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Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli,

**RE: EB-2019-0003 – Post-2020 Natural Gas Demand Side Management Framework  
– Phase 1 Submissions of the London Property Management Association**

Pursuant to the Ontario Energy Board's ("OEB") letter dated May 21, 2019, the London Property Management Association ("LPMA") is pleased to provide its submissions to the OEB on the three questions posed in Phase 1 related to the post-2020 Demand Side Management ("DSM") framework for gas utilities.

**General Comments**

The submissions below reflect the current state of DSM in Ontario. LPMA believes that after more than two decades of DSM programs and the increasing awareness of the potential impacts associated with climate change, the OEB should be reviewing the goals that it is seeking to achieve, along with the structure of the programs, administration, budgets and how success is measured.

In short, LPMA believes it is time for a comprehensive review of everything DSM related with an eye towards improving the outcome of DSM programs for the benefit of both ratepayers and the environment. This review should not be limited to using less gas, but also to using no gas (i.e. fuel switching) where more environmentally friendly options are available and to which DSM funding could be applied to reduce the cost of energy to ratepayers.

The timetable of the current consultation process should not prevent the OEB from initiating a more fulsome review of DSM. While LPMA understands that the utilities may require a framework by early fall of this year in order to have time to come up with, file and get approval of their plans by early spring of 2020 in order to launch their programs at the beginning of 2021,

LPMA submits that this is no reason to simply continue on with the current framework with or without some tweaks for another five years. LPMA submits the OEB should extend the current DSM framework for 2021 and immediately begin a comprehensive review of DSM. This would provide the utilities with certainty related to their 2021 plans and provide all parties with a reasonable amount of time to ascertain what an appropriate DSM plan is going forward. The environment (no pun intended) related to greenhouse gas emissions and climate change has itself changed and evolved since the current DSM framework was approved in 2014 (EB-2014-0134). LPMA submits it is time for the DSM framework to evolve as well.

### **The Three Questions**

LPMA has reversed the order of the first two questions in the OEB's May 21, 2019 letter. This is because LPMA believes that the goals and objectives must be clear before any guiding principles can be established.

#### **1. Goals and Objectives: What should be the primary goal(s) and objective(s) of the post 2020 DSM Framework?**

##### **a) LPMA Comments on New Goals**

LPMA believes that the primary goal of DSM should be the reduction of natural gas use (and a corresponding reduction in greenhouse gas emissions) in the province. To be clear, the reduction in natural gas use is an actual reduction in volumes consumed, not a reduction in the forecasted increase in natural gas consumption. A significant portion of the distribution costs being paid by ratepayers is DSM related. In return for this money, ratepayers expect real reductions, not fake reductions in the growth of natural gas consumption. The goal is to reduce actual consumption.

Customers want real results for the real costs they are incurring. Customers are willing to pay more if there are concrete results that reduce the environmental impact of consuming natural gas. This reduction can only happen if natural gas consumption actually declines. Telling customers that natural gas use per customer is falling while omitting the fact that total gas consumption in province is increasing and not decreasing, is like telling someone that the interest rate on their savings account is going up to 4%, but failing to tell them that the increase is only for amounts in excess of \$100,000 in the account. A half truth is not only misleading, but it leads to customer dissatisfaction and unrest. It is time that the OEB and in particular, the utilities, stop misleading the general public about the results achieved by DSM. DSM has slowed the growth in natural gas consumption, but to date has failed to reduce natural gas consumption in the province. LPMA submits that it is time that this changed.

b) LPMA Comments on the Current Goals in the Existing Framework.

*i. Assist consumers in managing their energy bills through the reduction of natural gas consumption.*

LPMA believes that this goal should be modified to read “Assist consumers in managing their energy bill through the reduction or elimination of natural gas consumption.” The scope should not just be reduction of natural gas consumption. Energy bills include more than just the natural gas bill. Where carbon free or reduced carbon alternatives to natural gas are available, DSM programs may be able to bring the price of these alternatives down to a level that helps consumers adopt the alternatives and manage their energy bills while reducing or eliminating the use of natural gas for some applications.

*ii. Promote energy conservation and energy efficiency to create a culture of conservation.*

LPMA submits that DSM programs should promote energy conservation and energy efficiency across all forms of energy use, not just natural gas use. It should also include fuel switching alternatives that reduce the use of natural gas without increasing greenhouse gas emissions. It should also encompass energy education and literacy. LPMA suggests wording around the lines of “Promote energy conservation, energy efficiency, energy education and literacy and fuel switching where appropriate to create a culture of conservation and greenhouse gas emissions reduction.”

*iii. Avoid costs related to future natural gas infrastructure investment, including improving the load factor of natural gas systems.*

LPMA suggests that this goal should be shortened to “Avoid costs related to future natural gas infrastructure investment.” LPMA notes that load factors of natural gas systems can be improved in a combination of ways, including reducing the peak demand and increasing the average daily consumption. The latter may actually increase gas consumption and greenhouse gas emissions.

A reduction in the load factor would likely result in higher distribution rates given that the costs would have to be recovered through higher volumetric rates applied to lower volumes. This would actually be a secondary positive impact in reducing consumption as prices rise.

Increasing the load factor has the opposite effect. Higher volumes would result in lower rates, all else being equal. This would in turn reduce not only the incentive to lower consumption, but it would also lessen the actual savings of ratepayers that have taken advantage of DSM programs in the past.

2. Principles: Do the guiding principles from the 2015-2020 DSM Framework remain appropriate? If not, what principles are needed and why?

LPMA submits that it is premature at this point to comment on whether the guiding principles from the 2015-2020 DSM framework remain appropriate. It is also premature to comment on what new principles are needed.

This is because until the OEB determines what the goals and objectives of DSM should be, it would not be meaningful to comment and propose new guiding principles that would achieve those goals and objectives.

3. Scope: Should the OEB undertake major revisions to the 2015-2020 DSM Framework or focus on specific updates that are more minor in nature?

As noted earlier in this submission, LPMA believes that the OEB should extend the current 2015-2020 DSM framework for 2021. The OEB could focus on a few specific updates that are minor in nature for this extension.

However, LPMA believes that the OEB's resources, and those of the utilities and intervenors would be more usefully deployed in a comprehensive review of the DSM framework, including the establishment of goals and objectives which may or may not be different from the current ones, and the establishment of guiding principles which may or may not be different from the current ones. The result could be major revisions to the current framework, minor revisions to the current framework, or the establishment a completely new framework that reflects developments that have taken place since the current framework was put in place in 2014.

LPMA submits that the scope of the consultation is the most important question in Phase 1. There are many issues that should be within the scope of the consultation. These issues include who should deliver the DSM programs; how should this delivery fit into the expanding universe of government programs, taxes and electricity demand management programs; how should DSM investments be treated; should utilities be protected against lost volumes as a result of their DSM programs while being at risk for reductions that result from other causes; should utilities be rewarded for achieving certain results; how should the success or failure of the programs be measured;

In summary, LPMA does not believe the current framework should be extended for another five years, with or without major or minor revisions, until parties can review the current framework in comparison to other potential frameworks. The extension of the framework by one year allows the OEB, utilities and intervenors the opportunity to examine, in depth, potential frameworks that could enhance the benefits to both ratepayers and the environment. This opportunity should be taken now and not deferred down the road by another five years.

Yours very truly,

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