



April 19, 2011

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario, M4P 1E4

To: Board Secretary, Kirstin Walli

Re: EB-2008-0346 – Demand Side Management (“DSM”) Guidelines for Natural Gas Utilities – Stakeholder Comment

On behalf of BOMA Toronto’s more than 800 commercial real-estate sector members (many of whom have been enthusiastic participants in Enbridge’s DSM programs), we are pleased to have the opportunity to respond to the Board’s March 29th invitation to stakeholders to provide written comments on the issues related to ratepayer-funded natural-gas DSM for the next three years.

Following a general comment, we will address issues #2, #3 and #4 identified in Ms. Walli’s request.

General Comment:

The request for comment in the March 29th letter was framed in the following terms:

“Having determined that the budgets for ratepayer funded natural gas DSM activities should not be expanded...”

Before moving to the specific issues, we wanted to express our surprise and disappointment at the decision not to expand natural gas DSM activities. BOMA Toronto has long been a strong supporter and facilitator of ratepayer-funded demand-management programs. BOMA Toronto’s CDM program, which ended in December of 2010, was very successful in achieving its mandate to facilitate sustainable reductions in both electricity demand and consumption at a very low cost to rate-payers (compared to even the cheapest investments in new supply).

We believe that the arguments provided for not expanding the programs are contradicted by both the success of our own CDM program, and especially by the success of Enbridge and Union’s DSM programs. These DSM programs have driven real progress in overcoming the barriers preventing the market from effectively responding to environmental and other systemic issues. This is a benefit both to customers and the wider Ontario public. In our view, the DSM programs have been a necessary catalyst.

Enbridge and Union’s programs are available to any organization that can identify a good project whose implementation would produce verifiable savings. If energy efficiency provides a competitive advantage

on an even playing field, then there is nothing stopping all of the players from pursuing energy efficiency, to Ontario's overall benefit.

Further, we're skeptical at the suggestion that we've reached a point in Ontario where there is any significant diminishment on returns in DSM investment. Based on our experience in the commercial real estate sector, it is simply incorrect to suggest that straightforward and effective gas reduction opportunities have been exhausted. This is clear from the wide range of energy performance documented in the "BOMA BEST Energy and Environmental Report" (available upon request). Performance *is* improving, but this broad range of energy performances suggests that while the green leaders are seizing EE opportunities, considerable EE potential remains across the majority of the market.

DSM has emboldened the sector to consider more complex and ambitious projects, which is good for Ontario. For example, in our experience, DSM was an important catalyst in motivating the initiation of projects like existing building commissioning (EB Cx) which has a proven track record of consistently reducing energy consumption by an average of 15-30% often less than a 5 year payback. Such projects are absolutely worthwhile, but they are complex. And because of this complexity, they are often difficult to identify and initiate. DSM, as a catalyst for both exploration and implementation, are often the necessary condition for such EB Cx projects to proceed.

We often refer to delays or cancellations as "the lost opportunity value" from the potential savings. The additional risk is that the project will never proceed. It is important to remember that the benefits of sustainable natural gas reductions are cumulative (every additional year that they are in place is an additional benefit—i.e. the sooner they're implemented, the better the outcome is for the province).

Issue 2:

We will address each of the four questions contained in this issue one by one.

2.1 "Do industrial and commercial DSM programs with significant incentives create competitive advantages for the participants of the programs relative to their competitors?"

- First, it is not clear that any DSM incentives available in the C&I sectors can reasonably be called "significant," nor is it clear that they could reasonably be called "significant" even if program funding were increased in accordance with the original committee recommendation. In our experience, natural gas DSM has never come close to "buying" an energy efficiency project. Because DSM incentives are rarely more than a small fraction of project costs, projects themselves always have to be justified on their own terms.
- Second, it seems like there are far more pressing competition issues on the supply side vs. the demand side. On the demand side, DSM incentives are available to any member of the C&I sectors in Ontario that can identify, implement, and properly "measure and verify" (M&V) the savings achieved from a good project. Enbridge and Union have done an admirable job of creating a level playing field, making DSM available to all sector members. It is up to customers to make their own strategic decisions about whether or not the benefits of capitalizing on DSM programs outweigh the aggravation.
- Third, it seems like a difficult proposition to prove that it is the participation in the DSM program that would ever be the decisive factor in making a commercial or industrial sector firm more competitive in the marketplace they're competing in. There are a large number of intervening variables muddying the water. By contrast, the environmental and energy benefits of DSM to the province are direct and quantifiable (through M&V).

2.2 “What programs, if any, are appropriate for these sectors?”

- The factors that define a good program are the following:
 - Ease of use (designed with the customer in mind),
 - Flexibility (since all projects and properties are different),
 - High M&V standards with customer support, and
 - Sustainable reductions.

BOMA members have been both impressed and encouraged by Enbridge and Union’s programs to date. We’ve been especially impressed with their collaborative approach working *with* customers. We are confident that Enbridge and Union can leverage the experience they’ve gained in developing these programs to ensure that future programs maintain this high standard.

2.3 “Should there be a focus on monitoring consumption, data analysis or benchmarking energy use in buildings and industrial processes?”

- It is impossible to benchmark without proper data analysis, and it is impossible to perform data analysis without data (which can only be acquired by monitoring consumption).
- Benchmarking provides an essential frame of reference for properties to assess their energy performance at a high level. Since such an assessment is, in our experience, a necessary step in motivating action, it is necessary that a holistic approach be taken, incorporating, and recognizing the interconnection between (a) monitoring consumption, (b) data analysis, AND (c) benchmarking energy use in buildings and industrial processes. Such a holistic approach was essential to the success of the project documented in the BOMA / OPA case study: “New Cooling System Delivers Energy Savings, Enhanced Comfort and Reduced Costs.”¹
- The motivating power of benchmarking has been widely studied and documented. For additional information, we would recommend consulting the following:
 - The benchmarking in BOMA’s 2009 “BOMA BEST Energy and Environmental Report” has been a major motivator for our members to really compete to be more energy efficient. The report is available through our homepage.
 - REALpac’s “2010 Energy Benchmarking Report: Performance of the Canadian Office Sector.”²

The natural gas utilities could be an invaluable resource by accessing data to generate reliable indices and best practice benchmarking tools, as well as by facilitating a property’s year-over-year benchmarking by making richer data more easily available to them.

2.4 Should DSM programs in these sectors focus more on energy audits and efficiency training or case studies to highlight best practices and new technologies, rather than financing equipment and installation costs for specific DSM projects?

- Because of the experience Enbridge and Union have gained through project-by-project customer engagement, BOMA is confident that they are in the best position to determine the appropriate balance of approaches to optimize program efficiency and effectiveness. Because every project

¹ Report available at the following URL: <https://saveonenergy.ca/Business/Case-Studies/GWL-Realty-Advisors.aspx>.

² Report available at the following URL:

<http://www.realpac.ca/assets/NewFolder/NewFolder/RPBenchMarkingReportSP05c.pdf>

and building has its own unique conditions and requirements, the rigidity of a top-down prescriptive approach would likely hinder program effectiveness.

(Our confidence was supported when Enbridge was ranked #16 in the world in terms of corporate sustainability (the only Canadian company in the top 20); refer to the Spring 2011 edition of Sustainable Builder Magazine. This ranking was compiled by the Corporate Knights Research Group (verified by Bloomberg Professional service).

Issue 3:

3.1 “What should be the natural gas utilities’ role, if any, in providing natural gas DSM education and training programs funded through distribution rates? Should they focus on targeting contractors, trades and professional associations to ensure DSM messages reach end-users?”

- See 2.4.

Issue 4:

4.1 “What should be the natural gas utilities’ role, if any, in undertaking R&D and pilot programs funded through distribution rates? Should utilities work with key industry leaders to encourage further changes in building codes and improve standards in heating equipment?”

- We support Enbridge and Union retaining the freedom to innovate to increase the effectiveness of their programs. For this reason, we support the funding of Enbridge and Union’s efforts at R&D and pilot programs.

Conclusion

We appreciate the invitation to respond to the Board on the importance of DSM and the related issues.

BOMA Toronto has had the privilege of working for the past 3 years on Conservation and Demand Management (CDM) and we recognize the benefits as well as the challenges in implementing sustainable change.

Similar to CDM, DSM provides direct economic and environmental benefits to the province in meeting its green objectives.

It is for these reasons that BOMA continues to support the expansion of natural gas DSM funding.

Sincerely,



Chris Conway
President
BOMA Toronto

INSTRUCTIONS FOR SUBMISSION BY APRIL 21 before 4:00

Having determined that the budgets for ratepayer funded natural gas DSM activities should not be expanded, the Board seeks further stakeholder comments on the following issues:

1. How should the low-income DSM budget be set? Should the low-income budget stay at the same level or increase? Should the current low-income budget funding from the residential class be maintained or should the funding be recovered from all rate classes? Is there a different set of programs that are appropriate for low-income consumers e.g. should “deep” measures be promoted for this group of customers to a greater extent? What approach should be used to coordinate gas DSM programs with electricity CDM programs for low-income consumers?

2. Do industrial and commercial DSM programs with significant incentives create competitive advantages for the participants of the programs relative to their competitors? What programs, if any, are appropriate for these sectors? Should there be a focus on monitoring consumption, data analysis or benchmarking energy use in buildings and industrial processes? Should DSM programs in these sectors focus more on energy audits and efficiency training or case studies to highlight best practices and new technologies, rather than financing equipment and installation costs for specific DSM projects?

3. What should be the natural gas utilities’ role, if any, in providing natural gas DSM education and training programs funded through distribution rates? Should they focus on targeting contractors, trades and professional associations to ensure DSM messages reach end-users?

4. What should be the natural gas utilities’ role, if any, in undertaking R&D and pilot programs funded through distribution rates? Should utilities work with key industry leaders to encourage further changes in building codes and improve standards in heating equipment?

Invitation to Comment

Participants are invited to provide written comments on the aforementioned list of issues by April 21, 2011, in accordance with the filing instructions set out below.

Filing Instructions

- All filings to the Board in relation to this consultation must be addressed to the Board Secretary.
- Two paper copies of each filing must be provided.
- The Board asks that participants make every effort to provide an electronic copy of their filings in searchable/unrestricted Adobe Acrobat (PDF) format and to submit their filings through the Board’s web portal at <https://www.errr.ontarioenergyboard.ca>.
- A user ID is required to submit documents through the Board’s web portal. If you do not have a user ID, please visit the “e-filing services” webpage on the Board’s website at www.ontarioenergyboard.ca and fill out a user ID password request.
- Additionally, interested stakeholders are asked to follow the document naming conventions and document submission standards outlined in the document entitled RESS Documents Preparation – A Quick Guide also found on the “e-filing services” webpage.

- If the Board's web portal is not available, electronic copies of filings may be filed by e-mail at boardsec@ontarioenergyboard.ca.
- Filings must be received by 4:45 pm on the required date.
- They must quote file number EB-2008-0346 and include your name, postal address, telephone number and, if applicable, an e-mail address and fax number.

All materials related to this consultation will be posted on the "Regulatory Proceedings" portion of the Board's website at www.ontarioenergyboard.ca. The material will also be available for public inspection at the Board's office during normal business hours. Questions regarding this consultation should be directed to Lenore Dougan at 416-440-8141 or by e-mail at GasDSM@ontarioenergyboard.ca. The Board's toll free number is 1-888-632-6273.