

Réponses de Gazifère Inc. aux demandes de renseignements n° 1 d'Option consommateurs

1. **Référence :** GI-15 doc. 1, Figure 1, page 5 et Figure 5, pages 33-34

- 1.1. Please modify Figure 1 so as to include sub-totals for each of the programs described (as is done in Figure 5) in order to allow for easier readability and comparison with Figure 5.
- 1.2. Please amend Figure 1 in order to include a cost/ m³ saved (based on program costs) for 2004 (targeted and projected) as in Figure 5.
- 1.3. Please modify Figure 1 in order to include line items for (i) all fixed costs; (ii) salaries; (iii) **GRAND TOTAL**; (iv) a cost/ m³ saved (based on program and fixed costs) for 2004 (targeted and projected), as in Figure 5, p.34. This will allow an easier comparison of 2005 targets in Figure 5 to 2004 targets and projected in Figure 1.

Answer 1.1, 1.2 and 1.3:

See GI-19, document 1.1.

- 1.4. In Figure 5, please clarify the definition of the last column labeled, “Total Cost All Partic.”. In particular, do “all participants” include participants other than Gazifère (such as the Federal Government and manufacturers)?

Answer 1.4:

The column entitled Total Cost All Participants is a summation of the costs that will be borne by Gazifère based on the total number of targeted participants, for each of the measures. The definition of participants is Gazifère’s existing clients or in some cases may include possible new clients. It excludes stakeholders such as the Federal Government and manufacturers.

- 1.4.1. If Gazifère’s costs are different (than “Total Cost All Partic.”), please identify how they differ, and provide an additional column representing Gazifère’s own costs for each line item.

Answer 1.4.1:

Please see the answer to Q1.4 above.

- 1.5. Please confirm that the line item “**Grand Total All Progms.**” in Figure 1 can be compared to the “**Total Programs All Measures**” line item in Figure 5, for the purposes of reviewing targeted and projected m³ savings and costs for measures in 2004 against targeted m³ savings and costs for measures in 2005.

Answer 1.5:

No, a straight comparison cannot be made as is.

- 1.5.1. In particular, please confirm that the 2004 projected m³ savings and costs for all program measures are **1,385,140 m³ and \$62,066** respectively, compared to the 2005 targets for all program measures of **501,093 m³ and \$317,361** respectively.

Answer 1.5.1:

In Figure 1, the Grand Total All Programs of 1,385,140m³ and \$62,066 excludes individual program communication costs, and excludes broad scale communications. In Gazifère’s 2004 DSM Plan, broad scale communications appeared as a line item in the fixed cost budget. For 2005, it was proposed to be included in the program costs as:

“Broad scale communications has been moved from the fixed cost ledger to the program cost ledger. This is because the advertising and marketing that falls into this category is not a real fixed cost, but rather a true cost in connection with the energy efficiency programs themselves.” GI-15, document 1, page 31, 2005 DSM Plan

As such, to compare Figure 1 with Figure 5, the total cost, total programs all measures in Figure 5 should be subtracted by \$56,000, reducing the dollar value from \$317,361 to \$261,361.

Also, the cubic metre savings identified in Figure 5 for Total Programs all Measures is 980,045m³, and not 501,093m³. Please also bear in mind that for the Design Assistance Program and the EE Institutional Program in Figure 5, cubic metre savings have not yet been attributed as each participant is treated on a customized basis, and their savings will be amended into the final results at the end of 2005.

- 1.5.2. If this is not the case, please provide the projected numbers for 2004 with which to compare the 2005 targets for all program measures of **501,093m³ and \$317,361** respectively.

Answer 1.5.2:

Please see answer to Q 1.5.1 above.

- 1.6. In Figure 5, please describe the elements of the Broad scale Communications measure with a projected total cost of \$30,000. Please confirm that this is a new cost as of 2005; and if not, please explain how it was accounted for in 2004.

Answer 1.6:

Broad scale communications covers marketing and advertising that is done to promote all or a combination of Gazifère's DSM programs. In the majority of cases, at events such as Home Shows or in print media, advertising directs customers to a selection of multiple energy efficiency programs they may be eligible for.

Broad scale communications differ from the communication budgets assigned to specific programs, in that for the specific programs, a brochure on the benefits of a low flow showerhead, aerator, etc. may be prepared to use as a handout at a Home Show, whereas the broad scale communication cost would cover the display panels at the show highlighting all of DSM.

Broad scale communications is not a new cost as of 2005; it was merely repositioned to a program cost from a fixed cost:

"Broad scale communications has been moved from the fixed cost ledger to the program cost ledger. This is because the advertising and marketing that falls into this category is not a real fixed cost, but rather a true cost in connection with the energy efficiency programs themselves." GI-15, document 1, page 31, 2005 DSM Plan

- 1.6.1. What proportion of the Broad scale Communications cost target is attributed to the telemarketing firm to be used to contact potential candidates for the Residential Gas and Water Savings Program?

Answer 1.6.1:

Costs associated with a telemarketing firm to be used to contact potential candidates for the Residential Gas and Water Savings Program will not come from the broad scale communications budget.

- 1.6.2. If the telemarketing costs for the Residential Gas and Water Savings Program are not included in the Broad scale Communications cost, (i) what line item do the telemarketing costs fall under? (ii) what is the targeted 2005 cost for the telemarketing firm's services with respect to the Residential Gas and Water Savings Program.

Answer 1.6.2:

(i) The telemarketing costs for the Residential Gas and Water Savings Program will be a budget item under Market Impacts, as a fixed cost. Although they are a telemarketing firm, their role will be to determine whether market potential still exists to allow Gazifère to continue this Program. (ii) The price quote provided by the telemarketing firm with respect to the Residential Gas and Water Savings Program is \$1,000.

2. Référence : GI-15, doc. 1

2.1. Which programs are specifically targeted to lower income consumers?

Réponse 2.1:

Gazifère n'offre que le programme de l'AEE pour les familles à revenu modeste.

2.1.1. Please provide information about the results of all such programs (including the AEE-ACEF Low Income Housing Program, briefly described on p.15). In the report on the results of such programs, please specify the participation rate for lower income consumers.

Réponse 2.1.1:

L'ACEF a visité 225 familles à revenu modeste pour la période d'octobre 2003 à mars 2004. Gazifère n'est pas en mesure de fournir le taux de participation des familles à revenu modeste.

2.1.2. In the context of the AEE-ACEF program, please detail Gazifère's involvement in terms of activities and project costs.

Réponse 2.1.2:

Gazifère fournit les mesures à l'ACEF pour le programme de l'AEE pour utilisation chez les clients au gaz naturel.

2.1.3. Please specify how many low income families were visited in the context of the AEE-ACEF program, and whether the program was implemented throughout the Outaouais region (i.e. is the program franchise-wide?)

Réponse 2.1.3:

L'ACEF a visité 225 familles à revenu modeste pour la période d'octobre 2003 à mars 2004. Le programme s'étend à toutes les régions desservies par Gazifère.

2.1.4. Please explain why the AEE-ACEF program is not listed as a line item in Figures 1 or 5 and make the appropriate amendments to the respective tables if warranted.

Réponse 2.1.4:

Gazifère n'inclut pas le programme puisque nous n'avons pas reçu de résultats de l'ACEF.

2.2. Which, if any, programs are specifically targeted to senior citizens?

Answer 2.2:

Gazifère does not offer a program specifically targeted to senior citizens, although senior citizens may participate in the Residential Gas and Water Savings Program, the Residential Water Heater Procurement Program, the Residential Gas Furnace Program, and the EnerGuide for Houses program. In the case of a senior citizen's facility, the facility's administration may choose to participate in the Commercial Water Heater Procurement Program, the Design Assistance Program, and the EE Institutional Program.

2.2.1. Please provide information about the results of all such programs and specify the participation rate for senior citizens.

Answer 2.2.1:

Please refer to the answer to Q2.2 above. Also, Gazifère does not require participants in its DSM programs to identify their age, therefore there is no participation rate singling out senior citizens.

3. **Référence :** GI-15, doc. 1, pages 23-24; Figure 1, page 5; et Figure 5, pages 33-34

3.1. With respect to the Commercial Design Assistance Program, please confirm that the 275,918 m³ projected gas savings for 2004 is the combined result of three incentive programs, offered by NRCan's Commercial Building Incentive Program (CBIP), NRCan's technology division, CANMET, as well as Gazifère.

Answer 3.1:

Yes, it is a collaborative effort.

3.2. Please confirm the following: Gazifère offers an incentive of \$3,500 towards the cost a computer simulation to determine energy efficient options applicable to new building design. Typically, this modeling costs between \$4000 and \$7000 and is carried out by private engineering firms. During the planning phase, CANMET provides free design consultation to the engineering firms and clients. The simulation is required by CBIP in

order to provide an incentive of up to \$60,000 for buildings to be designed in a more energy efficient manner.

Answer 3.2:

This is correct.

- 3.3. If the above is true, and the energy savings result from a joint effort of which Gazifère's contribution is comparatively modest in terms of cost outlay, please justify how Gazifère can take credit for all the energy savings associated with this program. Note that this is particularly pertinent in light of the Régie's recent decision to limit Gazifère's credit for energy savings derived from AEE's Energuide for Houses program, for which Gazifère provides some promotion (p. 18).

Answer 3.3:

While NRCan may provide a greater dollar contribution via their CBIP grant, the Federal government has no direct clients of its own. The Federal government neither supplies nor bills for energy use, and in fact has no access to energy use information, as participants are actually clients of their energy utility. Without the cooperation of energy utilities, NRCan's CBIP program would have difficulty in achieving its objective of reducing energy use.

In addition, Gazifère networks with its client base within the region on a daily basis, which NRCan is not able to do (nor does it have the mandate to do so) and has developed personal relationships with participants providing insight to potential upcoming projects. In the course of its daily networking, Gazifère has the opportunity to promote energy efficient design and the benefits of CBIP on a personal level. It is due to the points outlined above that NRCan continues to express its desire to benefit from partnerships with utilities.

Gazifère taking credit for any gas savings via the Design Assistance Program is standard industry practice, adopted by Gaz Métro, Enbridge Gas Distribution, Union Gas, and others.

- 3.4. Please comment on the appropriateness of attributing energy savings to a design assistance program before the building is built and in operation, at which time when actual energy savings can be measured.

Answer 3.4:

Attributing energy savings to a design program is common industry practice in Canada. It is rare for any energy utility to measure the actual energy savings for each program, and for each program participant. This would entail monitoring each participant over a period of time, and the costs for such would be prohibitive. Computer modeling software that is widely used in industry today has been designed and refined based on validation with actual results over a period of time, during a "pilot" phase. Once the software is released and is being used by

governments and building codes, they are considered to be representative of actual energy savings that are realized in the field once the building is built.

However, the 4 buildings that Gazifère has attributed to the Design Assistance Program do reflect buildings which have been built.

4. **Référence** : GI-15, doc. 1, pages 26-27; Figure 1, page 5; et Figure 5, pages 33-34

4.1. With respect to the AEE Institutional Building Program, please confirm that the projected 885,518 m³ savings for 2004 is the result of an AEE program in which Gazifère participated.

Answer 4.1:

The AEE's program is one of providing incentives for inventorying buildings and providing walk-through building audits in the institutional sector. The parameters for participation in the AEE's program ends with the completion of the audits. Participants in the AEE's program are not required to undertake any upgrade measures whatsoever.

4.2. Please describe the level of Gazifère's involvement in the AEE program in more detail than what is detailed on p. 27. In particular, describe the activities and costs undertaken on the part of the utility to obtain the CSD contract.

Answer 4.2:

Gazifère asked the AEE to identify some school boards in the Outaouais which had participated in the AEE's program, and the AEE informed Gazifère that the CSD was one school board which had obtained initial walk-through audits in the past, but to their knowledge had not implemented any upgrade measures. Gazifère contacted the CSD and established a relationship with them, for the purpose of promoting energy efficient upgrades.

The CSD formed a working committee to oversee the provision of more in-depth building modeling to identify specific measures for specific schools, and invited Gazifère to the table as a member of the newly formed working committee.

The working committee tasks were to prepare a bid for tender by engineering firms to provide more detailed audits. The committee reviewed the bids, and selected the winning candidate. A contract was issued by the CSD on July 7th, 2003.

Gazifère provided energy use data for the modeling, and upon completion of simulations, the working committee analyzed the results, making recommendations to the CSD on which upgrade measures would be most effective. Based on the recommendations, the CSD proceeded with implementing the upgrade measures over the summer months of 2004.

The cost associated with Gazifère's involvement with the CSD is a portion of the salary of Gazifère's commercial market representative. Gazifère has not charged this portion of the salary to the DSM budget, but has absorbed it as a contribution in kind within its corporate budget.

- 4.3. Given that the energy savings result from a joint effort in a program led by the AEE, please justify how Gazifère can take credit for all the energy savings associated with this program. Note that this is particularly pertinent in light of the Régie's recent decision to limit Gazifère's credit for energy savings derived from AEE's Energuide for Houses program, for which Gazifère provides some promotion (p. 18).

Answer 4.3:

The energy savings did not result from a joint effort led by the AEE. Gazifère taking credit for any gas savings via the Institutional Program is standard industry practice, adopted by Gaz Métro, Enbridge Gas Distribution, Union Gas, and others.

- 4.4. Please comment on the appropriateness of attributing energy savings to an energy savings program before the actual energy savings can be measured.

Answer 4.4:

It is rare for any energy utility to measure the actual energy savings for each program, and for each program participant. This would entail monitoring each participant over a period of time, and the costs for such would be prohibitive. Computer modeling software that is widely used in industry today has been designed and refined based on validation with actual results over a period of time, during a "pilot" phase. Once the software is released and is being used by governments and building codes, they are considered to be representative of actual energy savings that are realized in the field once the building is built.

- 4.5. Please explain why there are no targeted energy savings associated with either the Commercial Design Assistance Program or the AEE Institutional Building Program for 2005. Confirm that the complete omission of the most important line items from the 2004 may considerably lessen the reliability of the total gas savings target for 2005.

Answer 4.5:

There are no targeted energy savings associated with the Design Assistance Program nor the Institutional Building Program for 2005, as each potential participant is treated on a customized basis. At this time, it is unknown which participants will choose to participate with which upgrade measures. The actual results for participants will be included at the end of fiscal 2005.

It is anticipated that the gas savings for 2005 as presented in Gazifère's 2005 DSM Plan will in fact be greater than appears in Figure 5, once actual results for these two programs are included at the end of fiscal 2005.

- 4.6. Please confirm that if the energy credits associated with the Commercial Design Assistance Program and the AEE Institutional Building Program for 2004, were excluded in Figure 1 (as has been done in Figure 5), the total 2004 energy savings projected for all programs would decrease from 1,385,140 m³ to 223,703 m³, representing a *difference* of 29% in the total projected gas savings compared to the targeted 764,475 m³.

Answer 4.6:

The total 2004 projected energy savings for all programs shown in Figure 1 would decrease from 1,385,140m³ to 223,703m³ if the Design Assistance Program and the Institutional Program were excluded. However, if they were to be excluded from the projected savings, they would also have to be excluded from the target savings decreasing the target from 764,475m³ to 464,475m³, representing a difference of 48% based on the rationale outlined in Q4.6.