



EPCOR Natural Gas Limited Partnership

2027 Demand Side Management Program Application

EB-2026-0017

Date Filed: January 30, 2026

Index

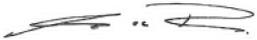
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CERTIFICATION OF EVIDENCE

The undersigned, being EPCOR Ontario Utilities Inc.'s Vice-President, Ontario, Susannah Robinson hereby certifies for and on behalf of EPCOR Natural Gas Limited Partnership ("**ENGLP**"), as general partner of ENGLP that:

1. I am a senior officer of EPCOR Ontario Utilities Inc., which is the general partner of ENGLP;
2. ENGLP confirms that the documents filed in support of this application do not include any personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), that is not otherwise redacted in accordance with rule 9A of the OEB's Rules of Practice and Procedure;
3. This certificate is given pursuant to Chapter 1 of the Ontario Energy Board's Filing Requirements for Natural Gas Rate Applications dated February 16, 2017; and
4. The evidence submitted in support of ENGLP's 2027 Demand Side Management Application is accurate, consistent and complete to the best of my knowledge.

DATED this 30th day of January, 2026.



Susannah Robinson

Vice-President, EPCOR Ontario Utilities Inc.

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Sched. B), as amended (the “**OEB Act**”);

AND IN THE MATTER OF an application by EPCOR Natural Gas Limited Partnership pursuant to Section 36(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, for an order or orders approving its Demand Side Management Plan for 2027-2030.

APPLICATION

Background:

1. The Applicant is EPCOR Natural Gas Limited Partnership (“**ENGLP**”), an Ontario limited partnership with offices in the Town of Aylmer and Kincardine. It carries on the business of selling and distributing natural gas within the province of Ontario. ENGLP is a wholly owned indirect subsidiary of EPCOR Utilities Inc. (“**EUI**”). The general partner of ENGLP is EPCOR Ontario Utilities Inc. an Ontario corporation, and the sole limited partner is EPCOR Commercial Services Inc. (“**ECSI**”), an Alberta corporation, which are both subsidiaries of EUI. ENGLP was formed pursuant to a limited partnership agreement, which provides that EPCOR Ontario Utilities Inc., as general partner, will control and have the full and exclusive power, authority and responsibility for the management and day-to-day operations of ENGLP. In accordance with the limited partnership agreement, ECSI, as limited partner, has an economic interest in the partnership but does not control or otherwise play a role in the day-to-day operations and management of ENGLP.
2. ENGLP provides natural gas distribution services to approximately 10,500 customers, (including 9,500 residential) in the Aylmer area in the Townships of Malahide and South-West Oxford; Municipalities of Bayham, Thames Centre and Central Elgin; and Norfolk County.

ENGLP also serves approximately 5,700 customers (including 5,200 residential) in the Municipality of Arran-Elderslie, the Municipality of Kincardine and the Township of

Huron-Kinloss under the Southern Bruce area of operations.

3. ENGLP's current tariffs for its Aylmer operations were approved in its most recent Cost of Service Application, which set rates for the period January 1, 2025 to December 31, 2029.¹ Furthermore, in the same proceeding, the Ontario Energy Board (the "OEB") issued its Decision and Order, dated January 14, 2025 wherein it approved the Settlement Proposal submitted by the parties. The Settlement Proposal included the establishment, continuance or closure of certain deferral and variance accounts and the agreed upon Incentive Rate-Setting Plan for the 2026 to 2029 period.
4. Pursuant to the Settlement Proposal, ENGLP will file a plan for the delivery of a cost-effective Demand Side Management ("DSM") program (including any relevant ratemaking mechanisms) by the 2027 annual filing (forecasted to be filed in 2026) for the OEB's consideration and approval and provide a copy to all Parties to this proceeding. In developing its DSM proposal: (a) ENGLP will consult with relevant stakeholders, which may include OEB Staff, IESO, municipal representatives, Ministry of Energy and Mines staff, and Pollution Probe; and (b) the DSM proposal may leverage cost-effective partnerships with IESO and/or Enbridge².
5. ENGLP's current tariffs for its Southern Bruce operations were approved³ via a Custom Incentive Rate setting plan Application (EB-2018-0264) filed with the OEB on October 2, 2018 (updated April 11, 2019) to seek approval for a tariff and other matters under which it would provide service to the Southern Bruce Municipalities. The Application sought approval for distribution rates based on a ten-year Custom IR effective January 1, 2019, establishment of certain deferral and variance accounts, approval of the proposed performance score card, and further orders in all other respects to give effect to the proposals described in that Application and Evidence.
6. Although ENGLP Southern Bruce does not have the same DSM commitment as set out in the Aylmer settlement proposal, it is ENGLP's intention to provide this offering to all residential customers in its service territory, thereby extending DSM initiatives to

¹ EB-2024-0130, Decision and Order, January 14, 2025.

² EB-2024-0130, Settlement Proposal, November 20, 2024, page 33.

³ EB-2018-0264, Decision and Order, November 28, 2019.

Southern Bruce.

7. ENGLP intends to enter into an agreement with Enbridge for the delivery and fulfillment of their Residential Programming (including the provincial Home Renovation Savings (“HRS”) program) and Income Qualified Programming portfolios, therefore expanding this offering to ENGLP residential customers who are not currently eligible for these initiatives. The HRS collaboration has been discussed and is supported by the Ministry of Energy and Mines, Enbridge and the IESO.
8. Through this Application, ENGLP is seeking to introduce rates and charges for cost recovery related to its DSM programs for both the Aylmer and Southern Bruce service areas effective January 1, 2027, and establish specific deferral and variance accounts. This DSM program would be delivered in collaboration with Enbridge and is expected to follow a consistent approach for rates, deferral accounts and shareholder incentives to ensure a consistent and efficient procedure.
9. Due to the ongoing Enbridge hearing (EB-2025-0295), ENGLP requests this Application be put in abeyance until there is clarity on the expected residential portfolio approval, which is required to determine final cost recovery estimates and rate design. Filing this initial Application now is intended to give all stakeholders (Enbridge and ENGLP) clear visibility and transparency into the planned collaboration for consideration during the adjudication of EB-2025-0295.

Orders Requested:

10. In this Application, ENGLP is applying for an order or orders granting:
 - a. Approval of the Residential Program, including the budget, scorecard, and shareholder incentive mechanism and amounts related.
 - b. DSM rates for the Aylmer and Southern Bruce area to be approved January 1, 2027.
 - c. The following deferral and variance accounts associated with the DSM program are approved with an effective date of January 1, 2027:
 - Demand Side Management Variance Account (“DSMVA”)
 - Lost Revenue Adjustment Mechanism (“LRAM”)
 - Demand Side Management Incentive Deferral Account (“DSMIDA”).
 - d. Such further Order or Orders as ENGLP may request and the OEB may deem appropriate or necessary.

Additional Considerations and Regulatory Framework:

11. ENGLP respectfully requests that a decision and order in this proceeding is issued by December 1, 2026 to ensure the implementation of the 2027 rates in advance of the effective date. In the event that the OEB’s implementation date for 2027 DSM rates is later than the effective date, ENGLP requests permission to recover the incremental revenue from the effective date of January 1, 2027 to the implementation date through the implementation of fixed-term rate riders.
12. ENGLP requests that, pursuant to Section 34.01 of the OEB’s Rules of Practice and Procedure, this proceeding be conducted by way of written hearing.
13. The persons affected by this Application are the residential ratepayers of ENGLP’s service territory in residential rate classes (*Aylmer - Rate 1 Residential & Southern Bruce Rate 1 Residential*).
14. ENGLP confirms that the Application and related documents will be published on its website (www.epcor.com).

15. Address for Service:

ENGLP requests that copies of all documents filed with the OEB in connection with this proceeding be served as follows:

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Dated at Collingwood, Ontario this 30th day of January, 2026.

EPCOR NATURAL GAS LIMITED PARTNERSHIP
by its general partner **EPCOR ONTARIO UTILITIES INC.**

Tim Hesselink
Senior Manager, Regulatory Affairs

MANAGEMENT SUMMARY

Approach & Provincial Framework

As referenced in recent gas supply plan filings, ENGLP has been investigating a cost effective way to implement and provide a DSM offering to its customers. Given the limited size of its customer base along with its staff, collaborating with another entity is a feasible and cost-effective way to complete this.⁴ ENGLP have consulted with relevant stakeholders, including OEB Staff, the IESO, the Ministry of Energy and Electrification staff, along with feedback received from customers via phone calls.

Consistent with the Aylmer Settlement Proposal, ENGLP is proposing to enter into a partnership agreement with Enbridge to deliver Residential and Income Qualified Programming to its residential customers in its service territories. The expected primary offering of this portfolio is the provincial Home Renovation Savings (“HRS”) program currently available to the majority of residential natural gas consumers across the Ontario.

As part of the current 12-year electricity Demand Side Management (“eDSM”) Framework, the Government of Ontario is investing \$10.9 billion to reduce energy use beginning January 2025.⁵

This coordinated and jointly delivered program provides a convenient, simplified “one-stop-shop” experience for customers and trade allies, reducing marketplace confusion regarding “who offers what incentive”, and enhancing the overall customer experience with energy conservation, regardless of fuel type. The HRS Program provides residential consumers with a single platform to access incentives for all home energy efficiency upgrades available through both Enbridge Residential DSM Program and the IESO’s Residential Save on Energy conservation program⁶.

Enbridge’s Residential Program represents the natural gas component of the HRS Program. The HRS Program is jointly funded by Enbridge Gas’s ratepayer-funded DSM budgets and through a portion of the \$10.9 billion, 12-year funding commitment from the Ontario government to the IESO as part of the new eDSM Framework.

⁴ EB-2024-0139 - Gas Supply Plan IRR - Staff-5, August 15, 2024.

⁵ Environment Registry of Ontario, “2025–2036 Electricity Energy Efficiency Framework”, January 20, 2025, online at: <https://ero.ontario.ca/notice/019-9235>.

⁶ EB-2025-0205, Exhibit C, Tab 1, Schedule 6, Page 3 of 14 December 18, 2025

The Minister of Energy has further expressed expectations that these programs be available to all customers across the province. As a result of this direction, ENGLP reached out to both Enbridge and the IESO to discuss participation, which led to the recommendation that ENGLP's offering of the HRS program be administered by Enbridge. During these discussions, it also appeared to be beneficial to include other offerings that Enbridge residential customers currently may be eligible for.

Enbridge has referenced this collaboration in its current DSM application, filed December 2025, where is stated⁷:

Enbridge Gas is engaged in discussions with the other natural gas utilities in Ontario to explore potentially expanding the natural gas component of the HRS Program into their respective service areas. Discussions are ongoing at this time and are not expected to have any material impact on Enbridge Gas's proposed Residential DSM Program for 2027-2030.

The plan is that ENGLP will set up its DSM cost recovery and implementation consistent with Enbridge's approach to contribute to a linear customer experience across the province, while providing simplicity from a regulatory perspective. ENGLP would be treated similar to a separate rate class from a cost allocation perspective.

In alignment with the linear customer experience approach, ENGLP is seeking approval to implement all elements of Enbridge's Residential DSM program, including Income Qualified Programming.. ENGLP expects that these discussions will be finalized by the time the OEB issues a decision on Enbridge's DSM application.

Anticipated Costs & Program Structure

During preliminary discussions with Enbridge, the parties have agreed that ENGLP's costs to offer the HRS program will include an administration component, which will be payable to Enbridge for marketing, administering and completing ENGLP customer applications. There will also be costs for the incentives/rebates that customers qualify for⁸.

⁷ EB-2025-0295, Exhibit C, Tab 1, Schedule 6, Page 11 of 14, December 18, 2025.

⁸ EB-2025-0295, Exhibit E, Tab 2 Schedule 2, Page 6 of 7, December 18, 2025.

Estimations from Enbridge result in a preliminary budget of approximately \$506,000 per year to offer the HRS program to ENGLP customers (based on ENGLP residential customers as a percentage to total Enbridge residential customers).

Costs of the program are anticipated to be approximately \$34 per customer per year. The following table demonstrates the calculations using the assumptions above and comparisons by amounts included in ENGLP’s most recent IRM (EB-2025-0177) and Custom IR updates (EB-2025-0178):

	Aylmer	Southern Bruce	Combined
Residential Customers	9,500	5,200	14,700
Admin Costs	\$67,000	37,000	\$104,000
Participant cost	\$260,000	142,000	\$402,000
Total	\$327,000	\$179,000	\$506,000
Cost per Customer	\$34	\$34	\$34
Total Annual Billings (2026 IRM Applications)	\$903	\$1,278	
% increase	3.8%	2.7%	

Should participation vary in either direction, amounts would be settled using the DSMVA to ensure only actual costs are paid by ratepayers. This process will avoid cross-subsidization between Enbridge and ENGLP customers.

As Enbridge’s application progresses and final portfolio costs are determined, ENGLP will provide updated cost information in order to design a final expected rate and projected fulfillment percentage, which will include other residential programs as well. The HRS program costs are expected to be the majority of the program costs, but the information will be updated as the application progresses and is removed from abeyance.

Shareholder's Incentive and Targets

Enbridge's application includes a Shareholder incentive related to the Residential Program. ENGLP is proposing to include the same Shareholder incentive as part of its application using a prorated portion of residential Income Qualified Home Winterproofing offering targets:

1. The eligible amount of incentive (how much ENGLP can earn at the 100% achievement)
2. The target (how much savings ENGLP needs to achieve to earn the 100% achievement)

Shareholder incentive amounts are not included in the allocation of the DSM budget into rates. Rather, shareholder incentive amounts are recovered through the DSM Incentive Deferral Account ("**DSMIDA**") in accordance with the DSM Framework.

Deferral and Variance Accounts

Consistent with the OEB's current Natural Gas Demand Side Management Framework⁹, ENGLP has included a request to open three deferral and variance accounts related to DSM, effective January 1, 2027:

- Demand Side Management Variance Account ("DSMVA"):
 - *This account should be used to track the variance between actual DSM spending by rate class versus the budgeted amount included in rates by rate class. Enbridge Gas should apply annually for disposition of the balance in its DSMVA, together with carrying charges, after the completion of the annual third-party audit.*
- Lost Revenue Adjustment Mechanism ("LRAM")
 - *The LRAMVA should be used to track, at the rate class level, the actual impact of DSM activities undertaken by Enbridge Gas from the forecasted impact included in distribution rates. Enbridge Gas may only record an LRAM amount in relation to DSM activities undertaken within its franchise area by itself and/or delivered for the gas utility by a third party under contract.*

⁹ Ontario Energy Board Natural Gas Demand Side Management Framework, Effective January 1, 2023, Pages 34-37.

- Demand Side Management Incentive Deferral Account (“DSMIDA”)
 - *The purpose of the DSMIDA is to record the shareholder incentive amount earned by Enbridge Gas as a result of its DSM programs. This account will come into effect at the beginning of the term of the multi-year DSM Plan. Enbridge Gas should apply annually for disposition of the balance in their DSMIDA, together with carrying charges, after the completion of the annual third party audit.*

Enbridge has included requests for the continuance of these deferral accounts in its December 2027-2030 DSM application.¹⁰¹¹ ENGLP notes that Enbridge has also requested the continuance of two additional deferral accounts for the 2027-2030 DSM Plan term:

- Conservation Demand Management Deferral Account (“CDMDA”); and
- Natural Gas Reduction Incentive Deferral Account (“NGRIDA”).

ENGLP does not anticipate these additional accounts being relevant to its DSM portfolio and therefore has not included a request for them in this Application.

As the wording in the DSM framework references Enbridge specifically, ENGLP has included draft accounting orders as Appendix A of this Application.

Application in Abeyance

ENGLP has included a request to put this Application into abeyance given its dependency on the Enbridge 2027-2030 DSM filing, as final rates cannot be calculated until the until the scope of Enbridge Gas’s OEB-approved DSM programs are confirmed.. This approach ensures there is a clearer understanding of its DSM intentions and planned path prior to the adjudication of the Enbridge DSM application.

As Enbridge’s DSM application progresses, ENGLP will request to remove this application from abeyance status and will provide updated information as necessary. This may be before the EB-2025-0295 decision has been released, as ENGLP expects some stakeholder questions can be

¹⁰ EB-2025-0295 Exhibit F, Tab 2, Schedule 1, Page 1 of 6, December 18, 2025.

¹¹ EB-2021-0002, OEB Decision and Order, Pages 85-86, November 15, 2022.

addressed in parallel with those proceedings. ENGLP will engage with OEB staff on the timing in an effort to launch its DSM portfolio in January 2027.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Appendix A - Accounting Orders

EPCOR NATURAL GAS LIMITED PARTNERSHIP

Accounting Order

Demand Side Management (DSM) Variance Account (“DSMVA”)

This account records the difference between the actual DSM spending for the fiscal year and the budgeted amount included within rates. Amounts determined to be over or under the budget included within Allowed Revenue will be recorded in the DSMVA. In addition, any further variance in DSM spending and results, beyond the budget included within rates, which occur as a result of OEB decisions in ongoing or upcoming DSM proceedings, will be included within this account.

This account also tracks forecast commitments for customer incentive payments and program costs for future periods. Due to the multi-year aspect of several program offerings, incentive and program dollars committed in the current year may not be payable until they become due in future years. This account will track and carry forward the forecasted cumulative customer incentive and program dollar commitments net of payments made (in relation to incentive or program payments made in the current year, or in relation to incentives or program dollars paid that became due in the current year in relation to commitments made in prior years). Any amount not paid out will be returned to ratepayers in the year following its last potential commitment date, or at such other time as directed by the OEB.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

- i. To record, as a debit/(credit) in the account, the difference between the actual DSM spending for the fiscal year and the budgeted amount included in rates.

Debit - Account No. 179-XXX DSM Variance Account
Credit - Account No. 728 General Expense

- ii. To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

Debit - Account No. 179-XXX DSM Variance Account
Credit - Account No. 323 Other Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

Accounting Order

Lost Revenue Adjustment Mechanism (LRAM) Variance Account (“LRAMVA”)

This account records the amount of distribution margin gained or lost when the Company's DSM programs are less or more successful than budgeted in the fiscal year.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

- i. To record, as a debit/(credit) in the account, the amount of distribution margin gained or lost when the Company's DSM programs are less or more successful than budgeted in the fiscal year.

Debit - Account No. 179-XXX LRAM Variance Account
Credit - Account No. 728 General Expense

- ii. To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

Debit - Account No. 179-XXX LRAM Variance Account
Credit - Account No. 323 Other Interest Expense

EPCOR NATURAL GAS LIMITED PARTNERSHIP

Accounting Order

Demand Side Management (DSM) Incentive Deferral Account (“DSMIDA”)

This account records the actual amount of shareholder incentive earned by Enbridge Gas resulting from its DSM programs. The criteria and formula used to determine the amount of any shareholder incentive, to be recorded in the account, will be in accordance with the DSM Framework in effect for the fiscal year.

Simple interest is to be calculated on the opening monthly balance of this account using the OEB-approved EB-2006-0117 interest rate methodology. The balance of this account, together with carrying charges, will be disposed of in a manner designated by the OEB in a future rate application.

Account numbers are from the Uniform System of Accounts for Gas Utilities, Class A prescribed under the Ontario Energy Board Act.

- i. To record, as a debit/(credit) in the account, the shareholder incentive earned by the Company in relation to its DSM programs.

Debit - Account No. 179-XXX DSM Incentive Deferral Account
Credit - Account No. 319 Other Income

- ii. To record, as a debit/(credit) in the account, interest expense on the opening monthly balance.

Debit - Account No. 179-XXX DSM Incentive Deferral Account
Credit - Account No. 323 Other Interest Expense