

OGA INTERROGATORY #18

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:

In EB-2016-0004, the OGA submitted a report and interrogatory responses regarding the cost of geothermal. This evidence discussed how the costs of geothermal energy would decline with economies of scale and technological improvements.

Interrogatory:

Please:

- (a) Discuss whether the Enbridge has assumed that the estimated capital costs will decline over time based on economies of scale and technological improvements;
- (b) If not, please put forward Enbridge’s best estimates for the reduction in capital costs due to economies of scale and technological improvements.

RESPONSE

- a) The approach set out in EBO 188 requires the use of current capital and O&M costs and current customer service fees. The service fee setting process the Company is proposing will allow for service fees to be adjusted in future years in the event the capital and O&M costs decline.
- b) All things being equal, the Company expects that the cost of installations will decline over time, assuming growth in the market. Enbridge has not estimated the magnitude or amount of any future changes in capital costs at this time.

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