

April 24, 2013

BY COURIER (2 COPIES) AND EMAIL

Ms. Kirsten Walli

Board Secretary

Ontario Energy Board

P.O. Box 2319

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Toronto, Ontario M4P 1E4

Email: BoardSec@ontarioenergyboard.ca

Dear Ms. Walli:

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

I am writing on behalf of Environmental Defence further to the Board’s directions in Procedural Order No. 2 to provide a list of the issues Environmental Defence would like to see addressed, as well as its proposal for procedural steps.

Proposed Issues

Environmental Defence proposes to address two issues in this proceeding:

1. Is the 2014 DSM budget (\$32.2M) reasonable and appropriate?
2. Should the 2014 DSM budget be conclusively determined prior to the Board’s decision regarding Enbridge’s \$604 million application to construct new pipelines in the GTA in EB-2012-0451.

The rationale behind these proposed issues is discussed below as is Environmental Defence’s position on these issues.

1. Magnitude of the 2014 Budget

The first proposed issue is based on the wording of the Final Issues List in EB-2011-0327 (Union Gas Limited 2012-2014 DSM budget), which is attached for the Board’s reference. That list included a number of issues asking whether certain parts of the DSM budget were “reasonable and appropriate.”

As stated in our letter of April 4, 2014, Environmental Defence intends to advocate for an increased 2014 DSM budget 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.¹

As Environmental Defence is only challenging the overall magnitude of the 2014 DSM budget, and not specific aspects of program design, we propose the first issue simply be whether the 2014 budget is reasonable and appropriate.

2. *Relationship with the GTA Pipeline Proceedings*

The second proposed issue is meant to address a procedural conundrum whereby the reasonableness of the 2014 budget could very much depend on the Board's decision regarding Enbridge's \$604 million application to construct two new pipelines in the GTA (EB-2012-0451, the "GTA Pipeline Project"). It may be that all or part of the GTA Pipeline Project can be avoided or deferred by way of increased DSM in 2014 and onwards. If that is the case, increased DSM in 2014 and onward could contribute to lower rates, which would be a very important consideration in determining the magnitude of Enbridge's 2014 DSM budget.

In addition to advocating for an increased DSM budget, Environmental Defence will request that the 2014 DSM budget not be *conclusively* determined prior to a decision regarding the GTA Pipeline Project. This could be implemented in a number of ways. For example, *final* approval of the 2014 budget could be deferred until after the decision on the GTA Pipeline Project. Alternatively, the 2014 budget could be approved on a preliminary basis, but explicitly without prejudice to the panel in EB-2012-0451 making findings or directions with respect to a potential increase in the 2014 DSM budget.

This proceeding and the GTA Pipeline Project proceeding are irreconcilably intertwined as they relate to supply-side and demand-side expenditures that are potential alternatives for meeting consumer demands and needs. We submit that a procedure should be adopted that allows for an assessment of DSM and the GTA Pipeline Project as possible alternatives. This would be in keeping with an evidence-based, rational, and integrated approach to energy planning.

¹ 2013 Throne Speech, <http://www.premier.gov.on.ca/news/thronespeech.php>, ("And because conservation is the cheapest source of energy available, Ontario will continue to be a leader in smart-grid technology and energy conservation, and see the creation of new-economy jobs through the development of leading energy efficiency technologies in our homes and businesses.")

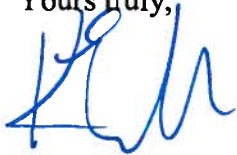
We therefore propose that the second issue be whether the 2014 budget should be conclusively determined prior to a decision in the GTA Pipeline Project proceeding.

Proposed Process

Environmental Defence does not seek to file evidence in this proceeding. We propose that the steps in this proceeding include interrogatories, cross-examinations, and submissions.

Environmental Defence is also willing to participate in a settlement conference or settlement discussions regarding the above issues.

Yours truly,

A handwritten signature in blue ink, appearing to read 'Kent Elson', is written over the 'Yours truly,' text.

Kent Elson

cc: Applicant and Intervenors

UNION GAS LIMITED (“UNION GAS”)
2012-2014 DEMAND SIDE MANAGEMENT PLAN
FINAL ISSUES LIST
EB-2011-0327

1.0 Budgets – Resource Acquisition Programs, Low-Income, Market Transformation, Research, Evaluation, and Administration

- 1.1 Are the 2012-2014 budgets for the Residential Resource Acquisition Program (2012 - \$4.103M, 2013 - \$4.282M, 2014 - \$4.054M) reasonable and appropriate?
- 1.2 Are the 2012-2014 budgets for the Commercial/Industrial Resource Acquisition Program (2012 - \$9.181M, 2013 - \$9.181M, 2014 - \$9.106M) reasonable and appropriate?
- 1.3 Are the 2012-2014 budgets for the Large Industrial Rate T1 and Rate 100 Program (2012 – \$3.147M, 2013 - \$3.147M, 2014 - \$3.147M) reasonable and appropriate?
- 1.4 Are the 2012-2014 budgets for the Low-Income program (2012 - \$6.839M, 2013 - \$6.839M, 2014 - \$6.839M) reasonable and appropriate?
- 1.5 Are the 2012-2014 budgets for the Market Transformation High Efficiency Water Heating Program (2012 - \$1.552M, 2013 - \$1.238M, 2014 - \$1.506M) reasonable and appropriate?
- 1.6 Are the 2012-2014 budgets for the Market Transformation High Efficiency Residential New Build Program (2012 - \$0.726M, 2013 - \$0.860M, 2014 - \$0.820M) reasonable and appropriate?
- 1.7 Are the 2012-2014 budgets for the Market Transformation Integrated Energy Management Systems Program (2012 - \$0.690M, 2013 - \$0.690M, 2014 - \$0.765M) reasonable and appropriate?
- 1.8 Are the 2012-2014 budgets for research (2012 - \$1.066M, 2013 - \$1.066M, 2014 - \$1.066M) reasonable and appropriate?
- 1.9 Are the 2012-2014 budgets for evaluation (2012 - \$0.969M, 2013 - \$0.969M, 2014 - \$0.969M) reasonable and appropriate?

- 1.10 Are the 2012-2014 budgets for administration (2012 - \$1.819M, 2013 - \$1.819M, 2014 - \$1,819M) reasonable and appropriate?
- 1.11 Is the proposed allocation for DSM budget costs and incentive costs appropriate?

2.0 Program Targets – Resource Acquisition Programs, Low-Income, Market Transformation

- 2.1 Are the proposed Residential Resource Acquisition Program scorecard targets for 2012-2014 reasonable and appropriate?
- 2.2 Are the proposed Commercial/Industrial Resource Acquisition Program scorecard targets for 2012-2014 reasonable and appropriate?
- 2.3 Are the proposed Rate T1/Rate 100 Resource Acquisition Program scorecard targets for 2012-2014 reasonable and appropriate?
- 2.4 Are the proposed Low-Income Program scorecard targets for 2012-2014 reasonable and appropriate?
- 2.5 Are the proposed High Efficiency Water Heating Market Transformation Program scorecard targets for 2012-2014 reasonable and appropriate?
- 2.6 Are the proposed High Efficiency Residential New Build Market Transformation Program scorecard targets for 2012-2014 reasonable and appropriate?
- 2.7 Are the proposed Integrated Energy Management Systems Market Transformation Program scorecard targets for 2012-2014 reasonable and appropriate?

3.0 DSM Incentive

- 3.1 Is the proposed DSM Incentive of \$10.45M for 2012-2014 reasonable and appropriate?

4.0 Lost Revenue Adjustment Mechanism Variance Account (LRAMVA)

4.1 Is the proposed LRAMVA reasonable and appropriate?

5.0 Demand Side Management Variance Account (DSMVA)

5.1 Is the proposed DSMVA reasonable and appropriate?

6.0 DSM Program Screening

6.1 Is the proposed DSM Program Screening process and where applicable results, reasonable and appropriate?

7.0 Avoided Costs

7.1 Is the proposed approach for calculating avoided costs in Union Gas' 2012-2014 DSM Plan reasonable and appropriate?

8.0 Stakeholder Engagement Process

8.1 Is the Settlement Agreement for the Joint Terms of Reference on Stakeholder Engagement filed November 10, 2011 acceptable to the Board?

9.0 Evaluation and Audit Process

9.1 Is the proposed Evaluation and Audit Process for Union Gas' 2012-2014 DSM Plan reasonable and appropriate?

10.0 Research

10.1 Is the Research and Development plan proposed by Union Gas reasonable and appropriate?