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March 9, 2018

Ms Kirsten Walli  
Board Secretary  
Ontario Energy Board  
27th floor  
2300 Yonge Street  
PO Box 2319  
Toronto, ON  
M4P 1E4

RE: EB-2017-0323

GEC Interrogatories on evidence from Union Gas

Dear Ms Walli,

Please see enclosed two copies of GEC's interrogatories for Union Gas. These have been distributed by email to all parties, and uploaded to the Board's RES system.

Sincerely,

*original signed by*

(Mr.) Kai Millyard  
Case Manager for the  
Green Energy Coalition

ec: All parties

## **GEC Interrogatories for Union on its 2015 DSM Clearance (EB-2017-0323)**

1. Regarding Exh. A/Tab 1, p. 7, Table 2:
  - a. Please confirm that the only difference between the Shareholder Incentive and Lost Revenue values under the “2015 Audited Results” and “2015 Audit Adjusted Results” columns is that the 2015 Audit Adjusted Results column uses different Custom Measure NTG assumptions than the 2015 Audited Results column.
  - b. If there are differences other than Custom Measure NTG assumptions, please identify all other such differences and explain the basis for them.
  - c. Please provide Union’s calculation of its proposed shareholder incentive, including all relevant assumptions at the measure level (provide at the project or program level for cases in which measure level information is not used), in an Excel spreadsheet with all formulae intact. The calculations provided should include, at a minimum, each of the following for each measure:
    - i. the measure name/description (or project or program, if measure level information was not used);
    - ii. the number of units participating;
    - iii. the gross per unit first year m<sup>3</sup> savings;
    - iv. the measure life;
    - v. the gross total first year savings across all units (i.e. units multiplied by first year savings);
    - vi. the gross total lifetime savings across all units (i.e. units multiplied by first year savings multiplied by measure life);
    - vii. the NTG assumption;
    - viii. the net total first year savings (i.e. units multiplied by first year savings multiplied by NTG ratio); and
    - ix. the net total lifetime savings (i.e. units multiplied by first year savings multiplied by measure life multiplied by NTG ratio).
2. Regarding Exh. A/Tab 2 p. 32: Union states that if secondary attribution were included in the NTG results, the NTG rate for its customer C&I program would have increased from 39% to 45% and the NTG for its Large Volume Direct Access program would have increased from 8% to 12%. Please provide an estimate of how just changing the NTG to include secondary attribution effects would change the EC’s estimates of first year savings, lifetime savings and the \$7.447 million shareholder incentive shown on Exh A/T1 p. 7, table 2.
3. Regarding Exh. A/Tab 2 p. 38: Union contends that “the unique design of Union’s Large Volume Direct Access program is incompatible with the concept of a NTG study.”
  - a. Is Union suggesting that there is no value in understanding what the NTG ratio is for this program? Please explain the rationale for the response.
  - b. Is Union suggesting that an NTG ratio not be used for the purpose of assessing the utility’s performance relative to goals (and therefore to shareholder incentive calculations)? Please explain the rationale for the response.
  - c. Is it Union’s contention that it cannot have any influence on free ridership for this program – either through provision of technical support, financial analysis and/or other

means at its disposal? Or is the company suggesting that while it has some influence over free ridership, that influence is not as great as for customers who are not in self direct programs? Please explain the rationale for the response.

4. Regarding Exh. A/Tab 2/ Appendix A, p. 3: In the second bullet under transparency, Union's draft EAC charter states that all calculations of savings estimates or related financial issues would be provided to the utilities to enable them to confirm the reasonableness of said calculations. Why did Union suggest only the utility members of the EAC would have this opportunity? Why not other members as well?
5. Regarding Exh. A/Tab 2/ Appendix A, pp. 3-4: under the EAC Charter Accountabilities section of its draft EAC Charter, Union identifies a number of items for which "EAC member accountabilities include providing input, guidance and advice." (emphasis added)
  - a. To whom would the EAC members be providing such input, guidance and advice?
  - b. How would decisions that consider such input, guidance and advice be made? Is the intent that the EAC would endeavor to reach consensus as in the past under the TEC? If so, what would happen if there was not consensus – i.e. if there was conflicting input, guidance and advice from different members of the EAC – on non-policy issues such as evaluation priorities in plans, budget allocation, contractor selection, etc.? Who would make decisions in such cases?
  - c. The proposed charter suggests that any disagreements on policy issues would require adjudication by the Board. Given the frequency with which policy issues have arisen in the EAC discussions over the past two years, wouldn't the need to wait for Board adjudication impose significant delays in completing audits and/or other evaluation work?
  - d. On p. 2 of Union's proposed EAC Charter, Board Staff is listed separately as the EAC Coordinator and not as an "Active Member" of the EAC. Does that mean that the Union is suggesting that Board Staff would not be accountable – or have the right – to provide "input, guidance and advice" on the bulleted items for which EAC members would be accountable? Please explain the rationale for the response.
6. Regarding Exh. B/Tab 1 p. 18 of 86, TRC cost-effectiveness results shown in table 4.0 of Union's 2015 DSM Annual Report:
  - a. Please confirm that the "net TRC" column is the net present value (NPV) of "net benefits" (i.e. NPV of benefits minus NPV of costs). If not, please explain what it is and why it is different than NPV of net benefits.
  - b. Please confirm that the "net TRC" values were computed using the "TRC Plus" methodology (i.e. (1) avoided gas costs with a 15% non-energy benefits adder plus (2) avoided electric costs with a 15% non-energy benefits adder plus (3) avoided water costs). If that is not confirmed, please explain what test was used and why something different than TRC plus was used.
  - c. Please provide a break-down into the following categories, by program and for the portfolio of programs as whole:
    - i. NPV of TRC Benefits broken down by:
      1. Gas benefits (without adders)
      2. Electric benefits (without adders)
      3. Water benefits

4. Non-energy benefits (i.e. the portion of gas and electric benefits associated with a 15% non-energy benefits adder)
    5. Total
  - ii. NPV of costs
  - iii. NPV of net benefits
- d. Please provide all of the assumptions and calculations underpinning the TRC cost-effectiveness results. Please provide them in Excel, with all formulae intact, disaggregated at the measure level (wherever possible). The assumptions should include:
  - i. Measure name
  - ii. Number of measures (used for gross savings calculations)
  - iii. Per unit incremental cost
  - iv. Per unit incentive/rebate cost (please include even though not required for TRC)
  - v. Per unit gross first year gas savings
  - vi. Per unit gross first year electric savings
  - vii. Per unit water savings
  - viii. Measure life
  - ix. Net-to-gross assumption
    - x. Avoided gas costs, with and without non-energy benefits adder
    - xi. Avoided electric costs, with and without non-energy benefits adder
    - xii. Avoided water costs
  - xiii. Discount rate
  - xiv. Other program costs (i.e. other than rebates/incentives)
  - xv. Other portfolio costs (i.e. other than rebates/incentives)
- e. For each measure, please also provide each of the following outputs of the cost-effectiveness calculations:
  - i. NPV of TRC Plus costs,
  - ii. NPV of PAC costs
  - iii. NPV of TRC Plus gas benefits
  - iv. NPV of TRC Plus electric benefits
  - v. NPV of TRC plus water benefits
  - vi. NPV of TRC Plus total benefits
  - vii. NPV of PAC benefits
  - viii. TRC Plus Benefit-cost ratio
  - ix. PAC benefit-cost ratio