



EB-2012-0394

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. seeking approval for an update to its 2012-2014 Demand Side Management plan

Before: Marika Hare
Presiding Member

Allison Duff
Member

DECISION AND ORDER

March 13, 2014

Enbridge Gas Distribution Inc. (“Enbridge”) filed an application with the Ontario Energy Board (the “Board”) on March 4, 2013, seeking approval to update its 2012-2014 Demand Side Management (“DSM”) plan. The application was filed pursuant to the Board’s DSM Guidelines. Enbridge sells, distributes, transmits and stores natural gas in Ontario and also undertakes DSM activities. DSM is the modification of consumer demand for natural gas through various methods such as financial incentives, education and other programs. While the focus of DSM is natural gas savings and the reduction in greenhouse gases emissions, it may also result in the saving of a number of other resources such as electricity, water, propane, and heating fuel oil.

Enbridge’s original DSM plan was filed in the EB-2011-0295 proceeding in which the Board accepted a Settlement Agreement and resulting rate consequences for the 2012 year. Following further consultation held in 2012, the parties reached another Settlement Agreement on the budget allocation, metrics, and targets for

2013 and 2014. This application includes the Settlement Agreement in the form of an update to the 2012-2014 DSM Plan.

A complete record of the proceeding is contained on the Board's website and at the Board's office.

Settlement Agreement

On July 4, 2013, The Board approved the Settlement Agreement and its rate consequences on an interim basis. In its Decision, the Board stated the following:

In approving the Settlement Agreement, the Board expects Enbridge to proceed with the corresponding DSM activities in 2013 and 2014. The intent of this Board decision is to provide the opportunity for the 2014 DSM budget to be further reviewed. This issue will be reviewed as part of a subsequent proceeding before the Board. The Board's rationale for approval of the rate consequences of this Settlement Agreement on an interim basis follows.

ED was the only party opposed to the Settlement Agreement, challenging the magnitude of the 2014 DSM budget. ED submitted that if the 2014 DSM budget were increased, it might obviate the need for Enbridge's proposed GTA reinforcement project. Enbridge disagreed with ED and submitted that DSM was not a suitable alternative to the GTA reinforcement project. The GTA reinforcement project is a proposed transmission pipeline designed to serve, amongst other things, growing demand in Toronto. It is the subject of a separate Board leave to construct proceeding (EB-2012-0451).

The Board does not have sufficient evidence in this proceeding to opine on DSM as an alternative to pipeline construction. However, in the GTA reinforcement proceeding, related evidence has been filed with the Board and an issues list has been established which includes:

- *What are the alternatives to the proposed facilities? Are any alternatives to the proposed facilities preferable to the proposed facilities?*

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- *Is the proposed timing of the various components of the projects appropriate?*

GTA Project Decision

On January 30, 2014, the Board issued its Decision regarding the GTA project. In its Decision, the Board stated the following¹:

Based on the evidence of GEC and Environmental Defence, the Board accepts that targeted DSM programs and/or rate design options might in some circumstances mitigate the need for Segment B. However, there are significant uncertainties:

- *It is uncertain whether DSM or rate design would fully offset the need for the pipeline. For example, Portlands is a firm service customer and presumably selected that option, including paying a substantial contribution in aid of construction, understanding its options. In addition, the intervenor evidence identified the use of 80 buildings for targeted DSM, but Enbridge's evidence is that there are only 42 such buildings in the relevant area.*
- *Considerable time and resources would be required to substantially re-structure Enbridge's current DSM program. The evidence suggests that the DSM budget would need to triple in size and the nature of the programs would change substantially.*
- *The impact of targeted DSM programs on Enbridge's peak demand is uncertain as Enbridge does not currently have the necessary analytical tools or information. The current DSM framework is intended to achieve annual consumption savings.*
- *The cost of the DSM programs is uncertain. It would be important to understand the costs and rate impacts as part of the analysis of the alternatives.*

These uncertainties are significant because of the timing for Enbridge's requirement and the lack of documented success of this approach in

¹ Decision and Order EB-2012-0433, EB-2013-0074, EB-2012-0451, January 30, 2014

another similar situation involving a gas utility. The Board accepts the company's evidence related to the timing in which the reliability and load growth issues must be addressed, given the physical system risks involved, and concludes that DSM and/or rate design options are not a sufficiently viable alternative in these circumstances to warrant denial of the project.

On February 25, 2014, Enbridge filed a letter with the Board and stated the following:

The Company submits that given the findings of the Board in the GTA proceeding (EB-2012-0451) and the lack of any evidence on the record in the DSM proceeding (EB-2012-0394) which supports an increase in Enbridge's DSM budget for 2014, there is no need to either reconvene the DSM proceeding or seek the comments of parties.

Board Decision

The Board agrees with Enbridge that given the findings of the Board in the GTA proceeding, the Settlement Agreement containing the 2013 and 2014 DSM budgets is approved and no additional submissions are required.

THE BOARD ORDERS THAT:

1. The rates resulting from the Settlement Agreement are no longer interim and are approved as filed.

DATED at Toronto, March 13, 2014

ONTARIO ENERGY BOARD

Original Issued By

Kirsten Walli
Board Secretary