



1071 King Street, Suite 204,  
Toronto, Ontario, M6K 3K2  
**Telephone:** 416 / 203-4674  
**Facsimile:** 416 / 364-5914  
**e-mail:** [info@corporateknights.ca](mailto:info@corporateknights.ca)  
[www.corporateknights.ca](http://www.corporateknights.ca)

## **Corporate Knights Inc.**

Dear Ms. Reid,

I wanted to provide input on the matter of DSM with respect to file number RP-2003-0144.

It is the view of Corporate Knights that the most important criterion to consider regarding DSM option is, *does it work?* The history of government led voluntary conservation efforts is littered with failure, and waste of resources. Smart regulations, building code changes and tax incentives have met good results when applied properly.

The private sector has at its disposal many levers through which to make people conserve energy, but little incentive to do so. One incentive is to show customers that they care about saving them money, but this has its limits. Another incentive is for the government to top things up so conservation efforts are rewarded. But this too has limits, as the long-term implications for profitability, for a firm that gets people to dramatically reduce their energy consumption, are not good under current relevant firm structures.

I would like the Ontario Energy Board to better answer the below four questions before dispensing the current DSM system that rewards energy providers for getting consumers to conserve:

1. Who has more levers for getting consumers to use less energy:  
Government or Private Energy Providers?
2. What incentives did private energy providers have under the existing system to get consumers to use less energy and have these incentives effected meaningful conservation?

3. What is the Ontario Energy Board doing to create a market system where private energy providers' long-term profits are linked to how effective they are at reducing Ontario's energy consumption?  
[Recommend reading *Natural Capitalism*]
4. Given the failed record for most government led voluntary energy conservation efforts, what makes the Ontario Energy Board so sure this time will be different?

I don't see these crucial questions addressed in the report. It also appears that ending the current program of rewarding successful conservation efforts and replacing it with government led initiatives with no teeth, implies too much confidence in the government's ability to achieve the same or better conservation results on their own in a cost effective manner.

Please find enclosed an accompanying article we published in our February 4 issue of Corporate Knights that was distributed as an insert to subscribers of the Globe and Mail.

Sincerely,

Toby Heaps  
Editor, Corporate Knights