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

Dear Mr. Murray

Re: EB-2024-0198 – Enbridge Gas Inc. Application for Multi-Year Natural Gas Demand Side Management Plan (2026-2030)

Background

On or about November 29, 2024, Enbridge Gas Inc. ("**EGI**") submitted an application for a multi-year demand side management program for the period January 1, 2026, through December 31, 2030 (the "**Initial Application**"). Pursuant to the Initial Application, EGI proposed continuation of its current DSM program categories, including the Residential Program, Income Qualified Program, Commercial Program, Industrial Program, and Large Volume Program.

On March 20, 2025, EGI wrote to request that the Board put the application in abeyance to reflect the fact that the Government of Canada had set the cost of carbon to $0 on March 14, 2025. EGI explained that it felt that the change to the Federal Carbon Charge necessitated material changes to the pre-filed evidence, in particular, EGI's cost effectiveness forecasts for its DSM programs.[1] By letter dated March 24, 2025, the Board accepted EGI's request and put the proceeding into abeyance.[2]

On May 2, 2025, EGI wrote to the Board to request that the Board approve a one-year rollover of the existing DSM plan, originally for the 2023-2025 term, in order for EGI to have sufficient time to comprehensively assess and update its application for a longer term DSM plan (the "**Updated Application**").[3]

[1] EB-2024-0198, Enbridge Gas Inc. Request for Abeyance, March 20, 2025, p. 2.
[2] EB-2024-0198, Ontario Energy Board, Abeyance Request Response, March 24, 2025.
[3] EB-2024-0198, Enbridge Gas Inc. Abeyance Request Status Update, May 2, 2025.

Pursuant to Procedural Order No. 3, as extended, EGI submitted updated evidence for the 2026 DSM program year, including the cost effectiveness of its programs.[4] On June 20, 2025, EGI provided the updated evidence, which indicated that some of its programs remained cost effective, but that the residential program had a cost effectiveness of less than 1.0.[5]

Pursuant to Procedural Order No. 4, dated July 3, 2025, the Board required EGI to provide comprehensive cost effectiveness information for 2026, provided for a technical conference on the residential program cost effectiveness issue. The Board also invited parties to provide written submissions on the Updated Application.[6] Please consider this letter to be CME's submission in this matter.

EGI's Demand Side Management Program

As set out in the Updated Application, EGI is proposing a budget of $199,797,689 for its DSM programs in 2026.[7] The budget does not include EGI's shareholder incentive, which is forecast to be $23,748,328,[8] or amounts collected in the Demand Side Management Variance Account. Accordingly, EGI is requesting a significant amount of ratepayer funding for this program.

EGI's evidence is that several of its programs are not cost effective. EGI's estimates the cost effectiveness of its programs as follows:[9]

- Residential Program – 0.62;
- Low Income Program – 0.83;
- Commercial Program – 1.52;
- Industrial Program – 1.84;
- Large Volume Program – 6.22; and
- Energy Performance Program – 0.56.

As a result, while EGI's total portfolio cost effectiveness is 1.02, there are several categories of programs which are no longer cost effective.

CME is concerned about requiring ratepayers to pay over $200 million for programs which may not be cost effective. In other words, for them to pay for programs where the benefits ratepayers will receive will not be a large as the costs incurred. CME is also concerned that EGI is not doing enough to maximize the effectiveness of its cost-effective programming, such as the Industrial Program, in order to assist industrial customers who are suffering as a result of the current economic and international trade circumstances.

However, CME recognizes that the cost effectiveness of EGI's DSM programs was materially altered by the Government of Canada's decision to reduce the Federal Carbon Charge. This change was sudden and was not provided for in EGI's application. CME submits that there would likely be

[4] EB-2024-0198, Procedural Order No. 3, May 13, 2025, p. 2; EB-2024-0198, Enbridge Gas Inc. Updated Application, June 20, 2025.
[5] EB-2024-0198, Updated Application, Exhibit B, Tab 1, Schedule 1, p. 8 of 18.
[6] EB-2024-0198, Procedural Order No. 4, July 3, 2025, p. 6.
[7] EB-2024-0198, Updated Application, Exhibit B, Tab 1, Schedule 1, p. 12 of 18.
[8] EB-2024-0198, Updated Application, Exhibit B, Tab 1, Schedule 1, p. 15.
[9] EB-2024-0198, Updated Application, Exhibit C, Tab 2, Schedule 3, p. 2 of 6.

additional costs in terms of customer and program continuity if EGI were to cancel programs on short notice, and then reintroduce residential programming in the near future.

Accordingly, CME does not oppose EGI's request to roll its current DSM programming over for an additional year through 2026. However, it submits that the Board should provide for a process in EGI's next DSM application that allows parties to thoroughly review EGI's DSM programming to ensure that demand side management continues to be cost effective way for customers to manage their energy bills as well as their emissions.

Yours very truly

Scott Pollock

cc. Pratik Bhalerao