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**BY E-MAIL AND WEB POSTING**

September 15, 2014

**To: All Rate-regulated Natural Gas Distributors  
All Licensed Electricity Distributors  
All Members of Enbridge Gas Distribution Inc.'s and Union Gas Limited's  
DSM Consultative Groups**

**Re: Developing a New Demand Side Management Framework for Natural Gas  
Distributors  
Board File No.: EB-2014-0134**

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In 2013 the government of Ontario issued its updated Long-Term Energy Plan which placed a strong focus on increasing energy conservation efforts throughout the province and incorporating the policy of conservation first into planning processes. On March 31, 2014, the Minister of Energy issued a [Directive](#) (the "Conservation Directive") to the Board that among other things requires the Board to establish a new Demand Side Management ("DSM") policy framework.

The Board has today released a Draft Report of the Board on the new DSM Framework for 2015 to 2020. This is the next step in the Board's consultation process (EB-2014-0134) to develop a new DSM Framework for natural gas distributors.

With this letter the Board has issued two documents, the Draft Report of the Board on the DSM Framework for Natural Gas Distributors for 2015 to 2020 (the "draft DSM Framework") and the Draft Filing Guidelines to the DSM Framework (the "draft DSM Guidelines"). The Board invites interested parties to provide comments on all elements of the DSM Framework included in both documents. In addition, the Board has posed several questions for areas in which it is particularly interested in the views of stakeholders.

The Board has also posted a supplemental report prepared by Concentric Energy Advisors Inc. ("Concentric") who has updated sections of its 2010 report titled "Review of DSM for Natural Gas Distributors".

## Background

The DSM Guidelines for Natural Gas Distributors (EB-2008-0346), issued by the Board on June 30, 2011, provides for a three-year term ending December 31, 2014. In addition, as noted above, the Minister of Energy's Conservation Directive requires the Board to establish a DSM policy framework for natural gas distributors.

On April 10, 2014 the Board issued a letter initiating a consultation process to review the current DSM Guidelines and develop a new DSM Framework to be used for the development of the next generation of DSM plans. Within the same letter, the Board also convened a DSM working group to provide initial input and advice to Board staff on the development of a draft DSM Framework.

## DSM Working Group

The DSM Working Group was composed of the following organizations:

1. Enbridge Gas Distribution Inc.
2. Union Gas Limited
3. Natural Resources Gas Limited
4. Toronto Hydro-Electric Systems Limited,
5. Veridian Connections Inc.
6. Ontario Power Authority
7. Consumers Council of Canada (CCC)
8. Environmental Defence
9. Industrial Gas Users Association (IGUA)
10. Low Income Energy Network (LIEN)
11. Ontario Sustainable Energy Association (OSEA)
12. School Energy Coalition (SEC)

The DSM working group met three times over the period of April to July. The working group provided input and insights into the effectiveness of the current DSM Guidelines and offered advice for improvements to be included in the development of the new DSM Framework.

The Board would like to thank the working group members for their contribution in the development of the new DSM Framework. Summary notes of each working group meeting, including relevant studies and other documents filed in relation to this proceeding, are available on the [DSM Framework webpage](#) on the Board's website. While the draft DSM Framework being issued for comment does not necessarily

represent the views of working group members, the materials from the working group meetings were helpful to the Board in understanding the issues and framing a number of options for consideration by stakeholders.

### **Draft Report of the Board: DSM Framework for Natural Gas Distributors**

The DSM Framework, when finalized, will outline the Board's policy direction with respect to all the elements of the proposed DSM Framework. The DSM Framework is intended to guide the development of the natural gas distributors' DSM plans and programs between 2015 and 2020. For the draft DSM Framework, in some key areas such as DSM targets, budgets, shareholder incentives and program types, the Board has provided options for stakeholders to consider and/or included specific questions. Although options and questions have been provided for these areas, the Board encourages parties to provide comments on all areas of the draft DSM Framework.

### **Draft DSM Guidelines to the DSM Framework**

The draft DSM Guidelines are intended to act as a companion document to the DSM Framework. The DSM Guidelines provide more detailed, technical guidance on many areas of the framework, a common understanding of key elements of DSM activities and specific information to be considered in developing DSM Plans and filing applications. The Board invites parties to provide comments on all areas of the draft DSM Guidelines.

### **Jurisdictional Review**

The Board retained Concentric to update sections of its 2010 report in order to have a sense of the general context and reference to other leading jurisdictions across North America that are implementing significant natural gas DSM programs. The Board acknowledges that there can be data limitations and differences in various characteristics when comparing jurisdictions; however, the broad data can provide useful insights when taken into consideration with all other factors.

### **Written Comments**

The Board invites interested parties to comment in writing on the draft DSM Framework and draft DSM Guidelines by **Wednesday, October 15, 2014** in accordance with the filing instructions set out below. All comments received will be posted on the Board's website.

The Board will consider the comments provided before finalizing the Board's policy for the Report of the Board on the new DSM Framework and DSM Guidelines for natural gas distributors.

### **Cost Awards**

Cost awards will be available under section 30 of the *Ontario Energy Board Act, 1998* to eligible persons in relation to their participation in the development of the new DSM Framework. Costs awarded will be recovered from all rate-regulated natural gas distributors based on their respective distribution revenues.

Appendix A contains information regarding cost awards for this consultation, including eligibility requests and objections. In order to facilitate a timely decision on cost eligibility, the deadlines for filing cost eligibility requests and objections will be strictly enforced.

### **Filing Instructions**

All filings to the Board must be received by the Board Secretary by 4:45 p.m. on the required date. Filings must quote file number EB-2014-0134 and include your name, address, telephone number and, where available, your e-mail address and fax number. All filings received by the Board in relation to this consultation will be available for viewing at the Board's offices and will be placed on the Board's website. Further filing instructions are set out in Appendix B.

Questions about this consultation process should be directed to Josh Wasylyk at [Josh.Wasylyk@ontarioenergyboard.ca](mailto:Josh.Wasylyk@ontarioenergyboard.ca) or 416-440-7723. The Board's toll-free number is 1-888-632-6273.

Yours truly,

*Original signed by*

Kirsten Walli  
Board Secretary

## Appendix A

### Cost Awards

#### Consultation Process for the DSM Framework

EB-2014-0134

#### Cost Award Eligibility

The Board will determine eligibility for costs in accordance with its *Practice Direction on Cost Awards*.

As noted in the April 10, 2014 letter, the Board invited a number of stakeholders to participate on the DSM Working Group, including Consumers Council of Canada (“CCC”), Environmental Defence, Industrial Gas Users Association (“IGUA”), Low Income Energy Network (“LIEN”), Ontario Sustainable Energy Association (“OSEA”) and School Energy Coalition (“SEC”). The Board found that all of these parties are eligible for an award of costs.

In response to the Board’s April 10, 2014 letter, the Board received cost eligibility requests from the Association of Power Producers of Ontario (“APPo”), Canadian Manufacturers and Exporters (“CME”), Energy Probe Research Foundation (“Energy Probe”), Green Energy Coalition (“GEC”), Federation of Rental-housing Providers of Ontario (“FRPO”), London Property Management Association (“LPMA”), and the Ontario Greenhouse Vegetable Growers (“OGVG”). The Board finds that these parties are eligible for an award of costs.

Any other person intending to request an award of costs must file with the Board a written submission to that effect by **Monday, September 22, 2014** identifying the grounds on which the person believes that it is eligible for an award of costs (addressing the Board’s cost eligibility criteria as set out in section 3 of the Board’s *Practice Direction on Cost Awards*). An explanation of any other funding to which the person has access must also be provided, as should the name and credentials of any lawyer, analyst or consultant that the person intends to retain, if known. All requests for cost eligibility will be posted on the Board’s website.

If a rate-regulated natural gas distributor has any objections to any of the requests for cost eligibility, such objections must be filed with the Board by **Monday, September 29, 2014**. All objections will be posted on the Board’s website. The Board will then make a final determination on the cost eligibility requests.

#### Eligible Activities

Cost awards will be available in relation to comments on the draft DSM

Framework and draft DSM Guidelines, to a **maximum of 24 hours**.

### **Cost Awards**

When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of its *Practice Direction on Cost Awards*. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied. The Board expects that groups representing the same interests or class of persons will make every effort to communicate and co-ordinate their participation in this process.

The Board will use the process set out in section 12 of its *Practice Direction on Cost Awards* to implement the payment of the cost awards. Therefore, the Board will act as a clearing house for all payments of cost awards in this process.

## Appendix B

### Filing Instructions

#### DSM Framework for Natural Gas Distributors

**EB-2014-0134**

Please submit electronic copies of filings in searchable/unrestricted Adobe Acrobat (PDF) format through the Board's web portal at [pes.ontarioenergyboard.ca/eservice](http://pes.ontarioenergyboard.ca/eservice) and also file two paper copies at the address below. You will need a user ID to make filings through the Board's web portal. If you do not have a user ID, visit the "[e-filings services](#)" webpage on the Board's website at [www.ontarioenergyboard.ca](http://www.ontarioenergyboard.ca) and fill out a user ID password request.

Please use the document naming conventions and document submission standards outlined in the document entitled "RESS Document Preparation – A Quick Guide" also found on the e-filing services webpage. If the Board's web portal is not available, electronic copies of filings may be filed by e-mail to [boardsec@ontarioenergyboard.ca](mailto:boardsec@ontarioenergyboard.ca). If you do not have internet access, please provide a CD containing your filing in PDF format as described above to the Board Secretary at the following address:

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, Suite 2700  
Toronto, Ontario  
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If the written comment is from a private citizen (i.e., not a lawyer representing a client, not a consultant representing a client or organization, not an individual in an organization that represents the interests of consumers or other groups, and not an individual from a regulated entity), before making the written comment available for viewing at the Board's offices or placing the written comment on the Board's website, the Board will remove any personal (i.e., not business) contact information from the written comment (i.e., the address, fax number, phone number, and e-mail address of the individual). However, the name of the individual and the content of the written comment will be available for viewing at the Board's offices and will be placed on the Board's website.