



uniongas

A Spectra Energy Company

December 19, 2008

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

Dear Ms. Walli:

Re: EB-2008-0385 - 2008 DSM Input Assumptions – Union's Reply

On November 10, 2008 Union filed its 2008 DSM input assumptions as required by the Board's EB-2006-0021 Decision. The 2008 input assumptions were jointly prepared with Enbridge Gas Distribution and reviewed by each distributor's Evaluation and Audit Consultatives ("EAC"). Union's 2008 input assumptions were fully supported by the Union EAC.

Intervenors provided comment on Union's input assumptions. All parties, with the exception of VECC, supported Union's input assumptions. VECC noted that Union's input assumptions differ from the OPA's assumptions and believes they should be aligned.

Union Gas's 2008 input assumptions are different from the OPA's assumptions for two primary reasons:

- DSM program costs and the calculated per unit costs differ based on size of program, differences in parties' negotiating practices with suppliers and measure related variables. In this regard, there are economies of scale based on results and or targets. Union's programs to date have produced larger results and therefore have lower per measure program costs. Further, by way of example, Union has a chrome 1.25gpm showerhead in its program, whereas the OPA has a 1.5gpm standard cream coloured model).
- Union's program participants have a different profile than the OPA's program participants. For example, Union's DSM program participants are natural gas customers. The OPA targets customers with electric heating and/or water heating. The differences in target energy efficiency program customers' results in different measure inputs and results.

Union submits that the 2008 input assumptions should be approved as filed. Union's 2008 input assumptions are supported by Union's EAC and all but one of the intervenor submissions supported Union. Further, VECC's submission that the input assumptions should be aligned is not practical as noted above.

Yours truly,

[original signed by]

Chris Ripley
Manager, Regulatory Applications

cc: EB-2008-0385 Intervenors of Record
C. Smith (Torys)