

**ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO  
CANADIAN MANUFACTURERS & EXPORTERS INTERROGATORY #1**

**INTERROGATORY**

Issue: A3

*Are the costs of the facilities and rate impacts to customers appropriate?*

Ref: Exhibit A, Tab 3, Schedule 9, pages 2-4

Preamble

EGD's updated evidence acknowledges that there exists a "dependency" on Segment A for transportation benefits along the Parkway to Maple path. CME understands that these transportation benefits could flow to Ontario ratepayers outside of EGD's distribution area, in particular, in Union North.

Questions

CME wishes to better understand the potential rate impacts that these dependent transportation benefits may have on Ontario ratepayers. Within this context:

- (a) Has EGD undertaken any analysis, including an economic feasibility analysis, of the "dependent transportation benefits"? If so, please provide a copy of the analysis. If no analysis has been conducted, please explain why not.
- (b) In Exhibit M.TCPL.CME.I, TCPL provided its analysis of:
  - (i) the potential consequential impact long-term on all TCPL tolls paid by Ontario gas users as a result of TCPL's loss of long-haul revenue;
  - (ii) the additional cost that Ontario gas users will incur as a result of constructing facilities to accommodate new short-haul capacity; and
- (c) The savings that Ontario gas consumers could realize by sourcing more gas through short-haul transportation services.

Does EGD agree with TCPL's analysis? If not, please explain which aspects of the analysis EGD disagrees with.

Witness: J. Denomy

## RESPONSE

- a) No, Enbridge has not conducted any analysis or economic analysis of the dependent transportation benefits associated with a complete build out of the Parkway to Maple path. The primary focus of the GTA Project has been the distribution needs of customers in the GTA Project Influence Area. Completing the Parkway to Maple path and increased market access has the potential to create transportation benefits to all downstream markets including Enbridge's customers in the Ottawa area. Enbridge expects to conduct an analysis once sufficient information is available on TransCanada tolls associated with creating market access for these downstream markets. The rate impacts on Ontario ratepayers are dependent not only on resolution of the tolling issue but the availability of sufficient capacity to meet gas needs as a result of redeployment of gas facilities to oil. Please also see the response to IGUA #1 at Exhibit I.A1.EGD (Update).IGUA.1.
- b) and c) Enbridge agrees with TransCanada's analysis to the extent that the calculations appear to be correct based on the assumptions made. Enbridge would disagree with TransCanada's suggestion that recent basis differential between Empress and Dawn of \$1.50/GJ is representative of what can be expected to prevail indefinitely. Recent basis values between Empress and Dawn are reflective of TransCanada's exercise of pricing discretion and will have consequential market impacts such as lower reliance on services that TransCanada has pricing discretion over and/or concomitant changes in production and exports from Western Canada and the emerging supply basins. Enbridge expects these basis values will be transitory and not sustainable over the long term. In addition, TransCanada's analysis does not incorporate the costs associated with sourcing year round long haul transport for meeting seasonal needs.