

ENERGY PROBE INTERROGATORY #8

INTERROGATORY

Reference: Exhibit A, Tab 1, Schedule 3 Page 46

Preamble: “As well, applying the NTG Study values to future DSM Plan targets will result in significantly reduced targets all of which may cause concern with both rate payers and the Government of Ontario who all seek a material decrease in carbon emissions in the short term. As outlined in its submissions for the Mid-Term Review, as the level and pace of activity continues to ramp up as the Province orients itself to meet its emissions targets by spending Cap & Trade Funds, then the attribution of utility activity can only wane, resulting in even higher Free Ridership rates. Compliance Planning, and the mitigation of carbon related expenses, are predicated on gross volumes. In other words, the inevitable outcome would be less utility activity and higher carbon related Cap & Trade expenses, both of which will result in higher rates for ratepayers.”

Energy Probe is interested in Enbridge’s position on this issue.

- a). Wouldn’t higher cap and trade costs lead to greater, non-utility conservation investments?
- b). Isn’t this the entire point of the cap and trade program (or a carbon tax)? The environmental costs of energy usage or borne by those customers consuming energy, providing them with the perfect price signal to offset those costs if it’s economic to do so?
- c). Doesn’t the cap and trade program (or alternative carbon tax) reduce the need for utility-run conservation programs, as the external costs of their consumption are now clear to consumers?

RESPONSE

- a) Cap and Trade is a market based carbon policy that assumes the price on carbon will provide a signal to the marketplace in their purchasing and consumption decisions. However, higher costs related to increasing carbon instrument costs are one variable that factor into conservation investments. There are many other factors that influence customer decisions to make any consumption or purchasing decisions including those related to conservation. EGD recognizes that reality and aims to address all of the components that come into play for a household, business or other institution when making energy efficiency investments specifically. If energy

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efficiency investments were purely a financial decision, then all projects with an acceptable payback would be implemented. Through Enbridge's long history in energy conservation it knows that this is not the case and has designed programs to target additional barriers to energy efficiency.

- b) Please see response to a).
- c) As described in the response to part a), price signals are only one of the factors in customer decisions around energy efficiency investments that EGDs programs target.