

ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO
BOARD STAFF INTERROGATORY #1

INTERROGATORY

Issue: A-1

Are the proposed facilities needed? Considerations may include but are not limited to demand, reliability, security of supply, flexibility, constraints, operational risk, cost savings and diversity as well as the Board's statutory objectives.

REF: EB-2012-0451, Overall Proposal
EB-2012-0433, Overall Proposal
EB-2013-0074, Overall Proposal

Preamble

Where applicable, the following questions are to be answered by both Companies separately.

Questions

- a) Please comment on the extent to which TCPL's planned "Energy East Pipeline" (the gas to oil conversion of a portion of TCPL's mainline) has affected, or will affect, should it proceed, the plans for each of the subject applications. Please specifically comment on any timing or scheduling impacts and any impacts to specific forecasts or assumptions underpinning the applications.
- b) To what extent is Spectra Energy Inc.'s planned "Nexus" pipeline relevant to each of the subject OEB applications?
- c) Please provide a map or schematic showing the current situation with respect to gas flowing into, within, and exiting the Province of Ontario. Please indicate what the future gas flows will be, as they are expected post-construction of the subject applications. The objective of the schematic is to show the impact of the subject projects. Please at a minimum indicate volumes and key points of delivery, import, export, and points of custody transfer. Please show, to the extent possible, the improved supply diversity, flexibility, and reduced upstream supply risk.
- d) Please provide a map showing the existing major gas transmission pipelines in southern Ontario from North Bay southwards. Please indicate compressor stations, looping and pipe size. Please also show the location of the proposed facilities.

Witnesses: J. Denomy
C. Fernandes

- e) Please comment on the impact and implications of the recent National Energy Board TCPL Mainline tolls Decision (RH-003-2011) on the subject applications. Please indicate if there are outstanding items with respect to the implementation of the NEB's Decision that could have material implications for the OEB projects. Please provide details of any such material implications.
- f) Please provide a brief narrative as to how the subject applications meet each of the Board's statutory guiding objectives for gas, as found at Part I General (2) of the *OEB Act, 1998*.
- g) Please provide the annual volumetric forecast of Marcellus and Utica shale gas production expected to enter the Ontario gas market over the next 20 years.
- h) Please provide the annual gas volumes received at Dawn over the past 10 years and the expected volumes over the next 20 years.

RESPONSE

- a) TCPL's planned Energy East Pipeline will not impact the scope or the 2015 in service date of the GTA Project, however a delay in the GTA project has significant potential reliability and cost implications for gas supply. The GTA Project enables the Company to replace discretionary supplies with firm short haul supply from Dawn and Niagara Falls thereby increasing reliability of the gas supply portfolio and reducing cost. The Energy East Pipeline project contemplates removal of capacity from the Mainline and has significant implications for the availability of discretionary services and the terms and conditions under which firm service will be offered by TransCanada in the future. As a result, the quantitative benefits associated with the GTA Project have increased significantly both for the GTA and other markets that can be served by sharing Segment A of the GTA Project in the 2015 timeline or beyond. Absent the GTA Project, the Company is of the view that the forecast reliance on discretionary services of approximately 30% of peak day demand will be imprudent and that increased long haul FT contracts will be required for reliability reasons.
- b) The NEXUS pipeline is not relevant to the GTA Project. The GTA Project is a distribution system project and will proceed with or without approval of the NEXUS pipeline.
- c) **Question intended for Union, no Enbridge response required**
- d) **Question intended for Union, no Enbridge response required**

Witnesses: J. Denomy
C. Fernandes

- e) The recent NEB Decision in RH-003-0211 will not impact the scope or the timing of the GTA Project. However the Decision, along with TransCanada's subsequent Review and Variance Application, creates uncertainty and tension between the Eastern Canadian market's desire for access to economic short haul transport versus TransCanada's desire to address the issues on its Mainline. Consequently, it will have significant impacts on the manner in which Enbridge and other Ontario gas users contract for natural gas supply and upstream transportation.

Exhibit A, Tab 3, Schedule 5 contains a discussion of the implications of both the RH-003-0211 Decision and TransCanada's Review and Variance Application. In addition, GTA Project economics, specifically the expected gas supply benefits, will be impacted by the tolls that are ultimately approved by the NEB. Please refer to the response to Board Staff Interrogatory #11 found at Exhibit I.A2.EGD.STAFF.11 for a comparison of the expected gas supply benefits under tolls associated with the NEB Decision in RH-003-2011 and TransCanada's Review and Variance Application

- f) The GTA project meets the Board's Statutory objectives as follows:
- i. The proposed facilities promote competition, create choice and market access for end users through newly available cost effective short haul supply beginning in 2015 to the GTA and potentially to the rest of the province. The proposed facilities will benefit both utility procurement and the direct purchase market.
 - ii. The project increases quality of service by enhancing the reliability of the supply chain. In addition, the project will reduce costs to major consuming areas within the province, as demonstrated in Exhibit A, Tab 3, Schedule 5, paragraph 42.
 - iii. The GTA Project facilitates the rational expansion of transmission and distribution infrastructure by optimizing use of existing infrastructure and coordinated regional planning of new infrastructure through shared use of facilities. Enbridge has worked closely with its suppliers, Union Gas and TransCanada, to review the regional requirements for transport and has arrangements in place that consolidate the needs of the region covering both distribution and transmission.
 - iv. The proposed facilities increase connectivity to Dawn storage and Marcellus production and enable the rational development of storage indirectly by removing a constraint that currently limits market access to storage.

Witnesses: J. Denomy
C. Fernandes

- v. The proposed facilities enable maintenance of a financially viable transmission and distribution system. The enhancements to gas infrastructure in the GTA allows for the service of new growth and supports further densification in the GTA and the Governments 'Places to Grow' policies.
- g) **Question intended for Union, no Enbridge response required**
- h) **Question intended for Union, no Enbridge response required.**