

May 20, 2009

Kirsten Walli, Board Secretary
ONTARIO ENERGY BOARD
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

Re: EB-2009-0102: Union Gas Limited (Union) 2009 DSM Program Year Input Assumptions.

EB-2009-0103: Enbridge Gas Distribution (EGD) 2009 DSM Program Year Input Assumptions.

Comments of the Industrial Gas Users Association (IGUA).

This letter is submitted on behalf of IGUA in response to the Board's Notice of Application and Hearing and Procedural Order No. 1 in each of the captioned proceedings.

Union and EGD have jointly filed proposed DSM input assumptions for their respective 2009 DSM program years. The proposed assumptions should form the basis for DSM program design for 2009, but given that the 2009 program year is nearing its halfway mark, that will obviously not be the case. The proposed assumptions will, however, form the basis for calculation of the Shared Savings Mechanism (SSM) applicable for the 2009 program year, and thus dictate the ratepayer payment to the distributors, over and above their regulated earnings, to incent DSM results.

IGUA respectfully submits that intervenors are in a difficult position in seeking to effectively comment on the proposed 2009 DSM input assumptions.

As Union and EGD have advised the Board, these assumptions have not been reviewed with the Evaluation and Audit Committees (EACs) of either utility.

The proposed assumptions reference, but are independent of, the now Board approved 2010 program year input assumptions developed by Navigant and represented as the "best available information" regarding DSM program costs and benefits. IGUA has not undertaken a complete analysis to determine where the 2009 proposed assumptions differ from the 2010 approved assumptions. In any event, the utilities' assumptions include free ridership numbers which Navigant has expressly declined to propose.

The Board's directed procedure does not allow for any discovery on the applications as filed. There is thus no information on the record to easily allow a comparative mapping of the 2009 proposed assumptions with either the 2008 Board approved assumptions or the 2010 Board approved assumptions. Further, there is no information on rate or customer bill impacts of the various sets of assumptions, which is an issue that should be of primary concern to the Board.

From IGUA's perspective, perhaps the most salient set of assumptions are those related to measure lives for custom resource acquisition technologies. IGUA is unable to map the utilities' measure life assumptions to any comparable assumptions embedded in the Board approved 2010 inputs, is unable to properly test the basis for the various assumptions, and is unable to determine to rate impacts of the various assumptions.

IGUA appreciates that the Board and the utilities are in a period in between the current DSM program framework as set by the EB-2006-0021 proceeding and the next generation DSM program framework. The initial component of the next generation framework is the Board approved 2010 input assumption set. The balance of the next generation framework has yet to be determined through a continuation of the recently suspended EB-2008-0346 proceeding.

In all of the foregoing circumstances, IGUA respectfully submits that:

1. There is insufficient tested information on the record in these proceedings for the Board to fully consider and approve the utilities proposed 2009 DSM input assumptions.
2. Given that the 2009 DSM programs are well underway and approved 2009 input assumptions are thus not required for 2009 programs to proceed, the Board should defer approval of 2009 DSM input assumptions pending the filing of the 2009 DSM program year audits.

Under this course of action, the 2009 input assumptions proposed by the utilities can be independently reviewed and tested during the audit and related EAC process, following which there can be a proceeding in which parties can properly explore the assumptions, and their effect on program results and rates, for consideration by the Board.

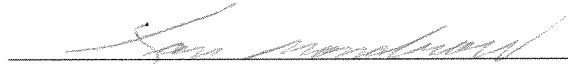
IGUA acknowledges that its recommended approach would be a departure from the framework approved by the Board in the EB-2006-0021 proceedings. In the foregoing circumstances, IGUA submits that such a departure would result in an appropriate record on which the Board could make considered determinations.

IGUA has undertaken brief review of the materials filed by the utilities, and formulated these comments in an attempt to assist the Board in considering how to best proceed on these matters. IGUA submits that it has participated responsibly and requests that it be awarded 100% of its reasonably incurred costs of such participation.

ALL OF WHICH IS RESPECTFULLY SUBMITTED by:

Macleod Dixon LLP

Per:



Ian A. Mondrow
Counsel for IGUA

- c. IGUA, Murray Newton
UNION GAS, Chris Ripley
ENBRIDGE GAS DISTRIBUTION, Michael Brophy
Intervenors of Record

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