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File No. 339583-000119

December 2, 2011

By Electronic Filing and By Email

Kirsten Walli
Board Secretary
Ontario Energy Board
27th 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

Please find enclosed the Interrogatories of Canadian Manufacturers & Exporters (“CME”) to Union Gas Limited (“Union”).

Yours very truly

A handwritten signature in blue ink, appearing to read 'VJD', followed by a long horizontal line extending to the right.

Vincent J. DeRose
VJD/kt
Encl.

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

OTT01V4817254/v1

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 seeking approval of its 2012-2014 Demand Side Management plan.

**INTERROGATORIES OF
CANADIAN MANUFACTURERS & EXPORTERS ("CME")
TO UNION GAS LIMITED ("UNION")**

Reference: Exhibit A, p. 4 of 52

1. Union states that the DSM guidelines have provided Union with a "stable" 3-year DSM framework to meet the various challenges to natural gas DSM programs and the flexibility to adjust its DSM program portfolio. As Union will be aware, Enbridge Gas Distribution Inc. ("EGD") elected to apply for approval of a 1-year DSM plan rather than a 3-year DSM plan. CME would like to better understand the advantages and disadvantages of Union applying for multi-year approval rather than single year approval. To this end, please:
 - (a) Identify all advantages associated with approval of a 3-year DSM framework rather than a 1-year DSM framework;
 - (b) Identify the advantages associated with approval of a 1-year DSM framework rather than a 3-year DSM framework; and
 - (c) Has Union identified any cost efficiencies with proceeding with a 3-year DSM framework rather than a 1-year DSM framework? If so, please identify all those cost efficiencies. Further, if cost efficiencies have been identified, please explain how those cost efficiencies are passed on to ratepayers.

Reference: Exhibit A, p. 5 of 52

2. Union identifies a number of enhancements to its DSM plan. One of these enhancements is greater emphasis on "deeper" measures. CME wishes to better understand the meaning of "deeper" measures. To this end, please answer the following questions:
 - (a) Does there exist a DSM industry-wide accepted definition of "deeper" measures? If so, please provide that definition.
 - (b) Please set out how Union internally identifies which programs qualify as "deep" measures, and which programs do not qualify as "deep" measures.

- (c) Union has historically delivered market transformation programs. CME has understood that market transformation programs were intended to deliver “deep” measures. Is this understanding accurate?
- (d) Please provide an explanation of the difference between Union’s market transformation programs and the “deep” measures identified by Union as an “enhancement” to its DSM plan.
- (e) Has Union identified “deep” measures which are not captured in its market transformation programs? If so, please identify those “deep” measures.

Reference: Exhibit A, p. 5 of 52

- 3. Union identifies another enhancement of its DSM plan as increased budget for research and evaluation activities to ensure new measures are considered over the term of the plan and all parties have confidence in the natural gas savings delivered within the DSM portfolio. Please set out all steps that Union shall take over the term of its DSM plan to ensure that all parties have confidence in the natural gas savings delivered within its DSM portfolio.

Reference: Exhibit A, pp. 9-10 of 52

- 4. As of August 2011, Union had 56 Rate T1 customers and 15 Rate 100 customers. CME understands that the customers in these rate classes are generally composed of industrial customers, institutional customers (which include hospital and greenhouse growers) and power generators. CME wishes to better understand the breakdown of the customers in each of these rate classes. To this end, please provide answers to the following questions:
 - (a) How many customers in Rate T1 and in Rate 100 are power generators?
 - (b) How many customers in Rate T1 and in Rate 100 are industrial customers?
 - (c) How many customers in Rate T1 and in Rate 100 are institutional customers?
 - (d) Do institutional customers in Rate T1 and in Rate 100 only include greenhouse growers and hospitals? If not, please identify the nature of the business of the unidentified institutional customers. Further, if Union can identify how many customers are greenhouse growers and how many are hospitals, please do so.
- 5. For each of the segments broken out in question #4, above, please describe the DSM programs delivered to each segment for 2008 to 2011. Further, please identify the anticipated DSM programs that will be delivered to each of these segments for 2012 and beyond.

6. The DSM guidelines read, in part, as follows:

The Board is of the view that large industrial customers pose the expertise to undertake energy efficiency programs on their own. As a result, ratepayer funded DSM programs for large industrial customers are no longer mandatory.

CME wishes to better understand the various options that Union has considered in responding to this provision of the guidelines. As such, please provide the following information:

- (a) Some jurisdictions offer an "opt out" provision for customers in large volume rate classes such as Rate T1 and Rate 100. CME understands that some of the "opt out" provisions permit customers who meet pre-determined qualifications the ability to not receive and not pay for DSM programming. Has Union undertaken any study or review of such "opt out" provisions in other jurisdictions? If not, why not? If so, please provide an overview of Union's review, as well as any supporting documentation on how the "opt out" provisions work in other jurisdictions;
- (b) Has Union considered offering an "opt out" provision to Rate T1 and Rate 100 customers? If not, why not? If so, please set out Union's considerations, as well as an explanation for why Union has decided to not offer such an option;
- (c) Has Union identified any barriers which prevent the implementation of an "opt out" provision for Rate T1 and Rate 100 customers in Ontario? If so, please set out those barriers.

7. CME wishes to understand the manner in which DSM related costs have been allocated to each rate class historically, as well as the manner in which DSM costs will be allocated to rate classes over the proposed 3-year term. In order to assist CME to better understand the impact of DSM on each rate class, please provide the following information:

- (a) A table (or tables) which shows for 2008, 2009, 2010 and 2011 the DSM costs allocated to each rate class. In showing the DSM costs allocated to each rate class, please list separately the DSM budget costs, LRAM, DSMVA and SSM allocated to each rate class in each of those years. As well, please calculate the average rate impact in \$/GJ for each rate class for each of the historic years.

Reference: Exhibit A, Schedule 1

8. In this Schedule, Union sets out the proposed allocation of the DSM budget, DSM low-income budget and DSM incentive for each rate class for 2012. CME understands that the budget DSM incentive shown in that schedule is premised

on Union hitting 100%. Please re-produce that table with additional columns that show the allocation of the low-income incentive (based on 100%) for each rate class, and the DSM incentive and low-income incentive on the basis that Union achieves the maximum (instead of just 100%) DSM incentive available.

9. Other than inflation increases, will the DSM budgets and incentives set out in Exhibit A, Schedule 1 increase in the years 2013 and 2014? If so, please set out the drivers that will lead to such increases (other than inflation).

Reference: Exhibit A, p. 13 of 52

10. Union states that its Rate T1 and Rate 100 survey results indicate that “with the exception of the power market” the Rate T1 and Rate 100 customers support some level of funding for DSM. This suggests that customers in the power market do not support DSM funding. This contradicts the survey finding that 54% of power generators support DSM. Please provide a further explanation of Union’s view on the extent to which, if any, power generators support the continuation of DSM.

Reference: Exhibit A, p. 17 of 52

11. Union proposes that the low income DSM budget be allocated to rate classes in proportion to the most recent Board-approved allocation of rate base. Please set out all alternative options for allocating the DSM budget (*i.e.* customer numbers, distribution revenue, etc.).
12. CME understands that EGD has proposed that its low-income DSM budget be allocated on the basis of distribution revenue. Please explain why Union has not proposed that low-income budget be allocated based on distribution revenue.