

BY EMAIL

March 29, 2021

Christopher Tyrell
Clerk of the Standing Committee on Public Accounts
99 Wellesley Street West
Room 1405, Whitney Block
Queen's Park
Toronto, Ontario M7A 1A2

Dear Mr. Tyrell,

Re: Status Update on Addressing Recommendations from the OAGO's 2020 Value-for-Money Audit: Reducing Greenhouse Gas Emissions from Energy Use in Buildings

As requested in your March 1, 2021 letter, the Ontario Energy Board (OEB) is pleased to provide the Standing Committee on Public Accounts with the attached status update on the implementation of recommendations made to the OEB as part of the Auditor General's 2020 Value for-Money Audit: Reducing Greenhouse Gas Emissions from Energy Use in Buildings.

Please do not hesitate to contact me if I can be of assistance to the Standing Committee with respect to the OEB's status update.

Yours truly,



Susanna Zagar
Chief Executive Officer

Attachment: OEB Status Update on Addressing Recommendations from the OAGO's 2020 Value-for-Money Audit on Reducing Greenhouse Gas Emissions from Energy Use in Buildings

CC: Taras Natyshak, MPP, Chair of the Committee
Bonnie Lysyk, Auditor General



**Ontario Energy Board Status Update on Addressing Recommendations from the
OAGO's 2020 Value-for-Money Audit on Reducing Greenhouse Gas Emissions from Energy Use in Buildings**

Recommendation to the OEB	Ontario Energy Board (OEB) Response to Recommendation (November 18, 2020)	Status Update (including Timing)
<u>Recommendation 3</u>: So that the Ontario Energy Board's decisions support the government's emission-reduction goals, we recommend that the Ontario Energy Board align its decisions with the Environment Plan and any other provincial climate change goals.	The Ontario Energy Board (OEB) agrees that there are opportunities to reduce energy use in buildings (and as a consequence, greenhouse gas emissions) through natural gas conservation programs. The OEB will continue to meet its legislative obligations in relation to natural gas in a manner that respects our mandate and the independence of our adjudication function. In moving forward with energy conservation and other natural gas-related activities, the OEB will continue to act with due regard to our legislated objectives, the "just and reasonable" standard for natural gas rates, the public interest standard for approving the construction of natural gas infrastructure and applicable government policy as it may be articulated in legislation or directives.	For additional context, and as was noted for the OAGO, the OEB is guided by all of its statutory objectives in performing its duties, and must make independent adjudicative decisions based on the evidence in the proceeding and in accordance with the principles of administrative law. The OEB's adjudicative decision-making therefore cannot be bound by a specific pre-determined outcome such as to reduce energy use in buildings (and as a consequence, greenhouse gas emissions) through natural gas conservation programs. In moving forward with energy conservation and other natural gas-related activities, the OEB will continue to act with due regard to, among other things, applicable government policy as it may be articulated in legislation and directives. The OEB identified an implementation timeline of five years for this recommendation given there are several relevant matters that are expected to conclude in this period that may impact future decisions, including: (i) the issuance of a decision on Enbridge's integrated resource planning (IRP) application (EB-2020-0091). The application considers alternatives to natural gas infrastructure investment including carbon abatement, and (ii) the issuance of a decision on Enbridge's next demand side management plan that is anticipated to cover a multi-year period. We have offered the OAGO the opportunity to discuss with OEB staff the outcome of relevant decisions on an annual basis, if desired.

Recommendation to the OEB	Ontario Energy Board (OEB) Response to Recommendation (November 18, 2020)	Status Update (including Timing)
		Below are status updates on the two applications listed above. Enbridge IRP Application: A number of steps have taken place in the proceeding on Enbridge's IRP application, including an oral hearing held on March 1-4, 2021. Case materials are available at this link. Written submissions from OEB staff and intervenors are due on March 31, 2021 and a reply from Enbridge is due on April 21, 2021. The OEB's Decision & Order is expected in summer 2021. Enbridge DSM Application: The OEB explained in a letter issued December 1, 2020 that in an effort to achieve efficiencies and increase the timeliness of its approval of a new multi-year natural gas DSM plan, the OEB was ending a DSM Framework consultation in favour of an adjudicative process. The OEB is expecting Enbridge to file a multi-year (2022+) DSM Plan application by May 3, 2021. The OEB has pre-assigned a file number to this pending application (EB-2021-0002). Case materials will be available at this link after the application has been received and Notice of it has been issued.
<u>Recommendation 12:</u> To more accurately estimate the natural gas savings achieved through natural gas conservation programs, we recommend that the Ontario Energy Board: ensure the next framework is explicit on when to use updated assumptions (retroactively or not);	The Ontario Energy Board (OEB) agrees with the Auditor General's recommendation. Since taking on co-ordination of evaluation activities in 2015, the OEB has established a long-term evaluation, verification and measurement plan to evaluate programs based on priority level, and has overseen eight in-depth studies of commercial and	The OEB identified an implementation timeline of two years for this recommendation. As noted above, the OEB is no longer proceeding with a DSM Framework consultation but rather will be considering Enbridge's DSM plans through a multi-year DSM application that is expected to be filed by May 3, 2021. It is anticipated that the treatment of updated assumptions will be considered in the adjudication of that application.

Recommendation to the OEB	Ontario Energy Board (OEB) Response to Recommendation (November 18, 2020)	Status Update (including Timing)
complete all multi-year assessments that it has identified as high priority; and	industrial custom and prescriptive programs. The OEB is developing activities in 2020 and 2021 that include an annual verification of all programs and a number of in-depth studies. The OEB will continue its work to improve the robustness of our policies regarding the evaluation, verification and measurement of savings achieved through natural gas conservation programs.	The OEB identified an implementation timeline of two years for this recommendation. The OEB's recently-released 2021-2022 EM&V Plan identifies the following three high priority assessments, including the one high priority assessment that was identified but not completed as part of the 2016-2018 EM&V Plan (#3): 1. Annual Verification for the 2020 and 2021 program years – This is the annual verification of natural gas DSM programs, which is used to verify overall utility performance. This study is in progress. 2. Verification of Enbridge's eTools software – This work focuses on validating and increasing the accuracy of energy modeling software that determines savings from high efficiency boilers in commercial, industrial and multi-residential buildings. This study is in progress. 3. Residential Home Retrofit evaluation – This study will focus on verifying the results of home retrofit demand side management programs and may include verification of assumptions used in energy modelling software, billing analysis and/or review of the manner in which the software is used. Procurement of a third party vendor to undertake the study is being considered, and the study approach is being discussed with stakeholders on the Evaluation Advisory Committee.
identify methods to further incorporate actual natural gas use data, as recommended by its evaluation contractor.		The OEB identified an implementation timeline of one year for this recommendation. As noted above, the OEB is moving forward with the verification of Enbridge's eTools software that is used to estimate savings from high efficiency boilers in commercial, industrial and multi-residential buildings. The evaluation will compare the savings estimated by the eTools software to actual billing data.