

IN THE MATTER OF the *Ontario Energy Board Act, 1998*;

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

COMMENT OF THE INDUSTRIAL GAS USERS ASSOCIATION (IGUA)

Introduction.

1. IGUA has previously expressed concern¹ that following some experience with the DSM framework set by the generic gas DSM proceeding (EB-006-0021), and in light of the current economic circumstances and a significantly evolved state of energy efficiency in both the public and private sector, a comprehensive rethink of the gas utility DSM framework in Ontario is warranted. Review of both whether, and if so how, DSM should be undertaken by regulated gas distributors in Ontario, and how gas distributor DSM initiatives should be evaluated and incented, would be timely.
2. IGUA submitted² that such a review should include:
 - (a) A more complete consideration of the continued role for regulated gas distributors in delivering DSM on behalf of, and funded by, ratepayers, in an increasingly crowded and quickly evolving field of public and private sector DSM/CDM proponents. A focussed set of gas distributor DSM objectives might be determined.
 - (b) Consideration of the appropriate principles upon which to incent, and compensate, gas distributors to achieve the DSM objectives determined to be appropriate for them to pursue.
 - (c) Review of alternatives to the TRC, LRAM and SSM program parameters and calculations against the determined incentive and compensation principles. Such review should include consideration of DSM planning and evaluation in other jurisdictions.

¹ EB-2008-0346, Comments of the Industrial Gas Users Association, February 20, 2009, paras. 7 and 12.

² Ibid, para. 12.

- (d) Consideration in particular of the appropriate role for regulated gas distributors in today's DSM/CDM context in development and delivery of market transformation programs, and consideration of the principles appropriate to guide, evaluate and compensate for such programming.
- 3. IGUA recognizes that the Board has directed, as an interim measure, the filing of this one year proposed DSM plan by Union Gas Limited (Union), and the contemporaneous filing of a similar plan by Enbridge Gas Distribution Inc. IGUA has limited its review, and will limit its comments, herein, in light of the transitional nature of the plan underlying this application. IGUA does wish to note, however, that its concerns regarding the continued veracity of the current gas distributor DSM framework remain.
- 4. In this respect, IGUA notes in particular Union's evidence that continued achievement of Union's DSM targets is getting more difficult and more expensive³.

Summary of IGUA Position on Union's 2010 DSM Plan Proposal.

- 5. In respect of Union's 2010 DSM Plan proposal in particular:
 - (a) IGUA has reviewed and accepts the 2010 budget for industrial DSM programming as set out in Union's Plan at page 4 (Table 1) and supplemented by rate class allocations set out in the Attachment to Ex. B2.2.
 - (b) IGUA also accepts the program plans for Union's "Distribution Contract" customers (which designation IGUA understands to encompass Union's larger industrial customers) as set out at pages 21 through 26 of Union's Plan document.
 - (c) IGUA asserts that any material change in Union's DSM programming would require Board approval. (It is not clear to IGUA whether this assertion is consistent with Union's position.)

Brief additional comment on these points is provided below.

2010 Budget and Rate Class Allocation.

- 6. In its May 29, 2009 covering letter to the Board with its 2010 DSM Plan application, Union notes that for 2010 it has removed a separately listed Industrial General Service

³ See Union's 2010 Plan document at page 5, top paragraph and page 22, 2nd paragraph.

"market", and included the subject customers in its Commercial "market" DSM programs.

7. Considering Union's interrogatory responses⁴, IGUA understands the mapping of Union's industrial rate classes to its DSM program customer segments to be as follows:
 - (a) Smaller (non-contract or "general service") industrial customers are included in Union's Commercial DSM customer program segment.
 - (b) Larger (contract) industrial customers are included in Union's "Distribution Contract" DSM customer program segment.

On the basis of this understanding, IGUA has reviewed in particular the "Distribution Contract" DSM customer programs included in Union's 2010 DSM Plan document as encompassing those programs most relevant to IGUA's constituents.

8. IGUA further understands from the evidence⁵ that Union tracks DSM program expenditures by rate class, to ensure that DSM budget, LRAM and SSM amounts are recovered from the rate classes for whose benefit the various DSM programs are offered and in light of the relative savings afforded by such programs to each customer segment.
9. IGUA expects that at the time that clearance for DSMVA, LRAM and SSM accounts is requested, Union will be able to provide evidence tracing particular program expenditures and results to particular customer classes, in order to justify requested recovery.

Distribution Contract Customer DSM Programs.

10. IGUA has reviewed and considered the breadth of the Distribution Contract customer group DSM programs described in Union's DSM Plan document.⁶ IGUA is satisfied at this time with the array of program opportunities available to industrial customers for 2010.

⁴ See Exs. B2.2, B2.3, B2.4 and B4.3.

⁵ Ibid.

⁶ Pages 21 through 26.

11. IGUA was concerned upon review of the prefiled evidence with the apparent emphasis being placed by Union on information, education and training initiatives within its Distribution Contract customer group DSM initiatives. However, as the total forecast 2010 expenditure on these types of DSM activities is relatively low (\$120,000 for commercial and industrial customers⁷ combined), IGUA sees no cause for objection at this time.

Approval for Material Changes in Union DSM Programs.

12. Union's 2010 DSM Plan document states:⁸

As appropriate, Union may introduce new, positive TRC programs, drop planned programs or adjust the programs or incentive levels outlined in this section.

13. When asked to elaborate on how and when OEB approval for any such changes would be sought, Union responded that an updated list of 2010 SSM input assumptions would be filed with the Board for approval.⁹
14. It is not clear to IGUA from Union's evidence whether Union is asserting that it can change program design (as distinct from SSM input assumptions) without Board approval.
15. For clarity, it is IGUA's position that any material change in DSM programming would require Board approval.

Costs.

16. IGUA submits that it has participated responsibly in this proceeding and hopes that its comments provide some assistance to the Board in its review of EGD's application herein.

⁷ Ex. B4.6, part b).

⁸ Union 2010 DSM Plan document, page 12, top paragraph.

⁹ Ex. B4.4.

17. In particular, IGUA has been mindful of the scope of this application, as a "bridge" between the current gas DSM framework and a new framework to be developed for implementation by 2011. IGUA has focussed its review and comment accordingly. Overall, and mindful of the scope of this 2010 plan, following review of Union's prefiled materials and of Union's interrogatory responses, IGUA has determined that it has no significant cause to object to Union's 2010 proposals.
18. IGUA has also been mindful of which aspects of EGD's proposal directly affect industrial gas customers, and has generally limited its review and comment to those aspects. IGUA notes that in the case of Union's DSM programs, industrial customer programs generate some 40% of the DSM budget¹⁰, representing approximately \$8.5 million of funding from industrial ratepayers.
19. On this basis IGUA requests recovery of 100% of its costs reasonably incurred in the course of its intervention herein.

ALL OF WHICH IS RESPECTFULLY SUBMITTED:
Macleod Dixon LLP, per:



Ian A. Mondrow
August 12, 2009

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¹⁰ Ex. B2.2, rate classes 20, 100, M4, M7 and T1.