



Low-Income Energy Network

August 3, 2010,

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

Dear Ms. Walli:

Re: Union Gas 2011 Demand Side Management (DSM) plan (EB-2010-0055)

Enclosed are LIEN's comments on the Union Gas 2011 Demand Side Management (DSM) plan (EB-2010-0055).

Thank you for the opportunity to make this submission to the Board.

Sincerely,

Zee Bhanji
Coordinator
Low-Income Energy Network

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EB-2010-0055 - Union Gas 2011 Demand Side Management (DSM) plan

Submission of the Low-Income Energy Network (LIEN)

The Low-Income Energy Network (LIEN) represents more than 40 member groups across Ontario. As a network representing the intersection of interests related to low-income consumers and energy and sustainability, LIEN's focus is on reducing the energy bills of all low-income consumers. This helps to ensure that all low-income consumers across Ontario have access to conservation programs, technologies and services as well as conservation education, and realize the environmental, energy and economic benefits associated with the more efficient use of energy. To achieve these objectives, low-income consumers require a comprehensive array of assistance that includes: aggressive DSM defined as providing deep energy savings per low-income consumer and broad consumer participation across the province, consumer protection policies and education, bill assistance, and emergency financial assistance.

On April 30, 2010 Union Gas Limited (Union) filed an application with the Ontario Energy Board (Board) seeking approval of its 2011 Natural Gas Demand Side Management (DSM) Plan¹. As requested by the Board this Plan follows the natural gas DSM framework set in 2006 (EB-2006-0021, the Generic DSM Proceeding). In Procedural Order No. 1, the Board requested written comments on this application (Union's 2011 DSM Plan) or any interrogatory responses prepared by Union. This submission represents LIEN's comments on Union's 2011 DSM Plan.

Expand DSM efforts and adopt Minister's principles

The Minister of Energy and Infrastructure's July 5th letter to the Board urges the Board to consider expanding both low-income and general natural gas DSM efforts relative to previous years. The letters also recognize that 2011 may be a transition year for establishing a robust and integrated natural gas and electricity low-income energy strategy. The letter also provides the following principles that could further guide low-income natural gas DSM:

- Province-wide outreach
- Co-ordinated efforts between gas distributors and the OPA
- Provision of efficiency measures free of charge, with emphasis on extended measures
- Conservation initiatives need not pass TRC, but would be evaluated on other metrics
- Use of consistent criteria to determine eligibility for all elements of the DSM plan

LIEN is of the view that the Minister's letter introduces the need for a DSM framework with larger DSM budgets and savings achievement, and in particular, a new paradigm for low-income energy from that of the 2006 framework.

¹ An updated plan was filed by Union on May 18, 2010.

In the Board's letter of July 22, 2010, the Board has directed that "Any implications of the Minister's letter will be considered through the hearing process on those plans [refers to 2011 DSM plans of the gas distributors]. LIEN is of the view that this direction means that the hearing process for the approval of Union's 2011 DSM Plan should address the principles for low-income natural gas DSM as well as the urging of the Minister to expand both low-income and non low-income natural gas DSM.

With the regard to the Minister's low-income DSM principles for the Board's consideration, LIEN urges the Board to adopt these principles as part of the low-income DSM framework for 2011. These principles should be expanded to include all of the natural gas DSM principles included in the Report on the proposed short-term (2010) framework for natural gas low-income DSM - Final report of the Conservation Working Group to the Ontario Energy Board (CWG Report)² for the DSM plan in 2012, which LIEN expects will be a multi-year DSM plan.

LIEN acknowledges that, as requested by the Board, Union has followed the current natural gas DSM framework set in 2006 (EB-2006-0021, the Generic DSM Proceeding) in preparing its 2011 DSM Plan. The budget set for the low-income programs is beyond that established during the Board's Low-Income Energy Assistance Program (LEAP) Conservation Working Group consultations in 2009, and there is an expansion in the number of communities served. Given the timing of the Minister's letter and the Board's direction to consider the implications of the Minister's letter in this proceeding, Union Gas has not had sufficient time to consider in detail what additional effort Union could bring to bear to its 2011 DSM plan to address both the expansion of low-income and non low-income DSM. As a result, LIEN is of the view that 2011 should be treated as a transition year for natural gas DSM related to the implementation of the Minister's new policy regarding natural gas DSM.

For 2011, LIEN urges the Board to require Union, as a condition of approval of the 2011 DSM plan, to take a step toward full implementation of the Minister's new natural gas DSM policy direction by requiring that, as a condition of approval of Union's 2011 DSM Plan, Union file with the Board within 2 months of the 2011 Plan approval, a revised 2011 DSM Plan which augments Union's overall DSM budget and savings targets in the 2011 DSM plan, and in particular, as part of that augmentation, increases the low-income DSM budget so that Union will enhance its low-income program reach, both the geographic reach as well as the total number of participants and savings/customer achieved for the Weatherization deep measure program. The deep measures should cover building envelope and appliances, including heating equipment, to avoid Union having to go back to the same customer to do additional deeper measures after 2011. LIEN would welcome the opportunity to participate in a consultation with Union on the development of this revised 2011 DSM Plan.

² Page 7

Moving to full implementation of the Minister's new policy direction

Research

In order to move expeditiously and effectively to full implementation of the Minister's new direction for DSM, LIEN is of the view that Union will need the time and resources to prepare a multi-year DSM plan which fully addresses the new low-income DSM policy and principles. To ensure that Union's 2011 DSM plan sets Union forward on a path to full implementation, LIEN urges the Board to require Union, as a condition of approval of its 2011 DSM Plan to file with the Board within 2 months of the 2011 DSM Plan approval, an updated research plan which includes a line item for and a description of the research required in 2011 to prepare a multi-year plan which results in full implementation of the new policy direction. For example, part of the research could include low-income program research on ways to increase uptake, on alternate intake methods, and on additional ways to introduce deep measures into residences. LIEN would welcome the opportunity to participate in a consultation with Union on the development of this revised research plan.

Scorecard approach

LIEN recommends that the Board replace the TRC test with a scorecard approach for low-income DSM for the 2011 DSM Plan. LIEN supports the consensus view expressed in the CWG Report regarding the limitations of TRC and the need to replace it with a scorecard approach. "TRC does not capture all the benefits that will accrue to program participants such as increased home comfort, improved safety and health of residents, avoided homelessness and dislocation, reductions in school dropouts from low-income families, and improved state of general dwelling. It is difficult to capture these benefits because it is difficult to assign a dollar value to them"³. LIEN also supports the consensus view expressed in the CWG Report that a scorecard model should be used to measure the performance of low-income programs⁴.

To replace the TRC with a scorecard approach for the low-income component of Union's 2011 DSM Plan, LIEN urges the Board to require Union, as a condition of approval of its 2011 DSM Plan to file with the Board within 2 months of the 2011 DSM Plan approval, a scorecard approach to its low-income DSM programs for program screening and incentives. LIEN expects that this approach would be similar to that used by Union for market transformation programs.

³ Report on the proposed short-term (2010) framework for natural gas low-income DSM - Final report of the Conservation Working Group to the Ontario Energy Board. 2009. IndEco Strategic Consulting. Page 20.

⁴ Report on the proposed short-term (2010) framework for natural gas low-income DSM - Final report of the Conservation Working Group to the Ontario Energy Board. 2009. IndEco Strategic Consulting. Page 25.