

Ontario Energy Board

Commission de l'énergie de l'Ontario



# Natural Gas Demand Side Management Summary Report – 2011 Results

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## **Purpose**

In 2006, the Board conducted a generic proceeding (EB-2006-0021) which led to the gas utilities filing three-year Demand Side Management (“DSM”) plans starting in 2007 (the “Generic Multi-Year DSM Plans”). These plans were subsequently extended into 2010 and 2011. The Generic Multi-Year DSM framework has now concluded with the 2011 results and the total results achieved under this framework for 2007 to 2011 have been summarized in this report.

The audit results indicate that overall the Generic Multi-Year DSM framework successfully achieved the results for which it was designed. Enbridge Gas Distribution Inc. (“Enbridge”) and Union Gas Limited (“Union”) did surpass the overall Total Resource Cost savings targets (“TRC”) for the period 2007 – 2011. While the audit reports for the 2007 to 2011 period have been posted on the Board’s website, they are primarily technical documents. The purpose of this summary report is to capture the high level 2011 results as well as the total results achieved over the 5 year term.

## **Background**

Enbridge and Union have filed DSM plans with the Board since 1995. The original regulatory framework for natural gas utility sponsored DSM programs was established through guidelines set out in its E.B.O. 169-III Report of the Board dated July 23, 1993. Until 2006, Union and Enbridge filed DSM plans in accordance with the E.B.O. 169-III Report. In 2006, the Board conducted the generic proceeding (EB-2006-0021).

As stated in the 2006 Decision, the intent of the proceeding was to “streamline processes, harmonize practices, and re-examine the rules of DSM”. Therefore, in order to develop a consistent framework for the delivery and availability of DSM programming, the Board conducted the generic DSM proceeding which would act as the basis for the utilities multi-year DSM plans.

The Generic Multi-Year DSM Plans that had been approved by the Board in 2006 (EB-2006-0021) expired in December 2009. However, as some government policy issues, namely the impact of the *Green Energy and Green Economy Act, 2009*, had not yet been determined, the Board directed the natural gas distributors in 2009 and 2010 to submit DSM plans based on the existing DSM framework. Subsequently, the Generic Multi-Year DSM Plan was extended until December 2011.

## **2011 DSM Applications**

The Board directed the natural gas distributors to continue to use the Generic Multi-Year DSM Plan for the final time in 2011. The one year DSM plan was needed to bridge the gap between the Generic Multi-Year DSM Plan (EB-2006-0021) and the next generation DSM Framework.

### **Enbridge**

Enbridge filed its 2011 DSM plan on May 28, 2010. Enbridge's 2011 DSM plan was filed in accordance with the rules outlined in the Board's generic DSM decision in EB-2006-0021. Enbridge's 2011 DSM plan included a program mix consisting of Resource Acquisition programs in the residential, small commercial, commercial, new construction, and industrial sectors; Market Transformation programs; and, a Low-Income program. On September 24, 2010 the Board issued its Decision and Order approving Enbridge's 2011 DSM plan.

### **Union**

Union filed its 2011 DSM plan on April 30, 2010. Union's 2011 DSM plan was also filed in accordance with the rules outlined in the Board's generic DSM decision in EB-2006-0021. Union's 2011 DSM plan included a program mix consisting of Resource Acquisition programs in the residential, small commercial, commercial, new construction, and industrial sectors; Market Transformation programs; and, a Low-Income program. On December 20, 2010, the Board issued its Decision and Order approving Union's 2011 DSM plan.

## **2011 DSM Results**

The Board's Reporting and Record Keeping Requirements for gas utilities requires under rule 2.1.12 that annually, by the last day of the sixth month after financial year end, the utilities file an audited report of the actual results compared to the Board approved demand side management plan with explanations of variances. Enbridge and Union both filed audited results on June 29, 2012.

The 2011 DSM results are shown by natural gas savings (thousand m<sup>3</sup>), total spending and by TRC.

The TRC test measures the benefits and costs of CDM efforts. Under the TRC test, benefits are driven by avoided resource costs. Costs in the TRC test are the costs of

any equipment and program support costs associated with delivering that equipment to the marketplace.

The results of the natural gas utilities are as follows:

### Enbridge

Rate Class	Natural Gas Savings (thousand m <sup>3</sup> ) <sup>1</sup>
Rate 1	9,763
Rate 6	48,537
Rate 110	3,825
Rate 115	2,009
Rate 135	703
Rate 145	2,219
Rate 170	10,206
<b>Total</b>	<b>77,261</b>

- Total spending of \$27,243,872
- Total Resource Cost savings of \$171,770,167

### Union

Rate Class	Natural Gas Savings (thousand m <sup>3</sup> )
<b>South</b>	
M1 Residential	5,387
M1 Commercial	4,447
M1 Industrial	1,246
M2 Commercial	6,064
M2 Industrial	3,129
M4 Industrial	7,981
M5 Industrial	14,414
M7 Industrial	12,780
T1 Industrial	86,670
<b>Total</b>	<b>142,117</b>
<b>North</b>	
01 Residential	1,653
01 Commercial	1,256
10 Commercial	1,549

<sup>1</sup> Draft fully effective LRAM volumes are subject to slight adjustments.

10 Industrial	484
20 Industrial	4,577
100 Industrial	12,067
<b>Total</b>	<b>21,586</b>
<b>Total South and North</b>	<b>163,703</b>

- Total spending of \$27,970,646
- Total Resource Cost savings of \$379,379,419

### **Total Natural Gas Savings for Both Enbridge and Union**

For 2011, the total natural gas savings for Enbridge and Union combined was **240,964 thousand m<sup>3</sup>**

This is equivalent to the amount of natural gas used by over 100,000 residential homes.

### **Total Results from the Generic Multi-Year DSM Plan**

The Generic Multi-Year DSM Plan has now concluded with the 2011 results. The total results achieved under this framework for the 2007 to 2011 five year period are as follows:

#### **Enbridge 2007-2011**

- Natural Gas Savings of 382.1 million m<sup>3</sup>
- Total spending of \$121 million
- TRC savings of \$954.7 million

#### **Union 2007-2011**

- Natural Gas Savings of 543.7 million m<sup>3</sup>
- Total spending of \$108.1 million
- TRC savings of \$1.464 billion

Union and Enbridge have separate franchise areas with a different composition of commercial and industrial customers. This different composition of customers and the extent to which they participated in custom programs can lead to higher or lower TRC savings from programs.

## **The New Framework**

With the expiry of the Generic Multi-Year DSM Plan, the Board initiated a consultation in order to review the existing DSM framework and develop guidelines to be used by natural gas distributors in developing their next generation DSM plans for 2012 and beyond.

The updated DSM Guidelines (EB-2008-0346) provide a framework for natural gas DSM programs that take into account the experience gained over the years, along with current circumstances, as informed by the extensive participants' comments received throughout the DSM guidelines consultation process. The Board noted that the initial term of the multi-year plans should be three years (2012, 2013 and 2014). Further, the Board stated that the design of natural gas DSM programs and the overall portfolio should be guided by three objectives: maximization of cost effective natural gas savings; prevention of lost opportunities; and, pursuit of deep energy savings.

The 2011 DSM budgets for Enbridge and Union are \$28.1 million and \$27.4 million, respectively. The Board has expressed the view that 2011 approved budgets should remain in effect for the 2012 to 2014 DSM plan term. The budgets can be escalated annually using the previous year's Gross Domestic Product Implicit Price Index ("GDP-IPI") issued by Statistics Canada in the third quarter and published at the end of November.

The DSM Guidelines also provided details for the program types that should be offered to customers. The guidelines noted that natural gas DSM programs should fall within the following three generic types: resource acquisition, market transformation and low-income programs. In addition, research and development and pilot programs should be reviewed on a case-by-case basis, with funding for these activities supported by the budgets associated with either or a combination of the three generic natural gas DSM program types.