



By Electronic Mail & RESS Filing

May 31, 2018

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

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: LIEN Submissions
Board File Nos. EB-2017-224/0255/0275
Enbridge Gas Distribution Inc., Union Gas Limited and Epcor Natural Gas Limited
2018 Cap and Trade Compliance Plans Cost Recovery**

Please find enclosed LIEN's submissions in the above-noted matters.

Yours truly,

Matt Gardner

Encl.

Document #: 1373771

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B).

IN THE MATTER OF an Application by Enbridge Gas Distribution Inc, Union Gas Limited and EPCOR Natural Gas Limited Partnership seeking approval from the Ontario Energy Board for their 2018 Cap and Trade Compliance Plans.

WRITTEN SUBMISSION OF THE LOW INCOME ENERGY NETWORK

May 31, 2018

I. INTRODUCTION

1 Enbridge Gas Distribution Inc. (“Enbridge”) and Union Gas Limited (“Union”) (together, the “Utilities”) (as well as EPCOR Natural Gas Limited Partnership) brought applications seeking approval from the Ontario Energy Board (the “Board”) for their 2018 Cap and Trade Compliance Plans in accordance with the Board’s Regulatory Framework for the Assessment of Costs of Natural Gas Utilities’ Cap and Trade Activities dated September 26, 2016 (the “Framework”).

2 The Low Income Energy Network (“LIEN”)’s primary objective is to ensure affordable energy for low-income residents of Ontario while encouraging sustainable and renewable energy initiatives and conservation of energy use.

3 LIEN is supportive of the Cap and Trade program in Ontario to reduce greenhouse gas emissions, but submits that the Utilities' compliance plans for 2018 and beyond should strike a reasonable balance between greenhouse gas reduction and the impacts that increased rates will have on low-income natural gas consumers. In particular, LIEN is concerned that the Utilities have, to varying extents, proposed limited greenhouse gas ("GHG") abatement activities in their 2018 Compliance Plans, with timelines proposed for implementation of GHG abatement activities at the end of or after the current Cap and Trade compliance period.

4 The Framework issued by the Board in September 2016 sets out guiding principles for the Board to assess the Utilities' Compliance Plans. These principles include cost-effectiveness, rate predictability, cost recovery, transparency, flexibility and continuous improvement.

5 LIEN submits that the Utilities' 2018 Compliance Plans are not reasonable or appropriate because they do not meet the guiding principles of the Framework. The Utilities' Compliance Plans do not ensure just and reasonable rates arising from the Utilities' cap and trade activities and provide little assurance of adequate protection from price increases to Ontario's low-income consumers, in particular given that the Utilities have not yet implemented GHG abatement activities (other than the already-implemented programs funded through the Green Investment Fund ("GIF")).

II. ISSUE 1.10 - GHG ABATEMENT ACTIVITIES

6 GHG abatement activities, like DSM and all conservation measures, are of particular importance to low-income customers, as such measures serve to not only decrease energy use but also to mitigate bill impacts.

7 LIEN is concerned that other than continuing with existing residential home retrofit programs funded through the GIF, the Utilities have not implemented any GHG abatement activities and the activities that are identified by the Utilities in their 2018 Compliance Plans are only in the planning/design stage. LIEN acknowledges that the Utilities require sufficient time to properly plan for and implement GHG abatement activities that are incremental to their DSM programs, as required by the Framework¹, but contends that the Utilities have not been aggressive enough in identifying and planning GHG abatement activities, which leaves those activities presented in the Utilities' 2018 Compliance Plans at only the planning/design stage despite that we are now half way through the Cap and Trade compliance period.

8 LIEN acknowledges and appreciates that Union and Enbridge have implemented programs funded through the GIF that may indirectly assist low-income customers in conserving energy and mitigating their bills. Enbridge's Home Energy Efficiency Retrofit program funded through the GIF is available to Enbridge's customers who do not qualify for Enbridge's DSM Low Income Winterproofing program. Union's similar GIF-funded program, the Home Reno Rebate offering, expanded in scope as of 2016 and continues to be implemented.²

9 LIEN also appreciates and is encouraged by the fact that Union and Enbridge are monitoring and bidding on requests for proposals through GreenON and that Union and Enbridge have jointly bid on a low-income energy efficiency initiative through GreenON.³

¹ Framework, p. 23 at footnote 4.

² EB-2017-0255, Exhibit B.LIEN.1.

³ EB-2017-0224, Exhibit I.1.EGDI.LIEN.2 and Hearing Transcript Volume 3, pages 82 and 83.

10 However, LIEN is concerned that the only GHG abatement activity that Enbridge and Union will implement in 2018 and potentially 2019 is their respective GIF-funded programs, neither of which directly target low-income customers. LIEN is also concerned that GIF funding may be exhausted for the Utilities by 2018/2019, with no guarantee that additional funding through the GIF, GreenON or other provincial funding mechanisms will exist to continue to fund the Utilities' residential conservation programs (i.e., Enbridge's Home Energy Efficiency Retrofit program and Union's Home Reno Rebate offering).⁴

11 LIEN expects that mitigation of both residential customers' natural gas usage and bill impacts will be, unfortunately, fairly minimal for at least the next two years. The Utilities' GHG abatement activities are in the initial planning stages now, with implementation of many of the abatement activities contemplated including Union's proposed low-income building skins/envelope program expected to be implemented at the earliest by 2020 or later.⁵

12 Further, the Utilities plan to file their next Compliance Plan as a multi-year plan covering both 2019 and 2020, which means that intervenors and the Board will only have one additional chance to review the Utilities' GHG abatement activities.

13 In LIEN's view, this is unfortunate for both mitigating climate change and impacts to the Utilities' customer's bills, particularly the bills of low-income customers.

14 That all said, LIEN is encouraged by Union's innovative pursuit of a potential low-income building skin/envelope program and the possibility that both Enbridge and Union

⁴ Enbridge Application, Exhibit C, Tab 5, Sched. 2, page 29; Exhibit I.1.EGDI.LIEN.1; Exhibit B.LIEN.1(a) at page 2; Hearing Transcript Volume 2, page 30 at line 23 to page 31 at line 18.

⁵ Hearing Transcript Volume 2, page 30 at lines 16 to 22.

will work together to pursue this potential program, and hopefully other potential low-income GHG abatement activities, expeditiously.

III. ISSUE 3 - CUSTOMER OUTREACH

15 Enbridge and Union propose to continue their customer outreach communications program as proposed in their 2017 Compliance Plans including providing general information for residential customers through their websites, bill inserts, call centre, media communications, and presentations, as well as direct engagement with social service agencies delivering programs to low income customers and representatives such as LIEN and Vulnerable Energy Consumers Coalition (VECC).

16 LIEN submits that both companies should align their customer outreach programs to ensure that they are engaging directly with social service agencies and other groups representing low-income customers, to ensure that outreach is as effective as possible.

17 LIEN also asks that the Utilities keep low-income stakeholders and representatives including LIEN updated, upon request, regarding the Utilities' progress on their development of low-income specific abatement activities and abatement activities that may indirectly assist low-income customers to mitigate their bills.

IV. ISSUE 5 - IMPACTS ON RESIDENTIAL AND LOW-INCOME CUSTOMERS' BILLS

18 Rising energy costs have an impact on all Ontarians; however, low-income consumers are hit hardest. Low-income consumers often pay a very high percentage of their income on energy costs. LIEN believes that low-income consumers should not be

paying more than 6% of their total household income on energy. LIEN uses the term “energy poverty” to describe this disproportionate burden of electricity, natural gas and other utility costs on low-income households that reduce the funds available for food, clothing, medicine and other basic necessities. Inability to pay utilities can lead to disconnection and homelessness.⁶

19 Communities that currently rely on, as well as those that will soon adopt, natural gas as their sole or primary source of energy represent some of the most vulnerable ratepayers in Ontario. These communities are dispersed across Ontario. Many remote communities, including First Nations, rely or will soon rely on natural gas exclusively for residential energy services. Natural gas infrastructure is a useful transitional technology for remote and low-income communities because many of those communities currently rely on diesel and other environmentally detrimental technologies.

20 Enbridge estimates \$86/year in increased costs on typical residential customer’s bills for 2018 (which is roughly \$6 more than anticipated in Enbridge’s 2017 compliance plan filing).⁷

21 Union estimated in its 2017 Compliance Plan filing that “*(i)ncluding the impacts of the customer-related obligation costs of the cap-and-trade program, the bill impact for a typical residential customer consuming 2,200 m3 annually in the Union South and Union*

⁶ LIEN’s article titled “Working to End Energy Poverty in Ontario” updated January 2013 and available at http://www.lowincomeenergy.ca/assets/sitedocs/2013/02/LIEN-energy-poverty-manual_Jan-2013.pdf at pages 8, 10, 13 and 18.

⁷ Enbridge Application, Exhibit G, Tab 1, Schedule 1, pages 5 and 6.

*North area is an increase of \$74 per year.*⁸ Union estimates an additional cost of \$5 per year per customer in its 2018 Compliance Plan (total equalling \$79/year).⁹

22 When comparing these anticipated annual bill impacts for 2018 to the average Enbridge residential customer's billed amount in 2017¹⁰ and the average Union North or Union South residential customer's billed amount in 2017¹¹, the annual increases to both Enbridge and Union's residential customers are anticipated to exceed 10% annually, with much greater increases than 10% during the Winter months.

23 LIEN submits that such increases are significant, and trigger the need for the Board and the Utilities to implement measures to pace and prioritize these impacts on low-income customers in particular. GHG abatement activities, including direct-install measures and measures such as building skins/envelopes as Union proposes are mechanisms for doing so. LIEN asks that the Board strongly consider this when evaluating the Utilities' 2018 Compliance Plans, and asks the Utilities to do the same when conducting their GHG abatement activity planning and design, well in advance of preparing and filing their Compliance Plans for 2019/2020.

V. RECOMMENDATIONS

24 LIEN recommends that the Board

- (a) direct the Utilities to expedite their planning, design and implementation of GHG abatement activities (in addition to the GIF programs already

⁸ EB-2016-0296, Union Application, Exhibit 7, page 5.

⁹ Union Application, Exhibit 7, Tab 1, pages 7 and 8.

¹⁰ See EB-2017-0224, Exhibit I.1.EGDI.LIEN.5.

¹¹ See EB-2017-0255, Exhibit B.LIEN.5, Attachment 1.

implemented) including low-income-specific programs, particularly building skins/envelope offering(s)

- (b) recommend that the Utilities apply their deferral account balances over the warmest six months of the year to mitigate the impacts on low-income customers' bills, as LIEN requested in the 2017 Compliance Plan proceeding
- (c) recommend that the Utilities align their customer outreach programs to ensure that they are engaging directly with social service agencies and other groups representing low-income customers, to ensure that outreach is as effective as possible, and
- (d) recommend that the Utilities look for opportunities through GHG abatement activities and provincial funding programs, such as GreenON, that (i) provide direct measures to mitigate low-income customers' bills, and (ii) improve outreach to low-income customers through educational and behavioural programs.