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August 4, 2010

Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2010-0055 Union Gas. 2011 DSM Plan – OSEA Comments

Please find enclosed OSEA's comments relating to the 2011 DSM Plan update for Union Gas.

OSEA is committed to representing its members' interests in promoting conservation in regulatory policy and direction and is appreciative of the opportunity to provide its comments herein.

Yours truly,



Cherie Brant

cc: Mr. Kristopher Stevens, Executive Director, OSEA

Document #: 346913

Ontario Sustainable Energy Association's Comments Re: 2011 Update to the Demand Side Management (DSM) Plan for Union Gas

The Ontario Sustainable Energy Association (OSEA) is pleased to provide comments on the 2011 Update to the Demand Side Management Plan for Union Gas (the “**2011 DSM Plan**”). OSEA’s vision is to promote the transition to 100% sustainable energy in Ontario and through its mandate to realize sustainable energy opportunities for its membership, OSEA promotes renewable energy and energy efficiency as each are the twin pillars of sustainable energy. OSEA develops resources, tools and best practices to enable individual residents, and community power proponents to become conservers and generators of clean, green and sustainable energy. In this way, OSEA represents the direct interests of consumers who can use conservation as well as revenues from generating electricity to reduce their energy bills.

OSEA supports the revised 2011 DSM Plan as submitted by Union Gas and finds that it conforms with the current DSM framework. OSEA commends Union Gas on the completeness of the 2011 DSM Plan and commitment to working with intervenors in an open and sincere manner.

While the 2011 DSM Plan was required to bridge the gap between the current generic DSM Framework and the new guidelines anticipated for implementation in 2012, we note that there are additional items that will likely change the nature and funding level of natural gas DSM in Ontario during this period:

1. The Board’s proposed code for electricity distribution conservation and demand management (CDM) requires the following in the CDM strategy: a section that details how, where applicable, the distributor will pursue administrative efficiencies and co-ordinate its CDM activities with other distributors, natural gas distributors, social service agencies, any level of government, government agencies, and the OPA; and
2. In a July 5th letter to Board Chair, Mr. Howard Wetston, the Minister of Energy and Infrastructure urged the Board to consider expanding funding for the natural gas distributors for low income and general gas DSM programs.

OSEA suggests that in view of the above new matters, Union Gas will require funds in addition to its proposed budget in the 2011 DSM Plan in order to achieve the following:

1. Adapt its strategy and programs to revised DSM guidelines;
2. Coordinate its activities with electricity distributors; and
3. Develop plans to expand its DSM programs, including low income programs.

OSEA also wishes to add that in our opinion, Union Gas is well positioned to adopt performance based conservation programs¹ that could fall under currently allocated categories of market preparation and research and development. No alteration of the current forecast savings or incentive structure would be needed, but Union Gas could pave the way for further consideration of this form of conservation programming.

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¹ As stated in our comments in EB-2008-0346, OSEA strongly supports moving to a performance based approach for conservation. Use of more efficient technology does not necessarily achieve optimal performance – attention to system design and standards are equally important. Effective building operations and engagement of tenants are essential to high performance, and expected to provide at least half of the projected energy and emissions savings. There is no apparent correlation between building age and energy performance, and even top-performing buildings today have significant room to improve.

A performance based approach to conservation can coincide with more traditional approaches to conservation, or demand side management, which have focused on “technology only based” interventions, most often using incentives to encourage the purchase of higher efficiency equipment as a replacement for “standard” efficiency equipment. In our view, adding performance based conservation can make traditional approaches more cost effective and longer lasting. Performance based conservation has been shown to effect changes in the decision making process of consumers, whether, home owners, businesses or institutions – the true indicator of a conservation culture.