

CONFIDENTIALITY

1. It is clear from both the The Climate Change Mitigation and Low-carbon Economy Act, 2016 (“Climate Change Act”) and from the Report of the Board in respect of the Regulatory Framework for the Assessment of Costs of Natural Gas Utilities’ Cap and Trade Activities (EB-2015-0363) (“Framework”) that certain activities which Enbridge will necessarily undertake to meet its Cap and Trade obligations must be done in a manner which ensures the integrity of the market and is in confidence. The Climate Change Act contains specific prohibitions against conduct which would constitute a market fraud or market manipulation. It also contains specific prohibitions against the disclosure of certain types of information under Section 32. Specifically, sub-sections 32(6) and (7) state as follows:

(6) No person shall disclose whether or not the person is participating in an auction.

(7) No person shall disclose information relating to the person’s participation in an auction, including the person’s identity, bidding strategy, the amount of the person’s bids for a specified quantity of emission allowances and the financial information provided to the Director in connection with the auction.

2. Subsection 32(9) reads: Subsection (6), (7) and (8) do not apply with respect to a disclosure to such persons as may be prescribed. Under Section 65 to Ontario Regulation 144/16 “The Cap and Trade Program” the Board is a prescribed person. It is therefore a statutory requirement that the information identified in subsections 32(6) and (7) must not be disclosed to any person other than the Board.

3. The Framework recognizes these disclosure limitations and notes at page 9:

The OEB recognizes that the Ontario Cap and Trade market is still nascent, and that the protocols and procedures surrounding confidential information must evolve as the market matures. The OEB believes that, in the early stages of the market’s development, the appropriate approach must not only comply with the *Climate Change Act* and

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associated regulations, it should also be cautious and have regard to market integrity in order to protect customers from undue costs while still making appropriate information publicly available where possible.

4. The Board has set two categories of strictly confidential Cap and Trade Information: Auction Confidential and Market Sensitive Confidential information. Specifics and examples of such information are included at page 10 of the Framework. Enbridge notes that where information is either Auction Confidential or Market Sensitive, it will be automatically treated as strictly confidential and will only be reviewed by the Ontario Energy Board.
5. Enbridge further notes that the Framework requires that the utilities file redacted versions of Auction Confidential and Market Sensitive Confidential information. Where this is appropriate, Enbridge has done so but notes that in respect of some filings, there would be no practical benefit in filing a redacted document, given the extensiveness of the redacting.
6. Enbridge agrees with the Board that the Ontario Cap and Trade market is still nascent and that the protocols and procedures surrounding strictly confidential information must evolve as the market matures. Enbridge also agrees that it is appropriate to exercise caution at this stage. This is of particular importance in 2017 when the Cap and Trade market will be limited to Ontario. Enbridge believes it is important to provide a period of time where all parties can become more familiar with the Cap and Trade markets, as well as regulatory and compliance protocols. Once parties have gained experience, compliance protocols and procedures can evolve appropriately.

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7. The Board has also recognized that in addition to Auction Confidential and Market Sensitive information, there may be other information, specifically information that is commercially and strategically sensitive, that may impact Enbridge's competitive position, that should be treated in confidence. In cases where Enbridge wishes to keep commercial and/or strategic information confidential, a request will be made in accordance with the Board's existing Rules and Practice Direction if and when applicable. Enbridge requests that at this early stage of the Cap and Trade market, the Board should err on the side of caution in making its determination about the appropriateness of treating information strictly confidentially.

8. In California there has been an evolution in respect of Confidentiality protocols. In a recent Application before the Public Utilities Commission of the State of California (13-08-002) involving an application by Southern California Edison Company (U338E) for Approval of its Greenhouse Gas Cap and Trade Program Costs and Revenue Allocation, the Commission ordered changes relative to previous applications with respect to confidentiality protocols. The Commission held that Total forecast GHG costs or revenue requirements using a proxy price should no longer be treated in confidence. Pursuant to Attachment A of document D-14-10-033, the Commission held that this information should be made public.¹

9. Despite the decision of the California Commission, Enbridge is of the view that at this early stage of the Ontario market, such information should be treated and received in strict confidence. Releasing market sensitive information could provide inappropriate advantages to market participants that could ultimately increase the costs of compliance to Enbridge's customers.

¹ Decision on Application 13-08-002 Before the Public Utilities Commission of the State of California a Matter of the Application of Southern California Edison Company (U338E) for Approval of Greenhouse Gas Cap-and-Trade Program Cost and Revenue Allocation. Page 1

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10. The information below outlines the various exhibits within this filing to which Enbridge is requesting strictly confidential treatment. The exhibits are divided amongst the three categories: Auction Confidential, Market Sensitive Confidential and Commercially Sensitive information. In respect of each of the exhibits, Enbridge includes a note as to why such information should be classified as either Auction Confidential or Market Sensitive or, in the case of commercially sensitive information, why a request for confidential treatment should be approved in accordance with the Board's Practice Direction on Confidential Filings. It should be noted that several Exhibits contain both Auction Confidential and Market Sensitive Confidential information and thus appear in each of the subject tables below.
11. In its January 11, 2017 letter to Enbridge, the Board asked Enbridge to review areas of evidence it outlined which it proposed be placed on the public record (the "Listed Evidence") and file either updated redacted versions of the documents or provide any objections and explanations why any portions of the Listed Evidence should not be on the public record. Table A identifies with high-level reasons those sections identified from the Listed Evidence in the Board's letter which Enbridge Gas believes must remain strictly confidential due to prohibitions against the disclosure of auction and market sensitive information under the Climate Change Act and/or Regulations.
12. There are numerous reasons why the Company believes that some of the items included in the Listed Evidence identified by the Board are strictly confidential and should not be disclosed. In a number of instances, to state the reason(s) specifically would amount to revealing the very information that should not be disclosed and hence it is inappropriate to state in a public document. What can be stated which is applicable to all of the items that Enbridge believes are strictly confidential is that it believes that the information which has been redacted, either on its own or in

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combination with information found elsewhere on the public record, could be used by a third party to take actions which could negatively affect the Company's ability to minimize the costs of its Compliance Plan and/or it would provide information about the procurement option strategies that the Company has considered and is proposing. For example, the fact that the Company is or is not pursuing a particular strategy or the extent to which it is proposing a particular strategy in part are matters that should not be disclosed. To the extent that third parties are able to take steps based on information disclosed which results in an increase in the cost of Enbridge meeting its compliance obligations, then ratepayers will be negatively affected. It is Enbridge's view, particularly given that 2017 is the first year of market operation in Ontario and given that the carbon market only operates in Ontario in 2017 that a conservative approach should be taken to what information is disclosed. Accordingly, where items included in the Listed Evidence could provide any indication of Enbridge's auction and Compliance Plan strategies, Enbridge believes that the information must necessarily be strictly confidential consistent with the requirements of the Climate Change Act.

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Table A: EGD Proposed Exceptions to OEB Proposed Redaction Removal

Exhibit Item	Reference	Paragraph (unless otherwise noted)	Treatment (extent of disclosure)	Rationale
C-1-1	Overview of Compliance Plan	10 (last sentence), 14 (first two sentences), and 63 (sentence 2).	Strictly Confidential (OEB, Enbridge Gas)	Market Confidential
C-1-1	Overview of Compliance Plan	6 (last sentence), 8 (last sentence) 24 (first two sentences), and 29 (after "approved").	Strictly Confidential (OEB, Enbridge Gas)	Market Confidential and Auction Confidential
C-1-1, Appendix A	Carbon Market Report	Pages 9 to 10, and pages 35 to 46	Strictly Confidential (OEB, Enbridge Gas)	Market Confidential
C-2-1	Compliance Option Analysis and Optimization of Decision-Making	35 (second half of the first sentence, after the word "options"), 38, and 40.	Strictly Confidential (OEB, Enbridge Gas)	Market Confidential
C-3-5	Compliance Plan – Abatement Activities Facilities	9	Strictly Confidential (OEB, Enbridge Gas)	Market Confidential and Auction Confidential
C-4-1	Risk Management – Identification and Mitigation	4 (bullet c)), 9, 11, 32 (item 2) in second sentence), 37, 45, 48, 55 (last sentence), 60 (second sentence), 62, 66 (first sentence after	Strictly Confidential (OEB, Enbridge Gas)	Market Confidential and Auction Confidential

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Exhibit Item	Reference	Paragraph (unless otherwise noted)	Treatment (extent of disclosure)	Rationale
		"necessary"), 69, 75 (last sentence and footnote), 87 (first sentence to "the Cap..."), 89 (last sentence after "allowances"), 106, 107, 108 (last two sentences), 109 (second sentence), 114, 115, 118, 122, 125 (first two sentences)		
F-1-1	Deferral and Variance Accounts	6 (mid paragraph, short redaction after "estimated at")	Strictly Confidential (OEB, Enbridge Gas)	Auction Confidential

13. The revised tables below outlines the treatment of confidentiality by Exhibit item. Where an Exhibit has been determined to be strictly confidential the Exhibit in its entirety is deemed strictly confidential and will be filed in confidence for the Board's consideration only. Where an Exhibit has sections of the information determined to be strictly confidential it has been Redacted and the redacted version will be filed on the public record. All other Exhibits are considered to be Public.

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Table 1: Treatment of Exhibits

Exhibit Item	Treatment
A-1-1	Public
A-1-2	Public
A-2-1	Public
A-3-1	Public
A-4-1	Public
A-4-2	Public
A-5-1	Public
B-1-1	Public
B-2-1	Public
B-2-1 Appendix A	Public
B-3-1	Public
B-4-1	Redacted
C-1-1	Redacted
C-1-1 Appendix A	Strictly Confidential
C-1-1 Appendix B	Redacted
C-2-1	Redacted
C-3-1	Redacted
C-3-2	Strictly Confidential

Exhibit Item	Treatment
C-3-3	Strictly Confidential
C-3-4	Public
C-3-5	Redacted
C-3-6	Public
C-4-1	Redacted
C-5-1	Public
C-6-1	Public
D-1-1	Public
E-1-1	Public
E-1-1 Appendices A through H	Public
F-1-1	Redacted
G-1-1	Public
G-1-1 Appendix A	Strictly Confidential
G-1-1 Appendix B	Public
G-1-1 Appendix C	Public
G-1-2	Public

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Table 2: Auction Confidential

Cap and Trade Framework Page 10:	Information related to emissions allowances that is prohibited from disclosure by s. 32 of the Climate Change Act (except to 'prescribed persons')		
Time period of confidential classification	Information will remain strictly confidential even after the transactions are concluded.		
Exhibit	Reference / Description	Extent of Disclosure	Confidential Determination
B-4-1	Annual Carbon Price Forecasts	Enbridge Gas Distribution, OEB	Each of these Exhibits respond to the Board's filing requirements which require in respect of allowances the following: i. Number of allowances to be procured ii. Price of allowances iii. Timing of procurement iv. Total forecasted cost v. Forecasted cost per tonne of GHG ² .
C-1-1 & Appendices A & B	Overview of Compliance Plan		
C-2-1	Compliance Option Analysis and Optimization of Decision-making		
C-3-1	Performance Metrics and Cost Information		
C-3-2	Compliance Plan – Allowance Purchase Performance Metrics and Cost Information		
C-4-1	Risk Management – Identification		
F-1-1	Deferral and Variance Accounts		

² EB-2015-0363 Regulatory Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities Appendix A: Filing Guidelines for Natural Gas Utility Cap and Trade Compliance Plans, Page viii

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Table 3: Market Sensitive

Cap and Trade Framework Provision	Information relating to transactions of emissions units on secondary or tertiary markets or offset credits. Information relating to compliance instruments used by a Utility to meet its GHG obligations. ³		
Confidential Classification	Market Sensitive		
Time period of confidential classification	Market Sensitive information will remain strictly confidential even after the transactions are concluded.		
Exhibit	Reference / Description	Extent of Disclosure	Confidential Determination
B-4-1	Annual Carbon Price Forecasts	Enbridge Gas Distribution, OEB	These Exhibits respond to the Board's filing requirements and contain information which relate to bidding strategies in future market activities, secondary and tertiary markets, offset credits, compliance instruments, forecast costs which are market sensitive and other information which if disclosed could compromise the integrity of the markets contrary to the provisions of the Climate Change Act ⁴
C-1-1 & Appendices A & B	Overview of Compliance Plan		
C-2-1	Compliance Option Analysis and Optimization of Decision-making		
C-3-1	Performance Metrics and Cost Information		
C-3-3	Compliance Plan – Offset Credits		
C-4-1	Risk Management – Identification		
G-1-1 Appendix A	Cap and Trade Exhibits		

³EB-2015-0363 Report of the Board Regulatory Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities, Page 10

⁴ EB-2015-0363 Report of the Board Regulatory Framework for the Assessment of Costs of Natural Gas Utilities' Cap and Trade Activities, Page 13

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ADDENDUM January 27, 2017

As of January 27, 2017, the references below, which were filed as strictly confidential on November 15, 2016, have now been placed on the public record.

Exhibit B, Tab 4, Schedule 1 (Annual Carbon Price Forecasts)

- paragraphs 1-3, 5-7, 10-14, 20 – 24 and 29
- headings preceding paragraphs 18 and 25

Exhibit C, Tab 1, Schedule 1 (Overview of Compliance Plan)

- paragraphs 1 – 8 (excluding last two sentences), 9
- paragraph 10 (excluding the first two sentences and the last sentence)
- paragraph 11 (first sentence only)
- paragraphs 14, 16 – 21
- paragraph 22 (first sentence only)
- paragraphs 23, 24 (except first two sentences), 25-28, 29 (excluding last sentence), 30- 32
- heading preceding paragraph 35
- paragraphs 42, 44 (first 2 sentences only)
- paragraphs 45 –62, 63 (except second sentence)
- paragraph 64 (heading and first 2 sentences only)

Exhibit C, Tab 1, Schedule 1, Appendix A (Carbon Market Report)

- entire report excluding specific areas deemed strictly confidential

Exhibit C, Tab 1, Schedule 1, Appendix B (Carbon Strategy Report)

- cover page
- pages 4-5 (excluding last paragraph and heading)

Exhibit C, Tab 2, Schedule 1 (Compliance Option Analysis and Optimization of Decision-Making)

- paragraphs 1 – 4,
- headings preceding paragraphs 16, 25, 27
- paragraphs 17, 19 – 21,
- paragraphs 33 – 40

Exhibit C, Tab 3, Schedule 1 (Performance Metrics and Cost Information)

- paragraphs 1 – 2, 6 – 10

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Exhibit C, Tab 3, Schedule 5 (Compliance Plan – Abatement Activities – Facility)

- paragraph 9

Exhibit C, Tab 4, Schedule 1 (Risk Management – Identification and Mitigation)

- paragraphs 1 – 3, 4 (except bullet “c”), 5-8, 9 (except last two sentences), 10, 12
- heading preceding paragraph 28
- paragraphs 31, 32 (excluding item 2), 34 – 36, 38 – 44, 47, 51, 52, 54, 55 (except last sentence), 56, 58, 59, 60 (except second last sentence)
- paragraph 61 (excluding the last sentence)
- paragraphs 63 – 65, 66 (except first sentence after “...necessary”), 70 – 74, 75 (except last sentence and footnote), 76, 79, 80, 82, 83, 85, 86, 87 (except first sentence), 88, 89 (excluding remainder of sentence after “...surrendering allowances”), 90-92, 94, 95, 96
- heading preceding paragraph 97
- paragraphs 98, 102 – 105, 108 (except last two sentences), 109 (except second sentence), 110, 111, 112 – 113, 117, 121, 123, 124, 125 (except first and second sentences)

Exhibit G, Tab 1, Schedule 2 (Alternate Cost Recovery Statements)

- entire exhibit

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