

Direct Dial: 416 642 4871  
File: 6832

By Courier & RESS Filing

February 22, 2016

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

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Union Gas Limited - Application for Clearance of 2014 DSM Variance and Deferral  
Accounts (EB-2015-0276)  
OSEA Interrogatories**

---

Please find enclosed Ontario Sustainable Energy Association's interrogatories on Union Gas Limited's application and evidence.

Yours truly,



Robert Woon

Encl.

cc: Ms. Vanessa Innis, Union Gas Limited

Document #: 951332

**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 of the *Ontario Energy  
Board Act*, 1998, S.O. 1998, c. 15 (Schedule B), for an  
order or orders approving the final balances in certain 2014  
Demand Side Management (DSM) deferral and variance  
accounts.

**EB-2015-0276**

**Interrogatories of the Ontario Sustainable Energy Association (OSEA)**

---

**Question 1**

Reference: Exhibit A, Tab 2, Page 5

An O&M custom DSM project is any project where natural gas savings are derived from the repair, replacement, or optimization of an existing piece of equipment or system (e.g. steam leak/trap repair). Custom DSM projects are categorized as either O&M or Capital projects.

Please advise how Union Gas categorizes and accounts for Custom DSM projects that have both capital and O&M components, where synergies may be available.

**Question 2**

Reference: Exhibit A, Tab 2, Pages 11-12

In its 2013 DSM Deferrals Decision, the Board agreed that an updated custom free ridership study should be completed as soon as possible to support free ridership estimates in the future. Union supports this recommendation and the TEC has prioritized a joint utility net-to-gross (“NTG”) study that will develop new free ridership and spillover factors for Enbridge and Union’s commercial and industrial custom programs. The TEC selected DNV Kema as the consultant to lead the study. The study methodology and scope of work has been developed and study results are expected mid-2016.

In its 2013 DSM Deferrals Decision the Board agreed that a formal persistence study should be given priority to provide support for the persistence of savings associated with large custom commercial and

industrial DSM programs. In an August 21, 2015 Board letter establishing the Board's process to evaluate the results of DSM programs from 2015-2020, the Board recognized that one of the current responsibilities of the TEC included the initiation of a Persistence Study. TEC members completed a jurisdictional scan and observed limited evidence of jurisdictions that have conducted a commercial and industrial program persistence study in the past ten years. The scan also uncovered that more than 90% of studies available are related to electricity and not to natural gas. In September 2015, Board staff shared with the TEC that the work to date that has been initiated by the TEC with respect to the Persistence Study will be transitioned to the Board when the Evaluation Advisory Committee ("EAC") is established. At the November 2015 TEC Meeting, Board staff and the TEC discussed the topic of a transition plan for TEC projects moving to the EAC. Board staff shared that they will initiate a persistence study, with the input from the EAC, in late 2015/early 2016.

Given the delays in the Free Ridership Study and the Persistence Study referenced above and the transition of responsibilities to the Board and the EAC, please explain what impact Union Gas expects on the future timeliness of the implementation of the recommendations of the Board and Board Staff.

#### **Question 4**

Reference: Exhibit A, Tab 3, Page 9

The 2014 Large Volume (Rate T1, Rate T2 and Rate 100) program did not achieve a DSM Incentive, based upon its performance compared to the targets approved by the Board in the 2013-2014 DSM Plan for Large Volume Customers proceeding (EB-2012-0337).

Please explain why the Large Volume Program did not deliver the expected results.

#### **Question 5**

Reference: Exhibit B, Tab 1, Page 19

Free ridership and spillover do not get included in the calculations for this metric.

Please explain why free ridership and spillover are not included for in this metric.

#### **Question 6**

Reference: Exhibit B, Tab 1, Page 97

Savings from projects that are obvious safety hazards (e.g., gas leaks or very large steam leaks) or are otherwise obviously free riders should not be eligible for Union incentives. Discussions as to whether other broad

classes of maintenance or behavioral projects (e.g., steam traps tests and repairs, pipe insulation) should be eligible for the program should be determined at the policy level prior to the beginning of the program year.

Status Update: Pending – The AC accepts the Auditor’s recommendation in principle that savings from projects that are obvious safety hazards should not be eligible for incentives. The AC also agrees that if classes of projects are to be made ineligible that this policy should be established in advance.

The AC agrees that in the future Union will not claim projects involving fixing gas leaks for DSM savings.

There are classes of projects, generally O&M projects (e.g. cleaning heat exchangers, fixing steam leaks or steam traps) for which there might be an increased potential of overlap between the concepts of baseline and free ridership. The AC does not propose to prohibit savings from these projects, but rather clearly delineate how baseline and free ridership should be treated. In last year’s report the parties agreed that

Where the conservation measure is of a behavioural or maintenance nature, the information about the customer's current practises (prior to participation in the program) must be collected.

Free ridership should then be evaluated by a separate set of questions in free ridership surveys to ensure that there is no overlap between the concepts of baseline (the customer’s current practices prior to participation in the program) and free ridership. Adjusting the baseline to reflect customer’s current practice would require re-evaluation of existing free ridership to prevent overlap between the two concepts. Union will refer this to the TEC for discussion in the context of the net to gross work currently being done. Recommendation #6 above provides for identifying this subset of projects so that customized survey questions can be asked.

Please provide additional details on the nature of gas leaks identified above. Please explain why gas distributors should not claim gas savings from leaks, whether on customer premises or on their own systems, where leaking gas is even a greater contributor to global warming, presents a health hazard and the Low Income program includes healthy home elements.