

November 11, 2011

**BY COURIER (2 COPIES) AND EMAIL**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
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Dear Ms. Walli:

**Re: Pollution Probe – Written Submissions on Draft Issues List  
EB-2011-0327 – Union Gas – 2012-14 DSM Plan**

We write to provide Pollution Probe's submissions on the draft Issues List in accordance with *Procedural Order No. 1*. In summary, Pollution Probe generally supports the draft Issues List, but it also submits that an issue should also be added to examine alternative cross-subsidy allocation methods for the Low-Income DSM budget. In the alternative, the Board should make clear that an existing draft issue already includes this proposed issue.

The specific proposed issue is as follows:

- 1. Is the proposed method for allocating Low-Income DSM costs among its in-franchise distribution rate classes appropriate?*

This proposed issue should be added because different allocation methods will result in different rate impacts on the respective customer classes, and these different methods should be accordingly examined. For example, Union Gas proposes to allocate the costs of its Low-Income DSM budget among its in-franchise distribution customers in proportion to their share of in-franchise rate base.<sup>1</sup> In comparison, Enbridge will be proposing to instead use share of distribution revenue as their allocation method (which, compared to Union Gas's proposed method, would have a less adverse impact on the

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<sup>1</sup> Exhibit A, page 17.

rates of large industrial customers). Another possible alternative allocation method would be number of customers per rate class.

Pollution Probe notes that the Board's *EB-2008-0346 Demand Side Management Guidelines For Natural Gas Utilities* found that all customer classes should subsidize Low-Income DSM programs,<sup>2</sup> but the *Guidelines* do not specify what the cross-subsidy allocation method should be. Pollution Probe thus submits that the Issues List for this hearing should allow for an examination of the proposed and alternative cross-subsidy methods, particularly since some alternatives would have a less adverse rate impact for Union Gas's large industrial customers.

Yours truly,

A handwritten signature in blue ink, appearing to read 'B. Alexander', with a stylized flourish at the end.

Basil Alexander

BA/ba

cc: Applicant and Intervenors by email

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<sup>2</sup> *EB-2008-0346 – Demand Side Management Guidelines For Natural Gas Utilities* dated June 30, 2011 (available online at [http://www.ontarioenergyboard.ca/OEB/\\_Documents/EB-2008-0346/DSM\\_Guidelines\\_for\\_Natural\\_Gas\\_Utilities\\_20110630.pdf](http://www.ontarioenergyboard.ca/OEB/_Documents/EB-2008-0346/DSM_Guidelines_for_Natural_Gas_Utilities_20110630.pdf)) at page 26.