



PUBLIC INTEREST ADVOCACY CENTRE
LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

11 May 2018

Ms. Kirsten Walli Board Secretary Ontario Energy Board
Box 2319 2300 Yonge St. Toronto, ON M4P 1E4

Dear Ms. Walli:

VIA E-MAIL

**Re: EB-2017-0127/0128 – DSM Mid-Term Review
EB-2017-0224; EB-2017-0255; EB-2017-027 – Enbridge Gas Distribution Inc., Union Gas Limited, and EPCOR Natural Gas Limited Partnership – Applications for approval of the cost consequences of 2018 cap and trade compliance plans
Letter in support of Environmental Defence Procedural Request**

I am writing on behalf of the Vulnerable Energy Consumers' Coalition to express VECC's support for the procedural request of Environmental Defence regarding the above noted proceedings.

Environmental Defence requests that the Board invite Enbridge and Union to file plans for incremental conservation measures as part of the DSM Mid-Term Review. Environmental Defence notes that the utilities are not developing plans for incremental conservation measures and have no plans to do so. Without intervention by the Board, there will be no opportunity to consider incremental conservation opportunities. Identifying cost-effective abatement opportunities will reduce consumer's energy bills, both by reducing the demand of gas consumers who take advantage of abatement programs and reducing the cost consequences for all gas consumers of meeting emission-reduction targets. VECC supports a particular focus on options to improved adoption of abatement technologies among groups like tenants and low-income homeowners who face particular barriers to adoption, like landlord consent and financing.

VECC notes that under the OEB's Cap and Trade Framework, the OEB expected there to be significant overlap between the abatement measures committed to under the utilities' compliance plans and DSM plans which would be addressed through the DSM review:

The introduction of the Cap and Trade program requires Utilities to meet emissions reduction obligations, which creates the potential for significant overlap between existing DSM programs and future Compliance Plans.

Several stakeholders argued that customer-funded DSM has now been supplanted by the Cap and Trade program and therefore customer-funded DSM should be discontinued.

The OEB is confident that any potential overlap can be appropriately addressed through the robust EM&V process of the DSM framework. The DSM framework also includes a mid-term review

provision (to be completed by June 1, 2018) that will provide an appropriate opportunity to assess the DSM framework in light of the Cap and Trade program.¹

VECC also notes that the OEB's Marginal Abatement Cost Curve was intended to be a key input to the OEB's assessment of the cost consequences of compliance plans under the OEB's Cap and Trade Framework:

The MACC will provide the Utilities and the OEB with the range of all possible compliance options along a spectrum of costs. It is an essential input that the OEB expects all Utilities to use in developing their Compliance Plans. A single, generic province-wide MACC (OEB MACC), used by all Utilities, will ensure a standard description of compliance costs for the purpose of the OEB's assessment of the Compliance Plans.

The OEB MACC and the Utilities' description of their compliance strategy and activities will allow the OEB to assess the Compliance Plans for evidence of the Utilities' cost-effective optimization of compliance instruments.²

A key factor use in assessing the reasonableness of Compliance Plan costs was "whether the Utility has considered a diversity (portfolio) of compliance options"³

In light of the above, VECC submits that the OEB intended for incremental abatement opportunities to be proposed and considered as part of the approval of the cost-consequences of the gas utilities' compliance plans. The gas utilities' failure to do casts doubt on the reasonableness of the claimed compliance costs and should be remedied at the nearest opportunity which is, in this case, the DSM mid-term review.

Yours truly,

Ben Segel-Brown

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¹ OEB Cap and Trade Framework (EB-2015-0363) at 28.

² OEB Cap and Trade Framework (EB-2015-0363) at 20.

³ OEB Cap and Trade Framework (EB-2015-0363) at 21.