

GEC INTERROGATORY #30

INTERROGATORY

Reference: Exh. B/T2/S5, p. 3:

- a. Are the avoided gas costs presented in the table the values used for cost effectiveness screening results presented in Exh. B/T2/S3? If not, what values were used for that analysis and why are they different than these?
- b. Are the avoided gas costs presented in the table in nominal dollars (i.e. including inflation effects) or in real dollars (i.e. net of inflation effects, or with inflation backed out)?
- c. Do the avoided costs presented include avoided transportation and avoided storage as well as avoided commodity costs? If not, why not?
- d. Do the avoided costs presented in the table include the 15% non-energy benefits adder?
- e. Regarding the discount rate was used to produce the NPV values in the table:
 - i. What rate was used?
 - ii. Is it a real discount rate or a nominal discount rate?
 - iii. How was it derived? What is it based on?
- f. Did Enbridge make any assumptions regarding inflation for the development of the gas avoided costs in the table? If so, what were the assumption? How were they used?
- g. What methodology was used to derive the gas avoided costs in the table? Please provide all documents that describe the process used.
- h. Regarding avoided commodity portion of the avoided gas costs presented in the table, what assumption was made regarding how prices will escalate through the year 2044? What were those assumptions based on?
- i. Please provide all key input assumptions used to develop the gas avoided costs in the table.
- j. Please provide in Excel form, with formulas intact, the analysis conducted to produce the values in the table.

RESPONSE

- a. The avoided costs presented in the tables found in Exhibit B, Tab 2, Schedule 5 were used for the cost effectiveness screening results presented in Exhibit B, Tab 2, Schedule 3.

Witnesses: S. Mills
S. Moffat
F. Oliver-Glasford

- b. The avoided gas costs presented in the tables found in Exhibit B, Tab 2, Schedule 5 are in nominal dollars.
- c. The avoided costs presented in the tables found in Exhibit B, Tab 2, Schedule 5 include the avoided transportation, storage and commodity costs.
- d. The 15% non-energy benefits adder is not included in the 2015 Avoided Gas Table, found in Exhibit B, Tab 2, Schedule 5, Page 4. In accordance with the Filing Guidelines to the 2015 to 2020 DSM Framework EB-2014-0134 the Board indicates that Enbridge should screen its DSM Programs using the Total Resource Cost Plus (“TRC-Plus”) Test as a primary screening mechanism. In the Filing Guidelines to the 2015-2020 DSM Framework EB-2014-0134 the Board “has determined that the natural gas utilities should screen prospective DSM programs using the Total Resource Cost-Plus (“TRC-Plus”) test. The TRC-Plus test measures the benefits and costs of DSM programs for as long as those benefits and costs persist and applies a 15% non-energy benefit adder.”¹.The 15% non-energy benefits adder is built-in separately into the TRC NPV Benefits calculation as show in the tables found in Exhibit B, Tab 2, Schedule 3.
- e.
 - i. A Discount Rate of 4% was used.
 - ii. The Discount Rate of 4% provided by the Board is a Real Rate, as found in the Filing Guidelines to the 2015-2020 DSM Framework, EB-2014-0134 “The Board is of the view that the gas utilities should use a discount rate (real) of 4% when screening prospective DSM programs to determine if they are cost-effective...”²
 - iii. Please see response to question e) sub question ii.
- f. Please see response to GEC Interrogatory #29 part a) found at Exhibit I.T9.EGDI.GEC.29.
- g. The avoided gas costs as shown in the table in Exhibit B, Tab 2, Schedule 5, follow the same methodology as shown in EB-2012-0394 Exhibit B, Tab 2, Schedule 2. /C
- h. Please see response to GEC Interrogatory #29 part a) found at Exhibit I.T9.EGDI.GEC.29.

¹ Filing Guidelines to the 2015-2020 DSM Framework EB-2014-0134, Section 9.0 Cost-Effectiveness Screening, page 32

² IBID Section 10.1 Discount Rate, page 35

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- i. The avoided gas costs as shown in the table in Exhibit B, Tab 2, Schedule 5, follow the same methodology as shown in EB-2012-0394 Exhibit B, Tab 2, Schedule 2.
- j. Enbridge respectfully declines to provide the live model, but will respond to questions, provide clarifications and perform reasonable scenarios as requested.

/C

Witnesses: S. Mills
S. Moffat
F. Oliver-Glasford