

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, p36; Table 2

Question:

For each of EGD and Union, how much of system access (in millions of dollars) is accounted for by mandatory projects in each year? BOMA defines mandatory projects to be projects required by law, for example, replacements due to road widening, other municipal infrastructure, or other projects requiring compliance. What do EGD and Union include in the category of compliance projects or mandatory projects over and above the projects EGD and Union are legally required to do, as described in this question? Please describe for each of EGD and Union, the capital projects in their respective prioritized list of projects are ones required to mitigate what they describe as an intolerable risk. Please define what they consider to be an intolerable risk, and provide examples.

Response

“System access investments are additions and modifications (including asset relocation) to a distributor’s system that a distributor is obligated to perform in order to provide a customer or group of customers with access to natural gas services via the distribution system.”¹

In the EGD rate zone, 96% of the System Access capital requirements are classified mandatory. In the Union rate zones 100% of the System Access capital requirements are classified mandatory. The EGD and Union rate zones’ capital expenditure for the 10 year planning period for all categories are provided in the USP.²

Mandatory and compliance projects are defined in the EGD rate zone’s AMP at Exhibit C1, Tab 2, Schedule 1, Table 4.1-4, page 74. Excerpts are provided below.

A risk that must be addressed within its required time window. Mandatory risks can be the result of:

¹ Exhibit C1, Tab 1, Schedule 1, page 35.

² Ibid., page 40 – 41.

- Compliance requirements
- Exceeding a risk limit where the risk is assessed within EGD's intolerable risk region
- Third-party relocation driven
- Program work with sufficient history and risk to warrant continuation³

Compliance is defined as:

"Required adherence with applicable laws and regulations, industry codes, standards, and internal policies."⁴

The Union rate zones define mandatory projects at Exhibit C1, Tab 3, Schedule 1, page 57. Mandatory projects are considered Priority 1 and are related to:

- Compliance-related items
- Growth
- Contractual Obligations
- Risk Rank 1 Items

Where, "Risk Rank 1 projects are considered a significant risk that is intolerable and requires notification to the president within 48 hours of discovery. Short-term mitigation plans must be put in place in less than four weeks and the target to implement long-term mitigations is less than six months. In cases where this is not possible, specific approvals must be attained."⁵

The system access category does not contain any projects with an intolerable risk classification.

Please see Exhibit I.BOMA.22 for a complete listing of projects in the Enbridge Gas asset plans.

³ Exhibit C1, Tab 2, Schedule 1, Table 4.1-4, page 74.

⁴ Ibid.

⁵ Exhibit C1, Tab 3, Schedule 1, page 57.