



Green Energy Coalition

- Greenpeace Canada
- David Suzuki Foundation
- Sierra Club of Canada

April 15, 2015

Ms Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge St, 27th floor
Toronto, ON
M4P 1E4

RE: EB-2014-0273
Clearance of Union Gas 2013 DSM Accounts

Dear Ms Walli,

GEC writes to advise the Board of its position on matters raised in the proceeding above, although we are not an intervenor. We have just reviewed Union's evidence and Interrogatory responses. I was a member of Union's 2013 Audit Committee and have knowledge of the questions being raised.

Questions are being raised about some of Union's large volume custom projects, whether baselines were properly established, and whether free ridership is properly accounted for. These questions were extensively discussed during the Audit process, which can be seen in the Auditor's report (B/T2, pages 9/10) and in the Audit Committee Report (B/T3, page 5 Recommendation 8).

The potential for excessive savings claims (whether due to improper baselines or to inadequate free ridership assessment) is higher for O&M projects than for capital projects, since the customer likely engages in some O&M activity and there is a need to distinguish between savings they would generate from their own O&M schedule from incremental savings generated by Union's involvement. This has been the focus of discussion at Union's Audit Committee, and specific agreements have been made, both in the 2012 Audit Committee Report and in the 2013 Audit Committee Report above to address the situation. Union has agreed to collect improved baseline information for O&M projects and claim savings only above this level. Additional recommendations have been agreed upon and made for the free ridership study being overseen by the Technical Evaluation Committee to ensure they appropriately reflect savings in these cases (see Audit Committee Report page 4 Recommendation 6.)

With the extensive discussion and auditing of these questions in the 2013 Audit process GEC supports the overall savings claim being made for 2013 by Union.

In short, in keeping with the Board's direction to Union to not incent obvious free riders, for 2013, specific disallowances were made both by Union and in the audit committee process. However, to exclude counting of savings that would have otherwise occurred and to ensure transparency going forward, the Committee made specific recommendations as noted above to ensure that the baseline is properly adjusted in all such cases with proper treatment of free ridership. We would respectfully request that the Board explicitly endorse that approach.

Sincerely,

A handwritten signature in black ink, appearing to read "Kai Millyard". The signature is fluid and cursive, with a large initial "K" and a long, sweeping underline.

Kai Millyard
for the Green Energy Coalition

cc: Union Gas