



EB-2009-0154

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 its 2010
Demand Side Management Plan.

BEFORE: Paul Sommerville
Presiding Member

Cynthia Chaplin
Member

DECISION AND ORDER

Enbridge Gas Distribution Inc. ("Enbridge") filed an application with the Ontario Energy Board (the "Board") dated October 15, 2009, seeking an order granting approval of its 2010 low-income Natural Gas Demand Side Management ("DSM") plan. The Board assigned File No. EB-2009-0154 to the application.

This application is in response to the request by the Board on September 28, 2009, for Enbridge and Union Gas Limited ("Union") to file one year low-income DSM plans for 2010 based on the existing DSM framework, including budget increases based on the established escalators.

On September 30, 2009, the Board issued its Decision and Order approving Enbridge's originally filed application for its 2010 DSM plan. That plan did not include the low-income component. The Board decided to hear the current application as a second phase to the proceeding. The Board will only be addressing the one year low-income DSM plan; all other matters related to the 2010 DSM plan have been addressed in the first phase.

On October 26, 2009, the Board issued Procedural Order No. 2 which directed Enbridge to serve a copy of its low-income DSM plan application on all intervenors in the current 2010 DSM plan proceeding, all intervenors in the Generic DSM Proceeding (File No. EB-2006-0021) and all parties in the DSM Guidelines proceeding (File No. EB-2008-0346). In response to Enbridge serving a copy of its 2010 low-income DSM plan on these sets of parties, the Board received one new request for intervenor status. The Federation of Rental-housing Providers of Ontario ("FRPO") requested intervenor status and requested eligibility for an award of costs. The Board granted FRPO's request. Parties who were previously approved to be intervenors in Phase I of the 2010 DSM plan proceeding remained eligible to participate in Phase II. Procedural Order No. 2 also outlined the schedule for parties to file interrogatories and submissions on Enbridge's application.

The interrogatories filed with the Board focused on various elements of Enbridge's 2010 low-income DSM plan. All intervenors posed interrogatories seeking further information on Enbridge's proposed Solar Thermal Water Heater Program, which Enbridge proposes to deliver to social housing units, and sought clarification on its cost effectiveness, the beneficiaries of the program, Enbridge's ability to secure Government rebates and the general appropriateness of the proposal. Other areas where further information was requested included the eligibility criteria for low-income participants for Enbridge's Weatherization Program and Residential Low Income Water Conservation TAPS Partners Program; the measure of effectiveness for Enbridge's Market Transformation Program; details pertaining to Enbridge's low-income DSM budget and how it will be allocated to the various rate classes; and, the number of participants and communities Enbridge projects to serve with its 2010 low-income DSM plan.

On November 13, 2009, Enbridge provided its responses to all interrogatories. In its response to questions surrounding its proposed Solar Thermal Water Heater Program, Enbridge stated that it plans to implement the proposed program regardless of its ability to secure possible Government rebates. In response to the interrogatories surrounding how Enbridge will measure the cost-effectiveness of the Solar Thermal Water Heater Program, Enbridge responded that it is difficult or impossible to apply standard cost-effectiveness tests, such as the Total Resource Cost ("TRC") test. Enbridge further noted that it is not proposing the Solar Thermal Water Heater Program strictly as a resource-acquisition program intended to achieve TRC benefits. Rather, Enbridge stated that its objective is to pilot a more market transformation-based renewable energy program for the low-income sector. Enbridge notes that the low-income consumer will inevitably be the beneficiary of the program directly, by seeing natural gas

bill savings, or indirectly, as social housing providers will be able to re-inject operating cost savings back into their budgets to offset rising utility costs and provide necessary capital upgrades to the housing stock. In response to the question of appropriateness, Enbridge noted that its mandated DSM programs are designed to encourage and incent conservation of natural gas, resulting in reduced natural gas bills for participating customers, and that the solar water heating technology achieves this objective.

Intervenors also wanted to confirm that the low-income DSM budget was allocated entirely to the residential rate class. Enbridge confirmed that this is the case.

On November 20, 2009, all final written submissions from intervenors were filed with the Board. Submissions were received from IGUA, CCC, CME, BOMA, Pollution Probe, Energy Probe, VECC, LIEN, Board Staff and the City of Toronto.

The intervenors agreed that Enbridge has followed the DSM framework established in the Generic DSM Proceeding, except for the proposal for the new, incremental Solar Thermal Water Heater Program.

Pollution Probe, LIEN, VECC and the City of Toronto supported the proposed Solar Thermal Water Heating pilot program on the basis that it helps meet various Government goals to promote renewable energy sources and will be a positive addition to Enbridge's low-income program offerings.

VECC's support was provided on condition that the third party rebates are determined with certainty in advance of the Solar Thermal Water Heater Program's approval, and that funds are continued to be made available to pursue possible low-income DSM programs in the future.

Pollution Probe urged the Board to consider using the Societal Cost Test when screening DSM programs and Green Energy Initiatives in order to have a better understanding of the benefits of such programs.

Energy Probe, CCC and Board Staff opposed the proposed Solar Thermal Water Heater Program. They argued that the use of the incremental resources Enbridge is proposing is inappropriate and could be better used by administering programs where greater savings are seen by the low-income participant. It was also noted within the submissions that the program is not cost effective and that the task of transforming the

market will be difficult as Enbridge is targeting such a small and limited portion of the market.

BOMA, although originally opposed to the inclusion of the Solar Thermal Water Heater Program, later withdrew its opposition by way of letter dated November 30, 2009. IGUA and CME also filed submissions stating that they take no formal position on the matter because the rate groups they represent will not be directly affected. IGUA did note however, that it has general concerns over Enbridge's planning and evaluation of market transformation programs and that such a significant incremental expenditure in an interim year is of concern.

In Enbridge's reply submission it stated that because the proposed Solar Thermal Water Heater Program is a pilot program and directed at the low-income sector, some exceptions should apply, namely, cost effectiveness.

Enbridge noted that the Solar Thermal Water Heater Program is consistent with the recommendations and guiding principles of the low-income DSM framework established in the Low Income Energy Assistance Program Conservation Working Group. Enbridge also noted that this program is targeted at the social housing group of the low-income residential market; a group who does not normally get the chance to participate in DSM initiatives. Enbridge further submitted that another major reason for targeting this group is because of the presence of the appropriate property management infrastructure and the Social Housing Services Corporation's oversight to facilitate equipment training and maintenance issues.

In response to the questioning of why Enbridge would pursue this program, even though Union is not doing so, Enbridge cited its unique opportunity in its service area, which Union would not realize as its social housing participants hold a different profile.

On a different issue, LIEN also requested that the Board include a condition in its decision that requires Enbridge to expand its Weatherization Program to at least one new community in its franchise area for 2010.

Enbridge replied that it did not oppose, in principle, the expansion into other communities, but noted the current geographic limitations on the Weatherization Program is a reflection of the dollars available and operational limitations. Enbridge concluded that it is not in a position to expand the program in 2010 although it will do so later.

VECC raised one other issue within its submission. VECC suggested that the Board should consider requiring Enbridge to increase its low-income budget to at least 18% of its residential DSM budget or increase the participants in its TAPS program to 3,300 (up from 2,700). Enbridge replied that it is proposing an expenditure of \$1.526 million on low-income programs which is 21.5% of the 2010 residential DSM program budget.

Board Findings

Subject to the findings below, the Board finds that Enbridge's proposal for its one year 2010 low-income DSM plan is generally consistent with the approved DSM framework established in the Generic DSM Proceeding.

With respect to the proposed Solar Thermal Water Heater Program, the Board is concerned that the characterization of the program as that of a pilot program has not been fully supported by Enbridge. Although programs of this nature are not currently available on a widespread basis throughout the province, the technology itself is not necessarily new. The Board is of the view that a properly structured pilot program should provide an opportunity to gain experience in business processes, installation procedures, logistics, deployment, integration issues, customer communications, and customer impact. Further, where the pilot program involves a non-cost effective technology, which is the case with the proposed Solar Thermal Water Heater Program, the onus is on the applicant to prove the usefulness of the program. The Board concludes that Enbridge has not provided sufficient evidence to classify the Solar Thermal Water Heater Program as a pilot program. The magnitude of the project far exceeds the small benefits which may be seen by the low-income customer, who this program is targeted towards. Further, there are not direct, substantive benefits for the low-income customer arising from the approval and implementation of this program. The Board rejects Enbridge's proposal to include the Solar Thermal Water Heater Program in its 2010 low-income DSM plan, but encourages Enbridge to explore other ways to access the social housing group and make standard low-income DSM programs available to them in the future.

The Board will not include the conditions of approval suggested by LIEN. While the Board encourages Enbridge to deliver DSM programs to as many customers as possible, there are practical limitations that exist. The Board will not require Enbridge to expand the weatherization program to additional communities in 2010.

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 Enbridge within 15 days of the date of this Decision and Order. Enbridge 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 2010 DSM plan, inclusive of the proposed low-income DSM programs, filed on October 30, 2009 subject to the findings noted above.

DATED at Toronto December 14, 2009

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary