term framework starts targeting the most vulnerable segments of consumers that likely have not seen any energy assistance from other programs, like, for example, the existing OPA Social Housing program.

I do not concur:

Rationale:

Enbridge report Section 3.2 Target Audience

I Concur: Yes, we concur

Rationale: We agree with the EGD's clarification, that it should be the social agencies and not the gas utilities that determine the low income status of potential program participants.

I do not concur:

Rationale:

Union report Section 3.2 Target Audience

I Concur:

Rationale:

I do not concur: No, we do not concur

Rationale: Union proposes that 3rd bullet in CWG report, Section 3.2 must read: *"Low rise private multi-family **tenants** where the tenant is responsible for paying the bill."*

We believe the owner has to have a place in the program design and be one of the targets in the case of private multi-family buildings where the low income tenant is paying the bill. The program design must ensure that the benefit accrues to a low income tenant (or future low income tenants), otherwise the landlord should be involved in financing (partially or in full) the EE investment in his building.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.3 Eligibility

I Concur: Yes, we partially concur

Rationale: We concur with the first bullet on eligibility criteria that says "the primary or secondary name on the gas bill that is a recipient of social benefits". We believe that these are the poorest customers and have to be prioritized. As the program funding is limited and the number of treated homes is very small compared to the low income population, utilities must ensure that this group is given priority. Perhaps this principle may be revisited in subsequent years.

Also the last paragraph should read "social agencies" and "service providers of the utility".

I do not concur: We do not concur with the second and third criteria

Rationale: See the paragraph above.

Enbridge report Section 3.3 Eligibility

I Concur: Yes, we concur

Rationale: Natural Utilities do not have expertise in assessing the income eligibility of its customers, therefore we concur with EGD's formulation that "it should be social service agencies and not the gas utilities that determine the low income status…"

I do not concur:

Rationale:

Union report Section 3.3 Eligibility

I Concur: Yes, we concur.

Rationale: See our argument on section 3.3 of the GWG report.

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.4 Program Measures

I Concur: Yes, we concur

Rationale: The list of measures is not exclusive of new technologies and will allow for flexibility on behalf of utilities.

I do not concur:

Rationale:

Enbridge report Section 3.4 Program Measures

I Concur: Yes, we concur

Rationale: EGD has the same position as the one outlined in the CWG.

I do not concur:

Rationale:

Union report Section 3.4 Program Measures

I Concur: Yes, we concur

Rationale: Union has the same position as the one outlined in the CWG.

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.5 Screening

I Concur: Yes, we concur, conditional on including several amendments to the original text:

- same screening for both utilities
- measure screening must be based on a simple "discounted" payback
- measure screening to consist of three elements: (i) TRC positive in the traditional DSM portfolio; (ii) commonly included measures in low income programs delivered in other jurisdictions; (iii) measures included in either the Federal or Provincial Energy Efficiency programs
- smart protocols to guide service providers on what measures must be installed in the low income residence, and be:
  - developed by utilities and submitted with their LI DSM programs for Board approval
  - may be based on other programs protocols, for ex. OPA LI pilot program
  - may be revised yearly
  - protocols based on payback of the measures as a package and include a sequence in measures starting with the ones producing most energy savings in the treated dwelling
- utilities to track the TRC per measure for comparative and information purposes

Rationale: We feel that the amendments listed above would ensure that the alternative screening method is sound and consistent. Also we believe that any smart protocols must be filed and approved by the Board, so that these are not changed at will, with no economic justification, by service providers or utilities.

I do not concur:

Rationale:

Enbridge report Section 3.5 Screening

I Concur: Yes, we concur, however, support a more detailed approach as suggested in our comments to the CWG report, section 3.5.

Rationale: see above

I do not concur:

Rationale:

Union report Section 3.5 Screening

I Concur: Yes, we concur, however, support a more detailed approach as suggested in our comments to the CWG report, section 3.5.

Rationale: see above

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.6 Program Delivery

I Concur: Yes, we concur

Rationale: We specifically support the tendering process and the fact that utilities are expected to encourage collaborative efforts with private, not-for-profit and public partners.

I do not concur:

Rationale:

Enbridge report Section 3.6 Program Delivery

I Concur: Yes, we concur.

Rationale: Similar position with the one in the CWG report.

I do not concur:

Rationale:

Union report Section 3.6 Program Delivery

I Concur: Yes, we concur.

Rationale: Similar position with the one in the CWG report.

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.7 Education and training

I Concur: Yes, we concur.

Rationale: Education and training is an important program component.

I do not concur:

Rationale:

Enbridge report Section 3.7 Education and training

I Concur: Yes, we concur

Rationale: Similar position with the one in the CWG report

I do not concur:

Rationale:

Union report Section 3.7 Education and training

I Concur: Yes, we concur

Rationale: Similar position with the one in the CWG report

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.8 Budgets and targets

Budget proposals:

I Concur: Yes, we concur, with the following remarks:

- utilities LI DSM budgets must not create undue rate increases
- fixed costs must be reasonable, i.e. should reflect utilities efforts to administer the program and undertake any related research/evaluation.

Rationale: The budget numbers must balance the needs of low income customers for DSM measures with the effects of the program cost on rates. All customers, including low income ones, would likely be directly affected by contributing to this program.

I do not concur:

Rationale:

Enbridge report Section 3.8 Budgets and targets

Budget proposals:

I Concur:

Rationale:

I do not concur: No, we do not concur

Rationale: Enbridge's LI DSM budget is likely to produce a significant rate impact, especially when combined with the sales tax harmonization and the Incentive Regulated Mechanism that will likely affect rates in 2010. We recommend that Enbridge both decreases the number of basic measures participants and reduces the average amount spent per home on "extended measures".

Union report Section 3.8 Budgets and targets

Budget proposals:

I Concur: Yes, we concur conditional on the following: Union is to increase the number of treated homes and to decrease the average amount spent per home on extended measures.

Rationale: Union's proposed budget doubles the number of deep measures participants, while not producing significant rate increases. We feel that increasing the number of extended measures participants further is reasonable for the next year. The increase could be accommodated if Union seeks further efficiency and lowers the average amount of extended measures per home.

I do not concur

Rationale:

CWG report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur: yes, we concur conditional on the following modifications:

- The scorecard for each utility will include three performance metrics:
    1) Basic measures participants (#) – weight 10%
    2) Deep measures participants (#) –weight 45%
    3) Total gas savings for deep measures participants (m3) – weight

45%

- Both utilities to make a commitment on:
  - the training and education component of the LI program
  - serving both social housing and private sector households
  - increasing the number of served communities
  - basic measures budget to be silo-ed and capped at 150% target, while its Variance Account be limited to 15% (compared to 25% for extended measures)
- The following performance metrics will be tracked and reported by utilities to the OEB:
  - Percent of participants referred to the program by social service agencies
  - Increase in the number of communities served by extended measures.
  - Number of basic measure participants referred from the extended measure program
  - 3rd party funding if obtained, spent on extended measures (in addition to utility allocated funding)

Rationale: It is very important to shift away from basic measures to extended measures as the latter are producing both significant and long lasting bill savings to program participants. We feel that assigning a lower weight (10%) to basic measures would ensure that utilities are favoring even to a larger extent the extended measures program component.

To ensure access to low income participants across the province there should be some form of commitment, reporting on increasing the number of communities served.

An educational/training component is key to ensuring that participants are actually using installed applications in a proper manner.

To monitor the integration and coordination of the program delivery, there is a need for tracking of referrals from social agencies, recording and reporting how the funding leveraged from external sources was used.

I do not concur:

Rationale:

Enbridge report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur: Partially concur, with the comments provided above on the CWG, Section 3.8, Strawman scorecard.

Rationale:

I do not concur:

Rationale:

Union report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur: Partially concur, with the conditions provided above to the CWG, Section 3.8, Strawman scorecard.

Rationale:

I do not concur: We oppose the 20% weight assigned to basic measures.

Rationale: We strongly support the extensive measures and encourage Union to shift away from its basic measure programs.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.9 Incentive structure

I Concur:

Rationale:

I do not concur: We do not concur.

Rationale: In a competitive environment, private sector bidders would have accepted considerably lower profit margins than the ones enjoyed by incumbent utilities today. We argue that the incentive should be proportional to the effort of the utility and the benefits created by the program. To this extent the utility incentive must be:

1. *A function of benefits created to program participants.*

The incentive must be a direct proportion of the benefit created to program participants and distinguish between "basic measures" and "extended measures" categories.

This proportion must be fixed at a reasonable threshold, beyond which the utility incentive becomes unreasonable from the prospective of program participants and, generally, ratepayers. Having a fixed proportional incentive at the "measure" level will not limit utilities' capacity to outperform. The more homes a utility is going to serve, the larger its incentive is going to be.

2. *A function of the program budget, that distinguishes between variable and fixed costs to acknowledge utility's effort*

The larger the variable program costs, the larger is the utility effort. Correspondingly, the utility invests more time and engages more resources to ensure the success of a larger program. An adder as a function of variable costs would incentivize utilities to implement more measures. However, the overall incentive should be capped at a reasonable threshold in relation to the total program budget.

Finally, to recognize that there are fixed costs involved in running the program and that there should be enough financial interest for executives to dedicate due attention to program success, a minimum incentive threshold for reaching 100% of the target must be established.

Enbridge report Section 3.9 Incentive structure

I Concur: We concur with the principle that utilities must be compensated in proportion to the benefits generated by the program and utility's effort.

Rationale:

I do not concur: We do not concur

Rationale: See our rationale to Section 3.9 Incentive Structure of the CWG report

Union report Section 3.9 Incentive structure

I Concur:

Rationale:

I do not concur: We do not concur

Rationale: See our rationale to Section 3.9 Incentive Structure of the CWG report

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.10 Program research in 2010

I Concur: Yes, we concur

Rationale: The research component is needed to ensure the success of the long term LI DSM framework. Perhaps, utilities may fund coordinated research sub-contractors to achieve more with less funding.

I do not concur:

Rationale:

Enbridge report Section 3.10 Program research in 2010

I Concur: Yes, we concur

Rationale: Similar to the position in the CWG report

I do not concur:

Rationale:

Union report Section 3.10 Program research in 2010

I Concur: Yes, we concur.

Rationale: Similar to the position in the CWG report

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur: Yes, we concur, conditional on the amendment that the basic measures VA stays at the current 15% level, while the extended measures component VA is raised to a 25% level to recognize the uncertainty of the program and the need for continuous funding.

Rationale: We feel that the Basic Measures VA shall stay at 15% to limit utilities' capacity to overspend on this program component.

I do not concur:

Rationale:

Enbridge report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur: We concur with the condition outlined above under Section 3.11 of the CWG report.

Rationale:

I do not concur:

Rationale:

Union report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur: Yes, we concur, with the condition outlined above under Section 3.11 of the CWG report.

Rationale:

I do not concur

Rationale:

Conservation Working Group Draft Report Comments as submitted by EDA

Introduction:

CWG report Section 1.1, 1.2, 1.3

I Concur: On behalf of the EDA I concur with sections 1.1, 1.2 and 1.3

Rationale: The Background, Purpose of CWG, and process for the development of this report were documented accurately.

I do not concur

Rationale:

Guiding Principles:

CWG report Section 2, 2.1

I Concur:

Rationale:

I do not concur: With organization of 2.1.5.c) without revision.

Rationale:

Section 2 Paragraph 2

I would like to see section 2.1.5. c) moved to 2.7b) and re-worded.

This section is headed as “Be a direct install program” . Subsection c) refers to new construction that needs to be influenced by design standards and product selection by housing developers. I don’t view this as the same criteria as a direct install program as this section is titled.

Recommend that this subsection 2.5.c be moved to section 2.7. as 2.7.b)

Reworded as

b) Capture opportunities for energy efficiency in the products specified and the design for new low-income affordable housing.

I would not support of moving section 2.1.7a) to 2.1.5 d)

Enbridge report Section 2, 2.1

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 2, 2.1

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.1 Program Description

I Concur:

Rationale:

I do not concur: With wording of section 3.1 bullet 6

Rationale: Would suggest integration not be limited only to measures but also existing programs for electrical measures. See wording revisions as follows:

"Detailed program design should facilitate integration with existing electricity conservation programs through current LDC delivery channels and measures on an ongoing basis as new measures are introduced (e.g. plug loads, appliances, for example, such as refrigerators and air-conditioning)."

Note: Auditors that perform the energy audits would be educating customers about available CDM programs, incentives and electric measures for customers.

Enbridge report Section 3.1 Program Description

I Concur: Agree with section 3.1

Rationale:

I do not concur:

Rationale:

Union report Section 3.1 Program Description

I Concur: Agree with section 3.1

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.2 Target Audience

I Concur: Agree with section 3.1

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.2 Target Audience

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.2 Target Audience

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.3 Eligibility

I Concur: Agree with section 3.3

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.3 Eligibility

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.3 Eligibility

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.4 Program Measures

I Concur:

Rationale:

I do not concur: with wording regarding the program measures.

Rationale: Additional wording to clarify the claims being made to gas and electric measures related to low income program delivery.

There are examples of gas companies claiming credits related to programs that deliver electricity savings. For the purposes of this program I would like to see wording related to measures that indicates the following:

"Where an integrated delivery approach with gas distribution utilities and local electrical distribution companies is formed the energy savings claims from the electrical measures will be made by the LDC and the gas savings will be made by gas distribution utility."

Enbridge report Section 3.4 Program Measures

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.4 Program Measures

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.5 Screening

I Concur: Agreed

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.5 Screening

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.5 Screening

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.6 Program Delivery

I Concur: Agreed

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.6 Program Delivery

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.6 Program Delivery

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.7 Education and training

I Concur: Agreed

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.7 Education and training

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.7 Education and training

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.8 Budgets and targets

Budget proposals:

I Concur: No comment.

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.8 Budgets and targets

Budget proposals:

I Concur: No comment

Rationale:

I do not concur:

Rationale:

Union report Section 3.8 Budgets and targets

Budget proposals:

I Concur: No comment

Rationale:

I do not concur

Rationale:

CWG report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.9 Incentive structure

I Concur: Agree with content

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.9 Incentive structure

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.9 Incentive structure

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.10 Program research in 2010

I Concur:

Rationale:

I do not concur: Additional place holders

Rationale: A statement related to the impacts of the green energy act directives impact on the types of measures delivered to low income needs to be stated somehow.

Bullet point could read as follows:

- Investigate the impact of the Green Energy Act directives will have on the delivery of gas measures.

Enbridge report Section 3.10 Program research in 2010

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.10 Program research in 2010

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur: Agreed

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur:

Rationale:

I do not concur

Rationale:

COMMENTS FROM GREEN COMMUNITIES CANADA, Clifford Maynes

comments on summary of august 6

- what is the overall expectation of payback? sounds like it is up to the utilities to decide - wide open. I think there was consensus (at very least) about the need to meet simple payback over life of measure in participant bill savings.
- re social agency referrals - I thought we agreed just to track where the participants come from - e.g., utility marketing, direct from social service agencies to utility, service organization calls

general comments

- Green Communities Canada believes that ON needs an integrated province-wide all-fuel program (i.e., not just regulated gas and electric but *all* fuels). The program should be designed from the outset with this in mind. Therefore we are concerned about the further development and expansion of a (regulated) gas-only program for 2010. If and when other fuels are added in 2010, how will integration be achieved? It will be inadequate (inefficient) to simply try to add other fuels to a gas-only program and delivery infrastructure. Besides being one fuel, the gas utilities are not province wide - they each serve different parts of the province and large territories are unserved. Within their territories they are currently developing regionally based delivery infrastructures. Therefore, gas DSM programs are not a good platform for launching an integrated province-wide all-fuel program.
- In our view the Minister should establish the context for an all-fuel program by this fall at the latest so that planning for an integrated delivery system can begin immediately – **in any event, the 2010 gas programs need to be designed so that they can be *replaced* by an all-fuel program, i.e., gas DSM needs to be integrated into an all fuel program rather than the other way around.**
- OEB leadership – we appreciate that the OEB was required to proceed with gas low-income DSM for 2010, which it has done with enthusiasm and a consultative approach. However, we do not believe that the OEB is the right vehicle for developing ON's low-income energy efficiency program, because the program must be all fuel and OEB only regulates gas and electric (further, some gas is unregulated); and because the OEB doesn't design programs, it only establishes a broad framework within which individual utilities design and deliver programs (which means a fragmented utility by utility approach rather than integrated province-wide all-fuel approach). Therefore, we believe that the Minister must act to establish an integrated all fuel province wide program, most likely coordinated through the Ontario Power Authority.

- branding - one participant suggested that utilities develop common branding in anticipation of a joint province-wide program – Green Communities feels that current utility-specific branding should remain for 2010 in anticipation of an integrated all-fuel program under provincial government leadership
- accessing ecoENERGY funds – if this happens in 2010 there needs to be a cost-benefit analysis – what is the incremental cost of doing two audits (smart protocol screening *plus* a full ecoENERGY audit – these will be two quite different animals); what is the incremental benefit – remember that the incentive numbers for the NS program, $1200 plus, may be higher than for the ON program because NS had no cost-effectiveness screening – if we are concerned about ratepayer impacts, we won't do as many measures that ecoENERGY incents. Further, ecoENERGY is an inefficient back door way of accessing ON incentive dollars – these should be provided directly, tied to made-in-Ontario low-income program smart protocols rather than a federal system designed for the able to pay market

Introduction:

CWG report Section 1.1, 1.2, 1.3

I Concur:

Rationale:

I do not concur

Rationale:

Guiding Principles:

CWG report Section 2, 2.1

- generally very good
- p 6 – obviously delivery **must** be cost-effective, in the interests of maximizing benefits for low-income customers and developing a defensible program – clearly there is confusion about the meaning of this term
- p7. – principle 3a – better to say Use broad criteria for determining *program eligibility.* We aren't in the business of defining who is "low income," which is a broader social policy issue.
- principle 4 - GCC believes a fully integrated province-wide all-fuel program needs to be designed, developed, and delivered – therefore this principle is inadequate insofar

as it anticipates after the fact coordination "wherever possible". This is a prescription for a degree of collaboration but *not* true integration …

Enbridge report Section 2, 2.1

- we don't agree with Enbridge position on screening in this paper – but understand that Enbridge has agreed to work w. Union to develop smart protocols based on a participant savings screen – this will be presented to the Board

Union report Section 2, 2.1

I Concur: fine in general – costs to accommodate cultural and linguistic differences *should* be budgeted.

Rationale: equity, universality

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.1 Program Description

I Concur: mostly

Rationale:

I do not concur: p.9 – bullet five – see above discussion of principle 4 –

Rationale: we need a truly integrated approach, not after the fact patched together

Enbridge report Section 3.1 Program Description

I Concur: yes

Rationale: understand that TAPs is capped

I do not concur:

Rationale:

Union report Section 3.1 Program Description

I Concur: mostly support reduction in basic measures delivery numbers

Rationale:

I do not concur:– not a given that basic measures program will be effective in generating leads, has to be demonstrated –

Rationale: do basic measures delivery staff have the capacity? can they be trained?

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.2 Target Audience

I Concur: okay

Rationale:

I do not concur: first come first served

Rationale: if there is an over supply of applicants, priority customers (hi bill, low income, vulnerable occupants) should jump the queue

Enbridge report Section 3.2 Target Audience

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.2 Target Audience

I Concur:

Rationale:

I do not concur in the long term we need to reach private rental households where energy costs included in rent

Rationale: equity

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.3 Eligibility

I Concur:

Rationale:

I do not concur: •p. 12 – mid-page – this isn't correct: the social service agencies do not *determine* eligibility – yes, they should pre-screen potential customers before referring them to the service delivery org – but that's who formally determines eligibility

Rationale: inefficient to fragment delivery by doling out functions to different bodies

Enbridge report Section 3.3 Eligibility

I Concur:

Rationale:

I do not concur: subject to comment above

Rationale:

Union report Section 3.3 Eligibility

I Concur: Union is correct that participant screening is done by the service provider, not the utility – this is possibly not understood by all LEAP participants – even leads developed by the utility (customer marketing, contacts) will be screened for eligibility by the service provider, not the utility

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.4 Program Measures

I Concur:

Rationale:

I do not concur: no “audit” perhaps – but there must be strict screening criteria – e.g., no low-flow showerhead installed if there already is one – also, cost effectiveness of programmable thermostats needs to be evaluated

Rationale: cost-effectiveness

Enbridge report Section 3.4 Program Measures

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.4 Program Measures

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.5 Screening

I Concur:

Rationale:

I do not concur: with general dismissal of TRC – I feel our discussion has been confused due to inadequate understanding – to clarify: no one suggested that the entire program should screen TRC positive – a Societal Cost Test was proposed, expressed as an adder to TRC, e.g., 30 per cent, reflecting the additional societal benefits of a low-income program – at the very least the 2010 program as a whole should meet a TRC minimum (a level below which the program is clearly indefensible) – also, propose more research on screening during 2010

Rationale: cost-effectiveness – for participants to benefit, and for program to be defensible.

Enbridge report Section 3.5 Screening

I Concur:

Rationale:

I do not concur: with rejection of participant benefit test – assumptions need to be made about long-term average gas prices – the smart protocols will only be smart if they are based on cost-effectiveness screening – however, we understand that Enbridge has agreed to smart protocols based on participant benefits

Rationale: cost effectiveness

Union report Section 3.5 Screening

I Concur:

Rationale:

I do not concur –Union proposes simple payback – (i.e., no discount rate or scaling of measure life) –however, regardless of whether TRC is used to screen measures, the program is ratepayer funded and will ultimately have to justify itself at least partly in terms of TRC – let's see how the smart protocols proposed by utilities measures up against TRC before judging whether simple payback is the right approach, or whether the payback needs to be scaled

understood that the chart on page 6 is illustrative only, and is not intended as a preview of numbers to be used in the smart protocols – therefore no comments

need some flexibility to include individual measures that don't screen positive for an individual house based on a strong positive screening for the entire package of measures and the opportunity cost of failing to implement – we'll never get back into this house to do the attic

Rationale: cost effectiveness

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.6 Program Delivery

I Concur: ok

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.6 Program Delivery

I Concur: ok

Rationale:

I do not concur:

Rationale:

Union report Section 3.6 Program Delivery

I Concur: ok

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.7 Education and training

I Concur: yes – but the role of behavior in achieving low-income conservation goals needs to be better understood with respect to cost-effective program design and delivery – we'll see what gas companies come up with, but topic needs further research in context of a full scope low income conservation program

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.7 Education and training

I Concur:

Rationale:

Rationale:

Union report Section 3.7 Education and training

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.8 Budgets and targets

Budget proposals:

I Concur: N.A.

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.8 Budgets and targets

Budget proposals:

I Concur: targets ok – not equipped to judge whether the budget is appropriate for the targets (consultant on vacation!) – impacts on ratepayers acceptable to us

Rationale:

I do not concur:

Rationale:

Union report Section 3.8 Budgets and targets

Budget proposals:

I Concur: targets okay – but not equipped to evaluate this budget

Rationale: this is a huge increase

I do not concur

Rationale:

CWG report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur: NA

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur:

Rationale:

I do not concur: the slope of incentives for basic measures participants (a 50 per cent incentive increase for a 400 participant increase) is worrisome – but concern is allayed if budgets are silo-ed as agreed; GCC agrees with proposed incentive weighting: 10% (basic), 45% (extended measure participants) and 45% (total gas savings) –not sure that it is a given that total gas savings alone will drive deep retrofits – *having said that: smart protocols need to be designed to ensure deep retrofits to the limit of cost-effectiveness – operationally, smart protocols are the tool that will drive on-the-ground decision-making*

Rationale:

Union report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur:

Rationale:

I do not concur: support 10/45/45 weighting, nothing for number of communities.

Rationale: de-emphasize basic measures

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.9 Incentive structure

I Concur: NA

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.9 Incentive structure

I Concur:

Rationale:

I do not concur: Support lower incentives as per Green Energy Coalition recommendation, i.e., in $550K range.

Rationale: link to share of savings.

Union report Section 3.9 Incentive structure

I Concur:

Rationale:

I do not concur: Green Communities believes $650K is an excessively high incentive for Union relative to Enbridge – we think the Board should develop a proportionate incentive

Rationale: based on principles of a share of the savings for utilities, plus (in Union's) case a multiplier necessary on *a transitional* basis to develop capacity and attract management support – GCC recommendation seems reasonable

RESEARCH – IF THERE IS A PROVINCIALLY-LED INTEGRATED PROVINCE-WIDE ALL FUEL PROGRAM, THESE RESEARCH REQUIREMENTS WILL MIGRATE TO THE PROVINCIAL GOVERNMENT AND/OR OPA.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur:

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur:

Rationale:

I do not concur

Rationale:

Conservation Working Group Draft Report
Comments as submitted by GEC

Introduction:

CWG report Section 1.1, 1.2, 1.3

I Concur: **While we agree that the OEB should ensure that momentum is not lost on Low Income Gas DSM and that experience is gained on extended measure programs, we are concerned about the possible entrenchment of a Gas LDC led L.I. DSM approach that is inadequate to ensure a broad, deep and efficient multi-fuel approach (not limited to gas and electricity). Accordingly, we are pleased with the decision to suspend the working group effort at this juncture while awaiting evolution of the policy context.**

Rationale:

I do not concur

Rationale:

Guiding Principles:

CWG report Section 2, 2.1

I Concur: **OK**

Rationale: **We note the footnote regarding the inclusion of a reference to cost-effectiveness. GEC submits that there must be some cost-effectiveness constraint – though not in the same manner as for non- low income DSM. See below.**

I do not concur:

Rationale:

Enbridge report Section 2, 2.1

I Concur:

Rationale:

I do not concur: **EGDI rejects TRC-based cost effectiveness measurement but, as discussed below, GEC submits that EGDI's proposal offers no effective alternative (see our comments on EGDI 3.5). (Whereas Union**

appears to accept a payback period constraint.)

Rationale:

Union report Section 2, 2.1

I Concur:

Rationale:

I do not concur: **Union is concerned that costs to address non-financial barriers such as language have not been budgeted for. We believe the budget is ample for this purpose.**

(With respect to TRC see our comments on EGDI.)

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.1 Program Description

I Concur: **However, we are concerned that any attempt to leverage ecoEnergy and Ontario Home Energy Savings funds should not result in loss of delivery efficiency or investment of gas DSM budgets in measures or audit efforts that are not within the agreed upon scope. ecoEnergy was not designed for L.I. programs, does not incorporate cost-effectiveness screening and is a cumbersome, expensive program to deliver.**

We are also concerned about the relative emphasis on basic measures (TAPS and Helping Homes Conserve). The levels being delivered are still far higher than needed to generate leads for extended measure treatment and amount to cream skimming which will ultimately lower the cost effectiveness of return visits to do deeper treatment. We hope to see emphasis continue to shift from shallow to deep treatment in future years.

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.1 Program Description

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.1 Program Description

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.2 Target Audience

I Concur: **OK**

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.2 Target Audience

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.2 Target Audience

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.3 Eligibility

I Concur: **OK**

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.3 Eligibility

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.3 Eligibility

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.4 Program Measures

I Concur:

Rationale:

I do not concur: **We generally agree. However, GEC is concerned that the range of extended measures is ill-defined. For example, if Low Income DSM budget is spent on novel (and expensive) renewables it will not adequately assist the low income community in reducing bills as much as might otherwise occur. Low Income DSM programming must strike a balance between deep treatment (to obtain economies of scope and scale, avoid lost opportunities and provide bill relief) and spending level (to ensure that the program is sustainable in light of rate impacts on non-participants).**

Rationale:

Enbridge report Section 3.4 Program Measures

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.4 Program Measures

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.5 Screening

I Concur:

Rationale:

I do not concur: **While GEC is content with the proposal for 2010, we are concerned that the abandonment of a modified TRC approach leaves no effective cost effectiveness control in place to encourage utilities to be selective in measure choice and to deliver in a cost effective manner. In the non L.I. DSM program LDCs are incented based on overall TRC which includes program and measure costs and thus creates an incentive to be efficient both in measure selection and application and in program delivery. We suggest that this fundamental matter be further studied and revisited before a longer-term program is approved.**

For 2010 we suggest that the LDC plans should utilize a screening level in the range of a simple payback within 75% of measure life. This roughly corresponds to a cost effectiveness of 1 at a 3% discount rate for the measures being considered. Where a longer payback is proposed (for example for solar hot water) it should be justified based on societal benefits.

Rationale:

Enbridge report Section 3.5 Screening

I Concur:

Rationale:

I do not concur: **Enbridge rejects both a TRC based approach and a simple payback approach but fails to offer any other screen. Since inclusion in other L.I. programs or in ecoEnergy is not any test of cost-effectiveness, the smart protocols must include some screen. For example, weatherization and insulation may be a suitable measure but we cannot say whether it is cost-effective in the abstract without knowing the existing level of insulation, the cost of upgrading and the proposed level of insulation etc.. Thus the smart protocol must be based upon some level of cost-effectiveness such as a simple payback within 75% of measure life or .7 TRC.**

Rationale:

Union report Section 3.5 Screening

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.6 Program Delivery

I Concur: **OK**

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.6 Program Delivery

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.6 Program Delivery

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.7 Education and training

I Concur: **OK**

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.7 Education and training

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.7 Education and training

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.8 Budgets and targets

Budget proposals:

I Concur: **see our comments on utility-specific proposals. Note that our**

experience with data from ecoEnergy suggests that the utility budgets per participant are high both because they appear to assume programs that are not as effective as is possible with a well designed program that avails itself of economies of scale and because they assume a high level of furnace replacement which may be unwarranted. We therefore stress the need for extensive M&E to inform future budgets.

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.8 Budgets and targets

Budget proposals:

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.8 Budgets and targets

Budget proposals:

I Concur:

Rationale:

I do not concur

Rationale:

CWG report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur: **GEC only accepts the simplified scorecard (number of basic participants, number of extended participants, lifetime gas savings *among extended participants*) with the following constraints:**

- **Segregated, capped budget for basic participants (to avoid LDCs simply shifting budget and effort to this cream skimming category).**
- **Threshold at 50% before which no incentives are available (to avoid paying for mediocre performance and to concentrate incentive dollars on the task of encouraging performance).**
- **150% incentive cap(s) (at least for the basic measures) to ensure that**

the LDCs pursue all aspects of the scorecard and not obtain excessive incentives for easier metrics.

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.8 Budgets and targets

Strawman scorecard:

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.9 Incentive structure

I Concur: **GEC only accepts incentives based on the simplified scorecard (number of basic participants, number of extended participants, lifetime gas savings among extended participants) with the following constraints:**

- **Segregated, capped budget for basic participants (to avoid LDCs simply shifting budget and effort to this cream skimming category).**
- **Threshold at 50% before which no incentives are available (to avoid paying for mediocre performance and to concentrate incentive dollars on the task of encouraging performance at the margin).**
- **150% incentive cap(s) (at the very least for the basic measures) to ensure that the LDCs pursue all aspects of the scorecard and not obtain excessive incentives for easier metrics. The levels of**

participation for basic level measures are already demonstrated to be achievable, and require no innovation, so the capping of incentive and budget is particularly important for that category. While there is a strong argument for no overall cap (to encourage continued improvement) we submit that the overall level of available incentives should also be capped to maintain the acceptability of the Low Income program to other ratepayers.

- **We note that the values for lifetime gas savings are "TBD". We understand there is agreement that these values will reflect the savings assumed in the smart protocols (which will be scrutinized by a Board process after they are proposed by the LDCs) and the values for 50 and 150% levels will be proportional to the number of participants assumed for those levels in the scorecard. We also understand that there is agreement that this row of the scorecard only captures gas savings from extended measure participants.**

See our further comments on the specific values proposed by the utilities below.

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.9 Incentive structure

I Concur:

Rationale:

I do not concur: **The incentive level of $750,000 proposed by Enbridge is:**

- **2.5 times the level of in-house spending (0.3 million on labour, expenses, evaluation and research)**
- **$750 per extended measure participant**

As such GEC believes this is somewhat higher than appropriate. GEC proposes that the incentive should reflect customer benefits, LDC effort, and be suitable to attract senior management attention. An incentive of $500/extended measure participant (roughly 10-20% of benefits) is a fair sharing, is more than ample to reward LDC effort and, at $500,000 – 750,000 (at the 100 and 150% reward levels) is adequate to attract senior management attention. We propose an additional 10% incentive for the basic participant program ($50,000 for the 100% level).

Rationale:

Union report Section 3.9 Incentive structure

I Concur:

Rationale:

I do not concur: **The incentive level of $650,000 proposed by Union is:**

- **2.65 times the level of in-house spending (0.25 million on labour, expenses, evaluation and research)**
- ***$2600 per extended measure participant***

As such GEC believes this is higher than appropriate. GEC proposes that the incentive reflect customer benefits, LDC effort, and be suitable to attract senior management attention. An incentive of $500/extended measure participant (roughly 10-20% of benefits) is a fair sharing, and is more than ample to reward LDC effort, but, at $125,000 – 150,000 (at the 100 and 150% reward levels) is judged inadequate to attract senior management attention. Accordingly, for 2010, for Union, we would double the $500/extended participant level we have proposed for Enbridge to ensure management attention (i.e $250,000 - $300,000 at the 100 and 150% levels). We propose an additional 10% incentive for the basic participant program ($25,000 for 100% level).

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.10 Program research in 2010

I Concur: **OK**

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.10 Program research in 2010

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.10 Program research in 2010

I Concur:

Rationale:

I do not concur

Rationale:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur: **OK**

Rationale:

I do not concur:

Rationale:

Enbridge report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur:

Rationale:

I do not concur:

Rationale:

Union report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur:

Rationale:

I do not concur

Rationale:

Conservation Working Group Draft Report
Comments as submitted by Hydro One

Since the gas utilities submission of comments there has been considerable discussion and consensus building, much of which has been documented in the "Summary of major points of discussion and consensus at the Conservation Working Group meeting August 6, 2009" and circulated by IndEco. As such, I do not believe commenting on the gas companies original submissions as anticipated by this template is still appropriate.

The feedback below is based on the Revised Draft report as circulated July 24, 2009 but incorporating the "Summary of major points of discussion and consensus at the Conservation working Group meeting August 6, 2009"

Introduction:

CWG report Section 1.1, 1.2, 1.3

I concur. This is intended to be a factual description of the process undertaken. Hydro One has noted no substantive errors and is confident that IndEco will appropriately update this section for the final report.

Guiding Principles:

CWG report Section 2, 2.1

I concur with these as guiding principles, but it needs to be recognized that not all may be achievable in the short term or even necessarily in the long term. There could be logistical/financial/ jurisdictional /etc. reasons why certain elements should not or can not be achieved, but stating these principles ensures that these factors are considered and deviations from them will, in the long term, be conscious rather than through oversight.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.1 Program Description

I concur with this description of the program for gas utilities.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.2 Target Audience

The market segments identified seem to be reasonable for the short-term natural gas DSM LEAP.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.3 Eligibility

Hydro One agrees that anyone receiving social benefits as listed being eligible for the low income conservation program. Fixed income level may be appropriate as a second criterion of eligibility for the natural gas DSM LEAP, given the nature of the communities served. However, cost of living and income vary substantially across the province and electricity utilities which serve large and varied areas of the Province will need some flexibility. Any criteria using a fixed income level has the potential to disadvantage those in some regions while making eligible substantial portions of the population in other regions. For instance, applying the criteria discussed in the Financial Assistance Working Group could result in upwards of 30% of customers in some regions qualifying for low income assistance. Such extensive eligibility would not be supportable within the budget envelopes discussed and might direct substantial amounts away from the most needy low income consumers.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.4 Program Measures

I concur with the first stage screening outlined in the summary of major points of discussion and consensus to determine measures eligible for consideration by natural gas utilities.

Rationale: This basic screening results in a broad selection of measures eligible for consideration. The smart protocols, yet to be developed, will incorporate the cost effectiveness test and will need to be applied by the auditor in each situation to determine which of the eligible measures are appropriate. If the smart protocols do not incorporate the cost effectiveness test, then this would be too broad of an eligibility list and would need to be narrowed to those that are cost effective.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.5 Screening

I concur with the screening material in the summary of major points of discussion and consensus.

Rationale: The smart protocols, which have not yet been developed, will determine which measures are deployed in which situation, including an assessment of effectiveness. Further comment is reserved until such time as the actual proposed protocols are available for review.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.6 Program Delivery

I concur.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.7 Education and training

I concur

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.8 Budgets and targets

Budget proposals:

I concur, with this discussion as it applies to the natural gas utility program.

Rationale: Budgets are primarily result of an assumed average cost per house multiplied by the target number of houses. Once smart protocols are developed they may help determine a better per house average cost. The target number of houses proposed by each gas company appears to be challenging but achievable based on each company's current activity level. Should the average cost per house and/or the target number of houses change, the budget must necessarily change as well.

Again, in the case of electricity distributors, flexibility in terms of pricing will likely be needed, given their coverage of remote communities over larger territories, and often fewer, if any, service providers in the area.

CWG report Section 3.8 Budgets and targets

Strawman scorecard:

I concur with the performance metrics for the natural gas program outlined in the summary of major points of discussion and consensus. The siloed budget for basic measures further ensures concentration on extended measures.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.9 Incentive structure

I concur with the principles outlined in the summary of major points of discussion and consensus regarding the incentives applicable to the natural gas utilities.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.10 Program research in 2010

I concur.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I concur with the discussion that LRAM should apply to low income programs and that DSMVA should be 15% for basic measures and 25% for extended measures.

Low-Income Energy Network

August 10, 2009

Proposed short-term framework for natural gas low-income DSM

Please accept this as the comment of the Low-Income Energy Network (LIEN) on the Revised Draft Report (July 24, 2009) regarding the proposed short-term (2010) framework for natural gas low-income DSM. LIEN's comments on the long-term framework are being submitted as a separate document.

LIEN concurs in the overall approach and conclusions of the most recent Draft Report (July 24, 2009).[1] In particular, LIEN endorses as both necessary and sufficient the "guiding principles" articulated in Section 2.1 of the Draft Report.

GUIDING PRINCIPLES

LIEN endorses including a reference to delivering low-income energy efficiency and usage reduction measures[2] in a "cost-effective manner" as a "guiding principle." While recognizing that different stakeholders might differently define how "cost-effectiveness" is most appropriately measured, LIEN believes that the discussion regarding cost-effectiveness tests lies in that forum (i.e., defining cost-effectiveness), not in abandoning the principle that efficiency measures be cost-effective. LIEN does not believe in low-income efficiency "at any cost." Its comments regarding the appropriate cost-effectiveness test are presented below.

Having endorsed the overall approach, one general comment applicable to the "guiding principles," and carrying over to the program delivery discussion in Section 3, is the appropriateness of being aware of the potential for coordinated programs with *water* providers as well. While the focus of the Conservation Working Group (CWG), including LIEN, has clearly been on *energy* conservation, that focus has perhaps excluded the broader need for, and benefits from, *resource* conservation. LIEN does not seek to redirect the focus of the CWG. It does, however, wish to note the advantages of coordinating natural gas (and electricity as appropriate) conservation programs with water conservation programs as well (see, Guiding Principle 4, page 7; Program Description, page 9, bullet 6).

[1] Henceforth, references to the "Draft Report" should be construed as references to the July 20, 2009 draft unless other explicitly noted.

[2] For purposes of these comments, references to energy efficiency, usage reduction and energy conservation are all intended to encompass the same package of measures. While the differences between such terms may be more evident in the electricity sector, for purposes of these comments, no distinction is intended.

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PROGRAM DESCRIPTION (SECTION 3.1)

LIEN concurs in the overall approach included in the "program description" set forth in the July 24, 2009 Draft Report. In particular, LIEN emphasizes the importance it attaches to the need for a direct-install program involving the provision of "deep" measures free of charge to low-income customers. Integration and coordination of natural gas efficiency programs with other programs, both for intake purposes and program delivery purposes, is a critical element.

As mentioned immediately above, LIEN would encourage efficiency service providers to integrate their program delivery with water conservation, as well as electricity and other non-energy programs.

LIEN does not believe that a continuation of natural gas company existing programs delivering "low-cost basic measures" is either necessary or appropriate to the extent that such programs divert substantial resources away from the delivery of deep measures. Lessons learned by weatherization providers teach that there are risks associated with low-cost/no-cost usage reduction measures.

A substantial number of homes have defects that make it impossible, even dangerous, to install some of the measures. Consider, for example, the simple observation that showerheads provide the largest usage reduction among the low-cost basic measures discussed to date. Plumbing in bathrooms of low-income homes, however, is likely to be old and/or not standard. A worker detaching an old showerhead has a reasonably high chance of damaging rusted or mineral-encrusted pipes.

LIEN further notes the findings of Apprise, Inc., an organization that does considerable conservation evaluation work around the United States. Apprise reviewed the expected impacts of "mass mailing programs" involving low-cost efficiency "kits" such as those that would contain low-cost basic measures delivered through a natural gas basic low-cost program. Within its evaluation, Apprise considered the opportunity rate, the adoption rate, and the retention rate for particular measures.

- The opportunity rate looks at the percentage of homes that have this energy savings opportunity.
- The adoption rate considers the percentage of clients that would adopt the energy savings measure.
- The retention rate is the percentage of clients that would retain the installed measure.

A combination of these three factors yielded the "effective rate," which measures the actual implementation of usage reduction adoption. Mass-distributed low-flow showerheads, for example, were found to have an effective rate of only 10%.

It may be appropriate to deliver basic low-cost conservation measures on a mass distribution basis simply to do "something" for many low-income customers in the short-term. The delivery of such low-cost basic measures, however, should not divert resources from the deep measures that deliver meaningful usage reduction to low-income households.

TARGET AUDIENCE (SECTION 3.2)

LIEN concurs in the target audiences "chosen as a starting point for the low-income program. . ." It is reasonable, in the first year, to restrict extending natural gas programs to the three identified audiences.

LIEN, however, does recommend a modest change to the targeting principle articulated in Section 3.2. The Draft Report recommends that "the program should target the least energy efficient residences within these market segments first." While LIEN endorses the principle behind this statement, it worries that determining the "least energy efficiency residences" is an unworkable targeting principle. Determining the relative energy efficiency of various residences may very well depend upon completing the very audit that the targeting principle is based upon. This principle, in other words, assumes the answer.

LIEN recommends a two-step targeting principle:

- To begin, the program should target the highest users within these market segments first. Determining who represents the "highest user" amongst various potential households that are otherwise eligible for low-income measures is an objective decision that can be based on data that easily available and verifiable from the utility.

- Next, should there be a group of households with equal (or reasonably equal) levels of natural gas consumption, the program should target those users with the highest arrears. The use of arrears does not displace the use of consumption as a targeting principle. The consideration of the level of arrears is only within a group of consumers that otherwise stand in equal position for efficiency investments based on their respective usage characteristics.

Finally, LIEN takes modest exception to the statement regarding program expansion. Section 3.2 reads that "over time with appropriate ramp-up, the program is expected to expand to encompass all low-income market segments. . ." (Draft Report, page 10). LIEN urges that this sentence understates the commitment that has been made. There is not merely an "expectation" that the program will expand to encompass all low-income market segments. There is an agreed mandate for program expansion. Section 3.2 should be modified to read, "over time with appropriate ramp-up, the program ~~is expected to~~ shall expand to encompass all low-income market segments. . ." Expansion to the entire low-income market is not merely an "expectation." It should be recognized as a requirement.

ELIGIBILITY (SECTION 3.3)

LIEN concurs in the discussion of "eligibility" in Section 3.3. LIEN notes, however, the difference between establishing "eligibility" and implementing "targeting." LIEN absolutely agrees with the statement that "regardless of the criteria established, it should be the service providers of the gas utility and not the gas utility that determines the low-income status of potential program participants."

This statement, however, should not detract from the utility's obligation to constantly seek out high-use, high arrears, low-income customers to be referred to service providers for income-verification. The utility's play a critical role in implementing the targeting and marketing aspects of the low-income program. The service providers would have no reason to know either the consumption characteristics, or the payment characteristics, of potential program participants. Each stakeholder (service providers, utilities) have their respective role to play in generating participants for the low-income program.

PROGRAM MEASURES (SECTION 3.4)

LIEN concurs in the discussion of program measures presented in Section 3.4, within the constraints of the discussion of "basic measures" presented above. In particular, LIEN endorses the statement that while "each gas utility can select extended measures for the 2010 program," each utility "is required to make weatherization measures a priority." (Draft Report, at 13).

LIEN recommends one additional observation to be included in the discussion of "program measures." LIEN endorses the need for, and appropriateness of, a program "emphasis on providing deep measures where appropriate." (Draft Report, at 9, bullet 2). In addition to endorsing "deep measures," however, LIEN believes that the discussion of "program measures" should recognize the propriety of exhausting all cost-effective measures in a home within the constraints of the available program budget.

Once a home is treated with deep measures, it is unlikely, at best, that the home will again be treated with additional energy efficiency measures. Accordingly, while in the home, the utility low-income service providers should install all cost-effective usage reduction measures. <u>*Not*</u> to do so would result in the loss of the opportunity to do so in the future. It would leave wasteful, and potentially unaffordable, energy consumption that could (and should) have been eliminated through the usage reduction treatments.

LIEN agrees that "which extended measures to be installed will be based on a site audit. . ." (Draft Report, at 9). LIEN further agrees with the statement that "each gas utility can select extended measures for the 2010 program. . ." (Draft Report, at 13). LIEN recommends a final simple statement in Section 3.4 which reads: "When installing extended measures, the utility will install all measures identified by the site audit within the constraints of overall cost-effectiveness. Appropriate extended measures identified by the site audit should not be left undone or left for future treatment."

SCREENING: SECTION 3.5

While LIEN concurs in the statement that low-income energy efficiency measures should meet a cost-effectiveness test, LIEN further agrees with the Draft Report that the Total Resource Cost (TRC) test is an inappropriate test to use for low-income programs. LIEN believes that the screening test proposed by the Draft Report (i.e., a simple payback to the low-income participant) is an appropriate test.

LIEN endorses the use of a basket-approach rather than a measure-approach in applying this simple payback test. The reference in the Draft Report to the possibility "to set a payback range or use a payback average for the basket of measures implemented at a particular residence" is appropriate. Service providers should continue to install measures in a home so long as the payback for the basket of measures as a whole remains cost-effective as measured by a simple payback determination from the perspective of the low-income participant.

LIEN does not object to having each utility "collect data which it will use to calculate the household and program TRC for program evaluation purposes only." (Draft Report, at 15). In calculating these TRC metrics, however, LIEN does not agree with the observation that "adders" are not commonly used for low-income efficiency programs.

Consider the discussion of the use of "adders" in measuring the cost-effectiveness of low-income usage reduction programs as set forth by Howat and Oppenheim.[3] Howat and Oppenheim conclude that that "removing the estimates for equity and all the items that may be considered to be transfer payments from a societal perspective –still not counting the unquantified benefits—and taking only a third of the range instead of the mid-point[4] yields an adder of 59%." Given the emphasis of Howat and Oppenheim on what they exclude from their adder, the use of an adder of 0.70 as the Draft Report references for BC Hydro (Draft Report, at 14, footnote 13) is reasonable. The Howat and Oppenheim analysis can be provided upon request.

Again, however, LIEN agrees that the calculation of a household and program TRC, even with this adder, is "for program evaluation purposes only." In endorsing this reporting requirement, LIEN does not explicitly or implicitly accept the TRC as an appropriate mechanism by which to determine the cost-effectiveness of low-income usage reduction programs.

PROGRAM DELIVERY: SECTION 3.6

LIEN concurs with the discussion in the Draft Report of program delivery.

[3] Howat and Oppenheim (1999). Analysis of Low-income Benefits in Determining Cost-effectiveness of Energy Efficiency Programs, National Consumer Law Center: Boston (MA).
[4] Going one-third of the distance from high to low.

EDUCATION AND TRAINING: SECTION 3.7

LIEN concurs with the discussion in the Draft Report regarding education and training.

BUDGET AND TARGETS: SECTION 3.8

LIEN has previously submitted its budget recommendations for Enbridge and for Union Gas. LIEN clarifies that its recommended budget of $4,000 per participant (Draft Report, at 16) is not intended to represent a ceiling on expenditures. Rather, it submits this as an estimate of the average cost per participant. LIEN believes that natural gas programs should continue investing in each treated home until the service provider has exhausted the delivery of cost-effective efficiency measures as determined by an on-site audit (see, Program Description, Draft Report, at 9, bullet 3, "which extended measures to install will be based on a site audit carried out by a qualified energy auditors using a standard protocol. . ."). The program delivery should leave to the discretion of the service provider the determination of at what point that exhaustion is reached rather than setting arbitrary budget limitations per household.

The Draft Report makes three statements that LIEN, in particular, finds to be important principles:

- "Approval to roll over the incentive dollars into next year's budget is necessary. This budget augmentation at the beginning of the program delivery year would enable the gas utilities to augment their targets and funding of deeper measures." (Draft Report, at 15).

- "When providing its proposed budget and target for 2010, each utility is requested to provide a trajectory of what the low-income program budget and targets are expected to look like over a 5-year period to 2014." (Draft Report, at 15).

- ". . .in a given year where the rate impact to residential customers is expected to be higher than typical, this will impact low-income customers more severely. Therefore, in general, and in such times of hardship, in particular, it is imperative that the gas utilities ensure that the low-income DSM program remain robust even as these cost pressures increase."

LIEN endorses the efficacy and accuracy of each one of these statements and urges their utilization in the design and delivery of low-income program budgets.

INCENTIVE STRUCTURE: SECTION 3.9

LIEN re-articulates its support for the "strawman" incentive proposal presented in the Draft Report. (Draft Report, at 19). In endorsing the statement that there should be little incentive for "soft" efforts, however, LIEN emphasizes its opinion that the "basic low-cost measures” discussed above represent such “soft” efforts. The incentives proposed by the Draft Report should be tied to meeting the performance levels set forth in a scorecard model as proposed in the Draft Report (Draft Report, at 18).

LIEN endorses a capped incentive structure. Providing an uncapped incentive creates an unbalanced regulatory structure. It allows for an unlimited upside potential while providing no penalties for a failure to meet minimum performance standards. Should an uncapped incentive be considered, it should be coupled with a discussion of penalties imposed for a failure to perform.

While LIEN does not propose, at this time, a “target weight” for any of the three performance metrics in the performance scorecard, when such weights are further discussed, LIEN will continue to rely on its skepticism of the value of the basic low-cost measures as a means of delivering usage reduction services to low-income customers. Minimizing the reliance on the delivery of basic low-cost measures in the scorecard approach is appropriate.

PROGRAM RESEARCH/ADDITIONAL FRAMEWORK COMPONENTS: SECTIONS 3.10 AND 3.11

LIEN offers no comment on either Section 3.10 or 3.11 of the Draft Report.

Thank you for allowing LIEN to comment on the Draft Report. LIEN looks forward to continuing to work collaboratively to develop and deliver low-income efficiency programs that benefit the community, the company, and the customer.

Conservation Working Group Draft Report Comments from SHSC

We agree that this template be used to capture the Revised Draft Report dated July 24th and incorporating the discussions that took place at the Aug. 6/09 CWG.

We have provided comments only in sections that apply, all others are deemed to be "ok".

Introduction:

CWG report Section 1.1, 1.2, 1.3

Guiding Principles:

CWG report Section 2, 2.1

Need a definition of cost effectiveness – not just financial – Consideration for sustainability, environmental outcomes, equity, comfort, health and safety issues to be included. We agree with the idea of "cost effective" but that the term needs to be defined to make sure that we include outcomes other than financial that reflect the needs of the low-income sector.

Enbridge report Section 2, 2.1

Union report Section 2, 2.1

Under guiding principle #2 Union needs to explain what they mean by "Union plans to address the energy efficiency needs of all categories of low-income consumers "*overtime*", in private and social housing, recognizing that some segments may take longer to develop effective programs for, particularly where the low-income consumer does not pay their own utility bills." What is meant by "overtime" – not in 2010 but included in 2011 and going forward?

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.1 Program Description

Enbridge report Section 3.1 Program Description

Union report Section 3.1 Program Description

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.2 Target Audience

Should make it clear that multi-residential high-rise buildings to be included in long term program.

Enbridge report Section 3.2 Target Audience

Union report Section 3.2 Target Audience

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.3 Eligibility

SHSC agrees with the eligibility criteria when it relates to the private low-income sector, however, we feel that for the low-income social housing sector, any household living in social housing should be the criteria for eligibility in any DSM or CDM program. We feel strongly that any resident living in social housing is a vulnerable consumer when it relates to utilities and the potential for energy poverty.

SHSC agrees with gas companies in that they should also be able to screen potential participants in the program should they contact their utility directly. The alternative is the gas company would have to redirect low income consumers to a social agency for screening and this doesn't make sense if we're trying to make accessibility easy and streamlined for the customer.

Enbridge report Section 3.3 Eligibility

Union report Section 3.3 Eligibility

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.4 Program Measures

Enbridge report Section 3.4 Program Measures:

Union report Section 3.4 Program Measures

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.5 Screening

SHSC does not agree that a TRC with an adder is an appropriate method for a low-income program and a more fulsome approach should be undertaken.

We agree with Hydro One's comments that further comment is necessary when smart protocols have been developed.

Enbridge report Section 3.5 Screening

Union report Section 3.5 Screening

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.6 Program Delivery

Enbridge report Section 3.6 Program Delivery

Union report Section 3.6 Program Delivery

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.7 Education and training

Program savings can be increased through effective education and training. Housing staff in the low-income social housing sector need to be educated to understand the energy efficiency opportunities in their buildings and how to properly operate and maintain energy efficient equipment in order to sustain the energy savings and life-cycle of the equipment.

Both Enbridge and Union have allocated insufficient budget to adequately address the educational and training needs of the low-income social housing sector. Residents of social housing need the tools to help them help themselves as the foundation towards a culture of conservation. This should be a priority with any DSM and CDM program to minimize the need for LEAP financial support to avoid disconnections and energy poverty.

Enbridge report Section 3.7 Education and training

Union report Section 3.7 Education and training

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.8 Budgets and targets

Budget proposals:

Education and training should be on the scorecard – should be 5 – 10% of the program budget - behavioural changes on energy conservation can increase savings by 10 to 15%.   The current amounts in the proposed budgets of Enbridge and Union are too low to be of any significance.

SHSC supports the budget and targets as presented by Enbridge.

Although Union has doubled its target for extended measures from 2009, we feel that this could be increased from 250 to 350 and the budget allocated increased as it appears low for deep measures. SHSC would want to see Union's target for extended measures participants increase for the long term program, and we believe this is Union's intention.

Enbridge report Section 3.8 Budgets and targets

Budget proposals:

Union report Section 3.8 Budgets and targets

Budget proposals:

CWG report Section 3.8 Budgets and targets

Strawman scorecard:

Enbridge report Section 3.8 Budgets and targets

Strawman scorecard:

Union report Section 3.8 Budgets and targets

Strawman scorecard:

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.9 Incentive structure

Enbridge report Section 3.9 Incentive structure

Union report Section 3.9 Incentive structure

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.10 Program research in 2010

Enbridge report Section 3.10 Program research in 2010

Union report Section 3.10 Program research in 2010

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

Enbridge report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

Union report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

InDECo

Conservation Working Group Draft Report Comments as submitted by VECC/EP

Introduction:

CWG report Section 1.1, 1.2, 1.3

I do not concur with the following

Rationale:

Section 1.1 paragraph 3 -the Notice of Proposal to Amend a Rule should include the words *for electricity distributors.* In addition the following should be added: "The Board has yet to address the issues of more flexible customer rules for gas distributors".

Section 1.3 needs a complete rewrite to reflect the CWG status following the August 6 Meeting and submissions.

Guiding Principles:

CWG report Section 2, 2.1

I do not concur:

Rationale:

Principle 1 (b) Definition of "consumer" must include persons living in residences with energy costs included in lease/rent,

Principle 2 Cost effective must be defined -suggest

"Cost effectiveness should be assessed

i) from the consumers perspective

ii) From the utility ratepayers perspective"

Principle 5

The principle under Principle 7 (a) should be moved to become Principle 5(d)

5(d) Design programs that encourage persistence of energy savings

Principle 8.

Add sub-points

a) **DSMVA***

b) **LRAMVA protection based on Audited Results***

c) **SSM based on Scorecard Audited Results***

*** Details to be approved by OEB**

Enbridge report Section 2, 2.1

Union report Section 2, 2.1

No Position on these sections

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.1 Program Description

I do not concur:

Rationale:

Third bullet should indicate cost effective measures

"choosing measures based on cost effectiveness criteria, including vintage of existing measure .....

Enbridge report Section 3.1 Program Description

I Concur: Support EGD Position

Rationale: "While Enbridge agrees that the principle of cost-effectiveness for low-income programs is an important one, we want to underscore that we do not believe the TRC is the appropriate measure at this time. Currently there is no broadly-used industry standard for how to measure cost-effectiveness in low income programs; in section 3.5, Enbridge offers a practical solution to this problem to test in 2010 or until there is a better tool available." *[see also comments section 3.5]*

Union report Section 3.1 Program Description

I Concur:

Rationale: With regard to the basic measures Union accepts this program design element by reducing its 2010 basic measures objective to well below the 2009 basic measures objective. It is important to note however, that Union strongly supports the Helping Homes Conserve program.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.2 Target Audience

I Concur:

Rationale: Addressing the Market rate/rental multifamily buildings sector should be done in conjunction with OPA starting in 2011

Enbridge report Section 3.2 Target Audience

I Concur:

Rationale: The exclusion of residential market segments with utilities included in rent is reasonable for 2010. Exception Social housing units

Union report Section 3.2 Target Audience

I do not concur

Rationale:

Union supports the target audience definition outlined in the CWG report with the exception of the third bullet which requires clarity. Union suggests that the bullet should read as follows:

"Low-rise private multi-family tenants where the tenant is responsible for paying the natural gas bill."

Agree that the wording should indicate a focus on the tenant, but the archetype of building should continue to be included

"Low-rise private multi-family buildings where the tenant is responsible for paying the natural gas bill."

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.3 Eligibility

I do not concur:

Rationale:

There must be closure on the eligibility criteria for Conservation Programs and these should be broader than those for financial assistance. Note the Board endorsed 125% of LICO and EGD uses 140% of LICO.

Enbridge report Section 3.3 Eligibility

EGD supports GWG Report

Union report Section 3.3 Eligibility

I do not concur

Rationale: As noted above, a LICO-based threshold should remain BUT that should be equal to 125% (or a higher level e.g. 140%)

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.4 Program Measures

I Concur:

Rationale:

1. **Basic measures should remain but focus shift to deep measures**

2. Standardized methodology for selecting measures is required for consistency between EGD and Union

Enbridge report Section 3.4 Program Measures

Union report Section 3.4 Program Measures

Rationale: SEE below under Screening and under Targets and Budgets

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.5 Screening

I do not concur:

Rationale:

1.There must be a common set of input assumptions (lifetime, unit savings) for the mass market measures- showerheads, aerators, PTs and these should also be aligned with those of the OPA and the electricity sector where this is appropriate

2. For weatherization measures these may be treated under the smart propocol as custom projects at the individual home level, however the Average input assumptions should be the same for each measure

3. There needs to be more work on the payback model including methodology (DCF

etc) and examples of measures should be run through the model. This task cannot be left solely to Union and EGD. *Board Staff should contract this work*.

4. Disagree with the last paragraph re a threshold approach. First, because it was not discussed and second it may be unnecessary unless the overall screening methodology requires this. To use a threshold means denying some participants access to some measures unless this is indicated by a vintage criterion (relatively new appliance) or by the payback screening

Suggest examine two approaches for Boad Staff work on Screening each measure

1. **Simple payback- Cost of measure divided by lifetime savings at current delivered energy costs.**
2. **Discounted multiyear cash flow to estimate NPV cost/ benefit**

   Outflow -Initial cost

Inflow - Σ[annual savings*discount factor] DF includes time value of money and escalation of energy costs/savings

Enbridge report Section 3.5 Screening

I do not concur:

Rationale:

EGD Indicates "There are two stages at which measures need to be screened. The first is for inclusion in the program in the first place, and the program measures list in section 3.4 identifies the key measures that will be included in the 2010 program. Enbridge proposes that as long as a measure meets at least one of the following three criteria, it should be eligible for inclusion in the low-income program:

- The measure has been shown to be TRC positive in the traditional DSM portfolio
- The measure is commonly included in other low-income programs in other jurisdictions
- The measure is included in either the province's Home Energy Retrofit Program or the federal government's ecoENERGY program measures list, or has been identified in the Green Energy Act as a measure which can make a positive contribution to the province's energy conservation goals.

The second stage at which measures should be screened is at the household level, when the service provider is faced with a decision on what measures to recommend

Comment

1. **The first criterion is not useful since the key cost assumptions differ for the traditional DSM portfolio and the LI portfolio**
2. **The general screening should be done based on payback criteria**
3. **Agree that Green Saver-type smart protocol screening at the individual unit**

level should drive the choice of most cost-effective measures to install

Union report Section 3.5 Screening

I do not concur

Rationale:

Union states There are many factors to consider while developing a simple payback tool, such as weather over the geographic spread (south vs. north). For this reason, Union will need time to develop a sophisticated and effective tool. Union will recommend a set of payback numbers and smart protocols as suggested by the CWG in our detailed program plans.

Comment

Agree that more work is needed but *methodology* issues (DCF PV etc) should be addressed now and not left to UNION and EGD. *Board staff should contract work on screening methodology now*

Details from applying the methodology will be part of submissions of EGD and Union 2010 Plans.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.6 Program Delivery

I Concur:

Rationale:

Enbridge report Section 3.6 Program Delivery

Union report Section 3.6 Program Delivery

EGD and UNION do not make any specific comments on this issue

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.7 Education and training

I do not concur

Rationale:

1. **As worded this section leaves too much of the training to the gas utilities. The use of channel partners to deliver the programs is essential and it is these channel**

partners that should develop and implement the training and education programs under utility oversight.

2. **The Budget for E&T is too low.**
3. ***Branding* of the Program should be part of the overall strategy. There should be a <u>single</u> brand such as *helping homes conserve*, preferably this should be used by the electricity sector for this segment of the CDM market as well.**

Enbridge report Section 3.7 Education and training

Union report Section 3.7 Education and training

EGD and Union do not make any specific proposals (only a comment from Union about costs of addressing non-financial barriers)

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.8 Budgets and targets

I do not concur:

Rationale:

1. **The Scorecard approach is directionally correct but the scorecard in Table 5 should be tested to ensure that resulting incentives (see Section 3.9) do not produce perverse or unanticipated outcomes.**
2. **For example incentives for basic measures (based on the scorecard) should not exceed those for the "regular" LI DSM programs to date. It is understood that for Union this is the case and is not appropriate.**
3. **The first proposal listed on Page 21 was based on a TRC approach to the portfolio and may not be adaptable to the new scorecard approach. The new proposal has not been discussed and without understanding the Targets for Basic and Deep measures it is not possible to make meaningful comments.**
4. **Scorecard should be weighted more to actual energy savings and to Deep Measures**
5. **The methodology for determining gas savings should be determined *before* the scorecard is finalized**
6. **There should be separate targets for single family owner occupied and social housing units. The latter Targets are easier to reach and the per unit savings (due to archetype) may be lower**

Proposed Targets in Scorecard Format

Performance Metric	50% of Target	100% of Target	150% of Target	Weighting
Basic Measure Participants	EGD 4600 Union 4000	EGD 5000 Union 6000	EGD 5400 Union 8000	10%
Extended Measure Participants	EGD 800 Union 200	EGD 1000 Union 250	EGD 1200 Union 300	40%
Gas Savings M3	TBD	TBD	TBD	50%

In addition the Utilities should commit to entry into a number of new communities each year.

7. **The scorecard should be tested using monetized assumptions for each row for example $10/participant for basic measures and $100/participant for extended measures and $300-500/home/yr for average energy savings.**

Enbridge report Section 3.8 Budgets and targets

Scorecard: Scorecard should be modified SEE Section 3.9 below.

I do not concur:

Rationale:

1. Approach to the portfolio and may not be adaptable to the new scorecard approach. The new proposal has not been discussed and without understanding the effect of Targets for Basic and Deep measures it is not possible to comment on the outcomes
2. The budget increase proposed by EGD results in unacceptable rate impacts for non-participants (the majority of residential consumers including low income families) SEE BELOW

Enbridge report Section 3.8 Budgets and targets

Budget proposals: EGD 2010

Budget Category (All detailed costs are estimates until program plan is complete)	**2010 Budget** (before 3rd party rebates)
Program Variable Costs	
Audit Costs	$0.6 million
Basic Measures	$0.4 million
Extended Measures	$5.8 million
Total Program Variable Costs	**$8.3 million**
Variable Cost per Participant – Basic Measures	*$95*
Variable Cost per Participant – Extended Measures (includes audit costs)	*$6,400*
Program Fixed Costs	
Education/Training	$0.1 million
Marketing/Service Provider Fees	$1.0 million
Other (labour, expenses, evaluation, research)	$0.3 milion
Total Program Fixed Costs	**$1.4 million**
Grand Total Budget	**$9.7 million**

I do not concur:

Rationale:

1.The budget is presented on a gross basis and has too big a rate impact (~1.2%) and should be capped to about a 0.5% impact~ $4.5 million. Additional funds from Federal and provincial programs would be used to increase the overall budget. Reasonable assumptions about the amount of leverage should be used for planning purposes.

2. EGD has a 2009 Distribution Revenue Requirement of about $1 billion. For 2010 This will be increased by forecast CPI-0.6%. This could result in an increase of about 1.4% or $14 million. Accordingly the combined rate impact will be about 2% 0r $20 million and is not reasonable.

(See also comments on use of DSMVA)

Union report Section 3.8 Budgets and targets

Budget proposals:

I Concur:

Rationale:

UNION GAS PROPOSED 2010 BUDGET	
Budget Category (All detailed costs are estimates until program plan is complete)	**2010 Budget** (before 3rd party rebates)
Program Variable Costs	
Audit Costs	$0.1 million
Basic Measures	$0.8 million
Extended Measures	$1.4 million
Total Program Variable Costs	**$2.3 million**
Variable Cost per Participant – Basic Measures	*$135*
Variable Cost per Participant – Extended Measures (includes audit costs)	*$6,000*
Program Fixed Costs	
Education/Training	$0.05 million
Marketing/Service Provider Fees	$0.4 million
Total Program Fixed Costs	**$0.55 million**
Other Fixed Costs	**$0.25 million**
(labour, expenses, evaluation, research)	
Total Budget	**$3 million**

Union report Section 3.8 Budgets and targets

Strawman scorecard:

I (generally)Concur: Assuming Basic Measures are Flat-lined in 2011-13

Rationale:

1. **Union's budgets are within the 0.5% rate impact range and are more modest. However the targets for Deep Measures are low and the use of matching funds is required to increase both targets and budgets**
2. **The Union scorecard proposal should be more weighted to Energy Savings (see also comments on SSM)**
3. **There should be separate targets for single family owner occupied and social housing units. The latter are easier to reach and the per unit savings (due to archetype) may be lower**
4. **Union's targets for Deep Measures are low and should be increased at the expense of basic measures ie no budget increase.**

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.9 Incentive structure

I do not concur:

Rationale: CWG has not assessed Incentives in the context of the new scorecard and program structure (basic v.s. deep and private vs social housing)

The incentive structure needs more work to avoid un-intended outcomes

Enbridge report Section 3.9 Incentive structure

I do not concur:

Rationale: EGD proposes a modified Scorecard. However it has problems

1. **EGD and Union propose too much weighting on activity measures (participants) as opposed to quantitative energy savings**
2. **No detail is provided as to how either compensation for participants or energy savings will be determined at 50%-150% of target. The Scorecard should be tested with realistic assumption as to the amounts to be earned for each of the three levels (basic, extended participants and energy savings).**
3. **The level of incentive appears to be the main driver for the scorecard weightings proposed rather than the other way round.**
4. **The overall incentive seems to be about 7.5% of Budget for EGD and 20% of budget for Union. These levels are well above the current TRC-based SSM and the 5% of net TRC available to electric CDM**

> **"**In Enbridge's view, this amounts to a pool of about $750,000 for 100% achievement of Enbridge's proposed targets for 2010."

Union report Section 3.9 Incentive structure

I do not concur

Rationale: Union Indicates

"In Union's view, this (incentive) amounts to a pool of about $650,000 for 100% achievement of proposed targets for 2010. This amount would be allocated to the various performance metrics in the proposed scorecard above, based on the proposed weights beside each metric.

In keeping with an incentive structure which is competitive with Union's traditional DSM incentive framework, the opportunity to earn a Low-Income incentive with no cap in place is recommended. As referenced in the first paragraph of section 3.9, this will incent

Union to strive to overachieve on their targets and ensure that programs do not end once targets have been achieved".

Comments

1. **$650,000 in SSM incentive for a $3 million program is excessive (22% of budget)**
2. **By comparison, EGD's proposed SSM of $750,000 is more in line with a $10 million program (7.5% of budget). However this level of Budget leads to unacceptable rate impacts unless leveraged with Federal and provincial funds.**
3. **The level of SSM incentive (based on savings) should be in the order of 5-10%**
4. **The incentive for both utilities should be tied to (audited) energy savings and be a true Shared Savings Mechanism**

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.10 Program research in 2010

I Concur:

Rationale: The research is critical to extending the geographic coverage and market reach of the program. The Budget proposed is reasonable.

Enbridge report Section 3.10 Program research in 2010

Union report Section 3.10 Program research in 2010

The utilities agree with the research proposed.

Short term framework (2010) for low-income DSM for natural gas distributors

CWG report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I do not concur:

Rationale: The Working Group must reach closure on these components. It is noted that the DSMVA percentage is a function of the level of budget proposed bearing in mind the overall rate impact.

Enbridge report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I do not concur:

Rationale: Enbridge proposes that the current 15% cap on DSMVA funding be increased to 25% for low-income, to reflect the added uncertainty in this new framework, and the heightened importance of having a constant presence in the market without risk of program interruptions due to budget constraints.

Disagree given the major increase in Budget Enbridge has proposed. Accordingly 25% of ~$9.7 million is too high and even the current 15% may be too high. However, if as suggested, the 2010 Budget is reduced to ~$4.5 million (plus Federal and Provincial funds) then the 25% proposed by EGD would be acceptable.

Union report Section 3.11 Additional framework components (LRAM, DSMVA, evaluation)

I Concur:

Rationale: Union identifies the need for CWG to settle on these components, However the CWG process does not allow time for this to be done. *Accordingly Board Staff should contract this work.*

CWG Utility Incentive Model based on Scorecard

Component/% Target	0%	50%	100%	150%	200%	Weight	
TARGETS							
Basic Measures							
EGD	0	4600	5000	5000	5000	10%	Capped at 100% Target
Union	0	6000	8000	8000	8000	10%	Capped at 100% Target
Extended Measures							
EGD	0	800	1000	1200	1400	40%	
Union		200	250	300	350	40%	
Energy Savings							
EGD		TBD	TBD	TBD			See below for Scenario
Union		TBD	TBD	TBD			See below for Scenario
INCENTIVE							
Basic Measures							
EGD	0	4600	5000	5000	5000	10%	Based on 10% weight
Union	0						Based on $10/participant
Extended Measures							
EGD	0	32000	40000	48000	56000	40%	Based on 40% weight
Union	0	8000	10000	12000	14000		Based on $100/participant
Energy Savings							Based on 50% weght
EGD	0	240000	300000	360000	420000		Assume $3000 savings per unit over 20 year life
Union	0	60000	75000	90000	105000		Incentive 20% of savings