

May 16, 2018

Ms. Kirsten Walli
OEB Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EB-2017-0127 – DSM Mid-Term Review
EB-2017-0255 – Union Gas Limited (“Union”) – 2018 Cap-and-Trade Compliance Plan

Union writes in response to the letter filed by Mr. Kent Elson (dated May 9, 2018) on behalf of Environmental Defence (“ED”) which requested *“that the Board invite Enbridge and Union to file plans for incremental conservation measures driven by potential carbon cost savings as part of the DSM Mid-Term Review”*. Union also refers to the various letters of support from intervenors including Mr. Thomas Brett (dated May 9, 2018) on behalf of Building Owners and Managers Association of Greater Toronto (“BOMA”), Mr. Ben Segel-Brown (dated May 11, 2018) on behalf of the Vulnerable Energy Consumers’ Coalition (“VECC”), Mr. Jay Shepherd (dated May 11, 2018) on behalf of the School Energy Coalition (“SEC”), and Mr. David Poch (dated May 11, 2018) on behalf of the Green Energy Coalition (“GEC”). The fact that Union has not addressed a specific intervenor submission in relation to this matter does not mean that Union accepts that submission.

The scope of the DSM Mid-Term Review remains appropriate as uncertainties persist

As noted in its June 20, 2017 letter to Union, Enbridge Gas Distribution Inc. (“EGD”) (together the “Utilities”) and participants in the DSM Mid-Term Review proceeding, in relation to the scope of the DSM Mid-Term Review, the OEB stated that,

“The Mid-Term Review will include a review of the mid-term study and reports listed in the DSM Decision and a limited review of the DSM Framework in the context of the C&T program.”

“The scope of the review will be limited because of the uncertainties with respect to the new C&T program and the lack of experience to date with the 2015 – 2020 DSM programs. *The appropriateness of continuing ratepayer-funded DSM, the inclusion of a shareholder incentive for the gas utilities, and the general makeup of the DSM portfolios are topics that will be more appropriately assessed and reconsidered as part of any post-2020 DSM Framework. This will align more closely with the C&T Framework review that is scheduled to be completed before the end of the first C&T compliance period (i.e., December 31, 2020), and enable the OEB to have a more complete understanding of the larger energy conservation and climate change landscape in Ontario.”*

[Emphasis Added]

Union submits that less than a year later, the “uncertainties” noted in the Board’s June 20, 2017 letter persist. An example is the potential distribution of incremental government funding for energy conservation programs (e.g. CCAP, GreenON, federal funds), which in some cases already, and going forward stand to increasingly, fund initiatives similar to those that are or could be funded through the 2015-2020 DSM Framework.

There is no incremental energy conservation abatement opportunity that is appropriate to pursue beyond Union’s current DSM Plan at this time

As Union noted in its evidence and testimony in the 2018 Compliance Plan proceeding, Union assessed incremental energy conservation abatement opportunities that are prudent to pursue at this time under the Cap-and-Trade Framework, and concluded that there are no incremental opportunities that are appropriate to pursue beyond Union’s 2015-2020 DSM Plan programs.¹

Intervenor submissions do not reflect adequate consideration of the establishment of guidelines for – and development, review and OEB approval of – an incremental DSM Plan Proposal

Union is conscious of both the remaining timeline for the DSM Mid-Term Review and of the imminent initiation of efforts to develop the OEB’s next DSM Framework (effective beginning

¹ See EB-2017-0255 – Exhibit 3, Tab 4; Exhibit 3, Tab 4, Appendix A; and, Exhibit B.Staff.31.

in 2021). With this in mind, Union is concerned that intervenor submissions do not reflect consideration of the time required to establish guidelines for – and subsequently to develop, review, and gain OEB approval of – an incremental DSM Plan Proposal. Before crafting any such incremental DSM Plan Proposal Union would require that the OEB make determinations on guidelines including: (1) a budget; (2) a shareholder incentive mechanism; and, (3) elements of the existing 2015-2020 DSM Framework that are to be amended for the incremental DSM Plan Proposal (as appropriate).

While Union agrees that all energy conservation should be pursued through the DSM Framework, Union does not support the intervenors' position that incremental conservation should be pursued through the DSM Mid-Term Review

For the reasons outlined above, it is not appropriate to pursue incremental energy conservation programs at this time, beyond what Union is already pursuing through its existing 2015-2020 DSM Plan. In response to the submissions of intervenors, Union submits that the OEB should: (1) proceed with the DSM Mid-Term Review as contemplated within its June 20, 2017 letter; and (2) begin development of the OEB's next DSM Framework, including a comprehensive assessment of specific enhancements to the current DSM Framework to account for the cost of carbon, no later than Q1 2019 to ensure that DSM programs are approved and ready to be implemented by January 1, 2021.

If you have any questions concerning this submission, please contact me at 519-436-4558.

Yours truly,

[Original signed by]

Adam Stiers
Manager, Regulatory Initiatives

c.c.: Myriam Seers, Torys
Crawford Smith, Torys
All Parties in EB-2017-0127/0128
All Parties in EB-2017-0244/0255