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August 4, 2010

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

Dear Ms Walli

Union Gas Limited ("Union") – 2011 Demand Side Management ("DSM") Plan
Board File No.: EB-2010-0055
Our File No.: 339583-000074

I am writing on behalf of Canadian Manufacturers & Exporters (CME). CME has only one concern it wishes to raise with the Board on Union's 2011 DSM Plan. At Interrogatory B2.02, CME asked a number of questions with respect to the approvals which Union seeks on potential CDM initiatives. Union's evidence on the potential CDM initiatives is set out at page 12 of 85.

The existing DSM framework does not address the manner in which the costs associated with CDM initiatives should be allocated and the extent to which revenues arising out of CDM activities should accrue to the shareholder or ratepayers. To this end, at B2.02(c), Union asserts that, under certain circumstances, all of the earnings from CDM initiatives could flow to the shareholder. CME questions the appropriateness of this approach.

CME does not believe that this is the appropriate case to determine this issue. This is meant to be a straightforward one-year extension of the existing framework.

These types of issues should either be determined in the ongoing DSM consultative EB-2008-0346, or alternatively, in a future rates case with a full evidentiary record. To facilitate determination of these issues in one of these future proceedings, CME urges the Board to direct Union to establish a deferral account to track all of Union's CDM initiatives for 2011. The establishment of such a deferral account would then allow for determination of these issues at the time of disposition. In particular, the Board will be in a better position to determine the extent to which benefits arising from CDM delivery by Union should be shared between the shareholder and ratepayers.

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Subject to this single issue, CME has no other concerns with respect to Union's 2011 DSM Plan.

Yours very truly,



 Vincent J. DeRose
VJD/kt

- c. Chris Ripley (Union)
Crawford Smith (Torys)
EB-2008-0346 Intervenors
Paul Clipsham (CME)

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