

ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO
ENERGY PROBE RESEARCH FOUNDATION INTERROGATORY #23

INTERROGATORY

Issue A4 What are the alternatives to the proposed facilities? Are any alternatives to the proposed facilities preferable to the proposed facilities?

Ref: EB-2012-0451 Exhibit A, Tab 3, Schedule 7, para 5 Figure 1

- a) Please provide the size of curtailable load relative to Central Region peak day demand for commercial and industrial customers.
- b) Please provide a list of factors such as rates, penalties, gas costs and the relative contribution to reductions in curtailable load that have resulted in interruptible customers going finn.
- c) Please provide information on EGDs forecast of curtailable load from 2013-2025.

RESPONSE

- a) Commercial and Industrial customers taking contracted service are required to establish a Contract Demand volume each year. This represents the maximum volume of gas that the customer can consume at their terminal location on any day during the year. Customers taking gas on General Service (vs. contracted) rates are not bound by a Contract Demand. The total Contract Demand volume for customers located in the CDA during January 2013 was 371,533 GJ.

Customers taking contracted service have the option of a Firm or Interruptible contract. While an Interruptible contract offers a preferred cost structure over Firm, it requires that customers be able to curtail their gas use for all consumption under the Interruptible contract upon notice (4 or 16 hour) from Enbridge. Enbridge considers the Contract Demands of the Interruptible customers in planning for peak day supply. Failing to comply with curtailment puts that customer at risk of financial penalty and requires Enbridge to make other arrangements for supply during the

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peak day incident, thereby putting Firm customers at risk of not receiving gas on that day. The Contract Demand volume that is underpinned by Interruptible customers located in the CDA during January 2013 was 174,339 GJ. For Gas Supply planning purposes to meet Peak Day Demand under Design Day conditions, the Company assumes 80% compliance of its Interruptible customers. This is intended to account for customers using something less than 100% of their Contract Demand volume on the Peak Day, as well as the possibility of not all customers getting off the system at the same time during curtailment.

- b) The issue of curtailment was discussed at length during the System Reliability proceeding (EB-2010-0231). Recognizing the importance of curtailment volumes as a means of meeting peak day demand, the ensuing Settlement Agreement introduced a number of requirements for customers wishing to contract under Interruptible service including demonstrating their ability to curtail by having alternate fuel capabilities, and strengthening penalties for noncompliance to drive customer behavior to more reliable response to curtailment.

To make the curtailment program more effective, the Settlement Agreement also directed that the option of Rate 145-72 (72 hour notification) be eliminated as it provided little functionality to Enbridge's ability to manage a Peak Day condition, nor value to the Rate Payer. This resulted in approximately 100 customers returning to Firm service.

Factors that may influence customers to migrate from Interruptible to Firm service could include; penalties for noncompliance outweighing financial benefit of the rate, changes to Ministry of Environment standards for on-site storage of auxiliary fuel such as underground storage of oil tanks, and cost to maintain a back-up fuel system. There has not been a noticeable trend of customers moving off Interruptible service.

- c) Please see response to b) above for a description of the assumptions Enbridge makes with regard to projected curtailment compliance on peak day. The forecast of curtailable load on peak day is developed at a point in time and held constant over the forecast period. Exhibit A, Tab 3, Schedule 5, Page 28, Table 1 provides the current projection for curtailment on peak day.

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