

November 13, 2009

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

Dear Ms. Walli:

Re: EB-2009-0166 – Union's 2010 Low-Income DSM Plan

Please find enclosed two copies of Union's responses to interrogatories for the above noted proceeding.

Should 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

Answer to Interrogatory from
Board Staff

Ref: Exhibit A, Page 1

It appears that Union's plan comprises of, in addition to the market transformation program, two programs – Helping Homes Conserve, and Home Weatherization.

Please confirm that these are the two programs that Union is targeting to low income consumers.

Response:

Confirmed.

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Ref: Exhibit A, Page 1

Union's plan indicates that the total budget for the 2010 Low-Income DSM Plan is \$1.730 million.

- a) Please confirm how much of this budget is allocated to each of the programs in Union's plan.
 - b) Please confirm the eligibility criteria that Union will use to determine which customers are eligible to receive the programs.
 - c) What are the targets for each of Union's programs?
-

Response:

- a) Program costs will be established based on Union's estimation of the costs of achieving the targets. There are a number of unknown variables necessary for the TRC target calculation that will not be available until finalization of the 2009 DSM results. However, Union does not anticipate any material changes in the percentage spend per program from the 2009 planned program budget as provided.

2009 Low-Income Planned Program Budget

	<u>(\$000)</u>	<u>%</u>
Helping Homes Conserve	1,073	68
Weatherization	<u>500</u>	<u>32</u>
Total	<u>1,573</u>	<u>100</u>

- b) Customers are identified as low-income if they have an income which is at 125% or below Statistic Canada's pre-tax, post-transfer Low-income Cut-off (LICO). Customers can be private homeowners or tenants who pay their own utility bills. Union uses the 125% LICO for communities of 500,000 or more across our franchise area for our home weatherization program.
- c) Please see response at Exhibit C1.2 a).

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Ref: Exhibit A, Page 1

Union indicates that it will look to expand the geographic reach of its Helping Homes Conserve program in 2010.

Does Union have a target number of communities it intends to reach in 2010?

Response:

No. Union's goal over the coming years is to expand the reach of the Helping Homes Conserve program to its entire franchise area. Union is currently delivering the program to Hamilton, Windsor, Sudbury, London, Brantford, Cornwall and North Bay, and intends to continue to do so in 2010. Additional communities served in 2010 will be based upon market capacity to deliver the program in Union's franchise area and available budget.

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Ref: Exhibit A, Page 1

Union indicates that it will be continuing to offer its Home Weatherization program in 2010.

Has Union executed, or plans to execute, any legal agreements with the federal and provincial governments that enable Union to take advantage of the financial rebates provided for thermal envelope improvements by the federal eco-energy and the provincial Home Energy Savings programs? If the answer is no, please explain why?

Response:

Union is open to the prospect of leveraging provincial and federal funding in order to enhance its low-income program; however, there are currently no agreements in place. The majority of technologies that are supported via these programs do not currently pass the TRC test, and thus do not qualify under Union's current DSM framework.

UNION GAS LIMITED

Answer to Interrogatory from
Canadian Manufacturers & Exporters ("CME")

At Exhibit "A", page 1 of 4, updated, Union confirms that the budget for its 2010 Low-Income DSM Plan will be \$1.73M. CME wishes to obtain the following further information about this budget. Please confirm that the \$1.73M budget is allocated entirely to residential rate classes. If any portion of the budget is allocated to non-residential rate classes, then please provide the following:

- (i) A table which sets out the allocation of the Low-Income DSM Plan budget by rate class; and
- (ii) An explanation of the cost allocation methodology, and in particular, the basis for allocating any portion of this budget to non-residential rate classes.

Response:

The total Low-Income DSM budget is allocated to Union's small volume general service rate classes Rate 01 and Rate M1. These rate classes include all residential customers.

UNION GAS LIMITED

Answer to Interrogatory from
Low-Income Energy Network ("LIEN")

Ref.: Exhibit A, Pages 3-4

Please prepare a table that shows for each low-income program in 2009 and proposed for 2010 the following:

- i. The type of measures.
- ii. The number of communities, which communities they are, and the percentage increase in the number of communities over 2009.
- iii. The number of program participants, type of participants (broken down by social housing and non-social housing) and the percentage increase in the number of participants over 2009.
- iv. The retrofit cost per participant.
- v. The total program cost per participant.

Response:

	2009 Helping Homes Conserve	2010 Helping Homes Conserve
i. Measures	Energy efficient showerhead, bathroom and kitchen aerator, 2m pipe wrap, programmable thermostat	Energy efficient showerhead, bathroom and kitchen aerator, 2m pipe wrap, programmable thermostat
ii. Communities	Hamilton, Windsor, Sudbury, London, Brantford, Cornwall, North Bay	Please see response at Exhibit C1.3.
iii. Participants	Estimated to be 18,000 Union does not track social housing vs. non-social housing participants.	Please see response at Exhibit C1.2 a).
iv. Retrofit Cost/Participant	Average: \$110 Range: \$6 - \$140 A range is provided to reflect the variation between how many measures are installed in the home and at what installation cost.	Union has not finalized 2010 sourcing, however, significant changes are not anticipated from 2009 costs.
v. Total Cost/Participant	Average: \$121 Range: \$17 - \$151 A range is provided to reflect the variation between how many measures are installed in the home and at what installation cost.	Union has not finalized 2010 sourcing, however, significant changes are not anticipated from 2009 costs.

Note: Percentage increases cannot be calculated for the number of communities or program participants.

	2009 Weatherization	2010 Weatherization
i. Measures	Attic, wall and basement insulation, draft proofing	Attic, wall and basement insulation, draft proofing
ii. Communities	Hamilton, Cornwall	Communities served in 2010 will be based upon market capacity to deliver the program in Union's franchise area and available budget.
iii. Participants	Estimated to be 100 Social Housing – 85 Non Social Housing – 15	Please see response at Exhibit C1.2 a).
iv. Retrofit Cost/ Participant	Average: \$2,175 Range: \$1,000 - \$6,000 A range is provided to reflect the variation between the condition of the home, how many measures are installed in the home, and the installation cost.	As housing stock varies by community (age, condition, etc.) the cost will not be available until the geographies have been determined.
v. Total Cost/ Participant	Average: \$2,750 Range: \$1,500 - \$7,000 A range is provided to reflect the variation between the condition of the home, how many measures are installed in the home, and the installation cost.	As housing stock varies by community (age, condition, etc.) the cost will not be available until the geographies have been determined.

Note: Percentage increases cannot be calculated for the number of communities or program participants.

UNION GAS LIMITED

Answer to Interrogatory from
Low-Income Energy Network ("LIEN")

Ref.: Exhibit A, Page 1

- a) Assuming budget increases of 25%, 50% and 100%, from your proposed 2010 low income DSM plan are drawn from reallocating funds approved from your residential DSM budget for 2010, please prepare a table which shows the results from question 1 above and the impacts of each budget scenario in terms of:
 - i. The type of measures
 - ii. The number of communities, which communities they are, and the percentage increase in the number of communities over 2009 and over the proposed 2010 increase
 - iii. The number of program participants, type of participants (broken down social housing and non social housing) and the percentage increase in the number of program participants over 2009 and over the proposed 2010 increase
 - iv. The retrofit cost per participant
 - v. The total program cost per participant
- b) Please discuss the implications of these budget increases, including on your non low income DSM plan, and how you would achieve each of these scenarios.
- c) How would the company achieve each of these scenarios if the budget increase was incremental to your non low income DSM plan budget?

Response:

Union has not contemplated the hypothetical impacts that would result from assumed increases above the \$1.730 million budget included in Union's proposed low-income DSM plan.

On May 13, 2009, the Board issued a letter directing distributors to remove programs related to low-income energy consumers from the 2010 DSM plans as they were to be addressed through the Low-Income Energy Assistance Program Conservation Working Group ("CWG").

On September 28, 2009 Union received a communication from the Board providing direction for the establishment of its 2010 low-income DSM programs. The Board letter noted that the CWG's work and report on a short-term low-income DSM framework, although of interest to stakeholders and potentially useful to the Ministry during the implementation of a province-wide long-term program, would not be implemented. In the communication the Board stated:

“To ensure continuation of natural gas DSM programs for low-income consumers until a province-wide framework has been completed, the Board requests that Enbridge Gas Distribution Inc. (“Enbridge”) and Union Gas Ltd. (“Union Gas”) proceed to file 2010 DSM plans based on the existing DSM framework, including increases based on the established budget escalators.”

Accordingly, Union’s proposed low-income DSM plan and budget are based on the Board approved DSM framework established in EB-2006-0021 which allows for a 10% year over year increase to its DSM budget.

UNION GAS LIMITED

Answer to Interrogatory from
Low-Income Energy Network ("LIEN")

Ref.: Exhibit A, Page 3

What partnerships did the company develop in 2009 as part of the low-income programs?
How will partnerships be expanded in 2010?

Response:

The partnerships developed in 2009 are:

- The Salvation Army of London, Centre of Hope
- Canada Mortgage and Housing
- EnviroCentre
- Cornwall & Area Housing Corporation
- Municipal Housing, London
- The Corporation of the City of Windsor, Housing & Children's Services
- Social Planning Council of North Bay
- The City of Hamilton, Housing Development & Partnerships
- The Corporation of the City of Brantford, Social Housing
- Windsor-Essex Housing Corporation
- North Bay and Area Social Planning Council

Union also continued to work with existing partners, such as the Housing Help Centre, throughout 2009.

As Union's program expands into additional communities subject to available market capacity, Union will continue to seek out new partnerships within the low-income service community in 2010.

UNION GAS LIMITED

Answer to Interrogatory from
Low-Income Energy Network ("LIEN")

Ref.: Exhibit A, Page 2

Please describe in detail the research plan for the low-income DSM programs for 2010.

Response:

Union is currently conducting a Residential Market Segmentation research project that will also review the low-income customer segment. The report and associated data from the research project will be received in 2010 and analysed for low-income planning purposes. The overall objective of this research is to more effectively market residential DSM measures through defining and understanding the target audience. Additional research opportunities will be identified and assessed throughout 2010.

UNION GAS LIMITED

Answer to Interrogatory from
Low-Income Energy Network ("LIEN")

Ref.: Exhibit A, Page 2

Please describe in detail the evaluation that will be conducted on the 2010 low-income DSM programs and how this differs, if at all, from the evaluation conducted on the non-low-income DSM programs for 2009.

Response:

Union's 2010 low-income DSM programs will be evaluated through Union's annual audit process, similar to 2009.

The Weatherization program results will be evaluated throughout the year on a per project basis. Pre and post audits will be conducted by certified energy auditors using industry standard testing methods and tools.

The evaluation conducted on Union's non low-income residential DSM program includes an annual verification study due to the distributed delivery method used. This differs from the Helping Homes Conserve program which utilizes an installed delivery approach. Both the contractor and customer confirm installation through participant acknowledgment forms for the low-income DSM programs. Forms are provided to Union for verification.

UNION GAS LIMITED

Answer to Interrogatory from
Low-Income Energy Network ("LIEN")

Ref.: Exhibit A, Page 4

Please describe in detail the educational workshops that will take place and what steps will be taken to ensure that the "starter kits" provided at these educational workshops will be installed.

Response:

Union will host various education sessions tailored to low-income customers within the communities that its low-income DSM programs are offered. Customers will learn a variety of low-cost and no-cost conservation tips for the home. Customers will also receive information on our Helping Homes Conserve program, an education guide tailored to low-income customers and a home weatherization "starter kit". This kit contains items such as: rope caulk, window film, caulk and a caulking gun. To ensure that customers' understand how to use the products provided, there is an interactive portion to the education clinic where attendees get to try out the products on mock windows. Through the education provided on the energy savings products, customers will not be intimidated to use them at home. These kits do not generate TRC but are given as a value-add to Union's customers who have attended the education sessions.

UNION GAS LIMITED

Answer to Interrogatory from
Low-Income Energy Network ("LIEN")

Ref.: Exhibit A, Page 4

How does Union plan to evaluate the performance of its low-income market transformation program? If you are planning to use a scorecard approach please provide the proposed scorecard.

Response:

Union's 2010 Market Transformation scorecard reflects metrics to measure the performance of the drain water heat recovery program in the new build market. New build installations targeted to low-income customers will be captured using the scorecard provided.

Element	Metrics (weighting)	Metric Value Levels			Score
		50%	100%	150%	
DRAIN WATER HEAT RECOVERY					
ULTIMATE OUTCOMES	Participating Builders	2009 Actual +5%	2009 Actual +10%	2009 Actual +15%	/20
	Units Installed (new build) as a percentage of 2010 housing starts	2009 Actual +1%	2009 Actual +3%	2009 Actual +5%	/80

UNION GAS LIMITED

Answer to Interrogatory from
Low-Income Energy Network ("LIEN")

Ref.: Exhibit A, Page 4

What barriers to participating in low income DSM programs is the company trying to address beyond financial?

Response:

Two of the largest barriers, beyond financial ones, are a lack of awareness of available programs and education on conservation. In order to overcome these barriers, Union partners with key influencers in the low-income community (examples listed in Exhibit C3.3). These partners then communicate Union's programs to their tenants, clients and other key stakeholders in their network. In order to provide Union's customers with a greater understanding of conservation, customers receive education on measures going into the home during installations (i.e. how to program their thermostat), are provided with education materials after every installation and Union hosts a number of education sessions within their communities (as described in Exhibit C3.6).

UNION GAS LIMITED

Answer to Interrogatory from
Low-Income Energy Network ("LIEN")

Ref.: Exhibit A, Page 1

What percentage of the total residential DSM budget for 2010 is dedicated to low-income DSM? Please provide a rationale for this budget.

Response:

The residential program budget will be established based on Union's estimation of the costs of achieving the targets. There are a number of unknown variables necessary for the TRC target calculation that will not be available until finalization of the 2009 DSM results.

As noted in Exhibit C3.2, Union was directed to file its 2010 low-income DSM plan based on the existing DSM framework, including budget increases based on the established budget escalators.

Union's proposed low-income DSM budget is based on the Board approved DSM framework established in EB-2006-0021, which allows for a 10% year over year increase, and is a minimum of 14% of the residential DSM program budget.

UNION GAS LIMITED

Answer to Interrogatory from
London Property Management Association ("LPMA")

Ref: EB-2009-0154 – Enbridge Gas Distribution Inc. Low Income DSM Plan
(dated 2009-10-15).

Enbridge is proposing an incremental amount for its low-income DSM budget to “take advantage of a time-sensitive opportunity in the market” to install solar thermal water heaters in social housing units a reduced cost.

- a) Did Union consider the installation of solar thermal water heaters in social housing as part of its 2010 low income DSM Plan?
- b) If the response to part (a) is no, please indicate why not.
- c) If the response to part (a) is yes, please indicate why Union decided not to implement the program in 2010, given the potential end to federal and provincial rebates at the end of 2010.

Response:

- a) Union did not consider the installation of solar thermal water heaters in social housing as part of its 2010 Low-Income DSM Plan.
- b) Union believes the most effective way to provide low-income customers with significant energy savings is through building envelope upgrades, including; basement insulation, wall insulation, attic insulation and draft-proofing measures. With a limited budget in place for high-cost low-income programming, Union felt it was in its low-income customers’ best interest to allocate those dollars towards building envelope upgrades.