

STAFF INTERROGATORY #6

INTERROGATORY

**Issue 2 – Cost Consequences**

Topic: RNG Enabling Program

Ref: Exhibit B / Tab 1 / Schedule 1 / p. 15, #44, p. 16, #48, p. 17 # 49, #50 and p.19 #56 and 57

Preamble:

Enbridge Gas states that it can play an important role as facilitator that can assist RNG producers and proposes to offer two services to RNG producers –Upgrading Service and Injection Service. The Upgrading Service is an optional service while the Injection Service is a mandatory service.

In Enbridge Gas' 2018 Compliance Plan (EB-2017-0224, Exhibit C / Tab 5 / Schedule 2 / pp. 8-9, #24 and #25) it also states that it will utilize a tendering process for RNG supplies. Further, it is considering to enter into RNG procurement contracts with terms of up to 10 years in duration.

Enbridge Gas indicates that the appropriate service charge would be included in the contract with the RNG producer. It also outlines its hypothetical example for a single RNG production facility to illustrate how the service charges are to be determined since the service fees will be site specific. For example, under the Injection Service, it will build a pipeline to attach a producer to its distribution system, odourize the bio-methane, measure the gas volumes and energy content of the gas, manage pressures and ensure that the gas meets required specifications.

Questions:

- a) What is status of the provincial funding that is required for Enbridge Gas' procurement of RNG supplies? If Enbridge Gas does not received its required RNG funding from the provincial government, please explain how this will impact its RNG Enabling Program?
- b) Will Enbridge Gas' long-term RNG procurement contracts with RNG suppliers include clauses related to the two services being offered under its RNG Enabling Program? Please explain.
  - i) If so, please provide copies of the contract and/or provide examples of the clauses that will be included in these contracts.

- c) If an RNG supplier chooses not to procure the Upgrading Service, please explain how Enbridge Gas will ensure that the RNG is of the required quality (i.e., impurities have been removed) ?
  - i) What are Enbridge Gas' estimated resources and costs for years 2018, 2019 and years 3-21 associated with ensuring that the RNG is of the required quality? Please explain.
  - ii) How will these costs be recovered? Please explain.
- d) Please provide the service agreements that Enbridge Gas will use for its RNG Enabling Program – Upgrading Service.
  - i) What is expected length of the contract?
- e) Please provide the service agreements that Enbridge Gas intends to use for its RNG Enabling Program – Injection Service.
  - i) What is expected length of the contract?
- f) Under its Injection Service, Enbridge Gas is proposing to build a pipeline to attach a producer to its distribution system. Please explain the range of the length of the pipeline that Enbridge Gas is proposing to build.
  - i) Please explain what is exactly included under its Injection Service.

## RESPONSE

- a) On April 25<sup>th</sup> 2018 the Company was advised by the Minister of Energy that the provincial funding in support of the Company's RNG procurement proposal had been put on hold pending the provincial government election this June. Following the receipt of this notice the Company advised the respondents to its RNG procurement RFP that the RFP process will be put on hold pending confirmation of provincial government funding. In the event that the anticipated funding is not forthcoming the Company will seek out other support and if required revise its RNG procurement proposal that was presented to the Board as part its 2018 Cap and Trade Compliance Plan (EB-2017-0224).

The RNG enabling program is not dependant on the provincial funding. As shown in Exhibit B, Tab 1, Schedule 1, pages 20 to 21, RNG producers have 4 market options. Options a) through c) are not dependant on the Company purchasing the RNG and currently there are a number of customers that have expressed interest in those options, including the City of Toronto.

- b) No. The RNG Enabling services are separate and distinct from any RNG procurement activities the Company may engage in. The RNG Enabling services and RNG procurement activities will be contracted for under separate agreements.
  - i) Please see response to b) above.
  
- c) If an RNG producer chooses not to procure the RNG upgrading service from the Company Enbridge will ensure that the RNG entering the gas distribution system is of the required quality standard through the operation of its RNG injection service. Please see Exhibit B, Tab 1, Schedule 1, page 15, Figure 1. The injection system will include the facilities required to ensure that the RNG entering the distribution system conforms to the required gas quality specifications. Further, the contracts for the injection service will include gas quality specifications. Please see response to e) below for further details.
  - i) These costs are not known at this time as the number, size and in service dates for RNG upgrading and injection facilities are not known at this time.
  - ii) The costs associated with confirming that RNG to be injected into the Company's gas distribution meets quality standards will be recovered from the RNG producer through fees charges under Rate 401.
  
- d) Please see Attachment 1 to this response for a pro forma copy of the Company's Biogas Services agreement, which includes the Upgrading Services Schedule.
  - i) The length of these contracts will vary on a case-by-case basis but are expected range between ten and twenty years in duration.
  
- e) Please see Attachment 1 to this response for a pro forma copy of the Company's Biogas Services agreement, which includes the Injection Services Schedule.
  - i) The length of these contracts will vary on a case-by-case basis but are expected range between ten and twenty years in duration.
  
- f) The range and length of the pipeline to facilitate RNG injection services will vary on a case-by-case basis depending on distance from the RNG production facility to the appropriate injection point on the Company's existing gas distribution network.
  - i) The Company's proposed RNG injection service would include the following; supplying, installing, and operating the injection facilities, including but not limited to planning, designing, procuring, installing, constructing and engineering, commissioning, operating and maintaining equipment (measurement, regulation, compression, odorization, testing and pipeline connection) of suitable capacity and design as is required for Enbridge to provide the injection services.