

SEC INTERROGATORY #3

INTERROGATORY

[D1]

Please explain the potential consequences of the proposed changes to TransCanada's Storage and Transportation Service (STS). If the National Energy Board approves the proposed changes, please explain how this will affect Enbridge's 2017 gas supply plan.

RESPONSE

The potential impacts of the changes to Storage Transportation Service ("STS") proposed by TransCanada PipeLines Inc. ("TCPL") are discussed at length in evidence provided by Enbridge in National Energy Board proceeding RH-001-2016 ("the STS proceeding"). TCPL has proposed to implement the changes effective April 1, 2017. An excerpt from Enbridge's written evidence is provided below:

The changes that TCPL is proposing to the primary attributes of STS are fundamental and represent a change to the character of STS. The impacts to EGDI of these fundamental changes are significant and include:

- accumulated STS Balances will be capped, and existing cumulative STS Balances that have been paid for by STS shippers that are above the cap will be terminated which will decrease the operational flexibility of the service while increasing costs since EGDI is forecasting that it will not have sufficient STS Balances to continue utilizing the service as intended by early 2019;
- STS injections will be further restricted, since only 71% of the Withdrawal Quantity will be capable of firm injection while the remainder of injections will not be firm, but instead discretionary in nature thereby significantly decreasing the reliability and flexibility of STS for shippers like EGDI; and
- STS injections will no longer be firm all year, but instead will only be firm during the specified summer period (April through October) which decreases the reliability and flexibility of the service since STS shippers will have to rely on discretionary diversions throughout the rest of the year. This does not acknowledge the operational reality of how STS is used by shippers like EGDI.¹

In addition to impacting the reliability and flexibility of STS through the proposed changes to the primary attributes of STS discussed above, the Company is forecasting that it will incur incremental costs that range from \$0.4 million to \$0.8 million annually²

¹ RH-001-2016 Written Evidence of Enbridge Gas Distribution Inc. dated June 30, 2016 page14

² RH-001-2016 Enbridge Gas Distribution Inc. Responses to the National Energy Board Information Requests 1.3

Witnesses: M. Kirk
D. Small

due to required changes in its gas transportation portfolio as a result of limiting STS to one withdrawal location. The impact to the 2017 gas supply plan would be prorated in accordance with when the required gas transportation contract changes come into effect.

The Company is also forecasting that the elimination of accumulated STS Balances could result in \$0.7 million to \$6.0 million in incremental costs annually starting March 2019³ which will not have an impact on the 2017 gas supply plan.

³ IBID

Witnesses: M. Kirk
D. Small