

ENBRIDGE GAS INC.

Answer to Interrogatory from
Ontario Energy Board (STAFF)

Interrogatory

Issue 14

Reference:

Exhibit F, Tab 2, Schedule 1, p.3

Question(s):

Enbridge Gas has proposed to establish a Conservation Demand Management Deferral Account (CDMDA) to track and account for the ratepayer share of all net revenues generated by DSM services provided for electric CDM activities. Enbridge Gas notes that the ratepayer share is 50% of net revenues, using fully allocated costs. Balances in this account would be subject to simple interest.

- a) Please provide more details on the need for this deferral account.
- b) Please clarify and expand on the purpose of this account, specifically, what the following statement means: "...to track and account for the ratepayer share of all net revenues generated by DSM services provided for electric CDM activities."
- c) Please discuss the programs and/or offerings that will contribute to the net revenues recorded in this account.
- d) Please discuss if the ratepayer share of 50% as proposed is 50% of all net benefits generated by all electric CDM programs where Enbridge Gas has played a role in coordinating natural gas efficiency and conservation elements, or if it is 50% of all net benefits directly attributable to the natural gas savings from these activities.
- e) Please discuss the impacts of the OEB not approving this deferral account.

Response

a - b)

As stated at Exhibit F, Tab 2, Schedule 1, page 1, "As part of this Application Enbridge Gas proposes to establish new deferral and variance accounts to reflect

the amalgamation of each legacy utilities DSM programs into a combined DSM plan.”

The purpose of the CDMDA (previously EPESDA for legacy EGD) is to track and account for the ratepayer share of all net revenues generated by DSM services provided for electric CDM activities. The ratepayer share is 50% of net revenues, using fully allocated costs, as was determined in DSM guidelines proceeding EB-2008-0346.

In EB-2008-0346, at section 13.6 DSM Activities Not Funded Through Distribution Rates, the OEB stated,

Any third-party funding for DSM activities (as opposed to rate-funded DSM activities) should be classified as Non Rate-Regulated Activities. Consequently, the financial records associated with third-party funding should be separate from those associated with the natural gas utilities' distribution activities.

A natural gas utility receiving third-party DSM revenues and incurring related DSM expenses and/or capital expenditures should record these transactions in separate non-utility distribution accounts in the Uniform System of Accounts for Gas Utilities. For this purpose, Account 312, Non-Gas Operating Revenue, should be used to record these revenues and Account 313, Non-Gas Operating Expense, should be used to record these expenses. Sub-accounts may be used as appropriate to segregate these DSM activities from other Non Rate-Regulated Activities.¹

The CDMDA is an amalgamated single account for Enbridge Gas that will be used for the purposes as stated the DSM Plan and determined by the OEB to be included in the DSM guidelines in EB-2008-0346. The Company has carried forward previous framework requirements related to CDM such as deferral accounting treatments but has amalgamated it into a single deferral account rather than maintaining legacy utility accounts.

c – e)

The proposed DSM Plan does not have any programs that are currently expected to contribute revenues to the CDMDA. The legacy equivalent deferral accounts for this purpose were last utilized in 2019 for the final year of activity of the IESO Whole Home Collaboration between legacy EGD and legacy Union. As stated above, Enbridge Gas has carried forward and amalgamated the previous deferral accounts related to CDM.

If the OEB were to not approve this account, there would be no impact based on the DSM Plan as proposed. This being said, given the expectation of the OEB that Enbridge Gas will continue to collaborate and coordinate its DSM activities with CDM initiatives as is appropriate, the continuation of a deferral account for such

¹ EB-2008-0346, OEB Demand Side Management Guidelines for Natural Gas Utilities (June 30, 2011), p. 36.

purposes remains as appropriate today as when the original EPESDA account was approved for legacy EGD.