

ENBRIDGE GAS INC.
Answer to Interrogatory from
Building Owners and Managers Association of Greater Toronto (BOMA)

Reference: Exhibit C1, Tab 1, Schedule 1; Utility System Plan/EGD, p28

Question:

For each of EGD and Union:

- (a) Please provide copies of the business cases for each capital project included in the 2019 capital budget, or a reference to the business case provided in the evidence, including the breakdown into system access, system renewal, system service, and general plant.
- (b) Which of the projects will require Leaves to Construct from the Board?
- (c) Please provide a prioritized list, eg. from 1 to 20 of the projects listed in response to subsection (a);
- (d) Please indicate the priority ranking, within that list, of the projects for which ICM financing is requested in 2019.

Response

- (a) For projects and programs greater than \$2M forming part of the EGD Asset Plan, detailed information can be found at Appendix 7. 2-1 to Appendix 7.2-9.¹

The details for projects and programs greater than \$2M that are part of the Union Asset Plan can be found in Appendix D.²

- b-d) Please see Attachment 1 and Attachment 2. The EGD capital plan was optimized using the Asset Management Process (outlined in Section 4.2). The result addresses the organization's known asset risks and opportunities requiring action over the next 10 years. The details of how EGD completed its optimization are

¹ Exhibit C1, Tab 2, Schedule 1, pages 400 -1459.

² Exhibit C1, Tab 3, Schedule 1, page 185.

included in Section 4.1.3.4 Optimize Portfolio Based on Asset Management Principles (p. 71 - 74). Please refer to the Asset Management Core Process steps Risk Management (Section 4.2.1 p. 79), Solution Planning (Section 4.2.2 p. 83) and Portfolio Optimization (Section 4.2.3 p. 84).³ It should be noted that Enbridge Gas in the EGD rate zone optimizes capital by maximizing the risk reduction of a portfolio of work subject to a constraint such as cost. As such, it is not possible to assign a numerical ranking to each business case. Through the optimization process the Asset Investment Planning Tool seeks to drive the efficient allocation of capital over the 10 year portfolio and will place projects in that 10 year horizon to meet this objective. All of the business cases included in the Asset Plan, and provided in this response, represent work that this organization considers necessary to do and the Asset Management Process allows this work to be assigned to a specific year.

The Union capital plan prioritized investments based on the Asset Management approach as outlined in Section 4.2.1.1.3 Risk Management (p. 51to54) and Section 4.2.1.1.4 Project Prioritization and Selection (p. 55 to 58).⁴

In Exhibit C1, Tab 3, Schedule 1, page 56, the Union AMP outlines the need for a mix of high-priority and lower-priority projects allowing for adjustments to be made in the portfolio as circumstances change. For example, when high-risk or emergency situations arise, the ability to reallocate funding from lower-priority work is beneficial. Maintaining some lower-priority work in the portfolio also allows the organization to be proactive in mitigating risks that if repeatedly deferred will become more significant risks until such time as the organization is compelled to address them in a reactive fashion.

Attachment 1 and 2 include the following information:

- Business Case ID/Unique Identifier
- Investment Category
- Asset Class/Asset Category
- Asset Program/Portfolio
- Project Name/Description
- ICM Eligible
- Mandatory
- Lifetime Risk Return on Investment / Priority
- Spend profile
- Potential for LTC

³ Exhibit C1, Tab 2, Schedule 1.

⁴ Exhibit C1, Tab 3, Schedule 1.