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**File No. 339583-000119**

November 11, 2011

**By Electronic Filing and By Email**

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
27<sup>th</sup> floor – 2300 Yonge Street  
Toronto, ON M4P 1E4

Dear Ms. Walli

**Union Gas Limited**  
**2012-2014 Demand Side Management (“DSM”) Plan**  
**Board File No.: EB-2011-0327**

I am writing on behalf of Canadian Manufacturers & Exporters (“CME”). The purpose of this correspondence is to provide comments on the draft Issues List.

As the Board is aware, the funding of the low-income DSM budget from all rate classes is a new feature to DSM delivered by the natural gas utilities. Prior to this case, low-income DSM was funded only by the residential rate classes. In light of this fact, parties should be provided with the opportunity to scrutinize Union’s proposed cost allocation of low-income DSM costs.

Furthermore, Union also proposes a change in the cost allocation of the DSM incentive. In previous years, the DSM incentive was allocated on the basis of TRC achieved. In this case, Union proposes that the DSM incentive be allocated between Resource Acquisition, Low-Income and Market Transformation Program types based on their approved budget shares. Again this is a change to the existing DSM Framework.

In light of these changes to the existing DSM framework, CME submits that the following two issues should be added to the Issues List:

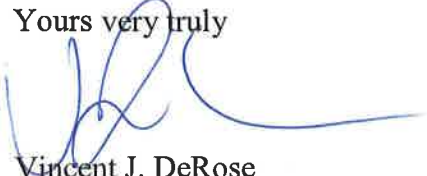
1. Is the proposed cost allocation of the DSM budgets appropriate? and
2. Is the proposed cost allocation of the DSM incentive appropriate?

With the exception of adding these two issues, CME has no further concerns about the Issues List.

If you have any questions or concerns, please do not hesitate to contact me directly.

Thank you for your consideration of this matter.

Yours very truly



Vincent J. DeRose  
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c.       Marian Redford (Union)  
          Crawford Smith (Torys)  
          All Interested Parties  
          Paul Clipsham (CME)

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