

Ministry of Energy

Office of the Minister

4th Floor, Hearst Block
900 Bay Street
Toronto ON M7A 2E1
Tel.: 416-327-6758
Fax: 416-327-6754

Ministère de l'Énergie

Bureau du ministre

4^e étage, édifice Hearst
900, rue Bay
Toronto ON M7A 2E1
Tél. : 416 327-6758
Télééc. : 416 327-6754

RECEIVED

FEB 09 2014

CHAIR
ONTARIO ENERGY BOARD



FEB - 4 2015

Ms Rosemarie T. Leclair
Chair & Chief Executive Officer
Ontario Energy Board
PO Box 2319
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms Leclair:

Re: Natural Gas Demand Side Management (DSM) Framework

I am pleased that the Ontario Energy Board (OEB) has released its final DSM Framework (2015-2020) in support of the government's Conservation First policy. Conservation is the cleanest and most cost-effective energy resource and it offers consumers a way to reduce their energy bills while contributing to a sustainable future.

I am particularly pleased that natural gas distributors will be expected to ensure that DSM is considered in infrastructure planning at the regional and local levels, consistent with the government's March 26, 2014 Directive to the OEB, and that a 15 per cent non-energy benefit adder will be applied to the benefit side of the Total Resource Cost Test in recognition of the environmental, economic and social benefits of DSM.

I note that as part of the expectation that natural gas distributors consider DSM in infrastructure planning, each distributor will be studying the potential role of DSM in reducing or deferring infrastructure investments in future system planning efforts. I expect that the natural gas distributors will work with stakeholders, including environmental organizations, to help inform the approach for these studies. I understand that they plan to initiate this work in the near future and complete the studies as soon as possible and no later than in time to inform the mid-term review of the DSM Framework.

The March 26, 2014 directive also requires an achievable potential study for natural gas efficiency in Ontario be conducted every three years with the first study completed by June 1, 2016. Building on the principle of the non-energy benefit adder, I request that the Board consider, in that study, how such potential DSM benefits as carbon reduction and natural gas price suppression may be used to screen prospective DSM programs and inform future budgets.

.../cont'd

I look forward to the OEB's continued support in implementing the government's Conservation First policy.

Sincerely,

A handwritten signature in black ink, consisting of a long, sweeping horizontal line that starts with a small loop on the left and ends with a small dot on the right.

Bob Chiarelli
Minister