



By Electronic Mail & RESS Filing

January 29, 2018

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

Attention: Kirsten Walli, Board Secretary

Dear Ms. Walli:

**Re: Ontario Sustainable Energy Association Interrogatories for 2018 Cap and Trade  
Compliance Plans, EB-2017-0255 (Union Gas Limited)**

---

Please find enclosed Ontario Sustainable Energy Association's interrogatories for the above-noted matter.

Yours truly,

Robert Woon

Document #: 1315870

## **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 Applications by Union Gas Limited for an order or orders approving and/or accepting the cost consequences of their 2018 Cap and Trade Compliance Plans

### **INTERROGATORIES OF ONTARIO SUSTAINABLE ENERGY ASSOCIATION (“OSEA”)**

January 26, 2018

---

#### **Issue 1.10, OSEA Interrogatory 1**

Reference: Exhibit 3, Tab 1, Page 2 of 24

Preamble: “Union’s 2018 Compliance Plan for customer and facility-related obligations is largely based on purchasing compliance instruments... In completing the 2018 Compliance Plan Union has expanded its consideration about customer and facility abatement measures. Union has evaluated incremental energy efficiency opportunities, facilities abatement initiatives, as well as new technologies. Generally, these opportunities cannot be advanced, because they are not cost-effective at this time. Given that cost recovery within the existing regulatory mechanisms (whether DSM, gas supply procurement, or carbon procurement) is largely predicated upon prudence and cost-effectiveness, this represents a barrier to advancing these measures.”

- a) Has Union considered using the Total Resource Cost net benefits used in DSM in its analysis of the cost-effectiveness of abatement measures in Cap and Trade to address the barrier to advancing abatement measures? If no, why not?

**Issue 1.10, OSEA Interrogatory 2**

Reference: Exhibit 3, Tab 1, Page 4 of 24

Preamble: “Union has used the MACC to assess potential incremental cost-effective DSM and energy efficiency programs. Through analysis using this report and the underlying CPS Union has determined that there is no cost –effective incremental energy efficiency programs that would be prudent to pursue at this time within the existing DSM Framework. There were a few incremental cost-effective measures that could be pursued for residential customers if the existing DSM Budget and DSM Framework were revised. Budget changes to the 2015 – 2020 DSM Plan could occur as a result of the DSM Mid-Term Review process, which is expected to be finalized December 1, 2018. This would not have any impact on Union’s 2018 Compliance Plan; however, it could impact future Compliance Plans.”

- a) Please explain Union’s rationale for proceeding with RNG compared to other potential customer abatement measures given that the Board’s 2017 MACC study identified RNG as one of the few abatement measures that was not cost effective under the different long term carbon price scenarios.
- b) Please describe the incremental cost-effective measures identified by Union that could be pursued if the existing DSM Budget and DSM Framework were revised.
- c) What changes does Union think are needed to the existing DSM Budget and DSM Framework that would allow for additional incremental cost-effective measures to be pursued under Cap and Trade? For example, has Union considered exempting Large Final Emitters and using the associated budget to provide cost-effective programs to non-Final Emitters? Has Union considered expanding its DSM programs to other customer segments, for example schools are currently only offered prescriptive programs and could be offered custom programs?

**Issue 1.10, OSEA Interrogatory 3**

Reference: Exhibit 3, Tab 1, Page 6 of 24

Preamble: “Union is also proactively addressing cost-effectiveness by working collaboratively with government to pursue funding that will allow customer abatement initiatives (such as RNG) to proceed.”

- a) Is Union actively seeking government funding for customer abatement initiatives, other than RNG? If so, please describe all customer abatement initiatives for which government funding is being sought.
- b) Given that the feasibility of RNG is heavily dependent on securing funding from the provincial government, has Union considered prioritizing other abatement initiatives that do not rely on government funding? If not, please explain Union’s rationale for prioritizing seeking government funding for RNG.

**Issue 1.10, OSEA Interrogatory 4**

Reference: Exhibit 3, Tab 4, Pages 6-8,13 of 60

- a) For the abatement measures identified in Table 1, please provide Union’s analysis of Union’s guiding principles that it developed to screen abatement measures (e.g. available funding, timing, support of government targets, efficient and rational development, applicable regulatory constructs).
- b) Has Union considered other abatement initiatives not listed in Table 1? If so, please provide Union’s rationale and its analysis for excluding those abatement initiatives from consideration.
- c) Has Union prepared its own MACC that it used to consider potential abatement measures? Has Union conducted any additional studies about potential abatement measures that it used to screen abatement measures? If so, please provide.

**Issue 1.10, OSEA Interrogatory 5**

Reference: Exhibit 3, Tab 4, Pages 13-16 of 60

- a) Does Union have any current proposed expenditures for the Low Carbon Initiative Fund?  
If so, please describe.
- b) Does Union propose that any costs incurred to-date will be recovered through the LCIF or will it only be used for future expenditures once it is approved?
- c) Will customers be able to access funds through the LCIF to explore potential pilot programs and abatement measures or will it only be used for Union's costs?
- d) Has Union explored obtaining funding from the government to support the LCIF instead of it being recovered through customers?
- e) If the LCIF is not approved, is it Union's intention to not continue to proceed with the existing and proposed pilot programs for the abatement measures identified in stage 2 of the Initiative Funnel?

**Issue 1.10, OSEA Interrogatory 6**

Reference: Exhibit 3, Tab 4, Pages 40-43 of 60

- a) Please explain why Union believes that any cost-effective opportunity for abatement identified by the CPS and/or MACC should be pursued within the DSM Framework and not Cap and Trade.
- b) Please provide Union's analysis that it used to determine that there were no cost-effective abatement opportunities at the LTCPF's minimum or mid-range price scenarios.
- c) Please provide Union's analysis that it used to determine that there were no cost-effective commercial/industrial abatement opportunities incremental to Union's existing DSM programs.
- d) What were the cost-effective abatement opportunities that Union identified for the residential sector? Why does Union believe that these abatement opportunities should be pursued through DSM instead of Cap and Trade?

**Issue 1.10, OSEA Interrogatory 7**

Reference: Exhibit 3, Tab 4, Pages 44-45 of 60

- a) Please provide a copy of the Union's Facility Abatement study.
- b) Please provide Union's analysis in evaluating the potential facilities abatement projects that it considered.