

April 29, 2016

RESS, COURIER & EMAIL

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli:

Re: EB-2016-0004 - Union Gas Limited - Natural Gas Expansion Generic Proceeding – Reply to Requests for Further Information

We are counsel to Union Gas Limited (“Union”) in the above-referenced proceeding. On April 27, 2016, Environmental Defence, EPCOR Utilities Inc. (“EPCOR”) and School Energy Coalition (“SEC”) each submitted a request to compel responses to certain interrogatory questions that they had posed to Union. Union’s reply to each of these requests is set out below.

1. REPLY TO REQUESTS FOR FURTHER INFORMATION

(a) Reply to Environmental Defence

Environmental Defence seeks information in respect of the following interrogatories: S15.Union.Environmental Defence.1, S15.Union.Environmental Defence.4, and S15.Union.Environmental Defence.5(a) – (c).

S15.Union.Environmental Defence.1

Environmental Defence asks Union to comment on certain eligibility criteria relating to the subsidization of projects by existing customers. Union will provide a response to this interrogatory in advance of the oral hearing.

S15.Union.Environmental Defence.4 & 5(a) – (c)

Environmental Defence seeks specific information about the steps Union has taken to estimate and plan for the potential reductions in natural gas consumption that may be required to meet Ontario’s greenhouse gas (“GHG”) emissions reduction targets. For the reasons set out below, Union maintains its position that these interrogatories are outside the scope of the Board-approved Issues List and the generic proceeding.

The present proceeding is focused on the immediate need to expand gas distribution service to unserved communities and the regulatory mechanisms to achieve that purpose. The objective of community expansion has been clearly recognized by the Ministry of Energy in its 2013 Long-term Energy Plan as well as its February 2015 letter encouraging the Board to facilitate this objective on a timely basis. In addition, Union is responding to customers and municipalities who have requested and continue to request natural gas distribution service. Environmental Defence appears to fundamentally challenge the very need for natural gas expansion. In its request for further information, for example, Environmental Defence commented that such expansion in light of Ontario's efforts to reduce natural gas use is "highly inconsistent and likely a waste of the ratepayer funds". The intent of Environmental Defence's interrogatory relates to the overall impact of Ontario's GHG emission reduction targets.¹

As the Board clarified in its Decision and Procedural Order No. 2 (dated March 9, 2016), it is looking for directional impacts on how the cap-and-trade program impact compares to alternative fuels and not a thorough quantitative analysis.² The information being sought by Environmental Defence through its interrogatories 4 and 5 clearly relates to the implications of Ontario's GHG emission reduction efforts on Union's overall system, not just as it relates to community expansion. Neither interrogatory falls within the scope of Issues 10 and 11 under the Board-approved Issues List. Such information is better considered in another proceeding where Union's gas supply and the overall impact of cap-and-trade on the system and customers are at issue. The present proceeding is not the proper forum for doing so.

(b) Reply to EPCOR

EPCOR seeks information in respect of the following interrogatories: S15.Union.EPCOR.2(b), and S15.Union.EPCOR.4(a) – (d) and (f).

S15.Union.EPCOR.2(b)

EPCOR requests copies of the curriculum vitae for the authors of the London Economics International report. Union inadvertently omitted the curriculum vitae and will file the requested curriculum vitae in advance of the oral hearing.

S15.Union.EPCOR.4(a) – (d) and (f)

EPCOR requests certain information in respect of Franchise Agreements to which Union has been a party. Union maintains its position that these requests are not relevant to the Board-approved Issues List for the generic proceeding. This proceeding relates to the expansion of gas distribution service to unserved communities and the modifications that should be made to the existing regime on a prospective basis. EPCOR's interrogatory relates not to the service of new communities, but rather relates to existing franchise arrangements that are unrelated to community expansion. To this end, consideration of existing Franchise Agreements is outside the scope of the generic proceeding.

(c) Reply to SEC

¹ Environmental Defence, Motion for Further and Better Interrogatory Responses, April 27, 2016, at paras. 8 and 11.

² EB-2016-0004 Decision and Procedural Order No. 2, March 9, 2016, at 11-12.

SEC seeks information in respect of interrogatory S15.Union.SEC.8, which requested a 40-year forecast of annual natural gas consumption for residential, commercial and industrial customers.

In respect of SEC's comment that Enbridge responded to the same request, Union notes that the forecast provided by Enbridge was prepared on a 15-year basis. Union does not have such a forecast on either a 40-year or 15-year basis. Moreover, Union maintains its position that consideration of the impact of GHG emissions on overall gas consumption is outside the scope of the Board-approved Issues List for the generic proceeding.

Yours truly,



Charles Keizer

cc: C. Ripley, Union Gas
All Intervenors (EB-2016-0004)