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February 24, 2016

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

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Ontario Sustainable Energy Association Interrogatories for Cap and Trade Compliance Plans**  
**File Numbers: EB-2016-0296 (Union Gas Limited) / EB-2016-0300 (Enbridge Gas Distribution Inc.) / EB-2016-0330 / (Natural Resource Gas Ltd.)**

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Please find enclosed Ontario Sustainable Energy Association's interrogatories on evidence filed by Union Gas Limited and Enbridge Gas Distribution Inc.

Yours truly,



Robert Woon

Encl.

cc: Nicole Risse, OSEA  
Marion Fraser, Fraser & Company

Document #: 1163769

## **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** the Application by Union Gas Limited for an order or orders approving and/or accepting its Cap and Trade Compliance Plan and approving or fixing rates and/or charges to recover the costs incurred undertaking its Cap and Trade Compliance Plan.

### **INTERROGATORIES OF ONTARIO SUSTAINABLE ENERGY ASSOCIATION (“OSEA”) ON THE COMPLIANCE PLAN FILED BY UNION GAS LIMITED**

February 24, 2017

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#### **Issue 1.8, OSEA Interrogatory 1**

Reference: Exhibit 3, Page 46 of 47

Preamble: “For the 2017 Compliance Plan, Union does not have any long term investment projects that will impact its 2017 obligation within regulation. This is in part due to the infancy of the program and the number of uncertainties that still remain. In addition, there has been insufficient time for Union to bring forth long term investment opportunities and have their cost recovery assured prior to their inclusion in the 2017 Compliance Plan. An interim solution for recovering the cost of capital investments between 2017 and the next rebasing application would be required, since the current mechanisms (including the Z-factor) may not be sufficient to recover the costs of these initiatives. Assurance of cost recovery is required; otherwise, the utility will be absorbing the cost of such investments, while customers realize the benefits of lower compliance costs”

- a) Please provide a list of long term investment projects that Union is assessing for consideration for future compliance programs.

- b) Does Union expect to incorporate long term investment projects in the 2018 Compliance Plan? If not, when does Union anticipate incorporating any long term investment projects?
- c) Has Union commenced conducting feasibility studies, pilot programs, and/or cost benefit analysis for any potential long term investment projects? If not, please describe Union's timing to prepare a long-term strategy.

**Issue 1.9, OSEA Interrogatory 2**

Reference: Exhibit 3, Page 47 of 47

Preamble: "Union is not proposing any new business activities in its 2017 Compliance Plan. However, Union has brought two specific proposals to government for CCAP funding that will reduce GHG emissions in Ontario. These proposals are Renewable Natural Gas ("RNG") and CNG for heavy duty vehicles...Neither of these initiatives is in scope for the 2017 Compliance Plan. However, Union has dedicated resources to evaluating and structuring programs given the significant impact they can have to reduce provincial GHG emissions. Further details on these programs will be brought forward in future compliance plans, to the extent applicable."

- a) Please describe how Union has decided resources to evaluating these programs? For example, what type of studies or analysis has Union commenced?
- b) When does Union anticipate that any of these projects will be in market and delivering results?

**Issue 1.10, OSEA Interrogatory 3**

Reference: Exhibit 1, Page 3 of 12

Preamble: "Since the 1990's, Union has had significant success in implementing Demand Side Management ("DSM") programs to assist customers in reducing their natural gas consumption and related greenhouse gas ("GHG") emissions. For 2017, there is an additional customer abatement program, the Government of Ontario's Green Investment Fund ("GIF"), included in Union's Compliance Plan that is incremental to the DSM plan. Going forward, Union will leverage its experience and skillset in reducing emissions as part of DSM, and evaluate the

potential to reduce customer emissions further, thereby reducing Union's compliance obligation. Union will include the outcome of this analysis in future compliance plans"

- a) How will Union maintain a differentiation between DSM results and GHG results?
- b) Would there be financial benefits for customers if the DSM Framework for DSM were harmonized with the Cap and Trade Framework?

**Issue 1.10, OSEA Interrogatory 4**

Reference: Exhibit 3, Page 25 of 47

Preamble: "In addition to the GIF, Union is also exploring a number of opportunities for customer abatement such as the use of combined heat and power projects and renewable natural gas in the gas supply portfolio. Prudent customer abatement programs such as these will reduce Union's compliance obligation, resulting in less compliance instruments and provide diversity within the compliance plan. This allows Union to manage both non-compliance and financial risks. As Union evaluates these programs, the outcomes of this analysis will be provided in future compliance plans."

- a) Please describe the potential customer abatement programs that Union is exploring other than the use of combined heat and power projects and renewable natural gas.
- b) Please describe what analysis Union is undertaking to evaluate the customer abatement programs.
- c) Does Union anticipate incorporating customer abatement programs in the 2018 Compliance Plan? If not, when does Union anticipate it will complete its evaluation of the programs?

## **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** the Application by Enbridge Gas Distribution Inc. for an order or orders approving and/or accepting its Cap and Trade Compliance Plan and approving or fixing rates and/or charges to recover the costs incurred undertaking its Cap and Trade Compliance Plan

### **INTERROGATORIES OF ONTARIO SUSTAINABLE ENERGY ASSOCIATION (“OSEA”) ON THE COMPLIANCE PLAN FILED BY ENBRIDGE GAS DISTRIBUTION INC.**

February 24, 2017

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#### **Issue 1.8, OSEA Interrogatory 1**

Reference: Exhibit C, Tab 5, Schedule 1, Pages 3 of 4

Preamble: Enbridge sets out potential long-term compliance options including renewable natural gas, DSM and low-carbon technologies, fuel switching, and fugitive/venting emissions reductions.

- a) Has Enbridge commenced conducting feasibility studies and/or pilot programs for the potential long-term investment options identified?
- b) When does Enbridge anticipate that any of these long-term compliance options will be in market and delivering results?

**Issue 1.10, OSEA Interrogatory 2**

Reference: Exhibit C, Tab 3, Schedule 4, Page 2 of 7

Preamble: “Further, the Company agrees that the DSM Mid-Term Review will provide ample opportunity to consider the relationship between DSM programs and other future customer abatement activities, which should include a review of DSM’s role within the Company’s overall compliance planning activities”

- a) Would there be financial benefits for customers if the DSM Framework for DSM were harmonized with the Cap and Trade Framework?

**Issue 1.10, OSEA Interrogatory 3**

Reference: Exhibit C, Tab 3, Schedule 4, Page 7 of 7

Preamble: “As a result, this 2017 Compliance Plan does not include renewable natural gas volumes; however, Enbridge anticipates that renewable content will play an increasing role future compliance plans as these projects are developed and brought into commercial operations.”

- a) When does Enbridge anticipate that RNG will be in market and delivering results?
- b) Has Enbridge forecasted the emissions reductions that could result from the implementation of RNG?
- c) Has Enbridge conducted feasibility studies or pilot programs for the implementation of RNG?