

August 4, 2010

Ms. Kirsten Walli, Board Secretary
ONTARIO ENERGY BOARD
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EB-2010-0055: Union Gas Limited 2011 Demand Side Management (DSM) Plan Application.

Industrial Gas Users Association (IGUA) Submissions.

On behalf of IGUA we have reviewed Union's application and interrogatory responses herein. This letter constitutes IGUA's submissions on Union's application.

The filed material confirms that Union has not deviated from the existing DSM framework.¹ The filed material also confirms that Union plans for its 2011 DSM programming and spending for the Distribution Contract rate classes (of which IGUA's constituents are members) to remain consistent with historical DSM programming and spending for these rate classes.² Based on this evidence, IGUA does not object to approval of Union's application.

We do wish however, to express, two points of concern arising from the evidence.

¹ Ex. B1.01.

² Ex. B3.01 and 2011 DSM Plan, page 29, second last paragraph.

Gas/electricity conservation coordination.

The first point of concern arises from evidence regarding the potential for Union to engage in (electricity) CDM programs, through cooperative initiatives with electricity distributors.³ The application provides no specifics of any such plans. Consistent with the general thrust of the evidence tendered by Union on this application, IGUA assumes that any such gas/electricity coordination will be of a scale and scope consistent with current practice. IGUA submits that it would be premature for Union to embark on any significant expansion of the scale or scope of joint DSM/CDM initiatives.

IGUA recognizes that this topic of gas/electricity DSM/CDM coordination is addressed in a recent letter from the Minister of Energy and Infrastructure to the Chair of the Board (dated July 5, 2010). That letter will no doubt inform the re-initiated DSM framework review (EB-2008-0346). However that letter was only recently transmitted to the Board and its implications have yet to be fully considered. Further complicating the matter is Union's stated intention to engage in "retained delivery" of electricity CDM services on an unregulated basis.⁴

IGUA respectfully submits that the Board should indicate its expectation that Union will not significantly expand the scale or scope of its regulated electricity CDM involvement pending establishment of the new DSM framework and, through that DSM framework review process, the proper resolution of the topic of gas/electricity conservation coordination.

Gas fired power generation.

IGUA's second point of concern arises from evidence regarding Union's intent to expend DSM program, and potentially DSM research, dollars on the power generation sector.⁵

Union has no particular expertise in gas fired generation equipment. Further, there is no evidence that there is any market need in that sector for gas utility ratepayer funding of gas fired power generation efficiency investments or research. The Ontario Power Authority and Ontario Power Generation, both agencies of the Ontario government, are highly engaged in the business of development of efficient power generation. Further, the development of efficient power generation is itself a highly competitive activity. IGUA sees no necessity or justification for Union to spend ratepayer funds (including those recovered from industrial gas consumers⁶) to engage in educating itself or competitive generation developers regarding opportunities for deployment of efficient technology for gas fired power generation.

IGUA respectfully submits that the Board should reject Union's proposal to engage in DSM programming or research regarding efficiency of natural gas fired electrical power generation in 2011.

³ Ex. B2.02 and 2011 DSM Plan, page 12.

⁴ Ex. B2.02.

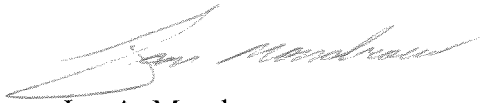
⁵ Ex. B3.02 and 2011 DSM Plan, page 85.

⁶ Ibid.

Conclusion.

Subject to the two areas of concern outlined above, IGUA does not object to approval of Union's 2011 DSM Plan.

Yours truly,
MACLEOD DIXON LLP



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