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VIA RESS, EMAIL AND COURIER

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

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: EB-2017-0224/0255/0275: Enbridge Gas Distribution Inc., Union Gas Limited,
EPCOR Natural Gas Limited Partnership, Applications for Approval of the Cost
Consequences of 2018 Cap and Trade Compliance Plans**

Pursuant to the Board's Procedural Order No. 1 dated December 28, 2017, please find enclosed herewith BOMA's Interrogatories on the remaining non-confidential evidence.

Yours truly,

FOGLER, RUBINOFF LLP

Thomas Brett
TB/dd

cc: All Parties (*via email*)

EB-2017-0224
EB-2017-0255
EB-2017-0275

ONTARIO ENERGY BOARD

**Enbridge Gas Distribution Inc.
Union Gas Limited
EPCOR Natural Gas Limited Partnership**

**Applications for approval of the cost consequences
of 2018 cap and trade compliance plans**

**INTERROGATORIES OF
BUILDING OWNERS AND MANAGERS ASSOCIATION, GREATER TORONTO
("BOMA")**

January 24, 2018

Tom Brett
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Interrogatories of BOMA to Union Gas Limited

1. ***Cost Consequences*** - Are the requested cost consequences of the gas utility's Compliance Plan reasonable and appropriate?

Forecasts

- 1.1 *Are the volume forecasts used reasonable and appropriate?*
- 1.2 *Are the GHG emissions forecasts reasonable and appropriate?*
- 1.3 *Is the annual carbon price forecast reasonable and appropriate?*

Compliance Plan

- 1.4 *Has the gas utility reasonably and appropriately conducted its Compliance Plan option analysis and optimization of decision making?*
- 1.5 *Is the gas utility's purchasing strategy reasonable and appropriate?*
- 1.6 *Are the proposed performance metrics and cost information reasonable and appropriate?*
- 1.7 *Has the gas utility reasonably and appropriately presented and conducted its Compliance Plan risk management processes and analysis?*
- 1.8 *Are the gas utility's proposed longer-term investments reasonable and appropriate?*
- 1.9 *Are the gas utility's proposed new business activities reasonable and appropriate?*
- 1.10 *Are the gas utility's proposed greenhouse gas abatement activities reasonable and appropriate?*

Interrogatory 1.1 BOMA 1

Reference: EB-2017-0255, Exhibit 1, Page 6 of 16

"Union has applied the LTCPF and MACC to analyze incremental customer abatement with respect to energy efficiency measures. Union has completed analyses using the MACC report and the underlying Conservation Potential Study ("CPS") (see Exhibit 3, Tab 1) and has determined that within the existing DSM Framework and considering the cost-effectiveness filter for abatement within the (Cap-and-Trade) Framework, there is no incremental customer abatement that would be prudent to pursue at this time."

Given that allowable DSM is economic from a total resource cost perspective and from the participating customer cost perspective, shouldn't the MACC and an increase in the funding for existing DSM programs and initiatives reflect the negative cost of the programs and initiatives

when compared to other initiatives on the MACC? Has Union considered using a baseline year, say 2016 and treat any additional DSM savings as incremental? Wouldn't this be consistent with the use of baselines with respect to emission reductions?

Interrogatory 1.1 BOMA 2

Reference: EB-2017-0255, Exhibit 3, Tab 1, Page 4 of 24

"Union has used the MACC to assess potential incremental cost-effective DSM and energy efficiency programs. Through analysis using this report and the underlying CPS (Exhibit 3, 4, Appendix A) Union has determined that there is no cost-effective incremental energy efficiency program that would be prudent to pursue at this time within the existing DSM Framework. There were a few incremental cost-effective measures that could be pursued for residential customers if the existing DSM Budget and DSM Framework were revised. Budget changes to the 2015 – 2020 DSM Plan could occur as a result of the DSM Mid-Term Review process, which is expected to be finalized December 1, 2018.2 This would not have any impact on Union's 2018 Compliance Plan; however, it could impact future Compliance Plans."

Has Union considered not providing DSM programs to Large Final Emitters and redirect its DSM budget to non-Final Emitters to deliver the DSM programs and initiatives that are cost effective to these customer groups?

Interrogatory 1.1 BOMA 2

Reference: EB-2017-0255, Exhibit 3, Tab 1, Page 20 of 24

"However, the limitation of using the CPS is that it includes existing measures from OEB-approved DSM programs. Therefore, some of the potential energy efficiencies identified in the MACC are not incremental to energy efficiency measures that are already offered by Union and EGD."

Surely, incremental can be interpreted to mean taking existing programs to customers who have not yet been served rather than the specific energy efficient measure or program? Please explain Union's interpretation of incremental.

1.10.1 Are the gas utility's RNG procurement and funding proposals reasonable and appropriate?

Provided separately on January 12, 2018.

2. **Monitoring and Reporting** – *Are the proposed monitoring and reporting processes reasonable and appropriate?*
3. **Customer Outreach** – *Are the proposed customer outreach processes and methods reasonable and appropriate?*
4. **Deferral and Variance Accounts**
 - 4.1 *Are the proposed deferral and variance accounts reasonable and appropriate?*
 - 4.2 *Are the proposed deferral account balances reasonable and appropriate?*
 - 4.3 *Is the disposition methodology appropriate?*
5. **Cost Recovery**
 - 5.1 *Is the proposed manner to recover costs reasonable and appropriate?*
 - 5.2 *Are the tariffs just and reasonable and have the customer-related and facility-related charges been presented separately in the tariffs?*
6. **Implementation** – *What is the implementation date of the final rates and how will the final rates be implemented?*

Interrogatories of BOMA to Enbridge Gas Distribution Inc.

1. **Cost Consequences** - *Are the requested cost consequences of the gas utility's Compliance Plan reasonable and appropriate?*

Forecasts

- 1.1 *Are the volume forecasts used reasonable and appropriate?*

Interrogatory 1.1 BOMA 1

Reference: EB-2017-0224, Exhibit B Tab 2, Schedule 1, Page 4 of 8 Plus Appendix A

"The total customer-related obligation was determined by using the 2018 volumetric natural gas forecast for all customers, adjusted for gas-fired generation, Demand Side Management ("DSM"), incremental customer-related abatement, mandatory and voluntary participants, as well as volumes derived from biomass, or consumed outside of Ontario."

For each year of the forecast, please indicate which forecast of DSM is used. Is the data for 2016 and 2017 based on evaluated results?

1.2 *Are the GHG emissions forecasts reasonable and appropriate?*

1.3 *Is the annual carbon price forecast reasonable and appropriate?*

Compliance Plan

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

Interrogatory 1.4 BOMA 2

Reference: EB-2017-0224, Exhibit A Tab 1, Schedule 2, Page 2 of 4

When does Enbridge Gas Distribution expect to issue a multi-year plan? What will be the decision criteria for issuing a multi-year plan?

Interrogatory 1.4 BOMA 3

Reference: EB-2017-0224, Exhibit C Tab 1, Schedule 1, Page 1 of 15

"As can be seen in this 2018 Compliance Plan, Enbridge has applied the learnings from one year of experience under Cap and Trade..."

Please list the learnings from one year of experience under Cap and Trade.

1.5 *Is the gas utility's purchasing strategy reasonable and appropriate?*

1.6 *Are the proposed performance metrics and cost information reasonable and appropriate?*

1.7 *Has the gas utility reasonably and appropriately presented and conducted its Compliance Plan risk management processes and analysis?*

1.8 *Are the gas utility's proposed longer-term investments reasonable and appropriate?*

1.9 *Are the gas utility's proposed new business activities reasonable and appropriate?*

1.10 *Are the gas utility's proposed greenhouse gas abatement activities reasonable and appropriate?*

Interrogatory 1.10 BOMA 4

Reference: EB-2017-0224, Exhibit C Tab 4, Schedule 1, Appendix A, Page 8 of 11

"The initiative report consists of the total amount of GHG reductions, avoidance or removals achieved for the reporting period expressed in tonnes of CO₂e, calculations related to GHG sources, sinks and reservoirs, a description of the leakage assessed, and any violations of legal requirements that may have an impact on the amount of GHG reductions, avoidance and removals achieved during the reporting period. The initiative report must be

verified by an accredited verification body. The accredited body will visit the project site once for each initiative report."

What organizations are considered accredited verification bodies? Does this mean that there is no follow-up to determine if reductions are sustained?

Interrogatory 1.10 BOMA 5

Reference: EB-2017-0224, Exhibit C Tab 4, Schedule 1, Appendix A, Page 10 of 11

"All of these protocols are being developed via a 'top-down' process, i.e. the Ontario and Quebec governments have chosen which protocols are being developed. There is no formal procedure for 'bottom-up' protocol developments, however, it may be certain protocols for other project types, to then be developed 'top down', or possibly also to submit protocols that would then have to be approved."

Fundamentally, this top down process appears to be an emissions intensity protocol. It appears diametrically opposite to the current bottom up approach used in the evaluation of DSM results. Has Enbridge considered how DSM evaluation might be revised to be made more consistent with emission reductions, e.g., through energy intensity measurement?

Interrogatory 1.10 BOMA 6

Reference: EB-2017-0224, Exhibit C Tab 5, Schedule 2, Page 12 of 29

"With respect to the advancement of RNG production in Ontario, Enbridge sees that it can play an important role as a facilitator that can assist RNG producers in the process of upgrading raw untreated biogas into pipeline quality RNG and the injection and transportation of this gas to market. To that end, Enbridge is proposing the "RNG Enabling Program"."

Wouldn't it make more sense to start the enabling program prior to the procurement of RNG?

Interrogatory 1.10 BOMA 7

Reference: EB-2017-0224, Exhibit C Tab 5, Schedule 2, Page 25 of 29

"An analysis of the MACC study results as compared to the Company's DSM plans shown in Table 3 below indicates that Enbridge's current DSM Plan delivers results for ratepayers that are well in excess of what the MACC study would otherwise indicate is cost-effective under a Mid-Range LTCPF scenario. At present, Enbridge does not have sufficient insight into the underlying analysis of the MACC study to fully understand what is driving the clear differences between the MACC study results, the Conservation Potential Study results and the Utilities' DSM Plans. At a minimum this analysis serves as a reminder that in designing and deploying DSM to date, Enbridge has been

aggressive in its pursuit to reduce volumes and emissions through the most cost-effective opportunities available."

Given that allowable DSM is economic from a total resource cost perspective and from the participating customer cost perspective, shouldn't the MACC and an increase in the funding for existing DSM programs and initiatives reflect the negative cost of the programs and initiatives when compared to other initiatives on the MACC? Has Enbridge considered using a baseline year, say 2016 and treat any additional DSM savings as incremental? Wouldn't this be consistent with the use of baselines with respect to emission reductions?

Interrogatory 1.10 BOMA 8

Reference: EB-2017-0224, Exhibit C Tab 5, Schedule 2, Page 26 of 29

"In the Framework, the Board also acknowledges that offering customer abatement programs "creates the potential for significant overlap between existing DSM programs and future Compliance Plans... [However the Board] is confident that any potential overlap can be appropriately address through the robust Evaluation, Measurement and Verification (EM&V) process of the DSM Framework. Enbridge shares the Board's concern regarding the potential for overlap between existing DSM and additional energy efficiency programs under the banner of Cap and Trade Compliance Plans⁹ and believes that managing any overlap via the EM&V process will be overly complex and difficult. Enbridge notes that because the Company's Cap and Trade obligation is specific to emissions associated with natural gas volumes, practically speaking the "targeted programs" referenced in the Cap and Trade Framework would take the same approach as existing DSM programs. Whether titled "DSM" or "abatement", the activities in question would use a combination of consumer education, technical expertise, and financial incentives to help customers reduce their natural gas consumption."

Is Enbridge aware of how the Board views the current EM&V process could distinguish between DSM programs and Abatement Programs? If so please describe.

Interrogatory 1.10 BOMA 9

Reference: EB-2017-0224, Exhibit C Tab 5, Schedule 2, Page 27 of 29

"As indicated in the Company's DSM Mid-Term submission (EB-2017-0127/0128), the Company believes the Board has an opportunity to ensure that the existing DSM Framework does all that it can to support a level of abatement activity that produces the best value for ratepayers. Enbridge believes that in light of the new policy environment, certain features of the DSM Framework should be enhanced to ensure that DSM activity is maximized to meet the needs of ratepayers moving forward."

Beyond the elements identified on Page 8, please identify any other ways in which the DSM Framework should be enhanced to ensure that DSM activity is maximized to meet the needs of

ratepayers moving forward. Could one of those enhancements be to exempt any companies that are Large Final Emitters and focus on the rest with the appropriate reduction to what is referred to above as the 2016 Baseline? Could programs that target public sector buildings be based on the publicly available data resulting from O. Reg. 397/11? Could building related program metrics be revised to reflect the degree to which DSM programs reduce the energy intensity per square foot?

Interrogatory 1.10 BOMA 10

Reference: EB-2017-0224, Exhibit C Tab 5, Schedule 2, Page 27 of 29

"Enbridge shares the Board's concern regarding the potential for overlap between existing DSM and additional energy efficiency programs under the banner of Cap and Trade Compliance Plans and believes that managing any overlap via the EM&V process will be overly complex and difficult. Enbridge notes that because the Company's Cap and Trade obligation is specific to emissions associated with natural gas volumes, practically speaking the "targeted programs" referenced in the Cap and Trade Framework would take the same approach as existing DSM programs. Whether titled "DSM" or "abatement", the activities in question would use a combination of consumer education, technical expertise, and financial incentives to help customers reduce their natural gas consumption."

Why does Enbridge believe managing any overlap via the EM&V process will be overly complex and difficult? Given that emission reduction targets are fundamentally reductions in the emissions' intensity and as noted earlier, top down, could not the DSM evaluation framework be simplified and made more transparent by adapting it to the tracking of emission reductions.

1.10.1 Are the gas utility's RNG procurement and funding proposals reasonable and appropriate?

Provided separately on January 12, 2018.

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