EB-2012-0337

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 pursuant to section 36(1) of the *Ontario Energy Board Act, 1998,* for an Order or Orders approving the 2012 to 2014 Demand Side Management Plan.

SUBMISSIONS OF THE THE LONDON PROPERTY MANAGEMENT ASSOCIATION

A. Introduction

These are the submissions of the London Property Management Association ("LPMA") related to the Union Gas Limited ("Union") application seeking approval of its 2013-2014 Large Volume Demand Side Management Plan ("LVDSMP").

Union's LVDSMP impacts customers in rate classes 100, T1 and T2. LPMA members are served primarily through rates M1, M2 and M4. As a result the LVDSMP is not expected to have any direct impact on LPMA members. As confirmed by Union in the response to Exhibit B3.1, there is not expected to be any impact on the rates paid by customers in all rate classes other Rates 100, T1 and T2 in 2013 or 2014 as a result of the proposed LVDSMP, including any impacts related to the budget, LRAM or incentive payments.

LPMA notes that its members already pay rates that reflect the allocation of DSM related costs and programs to the rate classes that serve its members. It is submitted that no additional costs should be recovered through rates, either directly or indirectly, from the LVDSMP that is targeted at rates 100, T1 and T2.

LPMA believes that Union's proposal is appropriate in that no incremental costs are allocated to other rate classes, either directly or indirectly. LPMA makes no submissions on the other aspects of the proposed LVDSMP or on the proposals that have been brought forward by other parties to the proceeding. LPMA submits that the Board should consider the needs of the ratepayers that would ultimately pay for the proposed LVDSMP, either as proposed by Union or modified by others.

B. Opt-Out of Rate Payer Funded DSM Programs

LPMA has reviewed the evidence filed by Navigant Consulting Ltd. on behalf of the Association of Power Producers of Ontario ("APPrO") in this proceeding that deals with an opt-out program that allows a qualifying customer to opt-out of DSM programs and not contribute towards the cost of DSM programs resulting in no access to technical advice or incentives offered as part of the DSM programs.

While LPMA can understand the position of APPrO and others that may support an opt-out program, LPMA cannot, at this time, support such an option. There are two reasons for this lack of support at this time. First, LPMA does not believe it would be equitable to allow some customers in Rate T1, as an example, the option of opting out of paying for any DSM programs and not allowing for the same option to be exercised by customers in other rate classes that may have equally compelling reasons for not wanting to participate in and pay for DSM programs. Second, LPMA is concerned that the opt-out program may result in some customers not paying for their portion of the administrative or overhead costs associated with DSM programs or their share of the low income related costs.

As indicated in the response to Exhibit B3.4, Union indicates that there are impediments to extending an opt-out provision to other contract rate classes, if the Board were to approve such opt-out provisions for rates 100, T1 and/or T2. In particular, Union believes that significant administrative costs related to customer tracking, staffing and billing would be incurred.

LPMA notes that in the early days of Direct Purchase, only large volume customers could take advantage of the ability to purchase their own gas commodity. Over the years, more and more customers were given the opportunity to be able to purchase their own gas. This ability came at a price. Union had to develop new billing systems and customer care systems. Tracking systems had to be put in place to ensure that direct purchase customers balance their demand and supply on an ongoing basis.

LPMA believes that the same evolution may need to be take place in the delivery of DSM programs. Some ratepayers may wish to continue the option of receiving DSM programs from the utility. Others may seek to receive those services through third parties in a competitive market. Others may not wish to receive such services from anyone, instead relying on in-house expertise.

In the longer term, similar to what has evolved in the gas supply market, LPMA believes that the Board needs to ensure that ratepayers have the freedom to choose where they purchase DSM related services. However, this application is only for the years 2013-2014. In this period, LPMA submits that the Board should not approve any opt-out program that would be available to some customers and not to others based on the rate class under which they take service.

However, should the Board approve some sort of opt-out option for specific rate classes, then LPMA submits that the opt-out should not extend to either the low income DSM programming costs or to the administrative and overhead costs that are allocated to the rates having the opt-out option. This would ensure that other rate classes would not end up being hit with a higher costs as more administrative and overhead costs could be shifted to them.

With respect to the low income costs, LPMA notes that the response to Exhibit D4 indicates that APPrO acknowledges that the Board mandated low income allocation to rates T2 and Rate 100 (and presumably Rate T1) would continue to be paid for by these customers. LPMA agrees.

With respect to the allocation of the administrative and overhead costs associated with the DSM programs, LPMA submits that these costs should be continued to be allocated to all classes under the assumption that no opt-out takes place. If a customer does opt out, it is the variable cost that should be reflected in the reduction in rates. The overall fixed costs of the DSM program should still be recovered from any customer than opts out.

C. Self-Direct Program

The Navigant study also looked at a self-direct program under which a qualified customer would be able to directly access funds which it has paid towards DSM programs and use those funds for energy efficiency projects.

Given the significant amounts that large customers in Rates 100, T1 and T2 can end up paying in DSM related costs, LPMA believes this option has some merit without any of the drawbacks associated with the opt out program noted above. These customers would essentially have a use it or lose it option. This would help reduce any potential subsidization between customers in a rate class without changing the allocation of costs between rate classes.

LPMA submits that this option should be considered as part of a longer term review of the delivery of DSM programs in Ontario. In the 2013-2014 period, the Board may wish to allow such an option as a pilot program in order to obtain information on how such a program option would work and its take up by customers.

D. Costs

LPMA requests that it be awarded 100% of its reasonably incurred costs of participating in this proceeding.

All of which is respectfully submitted this 3rd day of February, 2013.

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