

Elson Advocacy

September 6, 2019

BY COURIER (2 COPIES) AND RESS

Ms. Kirsten Walli

Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700, P.O. Box 2319
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

Re: EB-2019-0137 - Consultation to Review Natural Gas Supply Plans

Enclosed please find the questions of Environmental Defence for Enbridge for the stakeholder conference in the above consultation. To conserve time during the stakeholder conference, Environmental Defence would be happy to receive written responses to these questions prior to the meeting.

Please do not hesitate to contact me if anything further is required.

Yours truly,



Kent Elson

EB-2019-0137
Consultation to Review Natural Gas Supply Plans
Environmental Defence Questions for the Stakeholder Meeting

1. In its decision on the current five-year DSM plans, the Board directed the utilities to “consider a net rate impact approach” that accounts for both “the benefits and costs of the DSM programs,” including the “demand reduction impact on price.”¹ This factor is described by the ACEEE as follows:

“Energy efficiency programs also have the ability to reduce wholesale market prices for energy, capacity, and natural gas. When load is reduced in a jurisdiction operating in a wholesale market environment, demand for energy or capacity is also reduced, resulting in price suppression in the associated market. This concept is known as market price mitigation, price suppression, or demand reduction induced price effects (DRIPE). DRIPE benefits can be substantial, and inclusion of these benefits in program cost screening can increase the cost effectiveness of peak-focused programs by up to 15–20% (Synapse 2008). Also, like other utility system benefits, DRIPE benefits accrue to both participants and nonparticipants of utility-sponsored energy efficiency programs.”²

- a. Please discuss the current status and next steps of Enbridge’s work to assess the demand reduction impact on gas prices arising from DSM.
 - b. Is Enbridge willing, now or in the future, to estimate the savings to consumers over the supply plan period due to DSM-driven gas price suppression (also known as Demand Reduction Induced Price Effect or DRIPE)?
 - c. Please comment on a potential performance metric in the cost-effectiveness category indicating the savings to customers (\$) achieved through DSM-driven gas price suppression (also known as Demand Reduction Induced Price Effect or DRIPE).
2. The OEB’s guiding principles requires that “[t]he gas supply plan will be developed to ensure that it supports and is aligned with public policy where appropriate.” The current Environment Plan mandates 15% of its carbon reductions from innovation, including “cost-effective fuel switching” in buildings.
 - a. What role does Enbridge expect to take to help achieve the mandated carbon reductions via fuel switching, including a potential geothermal program?

¹ Ontario Energy Board, *Decision and Order on Applications for Approval of the 2015-2020 DSM Plans*, EB-2015-0029/0049, January 20, 2016, p. 87.

² American Council for an Energy-Efficient Economy, *Everyone Benefits: Practices and Recommendations for Utility System Benefits of Energy Efficiency*, June 2015, p. 25-26.

- b. Is Enbridge considering how it can pursue or facilitate fuel switching (e.g. geothermal) in lieu of gas expansion projects to new communities or new developments (where that is the least-cost option)?
 - c. How would a program that implements fuel switching (e.g. geothermal) in lieu of gas expansion to new communities or new developments impact gas supply prices in light of DRIPE?
 - d. Please comment on the following potential fuel switching measures for Enbridge's performance metrics: (i) gas supply savings achieved via fuel switching, (ii) demand reduction via fuel switching, and (iii) carbon reduction via fuel switching. Please also comment on any other potential measures relating to fuel switching.
 - e. How would increased fuel switching impact the supply plan?
3. In EB-2019-0172, Enbridge stated that it "intends to make an application to the OEB seeking approval of any IRP proposals later this year" (Ex. B-1-3, p. 2).
 - a. Please provide further details, such as the expected date of filing and a brief overview of the proposals.
 - b. Please discuss how Integrated Resource Planning could improve the cost-effectiveness or reliability of gas supply, or otherwise impact the supply plan.