

ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO
CONSUMERS COUNCIL OF CANADA INTERROGATORY #28

INTERROGATORY

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.

Issue: A.1-CCC-UPDATED 28 Reference: Letter July 24

- a) In a letter dated July 24, 2013, Counsel to TCPL indicated that TCPL considers the MOU to be a valid and binding contract and that it will be seeking enforcement of that contract. Please set out EGD's current views regarding the MOU and its status. Please provide the basis for its position. How will EGD ensure that ratepayers are held harmless from any further actions TCPL might pursue regarding the MOU?
- b) Please explain why the current proposal is the best option for EGD's customers relative to the previous proposals.
- c) Under the prior (2013-04-15) proposal what facilities were available to move gas from Parkway to Bram West interconnect?

RESPONSE

- a) Enbridge considers the MOU agreement ("MOU") to be terminated. The basis for Enbridge's position is laid out in Attachment 1 (Letter to K. Walli, filed 2013-07-10) to this response and attachments A and B therein.

As noted in Undertaking Response JT1.2, in its EB-2011-0210 Decision, the OEB encouraged Union, Enbridge, and TransCanada to consult to determine the most efficient development and use of proposed infrastructure to the benefit of Ontario ratepayers (see pages 126-127). The MOU incorporated these principles in Section 2.1 and created a quid pro quo obligation for TransCanada to provide market access for Ontario ratepayers in return for the exclusive sharing arrangement. TransCanada did not honor this quid pro quo. Enbridge also notes that in response to Union and Gaz Métro's motion, Board Staff and the vast majority of intervenors

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presented the view that the exclusive sharing arrangement on Segment A is not STAR compliant in the circumstances, supporting Enbridge's view that TransCanada's actions are not consistent with the principles underpinning the Board's Storage and Transportation Access Rule.

Enbridge continues to have discussions with TransCanada to pursue the same principles embodied in the MOU, but would defend the termination of the MOU for the benefit of its customers if TransCanada were to pursue further actions. Given Enbridge has posted a new capacity open season in a non-discriminatory fashion, TransCanada may bid for any capacity it requires along the Parkway to Maple path, and thus achieve similar economies of scale for this portion of the path as proposed under the MOU.

- b) As outlined in Exhibit A, Tab 3, Schedule 9, the changes in the facilities are minor and do not materially alter the previously submitted record. The gas flows and contemplated gas supply changes are identical to the previous submission, with the exception of finalization of the pipe size at NPS 42 and an additional approximately 6.5 km length of Segment A pipeline to be constructed in order to change the initiation point from Bram West to Parkway West. The additional costs to construct the facilities are offset by a reduction in tolls to TransCanada for this portion of the path. Please also refer to Board Staff Interrogatory #1 found at I.A3.EGD(Update).STAFF.1.

As noted in the response to Board Staff Interrogatory #4 at Exhibit I.A3.EGD(Update).STAFF.4, a NPS 42 Segment A pipeline designed to transmission pressure can be utilized for the eventual coordinated build out of the Parkway to Maple path. With this arrangement, 60% of the revenue requirement of this pipe will be borne by ex-franchise shippers. In the event that no shippers take transmission service, a NPS 42 size is required to meet distribution needs in the GTA. Therefore, a NPS 42 for Segment A provides the flexibility to deal with different outcomes while still protecting ratepayer interests.

- c) The previous proposal contemplated that gas would be moved along the Parkway to Bram West portion of the path through TransCanada's mainline system. Enbridge understands that TransCanada has a NPS 36 and a NPS 42 pipeline from Parkway to Bram West. These pipelines are part of the Parkway to Maple portion of the TransCanada's mainline that connects Union's Dawn to Parkway system to TransCanada's Eastern Ontario Trangle portion of the mainline. The Parkway to Maple short haul path is currently constrained, and the transmission portion of the Segment A pipeline is expected to be utilized to alleviate this constraint with additional downstream infrastructure that connects to or near Maple.

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