

OGA INTERROGATORY #12

INTERROGATORY

Issue 1.2 - Should the new business activity – Geothermal Energy Service Program – be considered as part of the utility’s regulated business?¹

Reference: Ex. B, Tab 1, Schedule 1, p. 27-30 & Appendix 11

Preamble:

Enbridge has calculated a service fee of \$25.20 per tonne based on a 10 year customer forecast. However, geothermal loops have easily a 50+ lifetime.

Furthermore, the final report of the Board in EBO 188 states that: “A maximum 10 year forecast horizon will be utilized. For customer attachment periods of greater than 10 years an explanation of the extension of the period will be provided to the Board.” See section 3.2.1.

Interrogatory:

Please:

- (a) Explain why a longer term such as 40 years wasn’t used (which would result in lower than otherwise available monthly rates); and
- (b) Discuss the pros and cons of using a period longer than 10 years.

RESPONSE

- a) The standard approach from EBO 188 is appropriate. Given the relatively new nature of this market and other competing technologies, the Company does not feel it is appropriate to use a customer additions forecast period longer than 10 years.
- b) Pro: Would contribute to slightly lower rates and make the offering more attractive
Con: Higher risk of recovery of deficiencies from early years
Forecasting inaccuracy

¹ Note that these interrogatories also relate to issue 2.3 - Are the services fees for the Geothermal Energy Service Program reasonable and appropriate?