

**TransCanada PipeLines Limited Response to
Council of Canadians Interrogatory #1**

Reference: EB-2012-0451: Exhibit A, Tab 3, Schedule 5, para. 52

52. TransCanada recently held an Existing Capacity Open Season for non-renewable service on various Mainline paths with service terminating in October 2015. In addition TransCanada also announced that it will be holding a binding open season to obtain firm commitments from interested parties for a pipeline – The Energy East Pipeline - to transport crude oil from Western Canada to Eastern Canadian markets. The Energy East Pipeline involves converting approximately 3,000 kilometers of the Mainline to crude oil service in addition to the construction of approximately 1,400 kilometers of new pipeline.

- Request:**
- (a) Please describe the Mainline pipeline facilities.
 - (b) Please describe the results of the open season, including the nature and extent of shipper interest and/or commitments made in respect of the Energy East Pipeline Project.
 - (c) Does TCPL intend to file an application with the National Energy Board to seek approval, *inter alia*, for the conversion of Mainline facilities from gas to oil use? If so, please describe the approvals that will be sought and the timing for the application.
 - (d) If TCPL is planning to proceed with the Energy East Pipeline Project, to what extent will mainline facilities still be available to provide gas services to Ontario?

Response:

- (a) TransCanada assumes the question is referring to Mainline facilities that will be transferred to the Energy East Pipeline. Please refer to the response to BOMA 4(d) and (e).
- (b) Please refer to the response to BOMA 4(a) through (c).
- (c) Please refer to the response to BOMA 4(a) through (c).
- (d) Please refer to the response to BOMA 4(d) and (e).

**TransCanada PipeLines Limited Response to
Council of Canadians Interrogatory #2**

Preamble: COC IR #2 posed the following questions to Enbridge and Union Gas in respect of the reference set out in the preceding IR 1 above:

- Would Enbridge agree that the reduction or loss of gas supply service on the TCPL Mainline undermines supply diversity to the GTA, and if not, why not?
- Would Union agree that the reduction or loss of gas supply service on the TCPL Mainline undermines supply diversity to the GTA, and if not, why not?

In response Enbridge stated:

Enbridge does not agree that reduction of gas service on the TCPL undermines supply diversity to the GTA. Enbridge plans to increase access to supply basins and market hubs which will increase supply diversity rather than reduce it. Enbridge has no plans to eliminate supply from the WCSB.

In response Union Gas stated:

No, Union disagrees with this statement. Replacing supplies from one basin, the WCSB, with access to multiple supply basins, through additional access to Dawn, creates increased diversity. Through the GTA project and the Union facilities being proposed, Enbridge will be gaining additional access to Dawn based supplies which may include WCSB supplies delivered via TCPL. Dawn is a diversified and liquid supply point with many pipeline connections providing access to multiple supply basins.

- Request:**
- (a) Does TCPL agree with the response given by Enbridge to COC IR 2, and if not why not?
 - (b) Does TCPL agree with the response given by Union Gas to COC IR 2, and if not why not?

Response:

(a) and (b)

TransCanada does not agree with the responses.

Any loss of firm gas supply service on the TransCanada Mainline is entirely the choice of Enbridge and Union. Enbridge and Union supply from the WCSB through TransCanada will be reduced as a result of the contractual changes proposed by Enbridge and Union in these proceedings. Both LDCs will be more reliant on supply from Dawn and Union's Dawn-Parkway system.

To the extent that the eastern LDCs choose not to contract for long term firm service on the Mainline, TransCanada may not maintain capacity that accesses WCSB supplies over time (also please refer to the response to SEC 1). There is no requirement for TransCanada to maintain capacity above the level required for firm contracts.

As a result of the potential reduction in Mainline capacity accessing WCSB supplies, the eastern LDCs become almost totally dependent on the Union system for gas supply. Although the Union System accesses gas supplies from different basins, an operational incident on the Union System or on the Vector Pipeline could make these supplies unavailable to the eastern LDCs. This as a reduction in supply diversity.

**TransCanada PipeLines Limited Response to
Council of Canadians Interrogatory #3**

Preamble: The rapid development of shale gas in the United States has played a key role in displacing demand on the TCPL mainline and exerted considerable price pressure on those still shipping on that pipeline. In response TCPL has taken various steps to deal with the problem of decreasing shipments.

Reference: EB- 2012, Exhibit A, Schedule 5, para. 27; and EB-2012 – 0433, Application Section 4, Changing Gas Supply Dynamics, para. 31(c), p.33/121:

Suspension of the integrity work results in discrete sections of the Northern Ontario Line being “locked in” at derated pressures allowing no natural gas to flow on these sections of pipeline. These sections remain filled with natural gas and can be used in emergency situations to backstop deliveries to northern Ontario customers.

Union is not aware of any publically released long-term plans to complete the 2012 integrity program to restore capacity across northern Ontario. Combined with the conversion of a further portion of the TCPL Mainline to crude oil service, suspension of the integrity programs would significantly impact the capacity of the Northern Ontario Line and TCPL’s ability to supply natural gas to Ontario. IDEM

Citing this evidence, COC IR5 posed the following questions to Enbridge and Union Gas:

5. (a) Do TCPL actions in regard to its Mainline present consumers in Ontario and/or the GTA with a supply risk with respect access to WCSB gas resources, and if so, have efforts been made by Enbridge and/or Union to ameliorate this risk.
- (b) Would Enbridge agree that replacing gas supply from the WCSB with imports from the United States will exacerbate the problems that have lead TCPL to take the steps that will reduce the capacity of the Mainline to supply natural gas to Ontario?
- (c) Would Union agree that replacing gas supply from the WCSB with imports from the United States will exacerbate the problems that have lead TCPL to take the steps that will reduce the capacity of the Mainline to supply natural gas to Ontario?

To which Enbridge responded as follows:

- a) Yes, to the extent that Enbridge and therefore its customers must

continue to rely on unsecured and discretionary supplies in order to meet customer demand. The effort being made by Enbridge to ameliorate this risk is the GTA Project.

- b) No. Enbridge does not have plans to eliminate WCSB supply from its gas supply portfolio and plans to retain all of its existing firm transportation contracts with TransCanada.
- c) Question is for Union Gas.

and Union Gas responded as follows:

- a) Union believes that TCPL's actions related to the Mainline create risk for customers in Ontario. Please see the response to Exhibit I.A1.UGL.Staff.1 a) and Exhibit I.A1.UGL.Staff.3

Request:

- (a) Does TCPL agree with the response given by Enbridge to COC IR 2, and if not why not?
- (b) Does TCPL agree with the response given by Union Gas to COC IR 2, and if not why not?

Response:

(a) and (b)

No. The question asks "Do TransCanada actions in regard to its Mainline present consumers in Ontario and/or the GTA with a supply risk with respect access to WCSB gas resources..." It is TransCanada's view that it is the actions of the eastern LDCs, namely their failure to renew firm contracts on the Mainline, that present Ontario and/or the GTA with supply risk from the WCSB (please refer to the response to CME 1(a) for a review of historical contracting).

TransCanada manages its pipeline operations to satisfy all of its firm contractual commitments and continue to operate in a safe and efficient manner. The integrity work in sections of the Northern Ontario Line (NOL) was suspended because the capacity was not required to meet firm contractual commitments and to reduce costs. Therefore, these actions have no effect on access to WCSB resources for firm contract holders. TransCanada has no obligation to maintain capacity associated with firm contracts that have expired or not been renewed. The LDCs can create risk of accessing supply by choosing not to contract for firm service on TransCanada.

TransCanada disagrees with Enbridge's response to part (a) of the request, stating that that the GTA project is a response to the supply risk caused by TransCanada's suspension of integrity work on the NOL. This is not possible as TransCanada first

announced the suspension of the integrity work on the NOL well after Enbridge proposed its GTA Reinforcement project.

In response to the question posed in (b) and (c) “Would Enbridge/Union agree that replacing gas supply from the WCSB with imports from the United States will exacerbate the problems that have lead TransCanada to take the steps that will reduce the capacity of the Mainline to supply natural gas to Ontario?”. TransCanada’s comment would be that yes, any actions taken by customers that results in reduced firm long-haul contractual commitments and consequently un-contracted Mainline capacity would cause TransCanada to investigate the viability of re-purposing those assets.