

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B; and in particular section 36 (2) thereof;

AND IN THE MATTER OF an application by Enbridge Gas Distribution Inc. for an Order or Orders approving and setting prices for Enbridge Gas Distribution Inc.'s purchase of biomethane;

AND IN THE MATTER OF an application by Union Gas Limited for an Order or Orders approving and setting prices for Union Gas Limited's purchase of biomethane;

**WITNESS STATEMENT OF TOM HEINTZMAN,
CO-FOUNDER AND PRESIDENT OF BULLFROG POWER INC.
(March 2, 2012)**

OVERVIEW

1 Bullfrog Power Inc. ("Bullfrog Power") is generally supportive of Union's and Enbridge's requests to procure renewable natural gas ("RNG") and blend it into the system mix. All the consumers which the Applicants serve would receive this small concentration of RNG as part of their standard system mix.

2 In addition, however, there will be consumers who wish to purchase exclusively RNG rather than the standard system mix. The proposed renewable natural gas program of Union and Enbridge (the "RNG Program") should be structured so as to encourage, and not prejudice or negatively impact, the voluntary purchasing of renewable natural gas by consumers.

3 Enbridge and Union state that "the purpose of their application is to establish a RNG Program to enable the development of a viable RNG industry in

Ontario.” (Exhibit B Tab 1 page 1 and page 11 of 28) Ensuring the RNG Program is appropriately structured would advance Union’s and Enbridge’s stated intention of enabling a “viable market” to develop.

Overview of Bullfrog Power

4 I am the co-founder and President of Bullfrog Power. Together with my business partner Greg Kiessling, I founded Bullfrog Power in November 2004. I have run Bullfrog Power since that time.

5 Bullfrog Power’s role is to drive widespread consumer demand, commitment and action to create a future powered by renewable energy.

6 Bullfrog Power is built upon a belief in the importance of individual consumers in reshaping energy systems. In virtually all other product and service categories, consumers have an environmental choice, ranging from the transportation they use to the food they eat, and from how they choose to receive information to how their gardens are tended. Bullfrog believes that giving consumers a renewable energy choice has at least two very positive benefits. First, voluntary demand provides necessary economic support for new renewable energy. Second, a widely available and well communicated consumer choice educates and engages consumers. As a result, it facilitates beneficial environmental and energy changes, ranging from individual behaviour changes to increased public acceptance of, and advocacy for, progressive environmental and energy policies.

7 Bullfrog Power is the only 100% renewable energy retailer in Ontario. Bullfrog Power also sells its renewable electricity and RNG product across the

country. Approximately 8,000 residential customers and 1,200 businesses have chosen to become “bullfrogpowered” with green electricity, RNG or both.

8 Bullfrog uses this consumer demand to support new renewable electricity and RNG facilities. The more consumers who voluntarily choose to support renewable energy, the more renewable energy production facilities can be created and supported.

9 Bullfrog Power has contributed to the development of new renewable electricity facilities in Ontario and across Canada in a number of different ways:

- (a) Bullfrog Power consumers pay renewable energy facilities a premium above the market price for the commodity. These premiums are necessary to make the facilities economically viable and permit investment in more renewable generation;
- (b) Bullfrog Power enters into long-term power purchase agreements (“PPAs”) with renewable electricity generators. These PPAs allow developers to obtain financing for their new projects. For example, Bullfrog Power has supplied the demand for three new wind projects in Ontario. These projects have contracts with Bullfrog for the contracted capacity, not with the OPA;
- (c) Third, Bullfrog Power will invest equity to facilitate the building of new renewable generation.

10 To my knowledge, Bullfrog Power is the only entity using market forces to drive new renewable energy capacity (of any kind, including RNG generation) to

be built in Ontario. The Ontario Power Authority is the only other entity currently entering into PPAs that allow new renewable capacity to be built in the province.

11 In addition, through a wide range of communication channels, Bullfrog Power educates Canadians about energy issues, engages them in the energy dialogue, and empowers them to make change. The result is consumer base that is more educated about our energy systems, the role of renewable electricity, the true cost of energy, the importance of conservation, etc. This informed consumer is in turn more able to influence other consumers and government policy and enables, and at times even presses for, positive advances in the development of energy policy in the province.

Environmental Attributes

12 The sale of green energy is accomplished through the sale of environmental attributes (EAs). Environmental attributes are the non-energy characteristics associated with the generation of energy and its injection into an energy system or grid, and convey the right to claim those characteristics and the environmental benefits that derive from them.

13 The industry recognizes two ways in which green energy can be sold: bundled and unbundled. Bundled green electricity or natural gas is the term used when EAs are sold bundled together with the commodity. Unbundled green electricity or green natural gas refers to the cases in which the EAs are sold separately from the commodity.

14 The owner of the EAs is entitled to claim that they are purchasing green energy and the associated environmental benefits including emissions

reductions. For instance, an individual purchasing the EAs and the commodity is entitled to claim both that they are purchasing RNG and the associated reductions from the RNG, and business can make similar claims in their sustainability or corporate social responsibility reports.

15 Accordingly, when customers sign up for Bullfrog Power (ie. become bullfrogpowered), Bullfrog Power ensures that at least as much renewable energy (electricity and/or RNG, depending on the customer's choice) is injected into the appropriate energy grid to match the customer's use. Bullfrog Power also retires all of the Environmental Attributes ("EAs") associated with this renewable power on its customer's' behalf.

Role of voluntary consumer choice

16 Generally speaking, there are two types of markets for EAs: compliance markets and voluntary markets.

17 In compliance markets, the law imposes an obligation to procure renewable energy. These are frequently known as Renewable Portfolio Standards. The entity obliged to procure the renewable energy procures it on behalf of all consumers. While the proposed RNG Program is not mandated by the Ministry of Energy but rather is being initiated at the request of the Applicants and there is no target for the amount of RNG they must procure, the proposed RNG Program is analogous to a compliance market or a Renewable Portfolio Standard in that Union and Enbridge seek approval from the Board to procure RNG on behalf of all the consumers they serve.

18 In voluntary markets, individuals and companies voluntarily purchase EAs to reduce the environmental impact associated with their consumption of electricity or conventional natural gas, and to support the development of renewable energy such as RNG.

19 A compliance program and a voluntary market can be designed to co-exist and support each other in order to maximize the amount of renewable power in a jurisdiction. In the US renewable electricity sector, voluntary markets co-exist with compliance markets in most states. The compliance targets ensure that a minimum amount of new renewable energy will be incorporated as part of the energy mix, and the voluntary market adds still more renewable energy to the mix on behalf of voluntary consumers. There are approximately 29 states, as well as the District of Columbia and Puerto Rico, which have RPS policies for renewable electricity in the US.¹ In parallel, there are over 860 voluntary green electricity offerings in 48 states in the US,² which adds to the compliance programs and increases the amount of renewable electricity in the mix. In five of the last six years, the voluntary market has been responsible for more of the renewable electricity procurement in the US than all of the compliance programs put together.³

¹ <http://www.nrel.gov/docs/fy12osti/52925.pdf>, page 1

² <http://apps3.eere.energy.gov/greenpower/markets/pricing.shtml?page=4>

³ <http://www.nrel.gov/docs/fy12osti/52925.pdf>, page v

BULLFROG POWER'S RNG OFFERING

20 Just as is common in the US, Bullfrog Power provides voluntary renewable electricity and green natural gas choices which are additional to the mandatory renewable procurement initiatives underway in various provinces across Canada. This voluntary demand supplements the government procurement initiatives, engages and educates consumers, and supports new renewable energy that is incremental to the government initiatives.

21 In Ontario, Bullfrog Power is licensed as both an electricity and a natural gas retailer. Bullfrog sells both a bundled and unbundled green electricity product in Ontario, and currently only sells an unbundled RNG product.

22 Bullfrog Power launched its RNG product in March 2011. The product was the first RNG product widely available to consumers in Canada. The initial source of the RNG is the first RNG project in Canada. The RNG is injected into the TransCanada pipeline system. To my knowledge, Bullfrog Power's RNG offering is the only RNG offering available to Ontario consumers.

23 As has been the case in renewable electricity, Bullfrog is educating the consumer market about RNG and growing the consumer market. In fact, in 2010 the Ontario Energy Association awarded Bullfrog Power its Small Company of the Year Award for launching Canada's first RNG offering, and for its innovative education and communications initiatives including partnering with Kraft to incorporate messaging about RNG on the packaging of all of Dad's cookies sold across Canada.

24 As consumer demand for RNG grows, Bullfrog will be able to support and partner in new RNG facilities across the country, including Ontario, assuming a workable RNG regime is in place, just as it has with renewable electricity.

BULLFROG POWER'S POSITION

25 Bullfrog Power is generally supportive of Union's and Enbridge's Applications. Bullfrog supports the Applicant's application for the right to include RNG in their natural gas mix, and the principle that the Applicant's role is to provide a standard system mix to all consumers. Bullfrog would even be supportive of a more ambitious program that, instead of simply permitting the Applicants to procure RNG, would actually require the Applicants to procure a specified amount of RNG. This more ambitious program would be more akin to a Renewable Portfolio Standard.

26 Bullfrog Power's objective in this hearing is twofold: first to avoid the program as currently proposed by the Applicants from harming the development of a voluntary consumer market for RNG in the province; and second to advocate for measures that would accelerate the development of a voluntary consumer market for RNG in the province.

27 In order to avoid threatening the development of a viable consumer market, the program should have the following characteristics;

- i. **Pricing:** The pricing for the RNG should be set as aggressively as possible while still permitting the development of RNG facilities. The lowest price possible will ensure that the impact on all consumers is as modest as possible. In addition, the prices set in this Application will

significantly influence the prices voluntary market participants will have to pay to RNG developers in Ontario, and if the price is too high for voluntary consumers then the voluntary market will not flourish. In Bullfrog Power's opinion, the best way of ensuring appropriate pricing would be to hold a request for proposals for a small amount of RNG and allow the industry to provide their best prices. This was the approach Ontario took with respect to renewable electricity, testing the market with RFPs before selecting a feed-in-tariff price;

- ii. **Transmission and Distribution Access and Capacity:** if the voluntary market for RNG has difficulty accessing the transmission and distribution systems, it will not flourish. Since the development of a market is the Applicants' ultimate objective, the rules of the RNG Program should give priority access to distribution and transmission to supply that is destined for the voluntary RNG market; and
- iii. **Other Rules and Supporting Structures:** many other rules and supporting structures will be required to implement the RNG Program, and these too must favour supply for voluntary demand if a true market is to emerge.

28 In addition, if the development of an RNG market is their ultimate objective, the Applicants should be required to develop innovative strategies for encouraging the growth of voluntary demand. Examples of innovative strategies that should be considered, many of which have been adopted in other jurisdictions, would include:

- i. **Support Communications:** Support the communication and marketing programs of companies building the voluntary market, as has been done in the case of renewable electricity in a number of jurisdictions including in Canada federally and New York State;
- ii. **Facilitate Communications:** Allowing companies building the voluntary market to insert messaging regarding the voluntary choices into Applicant communications and communication vehicles including mailings and websites;
- iii. **Billing and Collection:** Offering billing and collection services to voluntary market participants, even for an unbundled product; and
- iv. **Reserve Volumes:** Reserving a portion of the output of projects for the voluntary market, as has been done for electricity in New York State.

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