

May 28, 2018

VIA RESS AND COURIER

Ms. Kirsten Walli
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Dear Ms. Walli:

Re: EB-2017-0127/0128: DSM Mid-Term Review

EB-2017-0224/0255: Enbridge Gas Distribution Inc. (EGD) and Union Gas Limited (Union) 2018 Cap & Trade Compliance Plan Applications

Correspondence from Environmental Defence (ED) and others regarding incremental DSM.

As counsel to the Industrial Gas Users Association (IGUA) in both the DSM Mid-Term Review process and the EGD and Union Cap & Trade Compliance Plan proceedings, we are in receipt of, and have considered, recent correspondence filed in both of these matters by ED, and related correspondence from other stakeholders including each of Union and, most recently¹, EGD.

Consideration of that correspondence prompts us to observe as follows:

1. We agree with EGD that there is overlap between the DSM Framework and the abatement topic as addressed in the Cap & Trade Framework and that such overlap; i) is not in the best interest of ratepayers; ii) is not conducive to efficient and effective achievement of the Board's policy objectives; and iii) merits further consideration and clarification by the Board.
2. We disagree, however, with ED and others who advocate that the Board should provide any direction to Union and EGD at this time, outside of the ongoing Cap & Trade Compliance proceeding, to address this topic.

The matter is currently before the Hearing Panel in the 2018 Cap & Trade Compliance Proceeding at ED's and Green Energy Coalition's (GEC) own instance. ED and GEC asked,

¹ Letter from A. Mandyam dated May 18th, 2018.

and were permitted, to file evidence in the Cap & Trade proceeding in support of an assertion that EGD and Union should have included incremental DSM in their 2018 Cap & Trade Compliance Plans. EGD and Union have now filed arguments in that proceeding which challenge such assertions, and ED and GEC will no doubt further engage that topic in their own arguments in that proceeding, as may others. The Board should not now usurp the ongoing deliberations of that Hearing Panel by providing any direction in respect of this topic outside of, and pending conclusion of, that process. (IGUA will argue in that process in support of the arguments filed by the utilities that the plethora of efficiency initiatives currently under development and the resulting uncertainties render incremental ratepayer funded efficiency initiatives by the utilities problematic at this time.)

3. We are concerned with the comments provided in EGD's letter, and echoed in Union's 2018 Cap & Trade Compliance Proceeding argument in chief (AIC)², that the Board could "add the cost of carbon, as determined by the Board's Long Term Carbon Price Forecast, to the TRC Plus Test" in order to "immediately expand the universe of cost effective programming potential within the DSM framework". While Union's AIC seems to be suggesting this consideration as part of development of the 2021 DSM Framework, EGD's letter refers to "immediate" action and thus could be interpreted to be suggesting that this change be considered earlier than in the context of the 2021 DSM Framework.

This proposal ignores the fact that the "plus" part of the "TRC plus" test already expressly includes valuation of "environmental benefits".³ Simply adding a carbon price value to the TRC Plus test without reconsidering the current 15% premium which the Board has directed be added to the value of otherwise realized benefits in evaluating DSM initiatives would double count environmental benefits within DSM analysis and exacerbate the overlap between the Board's DSM policy and the Board's policy regarding carbon pricing under the cap & trade compliance framework. In any event, no such change should be undertaken in isolation of broader consideration in the appropriate forum of the future of DSM in light of a fully implemented cap & trade regime.

Yours truly,



for: Ian A. Mondrow

c: S. Rahbar
All Parties to EB-2017-0127/0128
All Parties to EB-2017-0224/0255

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² EB-2017-0255, *Argument In Chief, Union Gas Limited*, paragraph 62.

³ EB-2014-0134: *Report of the Board: Demand Side Management Framework for Natural Gas Distributors (2015-2020)*, page 33, 2nd full paragraph.