

August 8, 2016

VIA RESS AND COURIER

Ms. Kirsten Walli
ONTARIO ENERGY BOARD
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

Ian A. Mondrow
Direct: 416-369-4670
ian.mondrow@gowlingwlg.com

Assistant: Cathy Galler
Direct: 416-369-4570
cathy.galler@gowlingwlg.com

Dear Ms. Walli:

Re: EB-2015-0029: Union Gas Limited (Union) – 2015-2020 Demand Side Management (DSM) Plan – Green Investment Fund Attribution.

As counsel to the Industrial Gas Users Association (IGUA), we are in receipt of a copy of Union's letter to the Board dated July 28, 2016, providing information about an agreement which Union has entered into with the Ontario Ministry of Energy in support of an "enhanced" Home Reno Rebate DSM offering. Union also provides the Board with information in support of the conservation benefits attribution arrangement included in the Union/Ministry agreement.

Union's letter indicates that, with the support of Green Investment Fund funding under the agreement, Union will, in 2016, expand its current Home Reno Rebate DSM program to include:

- (a) Homes that use oil, propane or wood as their primary heating fuel (providing new rebates for high-efficiency heating systems using these fuels);
- (b) Homes that use natural gas as their primary heating fuel but that are not serviced by Union or Enbridge Gas Distribution;
- (c) Air source heat pumps; or
- (d) Smart thermostats.

Union also indicates that attributions to Union of the conservation results of these DSM initiatives will be limited to 80% of the results of homes within Union's franchise area and which use gas as their primary heating fuel (but not including results attributable to smart thermostats). This 80% proposed attribution is based on the proportion of the incentives for

these program participants which is expected to be contributed by Union's own ratepayer funded DSM budget. In listing attributable results, Union includes number of homes participating, amount of energy saved, and amount of GHG emissions avoided.

As the DSM program in issue is a residential customer program, it is not of direct concern to IGUA. We do note, however, that there is no mention by Union of how it will account for the expenditures related to this "enhanced" program, or how it justifies expanding a program the basis of which remains a Union gas customer program funded by Union gas customer rates, to move into conservation initiatives for oil, propane, wood, heating fuel, or other gas distributor customers, or wholly alternative energy systems (i.e. air source heat pumps).

However, Union's mention of attributable results including GHG emissions avoided by the enhanced program prompts IGUA to underscore, for the record, its view that to the extent that Green Investment Fund or other cap and trade funds are made available in the future for industrial energy efficiency initiatives, those funds should be flowed directly to the subject industrial energy consumers, and not administered through the regulated gas utilities.

Yours truly,



Ian A. Mondrow

- c. Vanessa Innis (Union Gas)
- Josh Wasylyk (Board Staff)
- Alex Smith (Torys)
- EB-2015-0029 Intervenors

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