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December 02, 2011

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: EB-2011-0327
Union Gas Limited 2012-2014 DSM Plan
Interrogatories of Vulnerable Energy Consumers Coalition (VECC)

Please find enclosed the Interrogatories of VECC in the above-noted proceeding.
We have also directed a copy of the same to the Applicant.

Thank you.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

cc: Marian Redford, Union Gas Limited
Crawford Smith, Torys LLP

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule. B);

AND IN THE MATTER OF an Application by Union Gas Limited pursuant to Section 36(1) of the *Ontario Energy Board Act, 1998*, for an Order or Orders approving the 2012 to 2014 Demand Side Management Plan.

Interrogatories on behalf of the Vulnerable Energy Consumers Coalition VECC

Issue 1.0 Budgets – Resource Acquisition Programs, Low-Income, Market Transformation, Research, Evaluation, and Administration

VECC IR # 1

References: Exhibit A Tables 2 & 3; Exhibit A Schedules 2 and 3;
Section 18.1, subsection 4 OEB Guidelines

- a) Provide a schedule that shows the **total maximum spend** broken down by program by year, including base budgets, budget increments, and also show/add budgets for audit and evaluation, research and incentives.
- b) Provide the maximum annual cost for a typical average use residential customer and for a low volume residential customer.
- c) Translate these costs into rate impacts for the North, Eastern and South zones.

1.1 Are the 2012-2014 budgets for the Residential Resource Acquisition Program (2012 - \$4.103M, 2013 - \$4.282M, 2014 - \$4.054M) - reasonable and appropriate?

VECC IR # 2

References: Exhibit A Appendix A Page 10: Appendix A Page 18 Table 5

- a) What is the unit cost of the enhanced ESKs?
- b) Under the Pull Approach how many ESKs will be distributed? (#, % of total)
- c) What is the forecast percentage of installations relative to units distributed for each measure?
- d) Under the Push approach does Union have data to indicate how many of the ESKs are/will be distributed by this method? (# and %)
- e) What is the forecast percentage of installations relative to units distributed for each measure?

- f) How many ESKs are distributed under the Install approach? (# and %)
- g) Under the Install method what fees are payable to the contractor
 - i. By the customer?
 - ii. By Union Gas?
- h) What is the forecast percentage of installations relative to units distributed for each measure?
- i) What is the overall Forecast Cost/savings for each ESK, including free riders? Relate this to the overall savings target and budget and scorecard.
- j) Are/Are not ESKs available to multifamily units
 - i. Market rate
 - ii. Social/assisted housing

Please Discuss.

VECC IR # 3

Reference: Exhibit A Appendix A Page 21

Preamble: Market acceptance – In order to make attic and basement wall insulation a prescriptive offering, qualification criteria will be stringent and will be challenging to explain to customers

- a) Provide any market potential studies that Union has used in the design of this program component and discuss how this has driven the program design.
- b) Provide complete information on targeting/selection criteria and protocols, including housing stock, geography, home age/ type and gas uses/consumption.
- c) Provide details of individual home screening criteria and protocols.
- d) What special provisions are there for targeting seniors? Provide details.

VECC IR # 4

Reference: Exhibit A Appendix A Page 9

Preamble: This offering (ESK) is not available to Union customers living in high-rise buildings and multi-family buildings with more than five units. These buildings are targeted by Union's commercial offerings.

- a) List the programs/measures within the commercial sector programs are available to owners/operators of market rate MURBs.
- b) How many of the forecast participants for 2012 are market rate MURBS?
- c) Is Union studying how to address the MURB segment of the residential housing market either now or in future? Discuss in detail.

2.4 Are the proposed Low-Income Program scorecard targets for 2012-2014 reasonable and appropriate?

VECC IR # 5

Reference: Exhibit A Page 7 and page 28 Table 6

Preamble: Union notes that although it consulted with stakeholders when developing the Plan and incorporated, where appropriate, the feedback provided through consultation, it does not have consensus on the Plan. It is Union's view that the Plan is consistent with the Guidelines, while balancing the goals of the Board and the interests of Union and its stakeholders.

- a) Confirm that in the above consultation, VECC (and others) requested that the proposed Low Income Scorecard be modified to exclude participants and be solely based on gas savings.
- b) Confirm that the Statements on page 27 at lines 11-14 are related to the EB-2010-0055 proceeding not to this application).
- c) Provide examples of a revised scorecard that is based solely on m3 savings similar to Enbridge Gas Distribution Application EB-2011-0277
 - i. Part 9 Buildings
 - ii. Part 3 Buildings
- d) Provide a discussion of the merits of such an approach compared to Union's current proposal including differences in verification, incentives etc..
- e) Discuss whether two different scorecards (Union and Enbridge) are in the best interests of Low Income customers across the province and the advantages or otherwise of harmonizing these.
- f) Breakdown the savings target in Table 6 between Residential (part 9) and Multifamily (part 3) buildings.

VECC IR # 6

Reference: Exhibit A Page 17

Preamble: The Guidelines state that Low-income Programs should be funded by all rate classes. Union proposes to allocate the 2012 Low-income DSM budget of \$8.068 million (\$7.843 million plus \$0.225 million of inflation) to rate classes in proportion to the most recent Board-approved allocation of rate base.

- a) Provide a discussion regarding what other allocations were considered and rejected.
- b) Provide a discussion regarding LEAP funding and how this would be allocated IF Union was participating from rates.
- c) Provide a schedule that shows alternative allocations of the Low Income Budget to rate classes
 - i. Distribution Revenue
 - ii. # customers

Discuss the pro/cons of each approach compared to Union's rate base allocation.

1.4 Are the 2012-2014 budgets for the Low-Income program (2012 - \$6.839M, 2013 - \$6.839M, 2014 - \$6.839M) reasonable and appropriate?

VECC IR # 7

Reference: Exhibit A Appendix A Page 73

Preamble: The (Low Income Program) targets set represent a significant stretch for Union given the history with this Program to date. There are many barriers faced with this Program including; identifying the customer, building trust with the customer, educating customers on the Program, qualifying the customers, screening the homes, prepping the home for installations, performing installations and measuring the results

- a) Provide any market potential studies/working papers that relate to the low income program for non-social housing units.
- b) Provide the screening /selection criteria and protocols for non-social housing component of the Low Income Program.
- c) Indicate which areas of the franchise will be targeted initially (North, South and Eastern rate zones) and why these were chosen.
- d) Has Union developed collaboration agreements with any Electricity Distributors in its franchise and if so discuss how this has/will influence(d) targeting of the LI program.

VECC IR # 8

References: Exhibit A Appendix A Page 73; Appendix K ICFMarbek Report Exhibit 11

Preamble: Union anticipates that even when traction is achieved in this market that the opportunity in the (social housing) market will be limited due to the small market share that Multi-Family buildings have in Union's franchise area.

- a) Provide any market potential studies/working papers that relate to the housing stock targeted by the low income program for social housing units.
- b) Provide a profile of Social housing Units in the franchise by rate zone.

2.5-2.7 Are the proposed High Efficiency Water Heating High Efficiency Residential New Build Integrated Energy Management Systems Market Transformation Program scorecard targets for 2012-2014 reasonable and appropriate?

VECC IR # 9

Reference: Exhibit A Page 30

Preamble

The High Efficiency Water Heating, New Home Efficiency and IEMS Programs have cumulative metric weights of 40%, 30% and 30% respectively. While Union considers the objectives of each Program equally important, this weighting structure reflects the higher budget allocation to the High Efficiency Water Heating Program.

- a) What other (than budget) ranking/weighting criteria (e.g. market share, gas savings) did Union use for weighting the MT scorecard. Provide the working/discussion paper(s)
- b) For the HEWHP the evaluation plan Appendix J states

The total market is estimated to be between 15,500 and 18,000 homes annually, and the program intends to shift HEWH to an approximate market penetration rate of 25% in 6 years. Over the course of the first 3 years of the program, it is expected that the adoption / market share will be 15% in year one, 2012 results plus 2% points increase in year 2, and 2013 results plus an additional 2% points increase in year 3. Minimum efficiency water heaters currently dominate the market. Moving the market from 0.57 EF to 0.80 EF represents a significant shift.

Provide the analysis that shows the current market and supports the Scorecard Targets for HEWHP.

- c) For New home Energy Efficiency How is the 15% above Code determined? List all comparables square feet livable space, occupancy etc..
- d) Is the 15% a pass/fail absolute or will lesser/greater incentives be provided below/above this level?
- e) How will Union affect the new housing market over the longer term? Provide the working/discussion papers
- f) With respect to IEMS, Has Union piloted the program? If so provide the reports on the pilot programs).

Issue 10.0 Research

10.1 Is the Research and Development plan proposed by Union Gas reasonable and appropriate?

VECC IR # 10

Reference: Exhibit A page 52

Preamble: Union currently has various technologies and ideas under consideration for further research. They include zone heating and energy efficiency benchmarking in the residential and low income markets, boiler controls in commercial and industry specific improvements such as high efficiency greenhouse glazing in the industrial market.

- a) Provide more details of the plans for research in the Residential and Low Income Markets.
- b) Do these plans include research on penetration into the MURB market rate housing market?
- c) Is Enbridge involved in any of these research projects? Please discuss.