

EB-2015-0029
EB-2015-0049

Ontario Energy Board

Union Gas Limited and Enbridge Gas Distribution Inc.

**Applications for approval of 2015-2020 demand side
management plans.**

Interrogatories on GEC Evidence (2)

Energy Probe Research Foundation

August 4, 2015

**Union Gas Limited and Enbridge Gas Distribution Inc.
Applications for approval of 2015-2020 Demand Side Management Plans
GEC Expert Evidence- P. Chernick Resource Insight Inc.
Interrogatories of Energy Probe Research Foundation**

Exhibit L, GEC.2 – Energy Probe - 1

Ref: L, GEC.2, Chernick Evidence, Page 12 Figure 2

Preamble: The regression line in Figure 2 implies a \$0.15/MMBtu decrease in Henry Hub gas price for every quad decrease in annual gas consumption, or \$0.00027/m³ per 10³ m³ saved (in 2015 Canadian dollars), roughly a quarter of the slope in the 2012 sensitivities.

- a) Please provide the current (mid 2015) Basis Differential between Henry Hub and Dawn.**
- b) Please provide a forecast of Basis Differential for Henry Hub and Dawn in 2020. [For example, refer to current applications by Union and EGDI for Approval of the NEXUS Long Term contracts or other sources such as submissions at the OEB 2015 NGMR Forum]**
- c) Please explain why DRIPE should/should not be based on Peak Day demand or annual consumption.**
- d) Please explain why the DRIPE would/would not be identical at Henry Hub and Dawn.**
- e) Using a Dawn reference price outlook (to 2020) please provide revised DRIPE estimate(s).**

Exhibit L, GEC.2 – Energy Probe - 2

Ref: L, GEC.2, Chernick Evidence Page 14

Preamble: The Navigant Report Figure 4 shows EGD Peak Day Demand rising to over 110,000 10^3 m^3 in 2019/20 or an average increase 2015-2020 of 39,653 GJ or 1,047 10^3 m^3 .

The product of a $\$0.00027/\text{m}^3$ price reduction per 10^9 m^3 saved times 28.2 10^9 m^3 is a benefit to Ontario of 0.76¢ in reduced gas bills per m^3 conserved, in addition to the benefit of buying less gas (which is the direct avoided supply cost). [Evidence Page 14].

- a) Please provide an estimate of the Ontario benefit based on the reduction of peak demand growth, rather than annual consumption and using a Dawn Reference price.**
- b) Confirm that in a normal weather year, both EGDI and Union meet sales customer's incremental load from storage on peak days.**
- c) Confirm Spot Gas purchases are primarily for load balancing to offset banked gas customer requirements.**

Exhibit L, GEC.2 – Energy Probe - 3

Ref: L, GEC.2, Chernick Evidence Pages 19 and 21

Preamble: Building on the principle of the non-energy benefit adder...the Board consider...how such potential DSM benefits as carbon reduction... may be used to screen prospective DSM programs and inform future budgets. (Minister's Letter of 4 February 2015).

- a) Please explain if Mr. Chernick agrees that in calculating the benefits of DSM Programs, the TRC plus test in the Board's Guidelines is appropriate.**
- b) Is Mr. Chernick proposing to change the OEB TRC plus Screening to increase the component allocated to Carbon/GHG? Please discuss and indicate by how much.**
- c) Does Mr. Chernick agree with EGDI's Response to JT 1.36 Question 6 and Exhibit I.T3, EGDI, ED.13?
"The benefits to non-participants are largely societal in nature and include impacts such as environmental benefits through reduced greenhouse gas emission, societal benefits, particularly for low income consumers, and economic stimulus." Please comment.**

- d) **Is Mr. Chernick disagreeing with the Board when he states:
“Unfortunately, applying a 15% adder to the avoided natural gas costs does not align the electric and gas programs, in terms of reflecting carbon prices, wholesale price mitigation, or most non-energy benefits of DSM.”
Please discuss.**

Exhibit L, GEC.2 – Energy Probe – 4

Ref: L GEC.2 Chernick Evidence Page 28; Mr. Neme’s Evidence Table 3

Preamble: The significance of the avoided-to-average (commodity cost) differentials is that they should be reflected as benefits to non-participants in the assessment of rate effects.

- a) **Please indicate who prepared the analysis for benefits to non-participants as reflected in Table 3 of Mr. Neme’s Written Evidence.**
- b) **Discuss in detail the Components of a Benefit/Cost analysis/equation for non-participants in DSM programs.**
- c) **Specifically indicate an appropriate range of cost/NPV for each of the listed components for each of EGDI and Union. Please provide sources for each.**
- d) **Please provide the worksheets for components in Table 3 of Mr. Neme’s evidence. (Excel Format please).**
- e) **Please provide sensitivity ranges to the major components of the Cost/Benefit calculation and provide the overall Sensitivity range.**
- f) **What is Mr. Chernick’s DSM Budget range for EGDI and Union based on his analysis of benefits to non-participants?**