Elson
Advocacy

September 3, 2025

Ritchie Murray
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Marconi:

Re: Enbridge Gas 2026-2030 Demand Side Management Plan
EB-2024-0198

I am writing on behalf of Environmental Defence Canada ("EDC") and the Green Energy Coalition ("GEC") to provide submissions on the rollover of Enbridge's DSM programming to 2026. EDC and GEC submit that the rollover is in the best interests of customers and should proceed as quickly as possible so that work can proceed on designing and adjudicating an improved program for 2027 to 2030.

Cost-effectiveness

In *Procedural Order #4* the OEB noted that Enbridge's application indicates that the residential program is not cost-effective according to the Total Resource Cost ("TRC") test. The program should be approved despite the TRC values because the program would likely be cost-effective under the TRC test if improved assumptions were to be used, the program is already cost-effective under the Program Administrator Cost test, and there would be serious negative repercussions for customers were the residential program to abruptly end in 2026.

Enbridge's program would likely be cost-effective if one or more variables underlying the TRC test were to be updated, including the following:

- **Social cost of carbon:** The residential program would be cost-effective if the social cost of carbon were to be accounted for.[1] Accounting for the social cost of carbon is important in order to ensure that decarbonization occurs at the lowest possible cost. However, the appropriateness of accounting for the social cost of carbon is out of scope for the rollover portion of this proceeding. Seeing as the cost-effectiveness of the residential program could hinge on a decision on the appropriateness of accounting for the social cost of carbon, it would be inappropriate to end the program prior to that decision being made.

[1] Technical Conference Transcript, July 24, 2025, p. 17.

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- **Discount rate:** The residential program would be cost-effective if the discount rate recommended by Chris Neme of the Energy Futures Group were to be adopted.[2] Seeing as the cost-effectiveness of the residential program would also hinge on this out-of-scope decision on the appropriate discount rate, it would be inappropriate to end the program prior to that decision being made.

- **Other improvements and assumptions:** Enbridge is planning to explore streamlining the program. EDC and GEC are helping to coordinate input into that streamlining and are hopeful that it will improve efficiency and effectiveness. Adjustments to other assumptions, such as cross-over temperatures for hybrid heat pumps, could also impact gas savings. These adjustments could further improve cost-effectiveness.

The residential program is cost effective according to the Program Administrator Cost test, with a benefit-cost ratio of 1.12. This means that, for every dollar that is invested by the utility in terms of an incentive cost and program costs, customers are saving more than a dollar in avoided energy costs.[3] In other words, every dollar that is added to customer bills from the residential programs will come along with more than one dollar in bill savings through avoided energy costs.

Customer impacts

Declining to roll over the residential program would have significant negative impacts on customers. We anticipate that these will be addressed by Enbridge in greater detail, and so we only briefly list them here:

- **Elimination of customer incentives:** Most obviously, eliminating the residential program will eliminate the availability of incentives. Customers value incentive programs and will lose those benefits should this occur. Customers have already expressed concern about the drop in incentives for the current program and will likely express even greater concerns if incentives are entirely eliminated.

- **Customer confusion:** Eliminating the residential program will increase customer confusion. For the first time ever, the IESO and Enbridge have implemented a fully joint residential energy efficiency program with the same suite of measures, including both whole-home and single-measure offerings. This "one stop shop" is a major benefit to customers. Eliminating Enrbidge's program would be a major setback.

- **Harm government policy:** The Home Renovation Savings Program is an important plank of the current government's energy policy and was created pursuant to provincial government direction. The withdrawal of Enbridge would directly harm this clear government policy. This would be inconsistent with the OEB's mandate with respect to gas regulation under s. 2(5) of the *Ontario Energy Board Act, 1998*, to "promote energy

[2] JT1.1; Exhibit Kt1.2, p. 42.
[3] Technical Conference Transcript, July 24, 2025, p. 25.

conservation and energy efficiency in accordance with the policies of the Government of Ontario."

- **Wreak havoc on the IESO program:** Enbridge agreed that exiting the joint program would "wreak havoc" on the IESO efficiency program.[4] There would be numerous negative impacts, including decreasing cost-effectiveness by reducing economies of scale, forcing the IESO to assume responsibilities that Enbridge had taken on, requiring promotional materials and program guidelines to be re-written, and other "financial knock-on effects."[5]

- **Hobble future residential programs:** Declining to rollover the 2026 residential program would hobble efforts to restart a redesigned program in 2027. The change would result in Enbridge layoffs and the loss of staff from service organizations and energy auditors. In many cases, this cannot be undone as laid-off staff find different positions. There would likely also be impacts on marketing efforts, trust, and branding. Overall, it would be a major setback for future programming.

- **Lost opportunities:** If the program is discontinued, opportunities will be lost for decades as customers undertake equipment replacements or renovations without implementing energy efficiency improvements. Those improvements will not be financially viable until the equipment must be replaced again or a subsequent renovation occurs, many years into the future.

None of the above factors are taken into account in the TRC test. They further support the need for a swift rollover.

Energy transition safe bet

There has been extensive debate in recent OEB hearings about the best way to protect the interests of customers as the energy transition proceeds. However, there is a near-unanimous view among relevant policy experts that energy efficiency programming is a safe bet that should be pursued no matter what the future holds for gas. Energy efficiency is also far, far more cost-effective than other energy transition options, such as renewable natural gas.[6] A rollover is needed to support energy efficiency as a tool to address the energy transition as cost-effectively as possible.

Conclusion

The 2026 residential program is cost-effective according to the Program Administrator Test and would likely also be cost-effective according to the Total Resource Test with improved

[4] Technical Conference Transcript, July 24, 2025, p. 58.
[5] *Ibid*.
[6] EB-2024-0111, Decision and Order, May 29, 2025, p. 33.

assumptions. Even if that were not the case, a rollover would be justified to avoid the large negative ramifications noted above that would arise from a 2026 discontinuance.

Although Enbridge's program needs significant improvements, the best way to secure those is to quickly approve the rollover such that phase 2 of this proceeding regarding the program for 2027 onward can proceed.

In light of the above, Environmental Defence Canada and the Green Energy Coalition request that the rollover be approved and that Enbridge be directed to file the plan for 2027 to 2030.

Thank you for the opportunity to make these submissions.

Yours truly,

Kent Elson

cc: Parties in the above proceeding