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June 2, 2015

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Kirsten Walli  
Board Secretary  
Ontario Energy Board  
P.O. Box 2319, 27<sup>th</sup> Floor  
2300 Yonge Street  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited and Enbridge Has Distribution Inc.  
Application for Approval of 2015-2020 Demand Side Management Plans  
Board File Nos. EB-2015-0029/EB-2015-0049**

Please find attached interrogatories filed on behalf of the Association of Power Producers of Ontario ("APPRO") in the above-referenced proceeding.

Please do not hesitate to contact me should you have any questions or concerns.

Sincerely,

Lisa (Elisabeth) DeMarco

CC: Vanessa Innis (Union Gas Limited)  
Alexander Smith (Torys LLP)  
David Butters (APPRO)  
John Wolnik (Elenchus Research Associates Inc)

Encl.

## **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 2015 to 2020 Demand Side Management Plan.

**EB-2015-0029**

**Interrogatories From**

**The Association of Power Producers of Ontario (APPRO)**

**June 2, 2015**

**Question: 1**

Reference: i) Exhibit A Tab 2 page 6 Table 3  
ii) Exhibit A Tab 2 page 9, Table 5  
iii) Exhibit A Tab 3 Appendix A page 66  
iv) Exhibit A Tab 2 page 3 lines 9-13  
v) EB-2014-2014-0134 DSM Framework dated December 22, 2014,  
section 15.1 page 37

Preamble: In reference i), Union identifies certain additional budget requirements to accommodate the cost of conducting certain DSM related studies including the costs related to developing a DSM Tracking and Reporting System. In reference ii), Union allocates the cost of its proposed 2015 Incremental Budget Requirements to all classes. In reference iii), Union describes the proposed DSM proposal for large volume customers (LVC). This LVC proposal only includes the access to Union's technical resources for educational and excludes any targets or customer incentives. APPrO would like to understand how these new projects will benefit LVC.

- a) Please indicate the status of each of the 3 proposed studies or system changes (i.e. projects) in reference i), and include the amount of money spent to date and the percent completion of each project, and any updates on the actual costs to date and/or the forecasted costs.
- b) For each of the 3 projects noted in reference i) please indicate the proposed date that they will be fully operational, and the proposed calendar year that each project will become effective.
- c) In light of the DSM programs for LVC for 2016-2020 identified in reference iii), please explain how the projects listed in reference i) will be used for LVC from 2016 onward.
- d) Please explain in light of the proposal outlined in reference iii) why the costs of these projects has been allocated to LVC.
- e) Please indicate if the proposed budget amounts in reference i) are hard caps, or if Union is proposing that these budget amounts would be subject to a variance or deferral account. If a variance or deferral account is proposed, please specify the amount that Union would not exceed to complete each of 3 projects.
- f) In reference iv) Union notes that the proposed incremental funding to pay for the projects is in addition to the '15% overspend' amount. However, in reference v) the

Framework indicates that “utilities may increase overall spending by up to 15%, consistent with the Board’s guidance as part of the gas utilities’ current, approved DSM plans, and use these additional funds to begin to incorporate and address the guiding principles and key priorities outlined in the DSM framework.” Union’s proposal to both provide funding for the projects and have the ability to exceed the budget by 15% appears to be inconsistent with the Board’s direction. Please explain why the incremental funding costs for the projects in reference i) cannot be funded through the 15% overspend amount proposed.

**Question: 2**

Reference: i) EB-2014-2014-0134 DSM Framework dated December 22, 2014  
Section 6.2 page 27, the Board indicated:

*If a gas utility, in consultation with its large volume customers, determines that there is substantial interest in the gas utility providing expertise and a value-added service to help improve the energy efficiency levels of these customers’ facilities, the gas utilities are able to propose a fee-for-service program which the Board will approve on its merits. The primary focus of any program proposed for large volume customers should be offering technical expertise, including conducting facility audits, advice for operational improvements, or engineering studies as opposed to capital incentives. Specifically, the gas utilities can propose fee-for-service DSM programs to the customers in those classes identified as large volume rate classes in the table below.*

ii) Exhibit A Tab 3 Appendix A Section 1.3

Preamble: In reference ii) Union continues to propose a mandatory ratepayer funded DSM program that requires all large volume customers to pay for access to Union’s technical resources. APPrO would like to better understand Union’s decision making process to propose such a program, particularly for a public utility that has monopoly access to such data.

a) At page 64 of reference ii), Union indicates that based on direct customer impact, Union has determined that it is appropriate for Union to offer a multi-year ratepayer funded Rate T2/Rate 100 program. Union does include supportive feedback from stakeholders, however Union does not appear to reference information received from stakeholders opposing mandatory ratepayer funded programs.

- i. Please confirm that Union has a system to centrally capture such feedback.
  - ii. Please provide a chart outlining all feedback (verbal and written) from stakeholders opposed to, and/or opposing, mandatory ratepayer funded programs.
- b) Union provides information from the consultations with 16 customers, from which it seems to be basing its decision to offer the program noted in reference ii):
  - i. Please indicate if Union believes that these 16 customers' views were representative of all customers in this large volume customer category. What percentage of these customers did not engage in Union's DSM programs in the last 3 years?
  - ii. Please provide the number of gas fired electricity generators in each of Union South and Union North.
  - iii. Did any gas fired electricity generation customers, or their associations, provide feedback opposing a mandatory ratepayer funded program? Please explain and provide details.
- c) Union indicates that the DSM program costs will be approximately \$800,000 annually (see Table 25 in reference ii). This amount is made up an administration amount and an incentive/promotion amount.
  - i. Please indicate how Union chose this budget level for the incentive/promotion amount of approximately \$400,000 annually?
  - ii. Is budget amount of approximately \$400,000 illustrated in Table 25 fixed each year or is this amount eligible for variance account treatment?
  - iii. Is any or all of the 15% overspending amount eligible to be spent in, or by the customers in, the large volume T2/Rate 100 rate classes? If yes, is it at least theoretically possible that the entire amount could be spent in, or by the customers in, these two rate classes?
  - iv. How will Union ensure that there will not be scope creep in the nature of the proposed services that will result in Union exceeding regularly the \$800,000 amount?

**Question: 3**

Reference: i) Exhibit A Tab 3 section 6.2 page 40  
ii) Exhibit A Tab 3 Appendix A Section 1.3

Preamble: In reference i) Union describes the how it will calculate LRAM amounts for the variance account for all rate classes.

- a) In light of Union's proposed DSM program for large volume customers, where Union's involvement will be limited to the provision of technical support for equipment audits and training, please explain why LRAM treatment is applicable for T2 and Rate 100 rate classes.
- b) Please explain on what basis the LRAM amounts would be calculated.

**Question: 4**

Reference: i) Exhibit A Tab 3 page Table 2  
ii) Exhibit A Tab 3 Appendix A Section 1.3

Preamble: APPrO would like to better understand the proposed administration costs associated with the DSM program.

- a) Please provide a table setting out a detailed breakdown of each and all of the activities that are included in 'Administration' budget category and the portion of the Administrative budget allocated to each such activity.
- b) In reference ii), Table 25, Union includes the budget amount for delivering the proposed programs and the related administrative costs. Please expand Table 25 to include actual (or budget if actual amounts are not available) amounts for the years 2013-2015.
- c) Please explain how Union allocated the DSM administrative costs to the large volume customer classes between 2016 and 2020.

**Question: 5**

Reference: i) Exhibit A Tab 3 Appendix A

Preamble: Union has concluded that one of the reasons it does not want to offer fee-for-service consulting services is that "these services are already offered competitively in the market". Union is however proposing to offer technical support, equipment audits and training on a mandatory ratepayer funded basis.

- a) Please explain in detail why the availability of services in the marketplace is a reason for Union not to offer such services on a fee-for-service basis?
- b) At paragraph 1.3.4 Union indicates that it will provide dedicated technical resources for this program. Please list all of the resources that will be dedicated.
- c) Union has noted that it will also provide copies of texts such as ISO 50001, and the Combustion Handbook.
  - i. Will customers be asked to pay for these resources or are the cost of printed resources included in the budgets of delivering the proposed program?
  - ii. If these costs are included in the budget, please provide the proposed amount for these resources.