

Ontario Energy Board
P.O. Box 2319
27th. Floor
2300 Yonge Street
Toronto ON M4P 1E4
Telephone: 416- 481-1967
Facsimile: 416- 440-7656
Toll free: 1-888-632-6273

Commission de l'Énergie de l'Ontario
C.P. 2319
27e étage
2300, rue Yonge
Toronto ON M4P 1E4
Téléphone: 416- 481-1967
Télécopieur: 416- 440-7656
Numéro sans frais: 1-888-632-6273



BY E-MAIL AND WEB POSTING

May 13, 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)

DSM Programs for Low-Income Energy Consumers

The purpose of this letter is to inform rate-regulated natural gas distributors of the treatment of DSM programs for low-income consumers in the development of their DSM plans for 2010.

Background

On April 14, 2009, the Board issued a letter extending the existing DSM framework for one year and requiring Union and Enbridge Gas Distribution to file one-year DSM plans for 2010 by May 30, 2009. The letter also stated that the Board would provide further direction on DSM programs for low-income consumers.

On May 11, 2009, the Board issued a letter indicating that it would form a working group to address the Conservation component of the Low-Income Energy Assistance Program (LEAP).

The role of the LEAP Conservation Working Group will be to develop both a short-term (2010) and a long-term DSM framework for natural gas distributors, as it relates to low-income energy consumers. It is important that a short-term framework for 2010 be established by the end of June 2009, such that the natural gas distributors can prepare and submit to the Board for approval DSM plans which include targeted low-income programs for 2010. The issues to be reviewed by the working group include:

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- Appropriate DSM programs for low-income consumers;
- Budgets and targets;
- Program screening methods; and
- Shareholder incentive structures.

Please refer to the letter of May 11, 2009 (EB-2008-0150: Consultation on Energy Issues Relating to Low-Income Consumers) for more information on the guidelines for the composition of the LEAP Conservation Working Group.

Direction to Natural Gas Distributors

As noted above, the framework for DSM programs targeted to low-income energy consumers will be considered separately from natural gas distributors' main DSM portfolio. As such, Union Gas and Enbridge Gas Distribution should remove the parts of their DSM budgets, targets, shareholder incentives and programs related to low income energy consumers from their main portfolio, and submit their DSM plans for 2010 by May 30, 2009, as indicated in the April 14 letter. It is the Board's expectation that the LEAP Conservation Working Group will establish a short-term DSM framework by the end of June for gas distributors to submit to the Board for approval separate DSM plans with programs targeted to low-income consumers.

More information on the membership of the LEAP Conservation Working Group will be provided by the end of May.

Yours truly,

Original Signed By

Kirsten Walli
Board Secretary