

November 19, 2009

BY COURIER (2 COPIES) AND EMAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
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Dear Ms. Walli:

**Re: Pollution Probe – Written Submissions on Low-Income Component
EB-2009-0154 – Enbridge Gas – 2010 DSM Plan – Phase 2**

Pursuant to Procedural Order No. 2, we write to provide Pollution Probe's written submissions on the low-income component of Enbridge's 2010 DSM Plan.

In summary, Pollution Probe supports Board approval of Enbridge's proposed Low Income DSM programmes and budgets for 2010. Pollution Probe also makes a few specific submissions related to Enbridge's proposed market transformation programme involving hybrid solar and natural gas water heaters (which Pollution Probe views as an initial pilot programme). In particular, Pollution Probe submits that the Societal Cost Test should be used in the future to evaluate the cost-effectiveness of DSM and Green Energy Initiatives (including those involving solar and geothermal energy).

Pollution Probe notes that the Government of Ontario has adopted very aggressive greenhouse gas emission reduction targets. In particular, relative to a 1990 baseline level, the Government's target is to reduce the province's total greenhouse gas emissions by 15% by 2020 and by 80% by 2050.¹ It is also well known that the consumption of natural gas is a major greenhouse gas contributor, and that the vast majority of Ontario's natural gas consumption in the residential, commercial, and institutional sectors is for heating.

Pollution Probe thus submits that dramatic reductions in the use of natural gas for heating will be required in order to achieve the Government's greenhouse gas emission reduction goals (particularly while our population and economy continue to grow). Successful solar-thermal and geothermal energy would assist with achieving these goals as hybrid

¹ See e.g. <http://www.ene.gov.on.ca/en/air/climatechange/reduction.php>.

heaters would reduce gas use while providing the same level of heating. As a result, Ontario's natural gas productivity (measured in terms of GDP dollars per cubic metre of natural gas) would increase while green jobs are simultaneously created in Ontario.

However, an issue that arises is how to evaluate the full benefits of such programmes, including greenhouse gas reductions. Pollution Probe submits that the Societal Cost Test ("SCT") should be used. The Board has previously endorsed this test, and the Board previously made the following findings regarding the use of the SCT to determine the cost-effectiveness of gas DSM programmes:

The Board recognizes that the use of natural gas can contribute to environmental problems and that this cost is not fully captured in the price of natural gas. ... In particular, **special attention was paid to the contribution of natural gas to the greenhouse effect.** In the Board's opinion, it is appropriate to consider environmental costs. **The Board believes that the SCT is an effective way of addressing these concerns.** [emphasis added]²

Pollution Probe submits that these findings are equally applicable now here, especially given the Government's aggressive greenhouse gas reduction targets. Pollution Probe thus submits that the Board should direct Enbridge to use the Societal Cost Test in the future to evaluate the cost-effectiveness of its DSM and Green Energy Initiatives (including those involving solar and geothermal energy).

We trust these submissions are of assistance, and please do not hesitate to contact the undersigned if you wish to discuss this matter further.

Yours truly,



Basil Alexander

BA/ba

cc: Applicant and Intervenors per list attached to Procedural Order No. 1

² E.B.O. 169-III, *Report of the Board* dated July 23, 1993 at pg. 35 and para. 4.1.8.