

**Ministry of Energy,
Northern Development
and Mines**

Office of the Associate Minister
of Energy

77 Grenville Street, 10th Floor
Toronto ON M7A 2C1
Tel.: 416-327-6758

**Ministère de l'Énergie,
du Développement du Nord
et des Mines**

Bureau du ministre associé
de l'Énergie

77, rue Grenville, 10^e étage
Toronto ON M7A 2C1
Tél. : 416 327-6758



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November 27, 2020

Ms Susanna Zagar
Chief Executive Officer
Ontario Energy Board
2300 Yonge Street, 27th Floor
P.O. Box 2319
Toronto ON M4P 1E4

Dear Ms Zagar:

As the Ontario Energy Board (OEB) proceeds with its efforts to address the continued availability of demand side management (DSM) programs following the expiry of the existing 2015-2020 Framework and the approved DSM programs for 2021, we would like to take this opportunity to communicate the Ontario government's current policy objectives related to the environment and to economic recovery from the COVID-19 pandemic.

2018 Environment Plan Natural Gas Targets

As you know, the Made-in-Ontario Environment Plan was released in November 2018. The plan is our government's roadmap to preserving and protecting our land, air, and water, addressing litter and reducing waste, and supporting the people of Ontario as we work towards reducing greenhouse gas (GHG) emissions.

The Environment Plan commits Ontario to achieving a GHG emissions reduction target of 30 percent below 2005 levels by 2030, in line with Canada's 2030 target and includes an action to "Work with the Ontario Energy Board and natural gas utilities to increase the cost-effective conservation of natural gas to simultaneously reduce emissions and lower energy bills."

The Environment Plan also acknowledges the important role of natural gas conservation programs in achieving our provincial GHG emissions reduction target. To that end, the plan includes an estimate of the potential for actions related to natural gas conservation, with ratepayer-funded natural gas DSM being one component of this. We are therefore writing to clarify that this estimate is not intended to be a prescriptive target that the OEB would be required to facilitate through ratepayer-funded natural gas DSM programs. We do note, however, that it reflects the success of past energy conservation efforts and some of the detailed achievable potential analysis conducted to support DSM programs that lower energy bills for consumers in the long run.

We recognize that the OEB's objectives for natural gas, as defined in the *Ontario Energy Board Act, 1998*, include both "to protect the interests of consumers with respect to prices..." and "to

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promote energy conservation and energy efficiency in accordance with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances". While we would be supportive of increasing cost-effective ratepayer funding of natural gas conservation in Ontario, it is recognized that the OEB must balance ratepayer interests regarding bill impacts with the level of natural gas savings pursued.

We know there is no one single environmental approach or solution that fully addresses the needs of all provinces, regions or communities. That is why our plan will continue to evolve as a living document to address the environmental priorities of Ontarians as new information, ideas and innovations emerge. The Ministry will consider the latest research and models to estimate costs of actions and the impacts of policies on GHG emissions. These estimates will continue to evolve as policies and commitments in the plan are finalized and implemented.

Supporting Ontario's Economic Recovery

The COVID-19 pandemic has had a significant impact on natural gas consumers and Ontario's economy. Our government recognizes that natural gas DSM programs help consumers manage their energy costs and are an important contributor to Ontario's economy. Ensuring that an appropriate level of DSM programming remains available to natural gas customers without interruption will assist them in managing their energy costs, and can also help to defer future natural gas infrastructure needs.

Alignment with Energy Affordability Program (EAP)

The government is renewing electricity conservation programming for low-income households. Pursuant to a recently issued Order in Council and Minister's Directive, the Independent Electricity System Operator (IESO) will be launching a new Energy Affordability Program in January 2021 to deliver the benefits of two existing programs, the Affordability Fund Program and the Home Assistance Program, which are ending in 2020. As part of this renewal, the eligibility criteria of this new program are being updated. The government encourages the OEB to consider supporting the alignment of the eligibility criteria between the new Energy Affordability Program and any natural gas low-income programs.

Conclusion

We hope this clarification is helpful to you and your stakeholders. We look forward to the OEB's continued support to help achieve Ontario's policy objectives, while delivering value for Ontario natural gas customers.

Sincerely,



Minister Bill Walker
Associate Minister of Energy



Jeff Yurek
Minister of the Environment, Conservation
and Parks

- c: Hon. Greg Rickford, Minister of Energy, Northern Development and Mines
Stephen Rhodes, Deputy Minister, Energy, Northern Development and Mines
Serge Imbrogno, Deputy Minister, Ministry of Environment, Conservation and Parks
Bonnie Lysyk, Auditor General of Ontario
Alex Wood, Assistant Deputy Minister, Climate Change and Resiliency Division
Kelly Brown, Assistant Deputy Minister, Conservation and Renewable Energy Division