
From: CN=Hilmi Muhammad/OU=CORP/O=Enbridge
Sent: Friday, June 22, 2007 2:27 PM
To: Malini Giridhar
Cc: Keith Irani; muhammad.akhtar@enbridge.com; Hilmi Muhammad
Subject: Recommendation for TCPL CDA to Parkway Capacity Acquisition

Malini, in response to the TCPL Open Season for this short-haul capacity, which is currently under way and expiring June 27, I investigated the need for this capacity for our distribution system customers. This is a proposed new capacity that will be built for November 2009, and thus requires a minimum 10 year contract. My recommendation is for 100,000 GJ/day of this capacity based on the optimization of our portfolio of supply, transportation and storage. I should note that the need for this capacity became necessary after receiving a note from Distribution Planning indicating they have no plans for such an expensive build that will meet our requirements and recommending we go ahead - especially as their analysis showed a large cost advantage to contract with TCPL relative to system reinforcement/build (see Tony Ciccone's June 19, 2007 email).

This new capacity has many advantages including cost savings for the rate payers. Our analysis shows that this capacity replaces to a large degree the expensive peaking supplies at CDA and thus generates savings no less than 1.1 Million dollars per year:

There are many other advantages to this capacity including:

- It help better utilize M12.
- It could and should be nominated throughout the heating season.
- It can meet the growing requirements of the GTA north and east.
- It can avoid supply deficiency under unpredicted cold snaps. Peaking would not be helpful under unpredicted conditions because it would likely not be called on the prior day.
- It reduced the need for seasonal STS withdrawal requirements, thus reducing the need to move IT from CDA to Parkway for STS injections in the summer. The IT diversions cost money and its avoidance due to availability of this new capacity can reduce these costs.
- It will help compliment the GTA requirements when the Parkway takeaway capability from Union Parkway is reduced significantly below 1.6 Bcf. This takeaway capability is weather dependent and can only be used at or near maximum on very cold days. This max declines quickly under less severe conditions.
- Some value may be extracted for the rate payers from marketing some of this capacity in the summer or during periods of low utilization. This is a minor point since the market for this capacity may be ver limited or nonexistent.

The deadline is nearing for bidding on this service, and I'd suggest we finalize the decision for this capacity Monday or Tuesday.

Thanks.
Hilmi