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A Spectra Energy Company

June 7, 2010

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St., 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: EB-2008-0346 - DSM Guidelines – Union Gas Limited’s Submission on the Report of the Pacific Economics Group Research**

On March 19, 2010, the Ontario Energy Board (the “Board”) issued the report of Pacific Economics Group Research (“PEG”) entitled “*Top Down*” Estimation of DSM Program Impacts on Natural Gas Usage (the “report”). The report attempted to establish whether a top down estimation of gas savings as a result of Demand Side Management (“DSM”) programs would be feasible given the current data and gas demand models used in Ontario.

PEG undertook a detailed review of the gas demand forecasting models of both Union Gas Limited (“Union”) and Enbridge Gas Distribution. PEG used the information contained in these models, in addition to DSM program information provided by the utilities, to attempt to find a correlation between DSM activity and reduction in average use. The conclusion of PEG is summarized well on page 58 of the report,

*“Overall, PEG’s research did not provide any “top down” evidence that is definitive enough to substitute for the bottom-up methods currently used in Ontario’s gas DSM programs.”*

Given this conclusion, it is the position of Union that the existing “bottom-up” approach should continue to be employed. Union also submits that the current methodology works well and is cost effective.

PEG noted that there are statistical issues with the gas demand forecasting models used by the utilities which impeded their ability to find statistically significant correlations. PEG also commented that the statistical issues result from the models being designed for forecasting purposes, not DSM measurement, and that a new, more robust, model would assist in the development of a “top-down” methodology. The development of the models required to employ a “top-down” approach would be costly and time consuming with uncertain benefits. PEG notes on page 59 of the report,



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*“...developing detailed customer-specific data would likely entail significant costs, and it would take years for enough sample data to be available to facilitate statistical analysis. There is no guarantee that this approach will be successful and yield statistically significant and robust results.”*

Union submits that the development of a model at significant cost, ultimately borne by ratepayers, without clear benefits would not be prudent.

If you have any questions, please contact me at 519-436-5476.

Yours truly,

*[Original signed by]*

Chris Ripley  
Manager, Regulatory Applications

c.c.: EB-2008-0346 Participants  
Crawford Smith, Torys