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June 23, 2016

Ontario Energy Board  
2300 Yonge Street  
27th Floor  
Toronto, ON M4P 1E4

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Consultation to Develop a Regulatory Framework for Natural Gas Distributors' Cap and Trade Compliance Plans (Board File No. EB-2015-0363)  
OSEA Comments on Staff Discussion Paper**

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The Ontario Sustainable Energy Association appreciates the opportunity to participate in the Board's consultation to develop a natural gas regulatory framework to support the implementation of Ontario's Cap and Trade program.

OSEA is generally supportive of Board Staff's *Discussion Paper on a Cap and Trade Regulatory Framework for the Natural Gas Utilities* dated May 25, 2016.

OSEA's comments on the Paper are below.

### **COMPLIANCE PLANS**

Board staff proposes that the Board take a "light-handed approach" with compliance plans to allow the utilities flexibility to create cost-effective portfolios.

OSEA agrees that utilities require flexibility to meet their cap and trade obligations. However, the compliance plans should be consistent with the government's policy to reduce greenhouse gas emissions.

OSEA submits that the Board should impose a requirement for a minimum percentage of reductions through greenhouse gas abatement measures. The *Climate Change and Low-Carbon Economy Act, 2016* sets increasing emission reduction targets from 2020 to 2050. All industries will need to work towards reduction of greenhouse gas emissions, including natural gas distributors. Imposing minimum requirements for greenhouse gas abatement measures will encourage utilities and third parties to research and develop innovative technologies to reduce greenhouse gas emissions.

Requiring abatement measures will also encourage utilities to:

- ♦ use sustainable energy technologies, consistent with Ontario's Climate Action Plan and the cap and trade program
- ♦ develop long term strategies to decrease greenhouse gas emissions, and
- ♦ reduce reliance on allowances and offsets to meet compliance obligations.

Abatement measures can and should consider DSM programs (including those already approved by the Board).

The Board's assessment should not be limited to cost-effectiveness considerations and performance metrics. The Board should assess the greenhouse gas emission reductions proposed by the compliance plan to track the utilities' efforts to reduce emissions in light of provincial policy and province wide emission reduction targets.

### **COST RECOVERY**

Board staff proposes that costs for customer-related obligations and facility-related obligations be borne by all customers. Large final emitters and voluntary participants will be excluded from costs for customer-related obligations only.

OSEA submits that customers should not be responsible for all costs. The purpose of the cap and trade program is to reduce greenhouse gas emissions. The responsibilities of reducing greenhouse gas emissions should not be placed solely on customers where utilities have an active role. The Board should require an amount of the costs to be borne by the utilities. Customers have no control over facility-related emissions and should not be solely responsible for the associated costs. Assigning some costs to the utilities will incentivize utilities to proactively investigate and implement solutions to reduce facility-related emissions, such as fugitive and leaked gas emissions.

Board staff proposes that customer-related obligations costs should be included in the delivery charge, in addition to the facility-obligation costs.

OSEA submits that customer-related obligations costs should be a separate line item on the bill. This will permit customers to understand the implications of the cap and trade program on their natural gas bills. Awareness in combination with the customer outreach and education will help inform customers and encourage behavioural changes and the installation of abatement measures.

Initial customer confusion and increasing utility call centre activity can be an advantage, and not a disadvantage as suggested by Board staff. It will trigger increased interactions between customers and utilities and provide the utilities with an opportunity to explain the DSM and abatement offerings that the utility provides.



## **MONITORING AND REPORTING**

Board staff proposes that the performance metrics used to monitor the compliance plans should be the same performance metrics to assess the compliance plans.

OSEA submits that the performance metrics used to monitor the plan should not be limited to only cost considerations. The utilities should be monitoring and reporting forecasted versus actual greenhouse gas emissions and greenhouse gas emissions reductions over time. This will permit the Board to assess how the utilities are implementing abatement measures and complying with government policies to reduce greenhouse gas emissions.

## **CUSTOMER OUTREACH AND EDUCATION**

Board staff proposes that utilities be responsible for developing a communication strategy/plan, with approval from the Board.

OSEA supports Board staff's proposal and agrees with the Quebec approach where education and awareness is done through separate line items on customer bills and inserts and information releases by utilities.

Yours truly,

A handwritten signature in blue ink, appearing to read "J. Vince".

Joanna Vince

cc: Nicole Risse, Executive Director, OSEA