

CCC INTERROGATORY #1

INTERROGATORY

The proposal envisions EGD's ratepayers paying approximately \$4.5 million over the period 2010 to 2014. In the EB-2006-0021 proceeding, EGD agreed to a formulaic approach for the development of annual DSM budgets. Why does EGD continue to bring forward applications counter to that agreement? Please explain why this project cannot be funded through EGD's current DSM budget.

RESPONSE

EGD sees this request for funding to pursue this DSM Solar Thermal pilot as separate from the EB-2006-0021 decision. The Company is not pursuing any Shared Savings or Loss Revenue from the outcomes of this research pilot. The Company is seeking alternative ways to participate and support the Federal and Provincial Government's natural gas conservation mandate. The EB-2006-0021 decision framework for DSM, which has been extended to an additional two years does not allow for funding of pilot research projects which are of the size and budget of this DSM Solar research project.

While this application is justifiable as a pilot research project, EGD believes there is additional justification for continuing to bring forward new applications. The Board, the government and EGD's customers have come to expect EGD to be a major participant, if not leader, in the global objective to conserve energy and reduce harmful emissions. EGD's determination to fulfill that role to its highest possible extent means that EGD must always be ready to consider new opportunities and address new challenges.

EGD and all stakeholders, including the Board itself, need to be ready and willing to stretch the boundaries of the regulatory framework, if we are to collectively achieve the goals in conservation and emission reduction as set out by the Ontario government.

The impact on the operations and customers of EGD of new green energy technologies could be significant over the coming decades. This pilot research project will provide insight and data on potential impacts on customers who do participate, the impact on those customers who do not participate and potential impact on the current natural gas distribution system and the potential feasibility of serving new customers. These technologies will challenge governments, utilities and utility customers to change their views on the traditional role of utilities and how energy is provided to all Ontarians.

Witnesses: P. Hoey  
A. Mandyam

The Company is not pursuing any Shared Savings or Lost Revenue from the outcomes of this pilot. The Company is seeking alternative ways to participate and support the Provincial Government's Natural Gas conservation mandate. The EB-2006-0021 decision framework for DSM, which has been extended for an additional two years, provides funding for the successful continuation of DSM programs currently underway. The ability of many of these programs to continue would be jeopardized if funding was diverted to the proposed Solar Thermal Project. If this were to occur, it would be necessary to revisit and adjust the existing DSM portfolio, framework and SSM formula, as EGD is not proposing any targets nor the generation of TRC or SSM by operation of this Project. If the DSM budget were diverted, the TRC targets and SSM formula for affected DSM programs would necessarily have to be adjusted.

Witnesses: P. Hoey  
A. Mandyam

CCC INTERROGATORY #2

INTERROGATORY

Please explain why the establishment of the deferral accounts “will enable the Company to sign a Contribution Agreement before March 31, 2010 as required by NRCan and to continue to seek funding from other partners while finalizing the details of the pilot”. Why is the establishment of the deferral accounts integral to signing an agreement with NRCan? Please explain why EGD cannot sign the agreement with NRCan in the absence of approval of the deferral accounts.

RESPONSE

Please see Board Staff Interrogatory #1 at Exhibit B, Tab 1, Schedule 1 and Board Staff Interrogatory #2 at Exhibit B, Tab 1, Schedule 2.

Witnesses: P. Hoey  
A. Mandyam

CCC INTERROGATORY #3

INTERROGATORY

Please explain why EGD is not proposing to develop this program through one of its affiliates. Why should EGD ratepayers fund the program instead of EGD's shareholders?

RESPONSE

The focus of the research pilot project is solar space heating. The adoption of technologies such as this would affect both utility customers and the core operations of the natural gas distribution company. Therefore, it would be inappropriate for an affiliate to do this project as all the benefits of the research would be for utility ratepayers and the utility itself.

Also please see Board Staff Interrogatory #1 at Exhibit B, Tab 1, Schedule 1 and CCC Interrogatory #1 at Exhibit B, Tab 7, Schedule 1.

Witnesses: P. Hoey  
A. Mandyam

CCC INTERROGATORY #4

INTERROGATORY

Please explain how this project is related to the transmission, distribution, and/or storage of natural gas.

RESPONSE

Please see Board Staff Interrogatory #1 at Exhibit B, Tab 1, Schedule 1.

Witnesses: P. Hoey  
A. Mandyam

CCC INTERROGATORY #5

INTERROGATORY

What is the total current projected cost of the program, including the funding to be provided by NRCan and other partners? How was that budget developed? How would EGD propose that the total program costs be allocated among the funding partners (NRCan, EGD ratepayers, and other partners)?

RESPONSE

Please see VECC Interrogatory # 1 at Exhibit B, Tab 2, Schedule 1.

Witnesses: P. Hoey  
A. Mandyam

CCC INTERROGATORY #6

INTERROGATORY

The Council is assuming from the evidence that this Pilot Program could cost \$8.5 million. EGD is asking its residential (and/or business) ratepayers to fund more than half of that. Please explain why this is the most cost-effective initiative that EGD could be pursuing at this time. Please provide evidence to support the fact that this is the most cost-effective initiative to be funded by EGD's ratepayers at this time. Please explain how EGD determined that the total estimated cost of the program will not exceed \$8.5 million. Please explain how EGD determined that the ratepayer impact would be no more than \$4.5 million.

RESPONSE

If a contribution agreement is signed between EGD and NRCAN, NRCAN will fund close to half of the program. With EGD's goal to secure funding from partners, participants and other funding agencies, ratepayers benefit even further. To acquire baseline research and information for the further development of future DSM programs, EGD believes this presents a cost effective initiative for EGD to pursue at this time.

The \$8.5 million was the best estimate at the time when the proposal was submitted to NRCAN. The program size, scope and budget was independently reviewed and approved by NRCAN. NRCAN's acceptance of this project indicates that from a federal government perspective this project is cost effective.

Please see Board Staff Interrogatory #1 at Exhibit B, Tab 1, Schedule 1 for estimated ratepayers impacts.

Witnesses: P. Hoey  
A. Mandyam

CCC INTERROGATORY #7

INTERROGATORY

Please provide all documentation provided by EGD's senior management when seeking approval of this program.

RESPONSE

Please see Schools Interrogatory #10 at Exhibit B, Tab 6, Schedule 10.

Witnesses: P. Hoey  
A. Mandyam



CCC INTERROGATORY #8

INTERROGATORY

The evidence refers to “project partners that own the sites”. Who are those project partners, or potential project partners? The evidence also indicates that the project partners will be expected to make a contribution to the costs of the equipment and installation at their site. Please explain, specifically, how EGD will ultimately determine the level of contributions required from each partner. Please confirm that ratepayers will be required to fund all costs, net of those provided by NRCan and the project partners.

RESPONSE

Please see Board Staff Interrogatory #2 at Exhibit B, Tab 1, Schedule 2.

Witnesses: P. Hoey  
A. Mandyam

CCC INTERROGATORY #9

INTERROGATORY

Please explain how EGD determines what projects it intends to pursue in any given year. Why did EGD decide to pursue this pilot project, at this time, relative to other potential initiatives? Why did EGD decide not to consult with its DSM consultative group prior to developing the application for this program?

RESPONSE

EGD operates on an annual planning cycle. This planning cycle is reviewed and revised throughout the year based on externalities such as Board decisions, industry environmental scans, the understanding of new technologies, and the unveiling of government initiatives. EGD pursued an opportunity with Natural Resources of Canada in 2009 as another mechanism to support EGD's conservation programs. The selection of the DSM Solar Space Heating Thermal pilot research project was based on EGD's understanding of NRCan's Clean Energy Fund requirements and matching them to technologies that met EGD's primary goals to expand natural gas conservation in support of the Ontario provincial mandates.

Regarding the consultation of the DSM Consultative group please refer to IGUA Interrogatory #1 at Exhibit B, Tab 4, Schedule 7.

Witnesses: P. Hoey  
A. Mandyam

CCC INTERROGATORY #10

INTERROGATORY

EGD states that the Company will assess the results of the pilot program from both a TRC and SCT perspective. Please provide any preliminary results undertaken by EGD with respect to the TRC and SCT results expected from this program.

RESPONSE

At this time, EGD does not have any preliminary results with respect to TRC and SCT. As this is a pilot research project, it is expected that the TRC and SCT results for this project alone would not be robust due to the significant up front investment required. It is expected that DSM programs that are developed as a result of this pilot research project could reduce natural gas space heating usage for participants by up to 50%. The data, information and evaluations from the pilot research project would inform and develop TRC and SCT estimates for future DSM programs.

Also please see CME Interrogatory #6 at Exhibit B, Tab 5, Schedule 6.

Witnesses: P. Hoey  
A. Mandyam

CCC INTERROGATORY #11

INTERROGATORY

Has EGD sought funding for this program from the Ministry of Energy and Infrastructure? If not, why not?

RESPONSE

The Ministry of Energy and Infrastructure is a potential partner and they would be solicited for financial support. EGD would be in a much stronger position to ask for funding from any organization if a contribution agreement between NRCan and EGD is first signed.

Witnesses: P. Hoey  
A. Mandyam