

April 4, 2013

BY COURIER (2 COPIES) AND EMAIL

Ms. Kirsten Walli

Board Secretary

Ontario Energy Board

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Dear Ms. Walli:

**Re: Environmental Defence Correspondence re Intervention Request
EB-2012-0394 – Enbridge Gas Distribution Inc. (“Enbridge”)
2012-2014 Demand Side Management (“DSM”) Plan**

I am writing on behalf of Environmental Defence to respond to Enbridge's letter of March 28, 2013 objecting to Environmental Defence's proposed intervention. Contrary to the submissions of Enbridge, Environmental Defence believes it has an important and non-duplicative issue to raise in this proceeding. It wishes to address whether increasing Enbridge's 2014 DSM budget could simultaneously lower rates (by avoiding or deferring the need for all or part of the proposed GTA pipeline), lower overall bills (by reducing gas usage), and lower greenhouse gas emissions.

As detailed below, Environmental Defence requests:

1. That it be granted intervenor status;
2. That the proposed 2013 DSM budget be heard in writing; and
3. That the proposed 2014 DSM budget be deferred until after a decision is rendered in the GTA pipeline proceedings (EB-2012-0451).

Grounds for Intervention: Important, Non-Duplicative Issue to Raise

Environmental Defence should be granted intervenor status as it wishes to raise an important issue that is not being raised by any other party. In particular, Environmental Defence intends to advocate for increased DSM programs on the grounds that this could simultaneously further the interests of customers, the public interest, and government policy. For example, increased DSM programs could:

1. Lower rates by potentially deferring the need for the \$600 million GTA Pipeline proposed by Enbridge;

2. Achieve significant net savings for customers;
3. Assist Ontario in achieving its GHG emission reduction targets; and
4. Further the Government of Ontario's policy of being a leader in energy conservation, as outlined in the 2013 Throne Speech.

Although Enbridge notes that "other environmental groups have participated in the DSM Consultative," Environmental Defence's intervention is clearly not duplicative of those efforts as it takes a different position from those other parties. Only Environmental Defence is seeking an increased 2014 DSM budget. Furthermore, Environmental Defence's interest is in both environmental and *consumer* benefits, as an increased DSM budget could lead to lower rates and lower overall bills.

Enbridge seems to imply that Environmental Defence's intervention is somehow late and that it "remained silent ... coming forward for the first time with its intervention request on March 22, 2013." This position is without merit and is no basis to deny intervenor status. Environmental Defence made its intervention within the allotted timeline set out in the Notice of Hearing in this matter. This proceeding formally commenced only a short time ago as Enbridge filed its application in this matter on February 28, 2013.

Environmental Defence has important, non-duplicative issues to raise and therefore should be granted intervenor status.

Role of Mr. Gibbons

Contrary to Enbridge's assertion, Mr. Gibbons is not in a "position of conflict" due to confidential information he may have received during settlement negotiations. Very simply, Mr. Gibbons does not have any confidential information that would be relevant to the issues raised by Environmental Defence as it is not challenging issues discussed during the consultations, such as program design. Mr. Gibbons therefore will not share any confidential information with Environmental Defence. Furthermore, Enbridge itself has not identified any specific confidential materials or information that Mr. Gibbons would have received to Enbridge's detriment. Again, Mr. Gibbons does not possess any confidential information that would be relevant to the issues Environmental Defence wishes to raise.

Regardless, Environmental Defence does not intend to produce evidence by Mr. Gibbons, present him as a witness, or have him make submissions on behalf of Environmental Defence.

Role of Klippensteins

Klippensteins did not participate or play a role in the stakeholder consultation meetings in this matter. The consultations did not take place under a docket number and no formal proceeding had commenced until Enbridge's application was filed on February 28, 2013.

Proposed Issue: Whether the 2014 DSM Budget Should be Increased

Enbridge states that Environmental Defence “should be required to specifically identify in writing the issues that it wishes to raise in the proceeding.” Environmental Defence is willing to identify that issue now. Environmental Defence wishes to raise the following issue:

Whether the applicant’s proposed 2014 budget is appropriate, reasonable, and in the best interests of consumers.

Environmental Defence does not challenge the proposed 2013 budget. However, Environmental Defence refutes Enbridge’s assertion that it is too late or inappropriate to reassess its 2014 budget. First, DSM budgets were once approved on a yearly basis, which indicates that the utilities are capable of accommodating that schedule. Second, even if there may be some difficulties involved in increasing the 2014 budget, those difficulties would potentially be outweighed by the benefits resulting from increased DSM.

Environmental Defence only challenges the 2014 budget, and proposes that the only issue be the appropriateness of the 2014 budget proposed by Enbridge.

Relevance and Importance of the GTA Pipeline

Environmental Defence strenuously objects to Enbridge’s request that any questions relating to the proposed GTA Reinforcement Project (the “GTA Pipeline”) be excluded from this proceeding. The pending GTA Pipeline project is the very reason why an increased 2014 DSM budget is so important. The proposed GTA Pipeline will cost \$600 million and result in major rate increases. It may be that all or part of the GTA Pipeline project can be avoided or postponed by way of increased DSM in 2014 and onwards. The 2014 DSM budget could make a difference on whether this \$600 million project can be avoided or postponed. It could be too late to simply wait and increase the 2015 budget.

The GTA Pipeline is relevant to this proceeding because, if the GTA Pipeline can be avoided or postponed through increased DSM in 2014, this would greatly increase the case for an increased 2014 budget.

From a planning perspective, the GTA Pipeline and DSM budget should be considered together as they are potentially alternative ways of satisfying consumer needs. They should be considered together to ensure that the most cost effective approach is selected. This is in keeping with the Board’s frequently stated preference for an integrated and holistic approach to planning.

Environmental Defence does *not* propose that questions such as whether the GTA Pipeline is necessary or whether it is the lowest cost option of meeting consumer demand be answered in this hearing. Those questions are better addressed in the GTA Pipeline proceeding itself. However, Environmental Defence does wish to argue that one reason for an increased 2014 DSM budget is to potentially avoid or defer the need for all or part of

the GTA Pipeline project. Environmental Defence therefore proposes the procedure outlined below whereby consideration of the 2014 budget would be deferred until a decision has been made in the GTA Pipeline proceedings.

Proposed Procedure Vis-à-vis the GTA Pipeline Project

Environmental Defence proposes that the Board address the proposed 2013 DSM budget now in writing and defer consideration of the 2014 budget until after a decision has been made in the GTA Pipeline proceedings. This approach would:

1. Address Enbridge's timing concerns with regard to the 2013 budget;
2. Ensure that relevant information regarding the GTA Pipeline is available to the Board when it considers the 2014 DSM budget; and
3. Promote an integrated and holistic planning approach that rationally considers alternatives ways to meet consumer demands, and selects the most cost-effective approach.

Grounds for Opposing Settlement Agreement

Environmental Defence recognises that it will likely to be the only party seeking an increased 2014 DSM budget. However, it believes that these issues are sufficiently important to raise despite the unavoidable "uphill battle" in challenging a settlement between all other parties.

Virtually all board-approved DSM programs result in an overall net reduction in consumers' bills. They are "win-win" as they simultaneously further environmental and consumer interests. Although they may result in somewhat increased rates, these rate increases are *always* more than offset by *even greater* savings achieved by reduced usage. This is required by the Board's DSM Guidelines (with the exception of low-income programs).¹ Again, DSM programs result in net bill reductions; some DSM programs, and particularly those for industrial customers, result in bill reductions that are *many times* higher than the cost of the program itself.

In this case not only would there be net bill reductions, but it is also possible that overall *rates* will also decrease if increased DSM could avoid or defer some or all of the need for the proposed \$600 million GTA Pipeline.

Environmental Defence is persisting in its challenge of the 2014 budget, despite the potential "uphill battle" of challenging the settlement agreement, because increased DSM could simultaneously result in lower rates, lower overall bills, and lower greenhouse gas emissions.

¹ See page 16 of the DSM Guidelines, requiring the that TRC benefit-cost ratio be greater than 1 (with the exception of low-income programs, which must be greater than 0.7).

Conclusion

For those reasons, Environmental Defence requests (1) that it be granted intervenor status, (2) that the proposed 2013 budget be addressed in writing, and (3) that consideration of the proposed 2014 budget be deferred until after a decision is rendered in the GTA Pipeline proceedings.

Please do not hesitate to contact me if anything further is required.

Yours truly,



Kent Elson

cc: Applicant and Intervenors in EB-2012-0394