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BY E-MAIL AND WEB POSTING

April 14, 2009

**To: All Rate-regulated Natural Gas Distributors
All Participants in Consultation Process EB-2008-0346**

**Re: Demand Side Management Guidelines for Natural Gas Distributors
- EB-2008-0346**

Background

The three-year DSM plans for each of Union and EDG will expire on December 31, 2009. These plans had been filed in accordance with a series of Board decisions issued as part of the 2006 hearing on generic issues related to distributor DSM activities (EB-2006-0021). These decisions formed the existing “DSM Framework” for gas distributors.

In October 2008, the Board initiated a consultation process (EB-2008-0346) on the development of Demand Side Management (DSM) guidelines for distributors. The first step in this consultation process was meetings with natural gas distributors and interested stakeholders representing ratepayer and environmental interests. The meetings took place on November 24 and 26, 2008.

Draft Demand Side Management Guidelines for Natural Gas Distributors were issued for stakeholder comment on January 26, 2009. Twelve submissions were received. In addition, the Board issued a draft report on “Measures and Assumptions for Demand Side Management (DSM) Planning” (Navigant Consulting Inc.) for stakeholder comment on February 6, 2009. Five submissions were received one of which was a cooperative effort in which nine stakeholders pooled their cost eligible hours to hire an expert consultant to comment on the Navigant report. All comments are posted on the Board’s website.

Extension of Existing Framework

Bill 150, *An Act to enact the Green Energy Act, 2009, and to Build a Green Economy, to repeal the Energy Conservation Leadership Act, 2006 and the Energy Efficiency Act and to Amend Other Statutes*, ("the Green Energy Act") was introduced on February 23, 2009. If ultimately promulgated into law, the Green Energy Act will have an impact on electricity Conservation and Demand Management ("CDM"), and may also have an impact on the way DSM programs are treated in the natural gas sector. Even to the extent that the Green Energy Act does not include direct requirements regarding natural gas DSM, the Board may be guided in setting a new DSM framework by changes occasioned to the CDM framework by the Act.

As a result of these uncertainties relating to the Green Energy Act, the Board has determined that it would not be appropriate at this time to consider a new, multi year DSM framework for 2010. Instead, the Board will require Union and Enbridge to file one year DSM plans for 2010. The Board's intention is that a one year period will provide time for the impacts of the Green Energy Act to become clear. It is the Board's intention that these one year plans will serve as a stop gap measure, and they are not necessarily intended to form the basis of future plans. It is expected that the 2010 plans will be filed under the current DSM Framework, including increases based on the established budget escalators.

The Measures and Input Assumptions that should be used for the development of the DSM Plans for 2010 will be issued shortly.

The Board plans to address DSM programs for low income consumers separately, and will issue further direction on this regard soon.

Distributors are to file DSM plans for 2010 by the end of May 2009.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary