

August 31, 2018

BY EMAIL, COURIER & RESS

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
Suite 2700, 2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: EB-2017-0127 – Union Gas Limited – 2015-2020 DSM Mid-Term Review – Stakeholder Meeting**

Union Gas Limited (“Union”) writes this letter in response to the submission made to the Ontario Energy Board (“Board” or “OEB”) and all parties to the above noted proceeding by Mr. Kent Elson on behalf of Environmental Defence (“ED”) and the Green Energy Coalition (“GEC”) on August 21, 2018 to “...request that another day be added to the stakeholder meeting agenda for stakeholder presentation and discussions...”, and in response to the subsequent email submitted by Mr. Elson on August 28, 2018 which includes a draft outline of the topics that ED and GEC request be added to the scope of the DSM Mid-Term Review. Union also refers to the letters of support submitted by Mr. Thomas Brett on behalf of Building Owners and Managers Association, Greater Toronto (“BOMA”) on August 22, 2018 and from Ms. Joanna Vince on behalf of Ontario Sustainable Energy Association (“OSEA”) on August 24, 2018.

**Union does not support the intervenors’ request that the scope and agenda of the Mid-Term Review be expanded.**

As noted in its June 20, 2017 letter to Union and Enbridge Gas Distribution Inc. (“EGD”) (together the “Utilities”) and participants in the DSM Mid-Term Review proceeding the OEB stated,<sup>1</sup>

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<sup>1</sup> EB-2017-0127/EB-2017-0128 OEB Letter, p. 5. [emphasis added]

*“The OEB will hold a Stakeholder Meeting in Spring/Summer of 2018 for Enbridge and Union to provide an overview of the various studies and reports that were submitted, and answer any questions that interested parties may have.”*

Within that same letter, in relation to the scope of the DSM Mid-Term Review, the OEB stated that,

*“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-2020DSM Framework.”*

Mr. Elson filed a letter on behalf of ED on May 9, 2018 which requested that the scope of the DSM Mid-Term Review be expanded, and *“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”*. On May 16, 2018, Union filed a letter in response which submitted that the original scope of the DSM Mid-Term Review remains appropriate because the uncertainties regarding Ontario’s Cap-and-Trade program, identified by the OEB as reason to limit the scope of the DSM Mid-Term Review,<sup>2</sup> persist.<sup>3</sup> On May 30, 2018 the OEB issued a letter stating that *“The OEB will be discussing the elements of Environmental Defence’s letter as part of the upcoming stakeholder meeting on the DSM Mid-Term Review.”*

In its August 15, 2018 letter to the Utilities and participants in the DSM Mid-Term Review proceeding, the OEB confirmed that,<sup>4</sup>

*“As the cap and trade regime is winding down, the Stakeholder Meeting will focus on the reports and studies submitted by Enbridge Gas and Union Gas in accordance with the OEB’s Decision and Order on the 2015 to 2020 DSM Plans, and not on cap and trade.*

<sup>2</sup> EB-2017-0127/EB-2017-0128 OEB Letter (dated June 20, 2017), p. 2.

<sup>3</sup> EB-2017-0127/EB-2017-0255 Union Letter, pp. 1-2.

<sup>4</sup> EB-2017-0127 OEB Letter (dated August 15, 2017), p. 2. [emphasis added]

*Enbridge Gas and Union Gas will provide an overview of the various reports and studies submitted, and **answer questions from interested parties. Interested parties will also have an opportunity to submit written comments following the Stakeholder Meeting.***”

On August 21, 2018 Mr. Elson filed a letter on behalf of ED and GEC which requested that the agenda for the Stakeholder Meeting be expanded. On August 28, 2018 Mr. Elson distributed a draft outline of the topics that he requests be added to the scope of the DSM Mid-Term Review, including:

- *Specific adjustments recommended by Chris Neme to increase net benefits to consumers*
- *Adjusting incentives to maximize net benefits to consumers*
- *Mandating greater savings/net benefits*
- *Softening rate impacts by matching costs and benefits in time*
- *Accounting for the federal carbon pricing backstop*

Union welcomes discourse on the DSM Mid-Term Review topics defined by the OEB within its Decision and Order on the Utilities’ respective 2015-2020 DSM Plans. Union will make best efforts to provide the information requested by stakeholders during the Stakeholder Meeting. However, the additional topics put forward by Mr. Elson for consideration as part of the DSM Mid-Term Review, amount to fundamental changes to the Utilities’ OEB-approved 2015-2020 DSM Plans including changes to incentives, programs and scorecards, as well as fundamental changes to the OEB’s 2015-2020 DSM Framework, in direct contradiction to the guidance outlined by the OEB as noted above. Such fundamental changes warrant fulsome consideration and review by all relevant stakeholders through a transparent regulatory process and as such they are not well suited for the Stakeholder Meeting. Instead, Union submits that the topics put forward by Mr. Elson are better suited for consideration as part of the development of the next DSM Framework, consistent with the original direction provided in the OEB’s June 20, 2017 letter. Union submits that it is reasonable to adhere to the scope and agenda put forward by the OEB in its August 15, 2018 letter.

**Union is eager to commence development of the OEB's next DSM Framework and the Utilities' next multi-year DSM Plans.**

Union expects that, as part of the development of the next DSM Framework and the Utilities' next multi-year plans, there will be fulsome consideration and review of all stakeholder input and insights.

As stated in Union's May 5, 2018 and May 16, 2018 letters to the OEB, the OEB should: (1) proceed with the DSM Mid-Term Review as contemplated within its June 20, 2017 and August 15, 2018 letters; and (2) begin development of the OEB's next DSM Framework no later than Q2 2019.

The fact that Union has not addressed a specific intervenor submission in relation to this matter does not mean that Union accepts that submission.

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If you have any questions with respect to this request please contact me at 519-436-4558.

Yours truly,

*[Original signed by]*

Adam Stiers  
Specialist, Regulatory Initiatives

c.c.: EB-2017-0127 Parties *(by email)*  
Myriam Seers, Torys *(by email)*  
Josh Wasyluk, OEB *(by email)*  
Valerie Bennett, OEB *(by email)*