

February 19, 2016

BY COURIER & RESS

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**RE: EB-2015-0367 – Union Gas Limited (“Union”) – Request for Greenhouse Gas Emissions
Impact Deferral Account Interrogatory Response**

Please find attached Union’s response to the interrogatory received in the above case. The response will be filed in RESS and copies will be sent to the Board.

If you have any questions with respect to this submission please contact me at 519-436-5334.

Yours truly,

[Original signed by]

Vanessa Innis
Manager, Regulatory Initiatives

Encl.

c.c.: Lawrie Gluck, Board staff
Crawford Smith, Torys
EB-2015-0367 Intervenors

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Reference: EB-2015-0114, Exhibit D2, Tab 1, Schedule 1, Pages 14-15 and Accounting Order, Page 14
EB-2015-0116, Decision and Rate Order, Appendix E, Page 12

Preamble: Enbridge Gas Distribution Inc. (Enbridge) was granted approval for the 2016 Greenhouse Gas Emissions Impact Deferral Account in its 2016 Rates proceeding (EB-2015-0114).

Union was granted approval to maintain the Carbon Dioxide Offset Credits Deferral Account (Deferral Account No. 179-117) in its 2016 Rates Proceeding (EB-2015-0116).

- a) Please discuss any perceived differences between Union's proposed Greenhouse Gas Emissions Impact Deferral Account and Enbridge's approved Greenhouse Gas Emissions Impact Deferral Account.
- b) Please discuss the differences between Union's proposed Greenhouse Gas Emissions Impact Deferral Account and its approved Carbon Dioxide Offset Credits Deferral Account. Please separately list the costs/ revenues that will be recorded in each account.
- c) Does Union plan to record the costs/ revenues associated with the potential purchase/sale of allowances in the proposed Greenhouse Gas Emissions Impact Deferral Account?
- d) Please advise whether Union has incurred any costs to date that it plans to record in the proposed Greenhouse Gas Emissions Impact Deferral Account. If so, please provide the amount(s) and a description of the cost item(s).

Response:

- a) It is Union's understanding that the accounts capture the same types of impacts.
- b) Union's Carbon Dioxide Offset Credit Account (Account No. 179-117) was originally approved by the Board in its Natural Gas Generic Demand Side Management ("DSM") proceeding, EB-2006-0021. Its purpose is to record amounts representing proceeds from the sale of or other dealings in carbon dioxide offset credits earned specifically as a result of Union's DSM activities. Union has not recorded any amounts in this account since its inception. Once the government's regulations are released, Union will have a better understanding of whether this account should continue or be amended in any way.

The focus of Union's proposed GGEIDA is to record the impacts of provincial and/or federal regulations related to Greenhouse Gas emission requirements. Union proposes that all impacts outside the 2014-2018 base upon which rates were derived related to the implementation of the Cap & Trade Program be included in the deferral account. The impacts could include costs such as emissions reporting compliance costs, billing system changes, external consultant costs, costs associated with participating in OEB Cap & Trade proceedings, and implementation and staffing costs as well as costs/revenues associated with the purchase or sale of allowances.

- c) Yes, as described at part b) above.
- d) Union has not incurred or recorded any costs to the deferral account for January 2016. Recording of costs is expected to commence in February 2016 and is expected to include the type of costs listed in part b) above. The Board's approval of the proposed GGEIDA will not compromise the outcome of the Board's regulatory process and ultimate accounting for the costs and revenues associated with cap and trade. Union will track all of the impacts and will be able to amend its accounting and reporting based on future Board Decisions.