

# Elson Advocacy

November 3, 2023

**Nancy Marconi**  
Registrar  
Ontario Energy Board  
2300 Yonge Street, 27th Floor  
Toronto, Ontario  
M4P 1E4

Dear Ms. Marconi:

**Re: Enbridge Gas DSM Plan – Contestability of Next Plan  
Follow up to EB-2021-0002**

I am writing on behalf of Environmental Defence further to correspondence from the School Energy Coalition dated October 4, 2023, to request that the OEB conduct an open request for expressions of interest for the design and delivery of gas demand side management (“DSM”) programming in Ontario. This would provide better results for customers at a lower cost and help to address the major conflict of interest that is inherent in a gas distribution company being responsible for programs that reduce or eliminate gas use.

## **Benefits of competition**

Opening up the design and delivery of DSM programs to competition could bring about the benefits that competition brings in many other sectors – better results and lower costs. There is no reason why the gas utility must also provide DSM programs. Even if another entity provided the programs, Enbridge could be required to share customer information and include promotional materials in its customer bills. Although there should only be one gas DSM provider in the province to ensure ease of access for customers, there certainly can be a competitive process to determine which entity plays that role.

## **Inherent conflict of interest**

One of the greatest benefits of an open process for the design and delivery of gas DSM programs is the potential to avoid the conflict of interest that Enbridge is in. Enbridge earns profit from building and maintaining methane gas pipelines. That business is threatened by efficiency measures that help to reduce gas use and customer bills. That business is particularly threatened by high-efficiency electric heat pumps, which can save customers thousands of dollars in heating

costs, but can cause customers to leave Enbridge's system.<sup>1</sup> In this context, Enbridge's self interest is directly opposed to the interests of customers in lowering their energy bills.

Enbridge's conflict of interest is not merely theoretical. It is evidenced in many of Enbridge's actions, such as the following:

- Proposing major and increasing spending on gas heat pumps in its proposed DSM plan even though they are not cost effective (which the OEB rejected);<sup>2</sup>
- Proposing to require that customers remain with the gas system to be eligible for energy efficiency incentives (which the OEB rejected);<sup>3</sup>
- Expressly requiring that its municipal energy advisors lobby for continued gas use in municipal energy plans;<sup>4</sup>
- Anti-electrification lobbying and public relation campaigns;<sup>5</sup> and
- Deceptive marketing practices that mislead customers about the cost of heating with gas versus electric heating.<sup>6</sup>

These are just some examples. It is highly problematic that Enbridge is expressly promoting gas equipment and withholding information from customers about potential annual energy savings from heat pumps while being the entity in charge of heat pump incentives in the province.<sup>7</sup>

### **Other benefits**

A process to open up DSM programming to third parties could bring about other benefits as well. For example, the entity could expand to deliver electric programs, providing administrative savings and easier access to customers through a "one-stop-shop". In addition, a non-profit could secure the right to provide DSM programming, which could avoid some or all of the cost of the shareholder incentives now paid to Enbridge, as has occurred in other jurisdictions.

### **Success in other jurisdictions**

Other jurisdictions have had considerable success obtaining energy efficiency program providers through requests for proposals (RFP). Some examples are below:

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<sup>1</sup> Evidence of Chris Neme, May 11, 2023 (updated May 30th), Ex. M9, p. 23 ([link](#)).

<sup>2</sup> Decision and Order in EB-2021-0002, November 15, 2022, p. 53.

<sup>3</sup> *Ibid.*

<sup>4</sup> Enbridge Job Posting, Senior Advisor, Municipal Energy Solutions ([link](#)) (Advisors are required to "[a]dvocate for the continued use of natural gas and its role as a low carbon option in the development of Municipal Energy Plans.").

<sup>5</sup> E.g., see Hearing Transcript Vol. 2, p. 160, ln. 11, p. 163, ln. 11, p. 165, ln. 13 ([link](#)).

<sup>6</sup> Application to the Competition Bureau re Deceptive Marketing ([link](#)).

<sup>7</sup> *Ibid.* See also Enbridge, *Natural Gas Prices Explained*, archived version as of September 22, 2023 ([link](#)).

- Wisconsin has used the competitive procurement model for both electric and gas energy efficiency for over a decade.
- Vermont initially used an RFP for two six-year cycles. After the Vermont Energy Investment Corporation won it twice, a decision was made to make Efficiency Vermont the provider. Efficiency Vermont was initially exclusively only for electricity, but later expanded somewhat to unregulated fossil fuels.
- New Jersey engaged in a number of rounds of competitive procurement for approximately 15 years for electric and gas programs.
- Oregon, Nova Scotia, Manitoba, and Maine all have designated quasi-public energy efficiency organizations in the efficiency utility role for gas customers that are distinct from the gas distribution company.

There are a variety of organizations that are capable of designing and delivering gas DSM programming. With sufficient planning prior to the end of this DSM period, the OEB could pursue this option and achieve better and more efficient programs that are delivered in a fuel-neutral way and that help to achieve the greatest possible energy bill reductions for customers across the province.

Yours truly,



Kent Elson