

January 10, 2018

Ms. Kirsten Walli
OEB Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EB-2017-0255 – Union Gas Limited – 2018 Cap-and-Trade Compliance Plan – Comments on Draft Issues List

On December 28, 2017 the Ontario Energy Board (the “OEB”) issued Procedural Order No. 1 in the above noted proceeding. As part Procedural Order No. 1, the OEB included a draft Issues List and invited parties to the proceeding to comment on the draft Issues List by January 12, 2018.

In 2018, Union will continue to operate in a carbon market that is competitive, dynamic, and sensitive to disruption. In accordance with the OEB’s Framework for the Assessment of Costs of Natural Gas Utilities Cap-and-Trade Activities (the “Framework”) and in compliance with the Climate Change Mitigation and Low-Carbon Economy Act (the “Climate Change Act”), Union’s 2018 Compliance Plan reflects its commitment to maintaining market integrity through respect for the Strictly Confidential nature of specific information within its 2018 Compliance Plan.

Comments on Draft Issues List

Union has structured this submission to respond to each of the Issues identified in the OEB’s draft Issues List.

- 1. Cost Consequences** – Are the requested cost consequences of the gas utility’s Compliance Plan reasonable and appropriate?

Union agrees that this Issue should be included on the Final Issues List.

Forecasts

- 1.1. Are the volume forecasts used reasonable and appropriate?
- 1.2. Are the GHG emissions forecasts reasonable and appropriate?
- 1.3. Is the annual carbon price forecast reasonable and appropriate?

Union agrees that Issues 1.1 – 1.3 should be included on the Final Issues List. However, Union reiterates that the Framework states that forecasts prepared by the utilities “must align with the duration of the Compliance Plans”.¹As such, Union asserts that these Issues should be limited to 2018 only and recommends that the Issues be amended to reflect this.

¹ Framework, p. 17.

Compliance Plan

1.4. Has the gas utility reasonably and appropriately conducted its Compliance Plan option analysis and optimization of decision making?

1.5. Is the gas utility's purchasing strategy reasonable and appropriate?

Issues 1.4 – 1.5 relate to Strictly Confidential information contained within Union's 2018 Compliance Plan. Disclosure of such information, either in and of itself or in the context of certain information that has been unredacted, could result in the disclosure of Strictly Confidential elements of Union's 2018 Compliance Plan. Union proposes that these Issues be identified as being related to Strictly Confidential information that is only subject to disclosure to the OEB and OEB Staff.

1.6. Are the proposed performance metrics and cost information reasonable and appropriate?

Union cautions that the reporting contained in its 2018 Compliance Plan Application represents partial year data that should not be taken to be representative of Union's complete 2017 activities and results. Going forward, Union recommends that the OEB rely on full year reporting from the prior Compliance Plan year to influence decision making for the forward Compliance Plan period. Further, certain information contained within Union's 2018 Compliance Plan performance metrics and cost information must remain Strictly Confidential in order to maintain market integrity.

1.7. Has the gas utility reasonably and appropriately presented and conducted its Compliance Plan risk management processes and analysis?

Union agrees that this Issue should be included on the Final Issues List. However, Union notes that certain elements of its risk management process and analysis have been identified as being Strictly Confidential. Those elements should only be subject to disclosure to the OEB and OEB Staff.

1.8. Are the gas utility's proposed longer term investments reasonable and appropriate?

1.9. Are the gas utility's proposed new business activities reasonable and appropriate?

1.10. Are the gas utility's proposed greenhouse gas abatement activities reasonable and appropriate?

1.10.1. Are the gas utility's RNG procurement and funding proposals reasonable and appropriate?

Union agrees that Issues 1.8 – 1.10.1 should be included on the Final Issues List.

2. **Monitoring and Reporting** – Are the proposed monitoring and reporting processes reasonable and appropriate?

Union agrees that this issue should be included on the Final Issues List. Union cautions that the reporting contained in its 2018 Compliance Plan Application represents partial year data that should not be taken to be representative of Union's complete 2017 activities and results. Going forward, Union recommends that the OEB rely on full year reporting from the prior Compliance Plan year to influence decision making for the forward Compliance Plan period. Union awaits the establishment of the OEB's Working Group which will investigate Monitoring and Reporting standards.

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

Union agrees that this Issue should be included on the Final Issues List.

4. **Deferral and Variance Accounts**

- 4.1. Are the proposed deferral and variance accounts reasonable and appropriate?
4.2. Are the proposed deferral account balances reasonable and appropriate?
4.3. Is the disposition methodology appropriate?

Union agrees that Issues 4.1 – 4.3 should be included on the Final Issues List.

5. **Cost Recovery**

- 5.1. Is the proposed manner to recover costs reasonable and appropriate?
5.2. Are the tariffs just and reasonable and have the customer-related and facility-related charges been presented separately in the tariffs?

Union agrees that Issues 5.1 – 5.2 should be included on the Final Issues List.

6. **Implementation** – What is the implementation date of the final rates and how will the final rates be implemented?

Union agrees that this Issue should be included on the Final Issues List.

If you have any questions on the above or would like to discuss in more detail, please do not hesitate to contact me at 519-436-4558.

Yours truly,

[Original signed by]

Adam Stiers
Manager, Regulatory Initiatives

c.c.: EB-2017-0255 Participants
Crawford Smith, Torys
Myriam Seers, Torys