



The Enbridge 2022-27 Demand Side Management (DSM) Plan for Ontario Municipalities

Public Release Report

Background

Reducing natural gas use through increased energy efficiency is a key component of meeting the province's 2030 emission target in the Made-in-Ontario Environment plan. While the OEB rolled over the current DSM plan for 2022, [Enbridge Gas's proposed 2023-27 Natural Gas Demand Side Management \(DSM\)](#) plan could set the stage for natural gas use in Ontario for 2027 and beyond.

Prior to filing the proposed DSM plan with Ontario Energy Board for review and appeal, Enbridge Gas did not hold any stakeholder consultations. Participating at the OEB's formal hearing will be Ontario municipalities' first opportunity to communicate how natural gas DSM will affect them and their climate action plans. As such, it is crucial that municipalities provide their input – but based on municipal feedback, this process, and the resources it requires, OEB participation can appear daunting.

To help facilitate discussion and effective input, Pollution Probe held a virtual, interactive workshop in June 2021 with **55 participants from 26 municipalities**, addressing what should be included in Enbridge Gas's plan.

What we heard is that most municipalities could use additional support to capture the potential value from natural gas DSM. While this project's focus is on Enbridge Gas's proposed 6-year DSM plan, we also heard broader municipal interests and opportunities relating to municipal energy and emissions planning. There are great opportunities to do more DSM and create significant net benefits for Ontario consumers and communities.

Ontario Natural Gas Demand Side Management

The OEB regulates Ontario's natural gas sector, helping to ensure that Ontarians have access to energy conservation programs. The OEB's DSM Framework sets the rules for Enbridge Gas and related DSM programs to benefit the energy system and lower energy costs for consumers. There are significant additional benefits from DSM programs, notably reduced greenhouse gas emissions.

Natural gas DSM has been available in Ontario since the 1990s and is intended to be available for all types of customers. The net benefits of such programs, based on 2019 OEB audited figures, amounts to \$6.6 billion in net benefits to Ontario consumers from 1997-2019. As such, DSM is one of the most cost-effective energy options for Ontario. It is one of the only options that increases net benefits for Ontario consumers because, rather than spending money to increase the supply of energy, utilities are instead avoiding the need to use the energy in the first place, which reduces consumption and saves money.

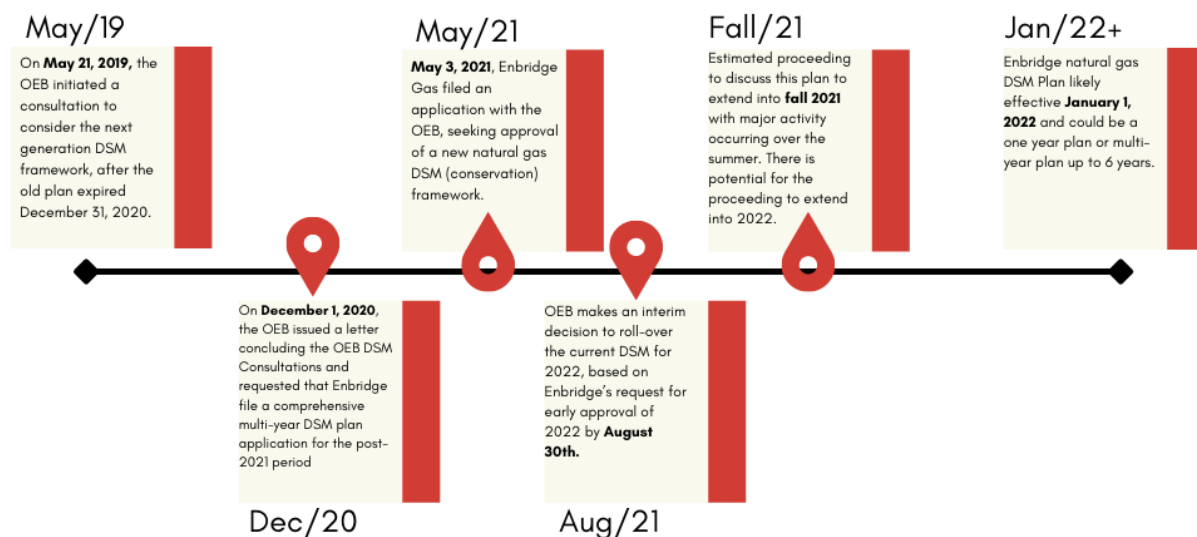
Enbridge Gas's current 5-year DSM Plan and Framework ended in 2020 and due to time constraints requested the OEB continue the plan to 2021 at the due to time constraints in establishing a new framework. The OEB requested that Enbridge Gas improve its Integrated Resource Planning (IRP), which includes alternatives to traditional gas pipelines. This could include DSM options, plus other non-pipeline alternatives (e.g., geothermal). Issues related to gas IRP are being dealt with through a separate OEB proceeding.

Ontario Energy Board Process and Timeline

Enbridge Gas submitted its proposed six-year DSM plan and Framework to the OEB in May 2021. In the next several months and likely over the rest of the year, Enbridge Gas, the OEB, and stakeholders such as Pollution Probe, will participate in the process, provide input, and discuss what comes next, with the OEB likely making a decision **at the end of 2021 or early 2022** (see **Figure 1**).

Due to lack of time, in August 2021, the OEB separated the 2022 DSM plan from the remaining 5 years and rolling over current DSM plans for 2022. The remaining five years (2023-2027) will be assessed separately in a full review in this DSM proceeding.

Fig 1. Timeline of events prior to OEB proceeding



What We Heard

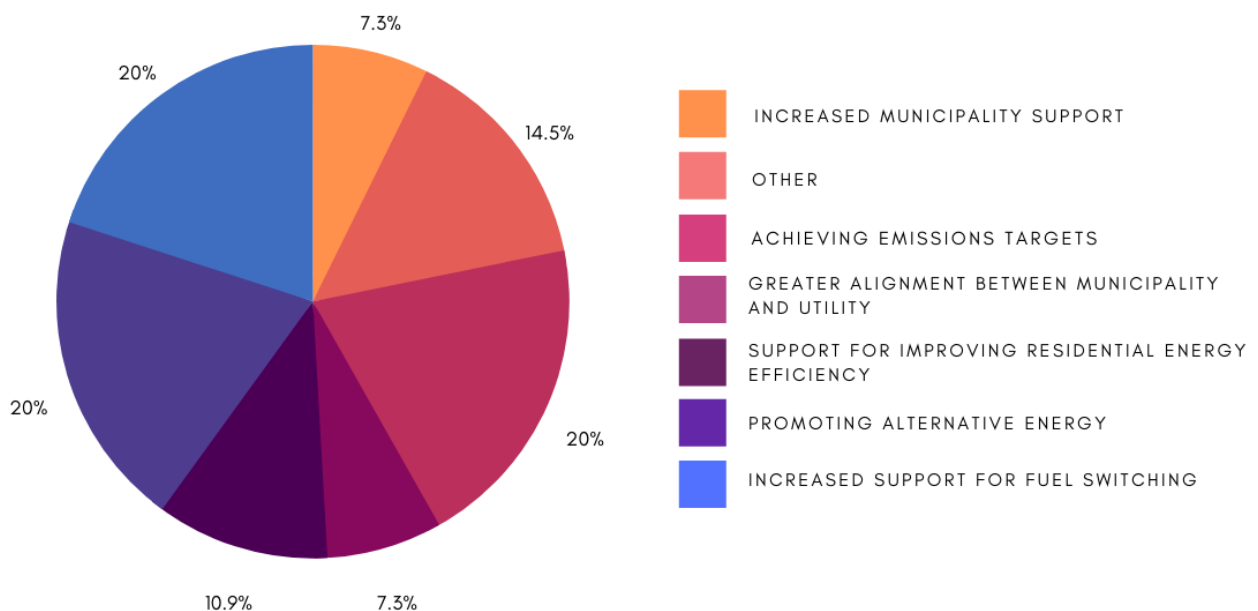
Community energy and emissions planning allows municipalities to achieve targets in several areas. This includes reducing energy costs and GHG emissions, supporting their local community, retaining economic benefits in their municipality, meeting carbon reduction goals, or implementing local climate actions.

To understand municipal needs in relation to Enbridge Gas's natural gas DSM plan, Pollution Probe convened a workshop discussion with municipalities in June 2021. In the workshop we sought feedback on how natural gas DSM aligns with their priorities and what actions should be included in the DSM plan to help meet them.

Natural gas DSM could help municipalities meet many of their priorities. The main areas of concern from the workshop are below. Figure 2 shows how many times they were mentioned:

- **Achieving emissions targets**, such as those in municipal emissions reductions plans, as well as meet provincial and federal emissions reductions targets, such as those in the Made-in-Ontario Environment Plan and the federal net-zero strategy.
- **Promoting alternative energy**, such as different ways to meet energy needs with lower carbon and power. Many municipalities expressed interest and support for RNG, as well as for developing district energy/heating.
- **Support for improving residential energy efficiency**, such as net-zero new construction, and whole-building envelope retrofits, and targeting energy access and energy poverty.
- **Increasing support for fuel switching**, including promoting hybrid heating (air source heat pumps with natural gas backup) or complete electrification where appropriate.
- **Ensuring alignment between government and utility**, focusing on increasing municipal capacity with Enbridge support (e.g., collaboration on projects and programs, like the Green Development Standards), but also exploring how government actors such as the Ministry of Energy, Mining and Northern Development and Ministry of the Environment Parks and Recreation can work with the OEB in achieving federal and provincial emissions targets

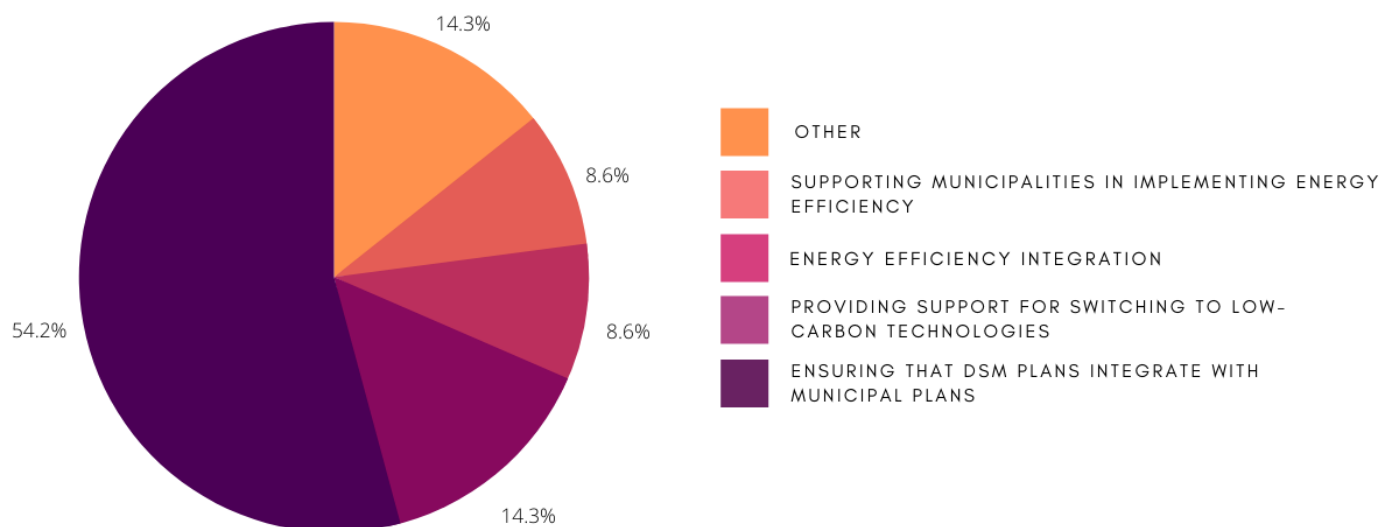
Fig. 2: Municipal priorities by theme



When asked to discuss what actions should be included in the DSM plan that could help meet municipal priorities, participants identified the following actions:

- **Supporting municipalities in implementing energy efficiency**, such as providing additional funding for programs, including expanding programs and funding for social housing and disadvantaged communities, and providing financial support for low-carbon gases (e.g., Hydrogen, RNG).
- **Integrating energy efficiency offerings**, such as the integration of gas DSM with IESO electricity energy efficiency programs, including emissions reductions as criteria in Enbridge DSM, and having mandatory consultation with stakeholders (including municipalities).
- **Providing support for switching to low-carbon technologies**, such as providing incentives for fuel switching and for alternatives from natural gas (such as geothermal, district heating, and air source heat pumps).
- **Ensuring that DSM plans integrate with municipal plans**, such as better alignment of programs with municipal priorities and localized DSM programs and support.

Fig. 3: Municipal actions by theme



Next Steps

Given the large role that natural gas currently plays in Ontario's energy consumption and that it is the greatest source of opportunity to reduce building GHG emissions, it is unsurprising that most of the comments focused on how to switch to low-carbon alternatives and how Enbridge Gas's actions could be better integrated with municipal priorities.

In both natural gas and electricity, community priorities are often ignored during energy planning. This is a problem as when there is a lack of stakeholder consultation there is a likelihood that the outcomes will not align with municipal priorities. It is an expectation that energy policy considers community and municipal priorities more explicitly in the future.

These are the clear and actionable items that should be considered by the OEB and included in the DSM plan:

- Increasing DSM programs and funding to ensure alignment with the Made-in-Ontario Environment Plan and OEB's Natural Gas Achievable Potential Study.
- Including fuel switching, such as hybrid heating and even electrification.
- Including building envelope retrofits.
- Adding specific DSM programs that can be targeted to achieve municipal energy and emission reduction targets.
- Mandating greater partnerships and program efficiencies to serve Ontario consumers, such as joint programs that delivers electricity conservation programs to the exact same consumers.

For additional information on this initiative, or to provide additional feedback to include in Pollution Probe's submissions to the Ontario Energy Board, please direct all comments and inquiries to sshehwar@pollutionprobe.org