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10 October 2012

Ontario Energy Board
2300 Yonge St., 27th Floor
Toronto, ON
M4P 1E4

Attn: Ms Kirsten Walli
Board Secretary

By electronic filing and e-mail

Dear Ms Walli:

Re: EB-2012-0337 Union Gas 2013-14 Industrial DSM

Attached please find GEC's interrogatories in this matter.

Sincerely,

David Poch

Cc: all parties

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EB-2012-0337
GEC Interrogatories for Union Gas

Oct 10, 2012

1. Please explain the difference in the type of customer that will be in Rate T1 vs. Rate T2. In answering this question, please include the following information (separately) for the groups of customers that would fall into each new class:
    a. The total number of customers;
    b. The number of industrial and/or power generating customers;
    c. The number of industrial customers who are members of IGUA;
    d. The number of commercial (or non-industrial) customers;
    e. The highest consumption (annual m3) by a single customer in 2011;
    f. The lowest consumption (annual m3) by a single customer in 2011;
    g. The average consumption (annual m3) per customer in 2011;
2. Union has proposed to treat the new T2 customers differently than the new T1 customers. Specifically, it has suggested that T1 customers be treated more like other rate classes (just an aggregate pool of DSM incentive funds, ability to access and spend an additional 15% from the DSMVA, etc.). If these customers are more like other customer classes, why treat them differently in any way (i.e. why not special rules just for the new T2 and Rate 100 customers)?
3. On p. 2, paragraph 8 of its application, the Company states: "In the event the proposed split of the current Rate T1 into two rate classes is not approved by the Board in EB-2011-0210, the reference to Rate T2 would apply to Rate T1 customers with a minimum firm daily contracted demand of 140,870 m^3." Would that capture all customers currently in Rate T1? Are there any customers in the current Rate T1 that do not have a contracted demand of at least that much? If so, please explain what would happen to those customers.
4. What is different about new Rate T1 customers (vs. new Rate T2 and Rate 100 customers) which suggests their DSM offerings should be structured differently?
5. For each of 2009, 2010, 2011 and 2012 (year to date), please provide the following for each group of customers who would be in the new Rate 1, the new Rate 2 and Rate 100 (please provide separately for each of the three groups/classes):
    a. The number of customers that had at least one DSM project.
    b. The percentage of customers that had at least one DSM project
    c. The weighted average percentage (weighted by annual gas consumption) of customers that had a DSM project
    d. Total incentive spending
    e. Total "promotion costs" (if promotion costs were allocated, please provide the allocated amounts and explain how the allocations were made)
    f. Total DSM spending (please explain any components other than incentives and promotion costs)

    g. Total annual (i.e. first year) gas savings
    h. Cumulative (i.e. lifetime) gas savings

6. For the period 2009 through 2012 (year to date), please provide the following for each group of customers who would be in the new Rate 1, the new Rate 2 and Rate 100 (please provide separately for each of the three groups/classes):
    a. The number of distinct customers that had at least one DSM project (i.e. a customer who participated in two programs would not be counted twice).
    b. The percentage of customers that had at least one DSM project.
    c. The weighted average percentage (weighted by annual gas consumption) of customers that had at least one DSM project.
7. Under Union's proposal, what would happen to funds allocated to Rate T2/Rate 100 projects by August 1st of a given year that did not actually end up getting spent? What procedures does Union plan to put in place to ensure that funds are not just set aside and never used?
8. Union has proposed a performance metric of "percentage of customer incentive budget spent" for Rate 2/Rate 100 customers in order to incent Union to drive participation from each customer.
    a. Why is that a better metric of participation than a count of the number of customers who have at least one project?
    b. What portion of the total gas consumption by Rate 2/Rate 100 customers in 2011 was consumed by the 5 largest (in terms of consumption), 10 largest, 15 largest, 20 largest and 25 largest customers in those classes (please show separately for each increment)?
9. In Table 4 (which summarizes the Company's scorecard for large industrial customers), the Rate T2/Rate 100 cumulative savings target is expressed as the 2012 "incentive cost-effectiveness (m3 per customer incentive dollar)" multiplied by $2.283 multiplied by 70%.
    a. Is this correct? Or should the 2012 performance be multiplied by $2.283 ***million*** (and again by 70%)?
    b. The Company has explained conceptually why it believes a discount on savings achieved relative to 2012 is appropriate. However, it has not provided any empirical basis for the precise size of the discount (i.e. 30%) proposed. What is the basis for 30%? Why is it more appropriate than 20% or 10%?
10. In Figure 1 (p. 10), Union indicates that 59% of total budget allocated to large industrial customers would be devoted to customer incentives and 15% would be devoted to "program promotion".
    a. What were the comparable budgeted percentages for customer incentives and program promotion for large industrial customers in 2012?
    b. To the extent that the 2012 budgeted percentages were different in 2012, what explains the differences?
    c. What were the comparable actual percentages for customer incentives and program promotion for large industrials in 2011, 2010 and 2009?

11. On pp. 24-25 the Company describes five different DSM program offerings for large industrials: (1) Customer engagement – communication and education; (2) engineering feasibility and process improvement studies; (3) operation and maintenance practices; (4) new equipment and processes; and (5) energy management.
    a. Are these offerings, in aggregate or individual, significantly different from what the company is offering large industrial customers in 2012? If so, how?
    b. Are all of the costs associated with the first two offerings – customer engagement and engineering feasibility and process improvement studies – under the 15% of the large industrials budget described as "program promotion"? If not, what parts are included in the customer incentives portion of the budget?
    c. Are all of costs associated with the last three offerings – operation and maintenance practices, new equipment and processes, and energy management – under the 59% of the large industrials budget described as customer incentives? If not, what parts are included in the "program promotion" portion of the budget?
12. Table 5 (p. 20) shows that the "percentage of customer incentive funded in rates received" has been growing steadily – roughly doubling between 2008 and 2011 (from 25% to 49%). Why? What explains this constant and significant growth?
13. Table 1 shows the number of DSM projects completed annually from 2008 to 2011.
    a. What portion of the projects were studies, what portion were capital projects, and what portion were O&M projects?
    b. What portion of the savings came from studies, capital and O&M projects (please show separately for each)?