

QUESTIONS FOR CONCENTRIC ENERGY ADVISORS

FROM THE CONSUMERS COUNCIL OF CANADA

RE: "Review of Demand Side Management Framework for Natural Gas Distributors"

May 10, 2010

1. Has Centric been retained by the Board or Board Staff to provide advice? Will Centric be directly advising the Board throughout this consultation process? Has Centric ever provided advice to Union or Enbridge regarding its DSM plans? If so, please explain the nature of that advice.
2. p. 22 - The paper states that the Board's objective to promote energy efficiency and gas conservation must be balanced with regard for the economic circumstances of provincial energy customers, highlighting the importance of participant costs and rate increases associated with efficiency programs. How specifically does Centric propose that be done?
3. p. 22 - The paper refers to the provision in the Act that allows gas distributors to collect amounts assessed to them by the Ministry of Energy and Infrastructure for energy conservation and renewable energy programs from their customers. If this is put in place for natural gas distributors how would this impact Centric's views on the appropriate level for DSM budgets? If, for example, gas distributors were required to collect \$50 million per year for these programs, would this be included in the recommended 4-6% of distribution revenue? If not, why not? Would these amounts have to be considered when considering the rate increases arising from DSM programs?
4. p. 27 - The paper refers to the fact that some utilities use a "performance target incentive". Please explain how these incentives work and the level of incentives under this approach.
5. p. 27 - The paper refers to the fact that four utilities use a rate of return adder approach. Please explain how this approach works.
6. p. 47 - Centric has recommended use of the SCT. Please explain the process that would be undertaken to monetize the externalities used in the test. How would this be consistent with the desired objective to "keep it simple"? How often would those values be reviewed? How do you measure things like increased health and comfort?
7. p. 48 - The paper refers to pilot programs. What are Centric's recommendations regarding pilot programs? How should pilot programs fit into an overall DSM budget? What criteria should be used by utilities in determining whether pilot programs are justified?
8. p. 48 - If the Board is adopting a public policy objective of encouraging energy efficiency programs for low-income consumers, how should those programs be funded? Why would it be fair to fund them entirely from residential rates?

9. p. 64 - Would Concentric agree that determining free-ridership rates and attribution becomes more difficult to measure in an environment where there are increasingly more and more providers of DSM and CDM programs?
10. p. 69 - How does Concentric propose that persistence is determined?
11. p. 75 - How is the UK's Community Energy Savings Programme funded?
12. p. 77 - How are the low-income programs referred to in the paper funded? Are the costs allocated only to the residential class or all rate classes?
13. p. 95 - Concentric is recommending that Union and Enbridge have an annual DSM budget of between 4-6% of distribution revenue. What information does Concentric have that would indicate that Enbridge and Union have the capacity to undertake that level of cost-effective DSM spending?
14. p. 96 - Concentric recommends that the gas distributors, in consultation with interested stakeholders should submit their budget requests to the Board for approval? What process is envisioned? How often should this consultation occur? What if consensus cannot be reached?
15. p. 97 - In the absence of an annual evaluation for all programs how would the appropriate incentives and lost revenue adjustments be determined?
16. pp. 107-108 - Concentric is recommending that the Board adopt the "Best Available Technologies" as the primary metric for evaluating whether a particular DSM program measure is successful. How are "best available" technologies determined? How would changes in building codes and appliance efficiency standards impact this model?
17. p. 119 - What type of incentive model is Concentric recommending for low-income programs?
18. p. 118 - The paper states that Concentric recommends that the financial incentive mechanism be primarily tied to the success of the gas distributor in achieving pre-determined market penetration levels for each DSM technology. How, specifically, should that incentive be designed? From Concentric's perspective how should the Board determine what levels of financial incentives is appropriate? How would this work for custom programs?
19. p. 119 - How is Concentric proposing that market penetration levels are determined?
20. p. 124 - Concentric is recommending that the Board consider providing gas distributors with the opportunity to request revenue decoupling. If risk to utilities is reduced through the implementation of revenue decoupling how would this potentially impact allowed returns and/or capital structure? Should the issue of revenue decoupling be decided by the Board prior to making any decisions regarding the DSM framework - or, from Concentric's perspective can these two consultation processes proceed independently?

21. p. 132 - Concentric is recommending that the utilities be subject to independent program evaluation and third party audit of program results. Would stakeholders have any input into that process? Please explain how the process would be carried out.
22. p. 141 - Please explain Concentric's proposal for stakeholder input into the development, design and evaluation of DSM programs. What specific process does Concentric envisage?