

BOARD STAFF INTERROGATORY #14

INTERROGATORY

Ref: D1/T2/S11/para10

Please update the status of TCPL's King's North project in-service date. The evidence indicates that King's North is currently expected to be in-service at the end of November 2016. Please elaborate on the implications of a further delay of in-service of King's North on the Company's application for 2017 rates. Please include a discussion of any impacts on the requested GTA-related deferral account.

RESPONSE

King's North Gas Supply Impact

TransCanada published a notice on October 12, 2016 indicating that:

[t]he King's North Connection Project is expected to be completed and in service, subject to the process of acquiring NEB approval of the Leave to Open, November 1, 2016. The Station 130 Unit Addition is anticipated to be in service early December 2016, subject to construction and NEB approval of the Leave to Open.¹

On November 2, 2016, the National Energy Board approved TransCanada's Leave to Open application for the King's North Connection Project subject to certain conditions. Construction on the Station 130 Unit Addition is ongoing.

On November 9, 2016, TransCanada issued a bulletin providing an update on the King's North Connection Project, stating that "the facilities are expected to be fully commissioned within the next ten days, with the actual timing dependent on operating conditions". The bulletin also provided an update on the Station 130 Unit Addition Project, stating it "is anticipated to be in service by the middle of December 2016", but notes "this is still subject to construction and NEB approval of a Leave to Open".²

Both the King's North Connection Project and the Station 130 Unit Addition are required to be in service prior to the Company's contract for 170,000 GJ per day of firm transportation from Union Parkway Belt to the Enbridge EDA coming into service.

¹ http://www.nrgexpressway.com/servlet/nrginfo.ew.notices.ShowNotice?bulletin_id=310499101

² http://www.nrgexpressway.com/servlet/nrginfo.ew.notices.ShowNotice?bulletin_id=310973001

Witnesses: M. Kirk
D. Small
R. Small

If the in-service date is delayed beyond January 1, 2017 any variances in transportation cost would be captured as part of the 2017 Purchase Gas Variance Account.

King's North GTA Related Deferral Account Impact

With regards to the recovery of the approved forecast of costs related to Segment A of the Company's GTA project, within this application rates are proposed which would recover 60% of the costs from Rate 332 transportation customers, and 40% from bundled customers, as was approved in the GTA Project Leave to Construct proceeding, EB-2012-0451. In order for the Company to be able to provide Rate 332 transportation service, TransCanada's King's North Connection Project must be in service. The expectation at the time of filing this rate application was that King's North would be in service for all of 2017, but there was no certainty that it would not be delayed. As a result of the uncertainty, the Company proposed the continuation of the Greater Toronto Area Incremental Transmission Capital Revenue Requirement Deferral Account ("GTAITCRRDA") and a revised Rate 332 Deferral Account ("R332DA") in 2017, to allow for the recovery of forecast GTA Segment A costs in the event that King's North in-service date was delayed into 2017. With the National Energy Board's approval of TransCanada's Leave to Open application on November 2, 2016, Rate 332 transportation is expected to begin at some point during November 2016. With the anticipated commencement of Rate 332 transportation service, neither the GTAITCRRDA nor R332DA is expected to be required in 2017.

Witnesses: M. Kirk
D. Small
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