

October 27, 2009

Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

RE: EB-2009-0166 - Union Gas Limited - 2010 Demand Side Management Plan – Low-Income

Dear Ms. Walli:

Please find attached Union's updated 2010 Low-Income Demand Side Management ("DSM") Plan.

It has come to Union's attention that the low-income input assumptions were omitted from the 2010 Low-Income DSM Plan filed on October 15, 2009. Accordingly, Union has attached its 2010 Low-Income Input Assumptions in Appendix A.

Union has based the 2010 low-income input assumptions on the Navigant report "Measures and Assumptions for DSM Planning" dated April 16, 2009. The values are consistent with the Board approved 2009 low-income input assumptions. In addition, Union has filed input assumptions for 1.0 gal/min faucet aerator (kitchen and bathroom). Substantiation documents are available in Appendix B.

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

Yours truly,

[original signed by]

Chris Ripley
Manager, Regulatory Applications

cc: Crawford Smith (Torys)
EB-2009-0166 Intervenors

UNION GAS LIMITED
2010 LOW-INCOME DSM PLAN EVIDENCE

INTRODUCTION

As directed by the Board in its letter of September 28, 2009, Union has prepared the enclosed 2010 Low-Income DSM Plan in accordance with the existing DSM framework established in the DSM Generic Proceeding Decision (EB-2006-0021). The Plan also builds on Union's DSM experience to date.

Union's 2010 low-income DSM activities will focus on delivering natural gas savings, but will also enable customers to generate electricity and water savings through Union's programs. In 2010, Union will seek out additional partnerships to drive further penetration and success in the low-income market.

REGULATORY FRAMEWORK

Budget: The budget for Union's 2010 Low-Income DSM Plan will be \$1.730 million. This budget represents a 10% increase to the \$1.573 million of Union's 2009 DSM budget used for Low-Income DSM Programs.

In its 2010 DSM Plan, Union filed an overall budget of \$20.897 million which reflected a 10% increase to the total 2009 DSM budget of \$20.570 million, less the associated 2010 Low-Income DSM budget of \$1.730 million. With the inclusion of Low-Income DSM Programs, the overall 2010 DSM budget will be \$22.627 million (\$20.897 million + \$1.730 million).

Union's total 2010 DSM budget of \$22.627 million is consistent with the existing DSM framework which provides for a 10% increase to the previous year's DSM budget (\$20.570 million x 1.1 = \$22.627 million).

Target: For 2010, Union's TRC target will be based on the TRC formula accepted in EB-2006-0021. The formula sets the annual target by averaging Union's actual audited TRC results over the previous three years and applying to this figure an escalation factor equal to 1.5 times the amount by which budget is increased, or 15%. For the 2010 Plan, Union's target will be established as follows:

- The simple average of the actual 2007, 2008, and 2009 audited TRC values as approved by the Board, including the actual TRC values attributed to Union's

Low-Income DSM Programs for each year, increased by 1.5 times the budget escalation factor (i.e.15%).

Shared Savings Mechanism (“SSM”): In 2010, Union will be eligible to earn an SSM incentive payment, determined using the methodology outlined in EB-2006-0021. At 100% of the TRC target Union will be eligible for an SSM incentive payment of \$4.75 million. An additional incentive of \$0.5 million will be available for market transformation activities. TRC savings derived through Union’s 2010 Low-Income DSM Programs will contribute to the achievement of the TRC target for the SSM incentive payment.

Lost Revenue Adjustment Mechanism (“LRAM”): Union will continue to apply the rules of the LRAM as outlined in EB-2006-0021. Volumetric reductions resulting from Union’s 2010 Low-Income DSM Programs will contribute to the calculation of the LRAM.

Demand Side Management Variance Account (“DSMVA”): Union will continue to use the DSMVA to “true-up” the variance between the DSM budget built into rates for 2010 and the actual DSM expenditures, including Low-Income Programs, in 2010. If actual spending is less than the amount built into rates, ratepayers shall be reimbursed. Union will be reimbursed for overspending, up to a maximum of 15% of its DSM budget for the year, provided additional funding is utilized on incremental program expenses, including market transformation programs.

Research: In 2010 Union will focus on research directed at improving the program design and the targeting of opportunities within Union’s overall DSM portfolio. This focus demonstrates Union’s commitment to developing a sustainable portfolio of DSM programs. This may include research on Low-Income DSM programs in 2010.

Evaluation: Union is committed to completing evaluation work on a portion of the measures included in this 2010 Plan as prioritized by Union in collaboration with its EAC prior to the start of 2010. Union will also complete an Annual Report which will be subject to an independent third party audit. Low-Income DSM programs in 2010 will be included in the evaluation process and the Annual Report.

RESIDENTIAL LOW-INCOME EXISTING CUSTOMERS

Participation in conservation programs is an effective and proven long-term solution for customers to manage their energy use and lower their energy costs. Often low-income customers live in inefficient dwellings yet don’t have the financial means or awareness of available programs to implement conservation measures. As a result, it is necessary to deliver programs that are tailored to meet the specific needs of these customers. In 2010,

Union Gas will continue to design and promote targeted Demand Side Management (“DSM”) programs for low-income customers to help address these barriers.

STRATEGY

In order to remove any barriers to participation in our low-income programs, Union’s Helping Homes Conserve (“HHC”) program is delivered right to the customer’s door, at no cost to the customer. By going door-to-door to postal codes with high-propensities of low-income customers, Union is able to interact one-on-one with customers to teach them the benefits of the program. By removing any costs to participation, customers who previously couldn’t take part in conservation programs due to financial constraints, are now able to participate.

To provide low-income customers with deep measures, Union will engage social housing providers and local social service agencies to develop partnerships in order to deliver our Home Weatherization program to their tenants and private homeowners within their communities. This program will also be delivered at no-cost to the customer in order to alleviate any barriers to the program.

Union will continue to engage the low-income community by partnering with local social service agencies, local associations, social housing providers and municipalities. By developing strategic partnerships, Union will increase awareness of the program in the community and develop a broader understanding of the needs and challenges of our low-income customer base.

Education is a key component to the effective delivery of low-income programs. Through various mediums, Union will provide tailored education to low-income customers. By educating customers on the benefits of conservation, program adoption increases.

INITIATIVES

Union will continue to drive our HHC program, which offers low-income customers the free installation of; energy-efficient showerheads, pipe wrap and a programmable thermostat. A kitchen and bathroom aerator is left behind for self-installation. HHC is currently offered to Union’s low-income customers who reside in Hamilton, London, Windsor, Sudbury, North Bay, Cornwall and Brantford. Union will look to expand the geographic reach of HHC in 2010.

As an extension of Helping Homes Conserve, Union offers qualifying low-income customers’ deep measures through our Home Weatherization program. This program addresses building envelope issues in low-income neighbourhoods within Union’s franchise area. Customers receive a pre and post energy audit and subsequent necessary

building envelope upgrades which could include; attic insulation, wall insulation, basement insulation and draft-proofing measures. These upgrades provide benefits beyond energy savings by contributing to increased comfort and indoor air quality in the home. All services are provided at no cost to the customer. Union has successfully delivered this program in Hamilton and Cornwall to date and will continue to pursue opportunities to expand the program to further communities in 2010.

In addition to measure installation, Union will continue to work with our social service agency program partners to host educational workshops tailored to low-income customers. These workshops teach attendees about various low-cost and no-cost conservation tips they can perform around the home to help reduce their energy use. These workshops also provide customers with a “starter-kit” that include products such as rope caulk and window film, to give customers the tools they need to improve the efficiency of their home.

Union will continue to explore enhancing the program to allow for a more comprehensive approach in the future. This approach will take into consideration the need for addressing the unique barriers low income customers face and ensuring that the energy savings attained as a direct result of the measure installation are realized on the participant’s energy bills.

LOW INCOME MARKET TRANSFORMATION

Union will allocate 14% of the market transformation budget, or \$186,340 in 2010, to low income-customers. Union Gas will look to partner with social housing organizations to incorporate Drain Water Heat Recovery (“DWHR”) units in the building process.

INPUT ASSUMPTIONS

Union has attached its 2010 Low-Income Input Assumptions in Appendix A with substantiation documents available in Appendix B.

Target Market		Equipment Details			Annual Resource Savings			Other			
Sector	New/Existing	Efficient Equipment	Details of efficient equipment	Base Equipment	Details of base equipment	Natural Gas (m3)	Electricity (kWh)	Water (L)	EUL	Incremental Cost (\$)	Free Rider (%) ¹
Low Income Space Heating											
Low Income	Existing	Programmable Thermostat		Standard manual thermostat		53	54	0	15	\$25	1%
Low Income	Existing	Weatherization	Full weatherization	No weatherization		1,134	165	0	23	\$2,284	0%
Low Income Water Heating											
Low Income	Existing	Faucet Aerator	Bathroom, 1.5 GPM	Average existing stock	2.2 GPM	6	0	2,004	10	\$2	1%
Low Income	Existing	Faucet Aerator	Kitchen, 1.5 GPM	Average existing stock	2.5 GPM	23	0	7,797	10	\$2	1%
Low Income	Existing	Faucet Aerator ²	Bathroom, 1.0 GPM	Average existing stock	2.2 GPM	10	0	3,435	10	\$1.50	1%
Low Income	Existing	Faucet Aerator ²	Kitchen, 1.0 GPM	Average existing stock	2.5 GPM	35	0	11,694	10	\$2	1%
Low Income	Existing	Low-flow showerhead (Distributed)	1.5 GPM	Average existing stock	2.2 GPM	46	0	6,334	10	\$6	1%
Low Income	Existing	Low-flow showerhead (Distributed)	1.25 GPM	Average existing stock	2.2 GPM	63	0	10,570	10	\$13	1%
Low Income	Existing	Low-flow showerhead (Contractor installed)	1.25 GPM	Average existing stock	2.0 - 2.5 GPM	66	0	10,886	10	\$13	5%
Low Income	Existing	Low-flow showerhead (Contractor installed)	1.25 GPM	Average existing stock	> 2.5 GPM	116	0	17,168	10	\$13	5%
Low Income	Existing	Pipe insulation for DHW outlet pipes	R-4 insulation	Uninsulated DHW outlet pipes (R-1)	R-1	18	0	0	10	\$2	1%

¹ Free Ridership has been added based on the approved 2009 DSM Input Assumption application dated May 26, 2009, file number EB-2009-0102.

² Subsanitation documents for Faucet Aerator (Bathroom and Kitchen, 1.0 GPM) are provided in Appendix B.

Free Ridership has been added based on the approved 2009 DSM Input Assumption application dated May 26, 2009, file number EB-2009-0102.

2. Substantiation documents for Faucet Aerator (Bathroom and Kitchen, 1.0 GPM) are provided in Appendix B.

Appendix B – New Input Assumptions

1.0GPM FAUCET AERATOR (BATHROOM) -----	1
1.0GPM FAUCET AERATOR (KITCHEN)-----	2

1. 1.0 GAL/MIN FAUCET AERATOR (Bathroom)

Low Income, Existing

Efficient Technology & Equipment Description
1.0 GPM Faucet Aerator
Base Technology & Equipment Description
2.2 GPM Faucet Aerator

Resource Savings Assumptions

Natural Gas (Updated)	10 m ³
Based on Navigant savings calculation adjusted for a 1.0 GPM unit. Using the following values as per Navigant Final Report: Faucet water temperature: 30 degC (86 degF) Water inlet temperature: 9.33 deg C (48.8 degF) Water heater energy factor: 0.76 Occupants per household: 3.1	
Electricity	n/a kWh
Water (Updated)	3,435 L
Based on Navigant savings calculation adjusted for a 1.0 GPM unit.	

Other Input Assumptions

Equipment Life	10 years
As recommended by Navigant.	
Incremental Cost	\$1.50
As per utility program costs.	
Free Ridership	1 %
Free ridership – EB 2009-0102	

2. 1.0 GAL/MIN FAUCET AERATOR (Kitchen)

Low Income, Existing

Efficient Technology & Equipment Description
1.0 GPM Faucet Aerator
Base Technology & Equipment Description
2.5 GPM Faucet Aerator

Resource Savings Assumptions

Natural Gas (Updated)	35 m ³
Based on Navigant savings calculation adjusted for a 1.0 GPM unit. Using the following values as per Navigant Final Report: Faucet water temperature: 30 degC (86 degF) Water inlet temperature: 9.33 deg C (48.8 degF) Water heater energy factor: 0.76 Occupants per household: 3.1	
Electricity	n/a kWh
Water (Updated)	11,694 L
Based on Navigant savings calculation adjusted for a 1.0 GPM unit.	

Other Input Assumptions

Equipment Life	10 years
As recommended by Navigant.	
Incremental Cost	\$2
As per utility program costs.	
Free Ridership	1 %
Free ridership – EB 2009-0102	