

ONTARIO ENERGY BOARD

**Union Gas Limited
Enbridge Gas Distribution Inc.
Natural Resource Gas Limited**

**Applications for Approval of the Cost Consequences
of Cap and Trade Compliance Plans**

INTERROGATORIES TO ENBRIDGE GAS DISTRIBUTION INC. (EGD)

From

INDUSTRIAL GAS USERS ASSOCIATION (IGUA)

1. **Issue: Cost Consequences** – Are the requested cost consequences of the gas Utilities' compliance plans reasonable and appropriate?

Reference: Exhibit C, Tab 3, Pages 3 and 9.

Preamble: EGD assembled a Cap and Trade team of four employees at a forecasted cost of \$750,000 for 2016. In 2017, EGD estimates seven FTEs will be required in order to staff its Cap and Trade team.

Questions:

- (a) What roles or functions did the four employees fulfill in 2016?
- (b) What incremental roles or functions are required to be filled on the Cap and Trade team in 2017?
- (c) How did EGD determine the appropriate salaries for Cap and Trade team members in 2016 and 2017?

2. **Issue:** Has the gas utility reasonably and appropriately presented and conducted its compliance plan risk management processes and analysis?

Reference: Exhibit C, Tab 4, Schedule 1, Page 12.

Preamble: EGD used a list (current to October 7, 2016) of known capped participants from the MOECC in order to subtract volumes forecasted for capped participants. Mandatory participants have until the deadline of November 30, 2016 to register as mandatory participants.

Questions:

- (a) Has EGD received a more updated list of (or any other more updated information about) mandatory and voluntary participants from the October 7, 2016 list?
- (b) If so, is there a difference between the October 7, 2016 list of mandatory and voluntary participants, on the one hand, and the more updated list (or information) on the other?
- (c) If so, what is the impact of this difference on EGD's forecasts included in this application?

3. **Issue:** Are the gas utility's proposed greenhouse gas abatement activities reasonable and appropriate?

Reference: Exhibit C, Tab 3, Schedule 4, Pages 3 and 4.

Preamble: EGD agrees that there is potential for overlap between DSM programs and future Cap and Trade Compliance Plans, and that DSM should be considered a vital part of its overall long-term Compliance Plan.

Questions:

- (a) What steps, if any, does EGD intend to take to identify areas of overlap between DSM programs and its Cap and Trade Compliance Plans?
- (b) How does EGD intend to treat carbon savings resulting from DSM programs achieved by customers who are LFEs?
- (c) Will LFEs be able to count their carbon reductions towards their compliance activities, and if so, by way of what administrative mechanism?

4. **Issue:** Are the gas utility's proposed greenhouse gas abatement activities reasonable and appropriate?

Reference: Exhibit C, Tab 3, Page 2.

Preamble: EGD states that it has developed a multi-department team to discuss abatement opportunities for facility-related GHG emissions and that facility-related abatement opportunities will be reviewed for feasibility.

Questions:

- (a) It is unclear from the application who will be involved in this feasibility review, and how it will be undertaken. Please explain how EGD intends to assess the feasibility of facility-related abatement opportunities, and whether EGD intends to engage its customers in this review process.

5. **Issue: Customer Outreach** – Are the proposed customer outreach processes and methods reasonable and appropriate?

Reference: Exhibit C, Tab 3, Schedule 6 – Administrative Costs.

Preamble: EGD has conducted customer education and outreach, at a cost of \$46,000 in 2016. For 2017, EGD estimates customer education and outreach costs of \$ 115,000.

Questions:

- (a) In the Board's interim decision on bill presentment, the Board planned a working group to examine, among other things, customer communications in order to enhance the transparency of cap and trade compliance costs included in rates. Has EGD been involved in any such further work?
- (b) If so, are the associated costs included in the customer education and outreach amounts forecasted by EGD?
- (c) If so, please describe what has been done and the status of the initiative?

6. **Issue: Deferral and Variance Accounts** – Are the proposed deferral and variance accounts reasonable and appropriate? Is the disposition methodology appropriate?

Reference: Exhibit F, Tab 1, Schedule 1, Page 1.

Preamble: EGD proposes to use two Cap and Trade related deferral accounts: the Greenhouse Gas Emissions Impact Deferral Account and the Greenhouse Gas Emissions Customer and Facility Costs Variance Account.

Questions:

- (a) Why has EGD chosen to combine the customer-related and facility-related costs variances into a single deferral account?
- (b) Does EGD consider it advantageous to have a single combined deferral account for customer-related and facility-related costs variances instead of two separate accounts? Please explain the rationale for EGD's answer.

7. **Issue: Cost Recovery** – Is the proposed manner to recover costs reasonable and appropriate?

Reference: Exhibit G, Tab 1, Schedule 2, Page 1.

Preamble: EGD requests a deviation from the methodology identified by the Board in establishing the annual carbon price forecast.

Questions:

- (a) Please confirm that the requested deviation applies only to the 2017 Compliance Plan.
- (b) Does EGD anticipate making a similar deviation request in future Cap and Trade Compliance Plan applications? Why or why not?

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