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Our File # 339583-000250 and 251

By electronic filing

January 26, 2018

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th floor
Toronto, ON M4P 1E4

Dear Ms. Walli

**Re: Enbridge Gas Distribution Inc. (“EGD”)
2018 Cap and Trade Compliance Plan
Board File #: EB-2017-0224**

**Union Gas Limited (“Union”)
2018 Cap and Trade Compliance Plan
Board File #: EB-2017-0255**

We are writing on behalf of Canadian Manufacturers & Exporters (“CME”). Please find attached CME’s Interrogatories for both EGD and Union in the above-noted proceedings.

Yours very truly

Borden Ladner Gervais LLP

A handwritten signature in black ink, appearing to read 'Scott Pollock', is written over a light blue horizontal line.

Scott Pollock

enclosure

- c. Andrew Mandyam and Fiona Oliver-Glasford (EGD)
- Dennis O’Leary and David Stevens (Aird & Berlis LLP)
- Adam Stiers (Union)
- Crawford Smith (Torys LLP)
- Intervenors in EB-2017-0224 and EB-2017-0255
- Paul Clipsham and Ian Shaw

OTT01: 8731291: v1

Enbridge Gas Distribution Inc.

Union Gas Limited

Applications for approval of the cost consequences
of 2018 Cap and Trade Compliance Plans

**INTERROGATORIES OF
CANADIAN MANUFACTURERS & EXPORTERS (“CME”)
TO ENBRIDGE GAS DISTRIBUTION INC. (“EGD”)
AND TO UNION GAS LIMITED (“UNION”)**

Interrogatories of CME to EGD

CME 1

Ref: Exhibit C, Tab 5, Schedule 1, page 5 of 15

At Exhibit C, Tab 5, Schedule 1, page 5, EGD states that “Where appropriate, an abatement program proposal will be supported by an assessment which may use a range of funding models and appropriate valuations and assumptions. The assessment would use the best available information at the time but it is important that such information would not be reconsidered on a retrospective basis at the time cost recovery is determined.”

- (a) Please illustrate what EGD means by “information would not be reconsidered on a retrospective basis”. Please use an example.

CME 2

Ref: Exhibit D, Tab 1, Schedule 1, Page 9 of 10

At Exhibit D, Tab 1, Schedule 1, page 9, EGD states “Taking the foregoing into account, Cap and Trade represents approximately 12.8% of the Company’s allowed revenue requirement; therefore, assuming the Company’s 2018 bad debt forecast, the bad debt attributed directly to the introduction of Cap and Trade is estimated at \$960,000.”

- (a) Why has EGD changed the way it estimates cap and trade related bad debt since EB-2016-0300?
- (b) Please comment on the differences, if any, between EGD and Union’s method of calculating bad debt.

CME 3

Ref: Exhibit D, Tab 1, Schedule 1, page 6 of 10

At Exhibit D, Tab 1, Schedule 1, page 6, EGD states that “the Company is requesting approval for (or endorsement of) a “Low Carbon Initiative Fund” (“LCIF”) of up to \$2 million accessible each year starting in 2018 in order to provide funding for carbon abatement activities.”

- (a) What threshold(s) will a project have to meet before being eligible for Low Carbon Initiative Fund funding?
- (b) Is the \$2 million funding limit a hard limit? In other words, if the amount of eligible projects was larger than \$2 million, would some projects be deferred? If so, on what basis would Union decide which projects to defer?

Interrogatories of CME to Union**CME 1**

Ref: Exhibit 3, Tab 1, page 8 of 24

At Exhibit 3, Tab 1, page 8, Union states that “Union has continued to monitor and incorporate, where appropriate, applicable learnings and observations from developments in the Ontario, California and Québec carbon markets.”

- (a) CME wishes to better understand Union’s monitoring and incorporation. Please provide a reference in the evidence to the learnings and observations incorporated into the 2018 compliance plan from California and/or Quebec. If that is not available, please set out the developments, and how it has impacted the 2018 compliance plan.
- (b) What sort of developments or areas would it be inappropriate to incorporate applicable learnings and observations from WCI markets?

CME 2

Ref: Exhibit 3, Tab 2, page 3 of 14

At Exhibit 3, Tab 1, page 3, Union states “The pre-audit verification process is still in progress and is expected to be completed by the end of 2017.”

- (a) Is the pre-audit verification process completed?

- (b) Will the results of this process be part of the evidence in this proceeding? Why or why not?

CME 3

Ref: Exhibit 3, Tab 4, pages 19 and 20 of 60

At Exhibit 3, Tab 4, pages 19 and 20, Union states that “The second approach includes a quarterly review of Union’s compliance instrument procurement activities by the Cap-and-Trade Compliance Governance Committee. This committee was established in early 2017 to provide an additional level of executive oversight on the compliance instrument procurement function, recognizing the newness of Cap-and-Trade and related processes. During 2017, the mandate of the committee was broadened to incorporate all aspects of compliance planning including abatement.”

- (a) What caused Union to broaden the Cap-and-Trade Compliance Governance Committee’s mandate during 2017?
- (b) Was there another body that previously oversaw all aspects of compliance planning, or is this an increase in overall oversight?

CME 4

Ref: Exhibit 1, page 5 of 16

At Exhibit 1, page 5, Union states that “Union proposes to establish a Low Carbon Initiative Fund within the GGEIDA, as described at Exhibit 3, Tab 5, section 4.2. The Fund ensures a stable and predictable level of funding of up to \$2 million per year (beginning in 2018) so that Union can proactively identify and develop abatement ideas to consistently feed and move through the development process, with the goal of realizing abatement over the longer term.”

- (a) What threshold(s) will a project have to meet before being eligible for Low Carbon Initiative Fund funding?
- (b) Is the \$2 million funding limit a hard limit? In other words, if the amount of eligible projects was larger than \$2 million, would some projects be deferred? If so, on what basis would Union decide which projects to defer?
- (c) Has Union investigated whether the provincial government would be willing to fund novel abatement programs? If so, what was their response? If not, why not?

CME 5

Ref: Exhibit C, Tab 5, Schedule 1, page 11 of 15 (Enbridge's Application)

At Exhibit C, Tab 5, Schedule 1, page 11, EGD states that "Enbridge will require two additional full time equivalent ("FTE") employees to support the Company's efforts to identify, formulate and begin to implement on new or expanded abatement activities within the Initiative Funnel."

- (a) Please confirm whether Union will also need to increase its employee complement to support the initiative fund or the Low Carbon Initiative Fund programs.