

July 2, 2019

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: EB-2019-0003 – Post 2020 Natural Gas Demand Side Management Framework

On May 21, 2019, the Ontario Energy Board (“OEB”) initiated a consultation process to develop a Demand Side Management (“DSM”) framework for natural gas distributors beginning in 2021. The current 2015-2020 Framework will expire on December 31, 2020. The OEB held a Stakeholder Meeting on June 13, 2019, to provide an opportunity for interested parties to provide input on three specific issues:

1. Principles: Do the guiding principles from the 2015-2020 DSM Framework remain appropriate? If not, what principles are needed and why?
2. Goals and Objectives: What should be the primary goal(s) and objectives(s) of the post-2020 DSM Framework?
3. Scope: Should the OEB undertake major revisions to the 2015-2020 DSM Framework or focus on specific updates that are more minor in nature?

The OEB also made a provision for interested parties to make further comments following the Stakeholder Meeting. These are the comments of the Consumers Council of Canada (“Council”) regarding the proposed new DSM Framework.

Submissions:

The Council does not believe that at this time the OEB should rush to develop a new DSM Framework that would be in place for a five-year period beginning in 2021. In addition, the Council does not believe that the OEB should simply “tweak” or “tinker” with the current DSM Framework. From the Council’s perspective it is time for the OEB to undertake a comprehensive review and overhaul of Ontario natural gas DSM.

Currently, Enbridge Gas Inc. (“EGI”) is facilitating its DSM programs through the use of over \$140 million of ratepayer funds. This includes programs costs and shareholder incentives. If DSM funding is to continue to come from Ontario natural gas ratepayers, these ratepayers need to be clear what the objectives of DSM are and what is the most cost-effective way to achieve those objectives. For residential customers programs are limited and participation rates relatively small. However, residential program budgets are significant.

The Government of Ontario has released an Environmental Plan. In that plan it has endorsed a gradual expansion of programs delivered by utilities, which would “be subject to discussions with the Ontario Energy Board”.¹ It is not at all clear what this means. It is not clear as to how natural gas DSM will fit into the Ontario Government’s objectives with respect to climate change policies. Furthermore, on March 21, 2019 the Ontario Government sent directives to the Independent Electricity System Operator (“IESO”) ending the Conservation First Framework and centrally deliver energy-efficiency programs by implementing a new Interim Framework until the end of 2020.

Before the OEB can proceed with the development of a new Framework it needs clear direction from the Government of Ontario regarding the scope and objectives for Ontario natural gas DSM going forward.

In addition, the Council is of the view that it is time for the OEB to undertake a wholesale review of natural gas DSM. Given the amount of money that has been spent for over 20 years a wholesale review is appropriate. The successes and failures of the past can be assessed by the OEB and used to inform a new Framework. The Council submits that the scope should be broad and consider, but not be limited to the following issues:

- How should DSM fit into the Government of Ontario’s Climate Change Strategy?
- If it is part of that strategy how should it be funded?
- Are the natural gas utilities best suited to deliver DSM programs in Ontario or should this be done through another entity?
- Is there a role for other market-based players in delivering DSM?
- What are the overall objectives of natural gas DSM?
- How should budget levels be determined?
- How should Ontario natural gas programs be aligned with Ontario electricity CDM programs and those programs offered by the Federal Government?
- How should shareholder incentives be structured?
- How should the costs be recovered in rates?
- What is “cost-effective” DSM?
- How should programs and measures be screened?
- How should programs be verified, measured and evaluated?
- Who should be responsible for verifying, measuring and evaluating DSM results?
- How should DSM programs and budgets be allocated amongst the customer sectors – residential, commercial, industrial, low-income etc.?
- What role should DSM play in avoiding new gas infrastructure?

The Council submits that the current programs and budgets should be continued at existing levels until a new Framework is established. The OEB should proceed with a broadly based generic process to determine high level objectives and principles. The second stage in the process should be a generic hearing. This will allow for a level playing field for all participants in terms of presenting evidence and testing that evidence. A good solid evidentiary record will provide a sound basis on which the OEB can establish a robust framework that is in the best interests of Ontario natural gas consumers.

Yours truly,

¹ Preserving and Protecting our Environment for Future Generations, A Made-in-Ontario Environment Plan, p. 23

Julie E. Girvan

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CC: Enbridge Gas, Regulatory Affairs