

May 28, 2018

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-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 plan to have efficient use of energy and

(AIC), that the Board could "add the
n Carbon Price Forecast, to the TRC
erse of cost effective programming
AIC seems to be suggesting this
M Framework, EGD's letter refers to
be suggesting that this change be
Framework.

e "TRC plus" test already expressly
adding a carbon price value to the
emium which the Board has directed
in evaluating DSM initiatives would
analysis and exacerbate the overlap
y regarding carbon pricing under the
uch change should be undertaken in
um of the future of DSM in light of a

cap & trade compliance proceeding argument in chief
cost of carbon, as determined by the Board's Long Term
Plus Test" in order to "immediately expand the univer-
potential within the DSM framework". While Union's
consideration as part of development of the 2021 DSM
"immediate" action and thus could be interpreted to
considered earlier than in the context of the 2021 DSM

This proposal ignores the fact that the "plus" part of the
includes valuation of "environmental benefits".³ Simply
TRC Plus test without reconsidering the current 15% pr
be added to the value of otherwise realized benefits
double count environmental benefits within DSM an
between the Board's DSM policy and the Board's policy
cap & trade compliance framework. In any event, no su
isolation of broader consideration in the appropriate for
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

TOR_LAW\9532992\2

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.