



## PUBLIC INTEREST ADVOCACY CENTRE LE CENTRE POUR LA DÉFENSE DE L'INTÉRÊT PUBLIC

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February 5, 2004

Paul B. Pudge  
Assistant Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge St., 26<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

BY COURIER and E-MAIL

Dear Mr. Pudge:

### Re: RP-2003-0144 – Staff Report to the Board on Demand-Side Management and Demand Response

This letter is written in response to the Board's letter of January 23, 2004, inviting stakeholders to comment on the subject report.

On behalf of the Vulnerable Energy Consumers Coalition (VECC), we commend Board Staff on their reasoned and practical recommendations to the Board regarding a framework for demand-side management (DSM) and demand response (DR) in Ontario's energy markets. The report demonstrates clear consideration for the work of the Stakeholder Advisory Group, as well as additional input provided throughout the proceeding. As a participant of the Advisory Group, VECC endorses the collaborative approach with which Board Staff conducted the consultation, and applauds the flexibility that Staff adopted throughout the process.

Following nearly ten years of DSM in the natural gas sector, which is administered and implemented by local distribution companies, it has become clear that the public interest concerns of the low income and vulnerable customer segment are conflicted by the corporate needs of companies to maintain distribution load revenues. We have often seen and experienced over the last many years how utility driven DSM programs exclude participation by our constituents, but require their subsidization of associated costs. Consequently, the recommendations listed in the report are critical, as they unequivocally position the public benefits of energy conservation and efficiency within the responsibility of an independent agency; such a framework permits public policy leadership with respect to the issue of universality. We believe, furthermore, that the suggested framework mitigates incidences of self-interest that might naturally occur under any other design.

Coincident with the public benefit interests of DSM, we stress the importance of having a portion of the conservation fund specifically allocated towards the creation of efficiency and conservation measures in which the low-income segment may participate. This funding

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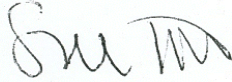


allocation would be consistent with DSM funding policies of the majority of jurisdictions in the United States and, furthermore, demonstrate Ontario's leadership within Canada in this area. More significantly, however, is that this funding structure is a necessary component of universality, by eliminating existing barriers of participation by low-income customers in DSM.

In sum, the recommendations outlined in the report are not only responsive to the needs of Stakeholders, but also rationally consider the experiences of other jurisdictions so that a sustainable and practical framework may be put into place. Going forward with this plan will provide citizens of the Province of Ontario with assurance that their energy needs will be well managed into the future.

As indicated in your letter, please find nine paper copies of this letter, and one electronic copy in Adobe PDF.

Sincerely,

A handwritten signature in black ink, appearing to read 'Sue Lott', with a stylized flourish at the end.

Sue Lott  
Counsel for VECC