

January 26, 2018

BY COURIER (2 COPIES) AND RESS

Ms. Kirsten Walli

Board Secretary

Ontario Energy Board

2300 Yonge Street, Suite 2700, P.O. Box 2319

Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: EB-2017-0224 – Enbridge Gas Distribution Inc. (“Enbridge”)
EB-2017-0255 – Union Gas Limited (“Union”)
2018 Cap and Trade Compliance Plans**

Enclosed please find the interrogatories of Environmental Defence for Enbridge and Union.

Yours truly,



Kent Elson

Encl.

cc: Parties in this proceeding

Environmental Defence Interrogatories for Enbridge

Issue 1.4 - Has the gas utility reasonably and appropriately conducted its Compliance Plan option analysis and optimization of decision making?¹

1. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Please provide a copy of the report prepared by ICF entitled “Impacts of Ontario’s Proposed Climate Policy” and dated July 7, 2015.

2. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Please provide a copy of any reports or presentations related to the same topics discussed in ICF, *Impacts of Ontario’s Proposed Climate Policy*, dated July 7, 2015. Please include any reports or presentations by ICF providing updated or revised information following its July 7, 2015 report.

3. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Please provide Enbridge’s cumulative TRC net benefits to date from all of its programs since the inception of its DSM program.

4. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

(a) Please provide a forecast of the natural gas savings (cubic metres) and GHG emission reductions (tonnes) in 2018 for Enbridge’s 2018 DSM programs.

(b) Please provide a forecast of the **lifetime** natural gas savings (cubic metres) and GHG emission reductions (tonnes) for Enbridge’s 2018 DSM programs.

Please use the methodology used to calculate the gas and emissions reductions for the 2017 programs in EB-2016-0300, Exhibit I.5.EGDI.ED.1 (updated April 5, 2017), or explain why a different methodology would be appropriate.

5. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Please provide an estimate of the value of the lifetime GHG emissions reductions from Enbridge’s 2018 DSM programs using forecast annual GHG reductions and the Board’s Long-Term Carbon Price Forecast Report. The table below is an illustration of the required analysis. Please complete that table for the 2018 DSM program as a whole and for the 2018 DSM program each sector (residential, commercial, etc.). Please make, state, and discuss any assumptions as

¹ Note that these interrogatories also relate to issues 1.10 and 1. We believe they are best categorized as relating to issue 1.4.

necessary, including any assumptions used to allocate the lifetime savings to each year. Please make best efforts to provide a response and include any caveats if necessary.

Value of Lifetime GHG Emissions Reductions from 2018 DSM Program					
	2018	2019	...	Last year of lifetime savings	Total for all years
Forecast annual gas savings (m ³)					
Forecast annual GHG reduction (t co2e)					
Forecast carbon price					
Value of GHG reduction					

6. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Although the benefits of conservation (e.g. reduced gas usage and reduced bills) stretch out over many years, the costs are often primarily borne in the first year. Please describe and assess options to match the benefits and the costs associated with conservation in time over the lifetime of the measures, including financing conservation by including it in rate base or with debt.

7. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Although the benefits of conservation (e.g. reduced gas usage and reduced bills) stretch out over many years, the costs are often borne primarily in the first year. If conservation were treated as a capital cost, and included in rate base, the costs would better match the benefits in time and the first year rate impact would decrease significantly.

What would the first year rate impact be of one dollar of conservation spending if it was (a) rate based instead of treated as an operating cost or (b) financed using the lowest cost debt available to Enbridge?

Please make, state, and discuss any assumptions as necessary, including any assumptions used to allocate the lifetime savings to each year. Please make best efforts to provide a response and include any caveats if necessary.

8. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Please provide all studies and internal analysis prepared by or for Enbridge with respect to the costs and benefits of proposing incremental customer abatement as part of its 2018 Cap and Trade Compliance Plan.

9. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Please provide a table listing Ontario most current GHG emissions reductions targets.

10. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Approximately what percent of Ontario's GHG emissions are currently attributable to natural gas (please provide the most up-to-date figure available).

11. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

By letter dated February 9, 2017, the Board established a Technical Advisory Group for the development of a Long-Term Carbon Price Forecast (LTCPF) and a Marginal Abatement Cost Curve (MACC). This included two members from Enbridge. Please provide a copy of all documents circulated through that process relating to the MACC that are in Enbridge's possession. Please include documents emailed to and from Enbridge's representatives on the Advisory Group relating to the MACC, but do not limit it only to those individuals (e.g. include other documents or data that may have been provided to ICF by other Enbridge staff).

12. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Please describe in detail the involvement of Enbridge's DSM team in the development of the Cap and Trade Compliance plan. Please include a list of DSM team members and an approximate estimate of how many hours each spent in relation to the development of the Cap and Trade Compliance plan.

13. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Enbridge seems to suggest that incremental conservation is not available in part because of the amount of new non-ratepayer funded gas conservation. The extent of non-ratepayer funded conservation is relevant to this proceeding for that and other reasons.

Please provide the following information broken out by (a) Enbridge's non-ratepayer funded conservation programs (e.g. those funded by the GIF), (b) Enbridge's ratepayer funded resource acquisition conservation programs, and (c) the sum of those two:

- i. The total budget;
- ii. The forecast lifetime gas savings (cubic metres); and
- iii. The forecast lifetime GHG emission reductions (tonnes).

Please provide this information for 2018, 2019, and 2020.

14. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Please provide a table showing the (a) lifetime gas savings, (b) lifetime GHG emissions reductions, and (c) DSM budget (resource acquisition only) from its DSM programs for the most recent 10 years of available data.

15. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Does Enbridge plan to propose incremental ratepayer funded customer abatement activities for 2019 as a cap and trade compliance tool? If yes, please provide an approximate range of the budget level for those activities that Enbridge believes is worth considering. If no, please fully explain and justify that position.

16. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Does Enbridge believe that incremental conservation driven by cap and trade compliance should be implemented via the DSM Framework? Please fully explain the response.

17. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Does Enbridge believe that incremental conservation driven by cap and trade compliance should wait until after the DSM mid-term review is completed? Please fully explain the response.

18. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

- (a) If incremental conservation driven by cap and trade compliance is only to be implemented after the DSM mid-term review is completed, please discuss the timing of the steps that would be necessary for a prompt ramp up seeing as the DSM mid-term renew will not be completed until December 1, 2018?
- (b) Please discuss the pre-planning that would be necessary to begin a ramp up of incremental DSM starting January 1, 2019.
- (c) Please discuss whether Enbridge is intending on taking those steps.

19. Reference: Ex. C, Tab 5, Sch. 2, pages 25-28

Would Enbridge be opposed to a portion of conservation-related shareholder incentives being dependent not only on performance in achieving targets, but also on the aggressiveness of the overall conservation achievements (i.e. based on gross TRC benefits, gas savings, or GHG emissions reductions)? Please explain.

Environmental Defence Interrogatories for Union

Issue 1.4 - Has the gas utility reasonably and appropriately conducted its Compliance Plan option analysis and optimization of decision making?¹

1. Reference: Ex. 3, Tab 4, Appendix A, pages 1-7

Please provide a copy of the report prepared by ICF entitled “Impacts of Ontario’s Proposed Climate Policy” and dated July 7, 2015.

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3. Reference: Ex. 3, Tab 4, Appendix A, pages 1-7

Please provide Union’s cumulative TRC net benefits to date from all of its programs since the inception of its DSM program.

4. Reference: Ex. 3, Tab 4, Appendix A, pages 1-7

(a) Please provide a forecast of the natural gas savings (cubic metres) and GHG emission reductions (tonnes) in 2018 for Union’s 2018 DSM programs.

(b) Please provide a forecast of the **lifetime** natural gas savings (cubic metres) and GHG emission reductions (tonnes) for Union’s 2018 DSM programs.

Please use the methodology used to calculate the gas and emissions reductions for the 2017 programs in EB-2016-0296, Exhibit B.ED.1 (g) & (h), or explain why a different methodology would be appropriate.

5. Reference: Ex. 3, Tab 4, Appendix A, pages 1-7

Please provide an estimate of the value of the lifetime GHG emissions reductions from Union’s 2018 DSM programs using forecast annual GHG reductions and the Board’s Long-Term Carbon Price Forecast Report. The table below is an illustration of the required analysis. Please complete that table for the 2018 DSM program as a whole and for the 2018 DSM program each sector (residential, commercial, etc.). Please make, state, and discuss any assumptions as necessary,

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What would the first year rate impact be of one dollar of conservation spending if it was (a) rate based instead of treated as an operating cost or (b) financed using the lowest cost debt available to Union?

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