

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 for an order or orders clearing certain non-commodity related deferral accounts.

INTERROGATORIES TO UNION GAS LIMITED (Union)

From

INDUSTRIAL GAS USERS ASSOCIATION (IGUA)

1. **Reference:** Exhibit A, Tab 2, page 9, lines 1 through 5.

Savings for large volume customer steam leak projects were reduced by the DSM results auditor by 50% due to lack of required documentation on customer standard maintenance practices.

- (a) Please recalculate LRAM and shareholder incentive amounts assuming that savings for large customer steam leak projects are eliminated in their entirety.
- (b) Please restate Exhibit A, Tab 4, Schedules 1 and 2 based on the recalculated amounts provided in response to part (a) and file the restated schedules.

2. **Reference:** Exhibit A, Tab 2, page 9, lines 1 through 5.

For the 2015 program year, Union has implemented a formalized base case documentation form to be filled out by participating customers, to explicitly document base case practices absent Union's influences.

- (a) Please file a copy of the referenced form.

3. **Reference:** Exhibit A, Tab 2, page 11, lines 13 *et seq.*; Exhibit B, Tab 1, page numbered 93.

The TEC has selected a consultant for an updated custom free ridership study, and the study methodology and scope of work has been prepared.

Reference: Exhibit B, Tab 2, page 10.

The DSM results auditor states:

“...it appears that Union is in a better position than the Board to complete a [custom projects free ridership] study in time for use in the 2015 program evaluation, and we urge Union to begin this process immediately.”

- (a) Please provide an update on the status of the TEC’s free ridership study, and file a copy of the developed methodology and scope of work.
- (b) Please provide an update on the expected completion date of the TEC’s free ridership study.
- (c) Please detail Union’s expectations regarding opportunities for interested stakeholders who do not have representatives on the TEC to review the draft study report and provide input/comment prior to the study being finalized.
- (d) Please indicate when and how Union expects the study’s results to be approved by the Board for use in future DSM rate setting activities.
- (e) Please file a copy of the consultant’s “kick off presentation” as referenced at Exhibit B, Tab 1, page numbered 119 (in Appendix B).
- (f) Please file a copy of the consultant’s summary document pertaining to the difference between two proposed calculation methods as referenced at Exhibit B, Tab 1, page numbered 128 (in Appendix B).
- (g) Please indicate whether Union is willing and able to complete a free ridership study in time for use in the 2015 program evaluation process, as recommended by the DSM results auditor in October, 2015, and if not why not.

4. **Reference:** Exhibit A, Tab 2, page 5.

The free ridership rate of 54% applied to Union’s commercial and industrial and large volume programs is based on the *Custom Projects Attribution* study performed by Summit Blue Consulting in 2008.

(a) Please file a copy of the 2008 Summit Blue study.

5. **Reference:** Exhibit A, Tab 3, page 6, line 21.

Union reports an “under spend” relative to budget for the large volume rate classes of \$658,000.

Reference: Exhibit A, Tab 3, page 7; Exhibit B, Tab 1, page numbered 67.

Union was unable to achieve sufficient gas savings to justify a shareholder DSM incentive payment in respect of large volume customers. Union achieved only 6% of its overall large volume scorecard targeted gas savings.

- (a) Why was Union unable to spend the full budgeted large volume customer DSM amount?
- (b) If large volume customer DSM is the most cost effective, why was Union’s savings achievement so low relative to target for this customer segment?
- (c) Please provide a table that lists DSM budgets, gas savings targets, and shareholder incentives earned for large volume customers for each of the 2012 through 2014 DSM program years.

6. **Reference:** Exhibit A, Tab 3, pages 1 through 3; Exhibit A, Tab 3, Schedule 2, page 1.

Union is claiming LRAM payment from large volume customers for 2013 lost revenues.

- (a) Please explain why Union is seeking recover 2013 lost revenues through this application, rather than last year’s DSM variance account/deferral clearance application.

7. **Reference:** Exhibit B, Tab 1, page numbered 111, Table 13.0.

- (a) Please restate the referenced table, providing disaggregated figures for incentives and promotion costs (i.e. one line for incentives, and a separate line for promotion costs) for each of Rates T1 and Rates T2/100.

8. **Reference:** Exhibit B, Tab 1, Appendix C, pages 8 and 9.

The tables referenced include “*Audit Adj. Rate*” entries for projects 2014-IND-0609, 0608 and 0649.

- (a) In each case, please explain what these adjustments are and how they were derived.

9. **Reference:** Exhibit B, Tab 1, Appendix N, page 3.

The large volume customer CPSV report indicates that 22 customers invested \$7.2 million in the projects reviewed.

- (a) Please indicate how much Union paid in DSM incentives, in aggregate, to these 22 customers.
- (b) Please provide the total of the DSM incentives paid to each of the T1, T2 and Rate 100 classes, and the total incented DSM customer project costs for each such rate class.

10. **Reference:** Exhibit B, Tab 3, page 5.

The audit committee report states:

As of 2016, [Union] will no longer be incenting projects classified as O&M Repair. O&M repair projects are those in which a customer has completed a report (i.e. maintenance) to improve energy performance, as opposed to continuing to operate less efficiently. The most common types of projects would be steam leak and steam trap repairs. It would also encompass descaling and heat exchanger cleaning projects.

- (a) Please confirm that the foregoing statement reflects Union’s current intention, following release by the Board of its decision on Union’s 2015-20 DSM Plan [EB-2015-0029].

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