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### **BY EMAIL and RESS**

February 26, 2016  
Our File No. OG20160001

Ontario Energy Board  
2300 Yonge Street  
27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

### **Attn: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

### **Re: EB-2016-0004 – Community Expansion – OGA Issues List Comments**

We are counsel for the Ontario Geothermal Association. Pursuant to Procedural Order #1 in this proceeding, this letter constitutes OGA's comments on the draft Issues List.

The focus of the OGA is on ensuring that subsidies for natural gas expansion, whether from existing customers, new customers, municipalities, or the government, are only available if natural gas is the preferred energy alternative for the specific community, on both economic and environmental bases. In many applications, particularly those relating to space and water heating, geothermal will be the preferred option on both economic and environmental grounds, when subsidies are excluded. It is important to the Ontario economy, to the environment, and as a matter of fairness, that the appropriateness of any community expansion must first be tested against other alternatives, excluding consideration of any subsidies.

In our review of the Issues List, we have concluded that the issues of concern to OGA fall squarely within issues 3 and 4 on the Issues List. It would appear to us that the exemption of any project from the EBO 188 requirements must be based on public interest criteria, which would include both environmental impacts, and non-subsidized economics. This is a central issue in this proceeding, already identified by the Board.

However, OGA respectfully suggests that issue #3 should be modified to provide for an additional bullet:

- Should the individual project PI requirement be increased from 0.8 to 1.0, and should projects with a lower PI be approved only if they qualify for an exemption?

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OGA believes that if, for economic or environmental reasons, a natural gas expansion project is not the preferred option to serve a municipality in the public interest, it should not be granted a Certificate of Public Convenience and Necessity, nor authority to recover the expansion costs in rates. The EBO 188 Guidelines should be amended to make that clear.

Projects must be justified on economics that exclude all subsidies. The justification to proceed with projects with a PI below 1.0 – projects that, on the fact of it, are uneconomic - has historically been that they are still in the public interest for other reasons, often environmental ones. In an era of lower carbon emissions, natural gas expansion to any given community cannot be assumed a priori to be in the public interest. An express public interest test should therefore be applied first, before any subsequent tests. OGA believes that this issue is already included in issues #3 and #4, subject to the proposed amendment for projects with a PI between 0.8 and 1.0.

OGA believes that the existing issues already raise the question of how, or to what extent, environmental costs should be included in the cost-benefit analysis. Cap-and-trade is clearly already an issue on the radar of many parties, and the Board. We assume that it is fully included in issues #3 and #4, at least. We will also raise the costs of surplus baseload generation, and the impact on load shape, and therefore SBG costs, of environmentally preferred options to natural gas.

OGA also supports the submissions of BOMA with respect to issues to be added to the list, particularly those related to district energy options.

All of which is respectfully submitted.

Yours very truly,  
**JAY SHEPHERD P. C.**

Jay Shepherd

cc: Martin Luymes, OGA (email)  
Interested Parties