

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an application by Union Gas
Limited for approval of its 2010 Natural Gas Demand Side
Management Plan.

**SUBMISSIONS
OF THE LOW-INCOME ENERGY NETWORK (LIEN)**

November 20, 2009

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AND TO: **ALL REGISTERED PARTICIPANTS**

SUBMISSIONS

1 OVERVIEW

1 In its September 18th letter with respect to Status of Initiatives Relating to Low-Income Energy Consumers and Further Direction to Electricity and Natural Gas Distributors, the Ontario Energy Board (Board) recognized that, while the Ministry of Energy and Infrastructure's (Ministry) province-wide low-income program is in development, financial assistance should continue to be available to consumers in need, particularly during the winter season.

2 As a result, the Board has determined that 2010 will be a bridge year between the current natural gas DSM framework set in 2006 (EB-2006-0021, the Generic DSM Proceeding) and the next generation DSM framework. The Board has also approved Union's 2010 DSM Plan, with the exception that the Board directed the removal of the specific budgets and targets for low-income energy consumers to be dealt with in this part of the proceeding. This limits the purview of this part of the proceeding and therefore, the concerns that LIEN and other intervenors can express are similarly constrained. LIEN continues to be of the view that any programs provided to low-income consumers should be multi-faceted, focus on deep measures, and have broad geographic reach. These programs should address effectively the issues and specific barriers to energy efficiency that this market segment faces.

3 The current framework, established in EB-2006-0021, requires Union to spend a minimum of 14% of its residential budget on low-income DSM. As a minimum, 14% is only the starting point in determining the appropriate percentage under the 2006 framework. What that appropriate percentage should be involves a consideration of current circumstances in the context of the Board's statutory objectives. Because of significant changes that have taken place since the 2006 framework was put in place, it is necessary to trigger the opportunity that the current framework provides to go beyond 14% for 2010.

4 The Board's new legislative authority in the *Green Energy and Economy Act, 2009* (Green Energy Act) makes it clear that the Board has a role to play in promoting energy conservation and efficiency, having regard to the consumer's economic situation. Schedule D, paragraph 2 of the *Green Energy Act* makes the following change to the *Ontario Energy Board Act* with respect to its mandate: "To promote energy conservation and energy efficiency in accordance with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances."

5 In 2006, when the framework was created economic conditions were much more positive than today. Today, there are higher levels of unemployment, Ontario GDP is down, there are major manufacturing plant closures, and the economy is only slowly recovering. This harsher economic reality is making a difficult situation for low-income energy consumers worse, and their need for low-income DSM greater.

6 In 2006, the outlook for additional initiatives for low-income conservation programs in Ontario was also more positive:

- In June 2005, the House of Commons had passed an amendment to the federal budget that included a \$100 million expenditure on low-income energy efficiency over two-years.
- In October 2005, the Minister of Energy had provided a Directive to the Ontario Power Authority which approved funding for a conservation and demand management program for low-income and social housing to save 100 MW of electricity.

Ref.: October 6, 2005, Ministerial Directive to the Ontario Power Authority.

7 Since 2006, the federal government has changed and the residential conservation programs it has put in place, the EcoENERGY programs, require a significant capital investment, which low-income consumers cannot afford, in order to access the available incentives. The Ontario Power Authority has only implemented low-income pilot projects.

8 Because of the changes in the legislative environment as well as the economic and low-income policy environment since the 2006 framework was put in place, the situation in 2010 warrants additional low-income DSM beyond 14%.

2 LOW-INCOME DSM BUDGET

9 Because of the structure of this proceeding (EB-2009-0166) and the earlier part, which approved Union's 2010 DSM plan, LIEN and other intervenors are unable in this proceeding to delve into what is behind Union's \$1.73M budget for low-income programs in 2010.

10 Under the Board approved framework established in EB-2006-0021 Union is required to spend a minimum of 14% of their residential DSM budget on low-income DSM. In Exhibit C3.9 of the interrogatory responses Union is unable to indicate what percentage of the total residential DSM budget for 2010 will be allocated to low-income DSM. Union is unable to do this as its residential DSM budget has not been finalized and according to Union will not be finalized until finalization of the 2009 DSM results.

11 The Board in its September 30th decision and order (EB-2009-0166) approved Union's total DSM budget. This budget, as required of Union under EB-2009-0021, represented a 10% increase over the 2009 DSM budget less \$1.73 million to be allocated to low-income DSM. By approving the removal of this \$1.73 million from the total DSM budget the Board essentially granted approval for the low-income DSM budget prior to this proceeding.

12 The Board approved the 2010 DSM budget without Union being able to indicate how much of its total budget would be allocated to residential customers. This has precluded LIEN and others from being able, in reviewing the 2010 low-income DSM plan in this proceeding, to determine what percentage of the total residential DSM budget for 2010 will be dedicated to low-income DSM. We appreciate that Union will meet the minimum spend requirement of 14%. However, we do not know at this point how much, if at all, Union will push the envelope in this bridge year to go beyond the minimum 14%.

13 As a condition of approval of Union's 2010 DSM Plan LIEN urges the Board to require Union to spend 20% of its residential budget DSM in 2010. This is the same percentage that Enbridge has proposed in its 2010 Low-Income DSM Plan, now before the Board. There is an urgent need to help low-income consumers. There are already other federal and provincial programs (EcoENERGY) that provide funding to the residential sector in Ontario to assist with energy efficiency related to gas load (space and water heating and building envelope improvements). Union's residential programs provide a complement to these programs. However, for low-income consumers there are no equivalent federal and provincial programs as low-income consumers are unable to access these programs because of their need for a significant upfront capital investment in order to participate. As a result, more than 14% of Union's residential DSM dollars should be allocated to the low-income consumer in 2010. In today's harsher economic reality compared with that of 2006, the need for low-income

energy DSM assistance is greater and therefore, LIEN is of the view that at least 20% of the total residential DSM budget should be spent on low-income DSM in 2010.

14 Should the provincial comprehensive program for low-income consumers not be in place in time for the 2011 DSM plan approvals and there is another bridge year under EB-2006-0021, LIEN urges the Board not to sever the low-income plan proceeding from the DSM plan proceeding because they are inextricably linked by the rules set out in EB-2006-0021 and to ensure that there is a full opportunity to review detailed Union Gas proposals for the residential sector.

15 LIEN also urges the Board to avoid another bridge year in 2011 and to develop a new, comprehensive framework for DSM that addresses more effectively the needs of low-income energy consumers. LIEN would be pleased to participate in its development.

3 PROGRAM COVERAGE – NUMBER OF COMMUNITIES

16 In its 2010 low-income DSM plan, Union indicates that the company will continue to pursue opportunities to expand its Weatherization program to further communities in 2010.

17 When asked by LIEN in which communities Union will expand the Weatherization program in 2010, Union responded (Exhibit C3.1 of the interrogatory responses) that the communities served in 2010 will be based upon market capacity to deliver the program in Union's franchise area and available budget.

18 As a condition of approval of Union's 2010 low-income DSM plan LIEN urges the Board to require Union to expand the Weatherization program to at least one other community in Union's franchise area.

Dated: November 20, 2009



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