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December 5, 2008

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th floor
Toronto, ON M4P 1E4

Dear Ms Walli,

Enbridge Gas Distribution Inc. ("EGD")

DSM Variance Accounts

Board File No.: EB-2008-0271

Our File No.: 339583-000016

Please consider this correspondence as the written submissions of Canadian Manufacturers & Exporters ("CME") which are being made pursuant to Procedural Order No. 1. In preparing these submissions, we have had the benefit of reviewing the submissions of the Green Energy Coalition ("GEC"), which were filed on November 24, 2008.

CME does not object to Enbridge Gas Distribution Inc.'s ("EGD") request for an Order approving the final balances in the 2007 Lost Revenue Adjustment Mechanism Variance Account, the 2007 Demand Side Management Variance Account, and the 2007 Shared Savings Mechanism Variance Account. The amounts claimed for these accounts are summarized at paragraph 2 of EGD's Application. CME submits that the Board can take comfort by the fact that these amounts have been subject to an audit overseen by EGD's 2007 Evaluation and Audit Committee ("EAC").

CME does, however, oppose EGD's request for Board approval of a 2008 SSM target "with the condition that it is adjusted to reflect the Board's decision on 2008 assumptions (i.e. freeridership and spillover)." (CME IR #1, Exhibit I, Tab 2, Schedule 1, page 1 of 1). In CME's view, it is not appropriate for the Board to conditionally approve a 2008 SSM target that includes spillover in this Application.

The concept of spillover was not included in the multi-year DSM framework approved by the Board in EB-2006-0021. EGD has not filed any evidence in this Application on the appropriateness of introducing spillover into the calculation of EGD's SSM target, and why the Board approved multi-year DSM framework should be modified. In the absence

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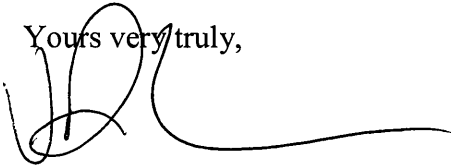
of such evidence, there is no basis to grant conditional approval of a target that includes spillover.

CME expects that spillover will be an issue addressed in EGD's Application seeking approval for the 2008 DSM input assumptions. The Notice of Application and Hearing, and Procedural Order No. 1, were issued for that matter yesterday (EB-2008-0384). Spillover has also been identified by Board staff as an issue to be addressed within the Board-initiated DSM Consultative (EB-2008-0346). In light of the fact that spillover will be addressed within these other proceedings, the Board should not issue any order in this Application that could be interpreted as conditional approval of spillover.

For these reasons, CME requests that the Board not approve the 2008 DSM target of \$168,278,583 with the condition that it be adjusted to reflect the Board's decision on 2008 assumptions. The adjustment of the target, if required, should be dealt with in a future proceeding with a proper evidentiary foundation.

CME submits that it has acted responsibly in this Application, and requests that it be awarded 100% of its costs.

Yours very truly,

A handwritten signature in dark ink, appearing to be 'VJ DeRose', with a long horizontal flourish extending to the right.

Vincent J. DeRose
VJD/kt

c. Norm Ryckman (EGD)
Dennis O'Leary (Aird & Berlis)
Paul Clipsham (CME)

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