

16 June 2016

Ontario Energy Board
2300 Yonge St., 27th Floor
Toronto, ON
M4P 1E4

Attn: Ms Kirsten Walli
Board Secretary

By electronic filing and e-mail

Dear Ms Walli:

Re: Staff Discussion Paper on a Cap and Trade Regulatory Framework for the Natural Gas Utilities EB-2015-0063

I write on behalf of the Green Energy Coalition (GEC), comprised of Greenpeace Canada, Sierra Club Canada Foundation and the Pembina Institute. All of the GEC's member groups are charitable or non-profit organizations active on environmental and energy policy matters.

GEC is very supportive of Ontario's move toward the implementation of a GHG cap and trade mechanism and is pleased to offer comment on the Board's draft framework for the gas utilities.

In general, GEC finds that the approach proposed in the Staff Discussion Paper is both reasonable and complete. GEC does wish to offer some more specific comments on the factors enumerated in Section 4.1.4.2 -- Optimized Portfolio.

Subsection 4 (a) iii reads:

For GHG abatement costs⁴, the following details: Abatement costs and GHG split by customer-related and facility-related activities. Customer-related costs and GHG split by residential, commercial and industrial customer and by program type for each year; Facility-related costs and GHG split by program type and year

Subsection (b) ii includes:

A comparison of costs of investing in GHG abatement activities versus procuring emission units over the short-term and long-term

In both cases GEC notes the explicit consideration of costs but not of offsetting benefits. For example, if abatement occurs due to gas conservation there will likely be benefits such as local

or regional commodity price reducing impacts, local and regional distribution and transmission capital cost avoidance, as well as customer-side benefits due to commodity cost avoidance when the conservation occurs at the customer level. It is not clear from the Discussion Paper if these benefits are included in the reporting requirements or that they will be considered as part of the assessment of optimality. GEC suggests that the inclusion of all such benefits be explicit. Further, there may be societal benefits, beyond the primary benefit of GHG reduction, that are external to the utility and its customers, such as widespread commodity cost reductions that should similarly be counted.

Similarly, in the sections addressing risk management, the Board should require a quantification of the compliance cost risks, the avoidance of which should be considered as part of the benefit of abatement alternatives.

We trust these comments will be of assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "David Poch". The signature is written in a cursive style with a large, stylized "P" and "C".

David Poch