

IN THE MATTER of the *Ontario Energy Board Act 1998*, Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Union Gas Limited for an order or orders amending or varying the rate or rates charged to customers as of July 1, 2009.

Submissions of the School Energy Coalition

1. These are the submissions of the School Energy Coalition ("SEC") in relation to an application by Union Gas Ltd. ("Union") for clearance of certain deferral and account balances for the 2008 rate year.
2. SEC has read and concurs with the submissions of the City of Kitchener. It appears that there is a large unexplained increase in costs related to the delivery of short-term and long-term storage and other balancing services.
3. It appears that the costs related to utility storage are allocated using the formula found in the Board's decision in EB-2005-0551 (NGEIR), p. 102. Because the allocation of utility versus non-utility storage has been altered as a result of the Board's decision in NGEIR, there are legitimate questions as to whether the current costs are correct.
4. Unfortunately, the response provided by Union, first in Exhibit B3.1 and then in the Supplemental response to B3.1, fail to provide an adequate explanation for the cost variances, which total almost \$22 million- a 72% increase in respect of costs related to long-term storage, and a 297% increase with respect to costs related to short-term storage.
5. SEC notes that a technical conference in a related Union proceeding, EB-2009-0101, is scheduled for May 25. SEC submits that if this issue were deferred to that proceeding, as suggested by the City of Kitchener, parties could explore this issue more fully at that point. An oral discovery may in fact prove more fruitful in obtaining enough information to properly explore this issue.
6. Given the large amounts involved, SEC believes a more fulsome exploration of the issue is warranted.

Respectfully submitted this 15th day of May, 2009.

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