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BY EMAIL

March 23, 2026

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

Dear Ritchie Murray:

**Re: Enbridge Gas Inc.
2027-2030 Demand Side Management Plan Application
Ontario Energy Board (OEB) File Number: EB-2025-0295**

On March 16, 2026, the OEB issued Procedural Order No. 2 that requested submissions from parties on whether the consideration of a cost of carbon for DSM cost-effectiveness testing should be within the scope of this proceeding and added to the draft Issues List.

Please find attached the submission from OEB staff.

Any questions relating to this letter should be directed to Michael Bell at michael.bell@oeb.ca or at 416-440-7688. The OEB's toll-free number is 1-888-632-6273.

Yours truly,

Michael Bell
Sr. Advisor, Application Policy & Conservation

c. All Parties in EB-2025-0295



ONTARIO ENERGY BOARD

OEB Staff Submission

2027-2030 DSM Plan

Enbridge Gas Inc.

EB-2025-0295

March 23, 2026

OEB staff provides the following submissions to supplement the oral comments delivered at the Issues Conference.¹

As noted in OEB staff's oral submission made during the March 12, 2026, issues conference, OEB Staff submits that the cost of carbon is not in scope and the OEB should confirm that the appropriate carbon value for the Total Resource Cost-Plus (TRC-Plus) is \$0/tonne. This value aligns with Government of Ontario policy. As previously submitted by OEB staff, current Government of Ontario policy explicitly rejects carbon pricing² and affirms that no carbon tax or carbon charge will apply to consumers.³ Applying a \$0/tonne value aligns with the OEB's mandate as an economic regulator, and ensures that Enbridge Gas's demand side management (DSM) programs are assessed using inputs that accurately reflect the costs and benefits experienced by Ontario ratepayers today.

As an economic regulator, one of the OEB's central tasks with respect to DSM programs is to ensure they are considered on the basis of real, measurable utility, ratepayer, and system costs and benefits, in alignment with government policies. Introducing a hypothetical or counterfactual carbon value would distort economic assessment and undermine the purpose of DSM cost-effectiveness screening.

The TRC-Plus test already provides the OEB with a complete and robust framework for evaluating DSM program impacts. It incorporates real avoided natural gas, electricity, water, and carbon costs. Additionally, a 15% non-energy benefit (NEB) adder is applied to align with the historical approach used to assess electricity energy efficiency and demand management programs and reflect broader environmental, economic, and social benefits of DSM programming.⁴

Recommendations to Defer a Decision on the Cost of Carbon

Some parties suggested the OEB defer establishing a carbon value until later in the proceeding. This is unnecessary given the certainty of current government policy that the carbon cost is \$0/tonne. No additional information or evidence is required to understand current government policy for the purposes of the OEB's statutory objective of promoting DSM in accordance with the government's clear policy direction. Further, such a deferral would be inefficient given the additional process burden it would create.

¹ EB-2025-0295, Issues Conference Transcript, March 12, 2026, pp. 35-49

² [Energy for Generations, Integrated Energy Plan to Power the Strongest Economy in the G7](#), p. 100, [2025 Ontario Budget, A Plan to Protect Ontario](#), p. 107

³ [Protecting Against Carbon Taxes Act, 2024 \(S.O. 2024, c.9, Sched. 5\)](#)

⁴ EB-2014-0134, [Report of the OEB, DSM Framework for Natural Gas Distributors \(2015-2020\)](#), p. 33

Enbridge Gas's application is already premised on a \$0/tonne carbon value, which is aligned with government policy and establishes a baseline for cost-effective program activity.

An early determination related to the cost of carbon would still enable parties to fully test Enbridge Gas's proposals, including the programs, natural gas savings, and other inputs, and suggest modifications for the OEB to consider.

School Energy Coalition Recommendation for a Generic Hearing⁵

OEB staff provides the following submissions in response to the written submissions filed by the School Energy Coalition (SEC) on March 9, 2026.

SEC indicated that it would be inappropriate for the OEB panel of Commissioners in this proceeding to reach a decision on the OEB's jurisdiction to consider non-energy costs and benefits, including the cost of carbon. SEC stated that this question is one of general application and should be addressed in a generic hearing in which all interested parties receive notice and have an opportunity to participate.

SEC noted that the implications of considering NEBs and costs extend beyond natural gas DSM. SEC identified potential impacts on the Discounted Cash Flow Plus Test within the Natural Gas IRP Framework, the Benefit Cost Analysis Framework under the Non-Wires Solutions Guidelines for electricity distributors, as well as potential relevance for natural gas facilities applications and utility rate applications. SEC submitted that a determination in this proceeding could have broad consequences for the OEB's overall approach to its mandate.

OEB staff submits that a generic hearing will not lead to adjudicative efficiency as the relevant parties are already participating in this proceeding. Moreover, the OEB's mandate when considering energy conservation programs requires alignment with government policy, which is clear. As such, a generic hearing is unnecessary.

OEB staff further submits that no changes are required to the draft issues list, and the OEB should affirm that reconsideration or modification of the 15% non-energy benefits adder to include a non-zero value for carbon is out of scope for this proceeding.

As noted above, while the OEB retains broad authority to determine inputs to its cost-effectiveness tests, it must be guided by section 2(5) of the OEB Act and align with existing government policy. Government of Ontario policy is aligned with a \$0/tonne cost of carbon. The OEB's cost-effectiveness test currently includes a 15% NEB-adder,⁶

⁵ [SEC Submission](#), March 9, 2026

⁶ EB-2021-0002, [Decision and Order](#), November 15, 2022, p. 83 and Schedule E, pp. 25-26

which was originally applied during previous DSM policy development where the Minister of Energy updated its Conservation First Directive to the Ontario Power Authority (now the IESO) to require that electricity conservation programs be screened using a 15% non-energy benefit adder. In response, the OEB also applied a 15% NEB adder to DSM cost-effectiveness testing to align natural gas and electricity DSM screening.⁷ OEB staff is not aware of any updated direction revising this value to include a non-zero value for carbon, and notes that Enbridge Gas has filed a letter from the IESO indicating similar understanding.⁸ In the absence of new direction, it would be inconsistent for the OEB to establish a new NEB value or methodology at this time.

Accordingly, OEB staff submits that Enbridge Gas's application should proceed on the basis of current policy direction and established parameters. Should the government provide revised direction on the treatment or valuation of NEBs or greenhouse gas emissions, such direction can be incorporated into future applications and frameworks as appropriate.

All of which is respectfully submitted

⁷ EB-2014-0134, [Report of the Board, DSM Framework for Natural Gas Distributors \(2015-2020\)](#), p. 33

⁸ Enbridge Gas Inc. [letter](#) filed on March 13, 2026 providing correspondence with the IESO.