

ENBRIDGE GAS DISTRIBUTION INC. RESPONSE TO
CONSUMERS COUNCIL OF CANADA INTERROGATORY #31

INTERROGATORY

A3. Are the costs of the facilities and rate impacts to customers appropriate?

Reference: Ex. A/T2/S1/p. 8

- a) Please explain more fully what is meant by a “Financial Backstopping Agreement.” What does Enbridge hope to achieve by such an agreement? Has Enbridge previously negotiated any such type of agreement?
- b) What will be the impact on the proposal if Enbridge is unable to include Financial Backstopping Agreements with potential shippers?

RESPONSE

- a) The development and construction of the Segment A pipeline (referred to as the ‘Albion Pipeline’ in the open season materials) will benefit both Enbridge’s distribution customers as well as any third party shippers. Accordingly, it is reasonable to require third party shippers seeking to benefit from the Albion Pipeline to be allocated an appropriate share of the risk associated with all or a portion of the Albion Pipeline not being constructed as a result of certain conditions precedent (as set forth in the Precedent Agreements to be entered into with shippers) not being satisfied or waived. A copy of the Precedent Agreement and Financial Backstopping agreement can be found in Attachments to I.A1.EGD (Update).BOMA.2.

Financial Backstopping Agreements are common practice in the industry.

- b) The execution of the Financial Backstopping Agreement is an integral part of the agreement for Rate 332 service.

Witness: C. Fernandes