



EB-2008-0384

IN THE MATTER OF the Ontario Energy Board Act 1998,
S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF an application by Enbridge Gas
Distribution Inc. for an order or orders approving certain
Demand Side Management input assumptions for the 2008
program year.

BEFORE: Paul Sommerville
Presiding Member

Cynthia Chaplin
Member

DECISION AND ORDER

Enbridge Gas Distribution Inc. (“EGD”) filed an application with the Ontario Energy Board, (the “Board”) dated November 10, 2008, seeking approval of certain demand side management (“DSM”) input assumptions for its 2008 program year. The Board assigned File No. EB-2008-0384 to this application.

In the Board’s Decision with Reasons for the Natural Gas DSM Generic Proceeding in EB-2006-0021 (the “Generic DSM Decision”), it outlined a process allowing for updates to the DSM input assumptions, “arising from the evaluation and audit process, to be filed with the Board and considered accordingly.”

Although EGD’s proposed input assumptions list for the 2008 program year went through the evaluation and audit process, as outlined in the Board’s Generic DSM Decision, it did not receive full support from the DSM Consultative and Evaluation and Audit Committee (“EAC”).

On December 4, 2008, the Board directed EGD to serve the Notice of Application and Procedural Order No. 1 on all intervenors in the Generic DSM proceeding and to all of EGD's DSM Consultative members. The Board directed any party that wished to comment on EGD's application to do so by written submission.

The Industrial Gas Users Association ("IGUA"), the School Energy Coalition ("SEC"), the Green Energy Coalition ("GEC"), the Consumers Council of Canada ("CCC"), Energy Probe Research Foundation ("Energy Probe"), Vulnerable Energy Consumers Coalition ("VECC") and the Canadian Manufacturers & Exporters ("CME") filed submissions in accordance with the Board's Procedural Order.

All parties who filed submissions focused primarily on EGD's inclusion of "spillover" values. "Spillover" is a concept that attempts to quantify the uptake of conservation programs by those not directly solicited for enrollment.

The objection to the inclusion of spillover values highlighted the lack of support EGD had received from the EAC or its DSM Consultative on this issue. Objecting parties also noted that EGD had not filed any evidentiary support for the inclusion of spillover values, and argued that it would be inappropriate for the Board to accept such a change in DSM input assumptions outside of a formal and public review process on the matter.

GEC also submitted comments on a variety of other programs for which EGD is seeking changes to the DSM input assumptions.

VECC's submission supported the harmonization of both EGD and Union Gas Limited's ("Union") input assumptions with those of the Ontario Power Authority ("OPA").

Board Findings

The Board approves EGD's proposal, except for the inclusion of spillover values.

With respect to the submissions of GEC regarding specific programs, the Board concludes that the material provided by EGD is sufficient for purposes of adopting these updates.

With respect to the spillover effects, the Board considers that the approval of significant change within the term of a program requires a more thorough and inclusive evidentiary

and consultative process. The inclusion of spillover effects is a methodological change, in the Board's view, and not merely an updated input assumption. And although EGD subsequently filed a study in support of this change, this was done as part of its reply submission, and in any event, this proceeding was not structured to provide for the testing of evidence. When the updating process for DSM input assumptions was devised, it was done so in order to provide the Board with confidence it could move forward without having to conduct complex and adversarial proceedings. If EGD wishes to pursue spillover values in future DSM proceedings, the issue will need to be brought forward with an appropriate level of supporting documentation.

The parties have also made comments about the role of the EAC. The Board would note that the EAC does not have a "veto" power, but the Board does expect there to be meaningful consultation. Although the use of the Consultative and the EAC is at the utility's discretion, it assists the Board and the regulatory process if discussion can take place in the informal atmosphere of the Consultative and EAC, rather than requiring that all matters be adjudicated.

The Board also notes that on December 9, 2008, Union Gas Limited, the other major gas distributor in the province, filed a letter stating that it has chosen not to pursue the inclusion of spillover values for 2008. The Board agrees with Union's approach of discussing spillover values with the EAC for future input assumption updates.

Regarding VECC's submission, the Board does not feel that this is the appropriate time to decide the issue of harmonizing the input assumptions of the gas utilities with those of the OPA.

In a recent proceeding (EB-2008-0271), EGD sought approval for its 2008 SSM target as part of an application for disposition of DSM-related deferral accounts. The decision in that proceeding did not set the target level as it was beyond the scope of that proceeding. The findings in this current decision provide EGD with the necessary information to set the 2008 SSM target.

Intervenors eligible for an award of costs shall file their cost submissions in accordance with the *Practice Direction on Cost Awards* with the Board Secretary and with EGD within 15 days of the date of this Decision and Order. EGD may make submissions regarding the cost claims within 30 days of this Decision and Order and the intervenors

may reply within 45 days of this Decision and Order. A decision and order on cost awards and the Board's own costs will be issued in due course.

THE BOARD ORDERS THAT:

Enbridge Gas Distribution Inc. is granted approval of its updated DSM input assumptions as filed, with the exception of the inclusion of spillover values, for its 2008 program year.

The Board orders Enbridge Gas Distribution Inc. to submit its updated 2008 DSM input assumptions to the Evaluation and Audit Committee and DSM Consultative without the inclusion of spillover values. Enbridge Gas Distribution Inc. shall then re-file the agreed upon DSM input assumptions for its 2008 program year.

DATED at Toronto January 27, 2009.

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary