

August 20, 2009

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

**Re: Union Gas Limited - 2010 Demand Side Management Plan
(EB-2009-0166) – Union's Reply Submission**

Dear Ms. Walli:

Please find enclosed two copies of Union's reply submission for the above noted proceeding.

If you have any questions please contact me at (519) 436-5476.

Yours truly,

[original signed by]

Chris Ripley
Manager, Regulatory Applications

cc C. Smith (Torys)
EB-2009-0166 Intervenors

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule. B);

AND IN THE MATTER OF an Application by Union Gas Limited for approval of its 2010 Natural Gas Demand Side Management Plan.

**UNION GAS LIMITED
REPLY SUBMISSION**

Overview

1. By application dated May 29, 2009, Union Gas Limited (“Union”) applied to the Board for an order granting approval of its 2010 Natural Gas Demand Side Management (“DSM”) Plan. The Board assigned docket number EB-2009-0166 to the application.
2. The Board issued Procedural Order No. 1 on July 22, 2009, providing for a written hearing, including written evidence, written interrogatories and written argument. Union’s prefiled evidence was delivered, with its application, to the Board on May 29, 2009. Union’s responses to interrogatories were delivered to the Board on August 6, 2009.
3. On August 11, 2009, Union filed a corrected 2010 DSM Plan revising the savings assumptions for the multi-family 1.0 gal/min faucet aerator (kitchen and bathroom).
4. Written argument was filed by the London Property Management Association (“LPMA”), the Green Energy Coalition (“GEC”), Canadian Manufacturers &

Exporters (“CME”), the Consumers Council of Canada (“CCC”), the Low Income Energy Network (“LIEN”) and the Industrial Gas Users Association (“IGUA”).

5. All intervenors supported Union’s 2010 DSM Plan as being consistent with the existing DSM framework. Subject to the one issue discussed below, the intervenors did not oppose the Board’s approval of Union’s 2010 DSM Plan.
6. LIEN, CCC, LPMA, CME and GEC raised an issue regarding Union’s proposed Market Transformation metrics noting that the targets proposed for the Drain Water Heat Recovery (“DWHR”) program were too low. LPMA’s submission proposed new metrics to be used by Union. The proposed metrics were supported by CME. CCC and GEC suggested that Union consult with its Evaluation and Audit Committee (“EAC”) to develop a more appropriate scorecard.
7. IGUA noted that it was not clear from Union’s evidence “whether Union is asserting that it can change program design” without Board approval. IGUA submits that any material change to DSM programming should require Board approval.
8. This is Union’s reply to the above submissions.

Market Transformation Program

9. As Union indicated in Exhibit B3.6, the Market Transformation scorecard filed in the proposed 2010 DSM Plan was intended to be a placeholder, indicative of continuous improvement in the Market Transformation program. Consistent with the position taken by CCC and GEC, Union intends to consult with its EAC in the fourth quarter of 2009 to develop a finalized Market Transformation scorecard for 2010. Union believes

that the metrics in table 5 of Section 3.4.9 of its 2010 DSM Plan are reflective of appropriate incremental growth for a program that is entering its fourth year of existence.

10. Union requests that the Board allow Union to develop a finalized Market Transformation scorecard for 2010 through consultations with the EAC.

Changes in Union's Input Assumptions and DSM Programs

11. The input assumptions included in Union's 2010 DSM Plan are based on the Navigant Report and the proposed additions submitted by Union (see Appendix A & B of Union's 2010 DSM Plan). Any proposed changes to those input assumptions will be discussed with the EAC and will be submitted to the Board for approval.
12. Union's 2010 DSM programs will be largely consistent with the programs delivered in 2009. Changing market conditions, new information, or process improvements may compel Union to alter its DSM programs to effectively utilize the DSM budget. This is consistent with page 10 of the Board's Decision with Reasons Phase 1 in EB-2006-0021:

***“Program Design and Implementation.** The Utilities agree to the principle that their DSM programs should be managed with regard to the best available information known to them from time to time. Normal commercial practice requires that a Company should react through changes to program design, implementation and/or mix, to material changes in base data as soon as is feasible given relevant operational considerations.”*

Conclusion

13. In conclusion, for the reasons set out above, Union requests an order of the Board approving the 2010 DSM Plan and input assumptions (Appendix A & B) as filed.