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via RESS and courier

February 7, 2012
Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

**Re: EB-2011-0242 and EB-2011-0283
Enbridge Gas Distribution Inc. and Union Gas Limited Biomethane Application
Interrogatories to Each of the Applicants**

Shell Energy North America (Canada) Inc. (“Shell Energy”) submits the attached interrogatories to the applicants.

Shell Energy invites the applicants to answer the questions separately, or jointly where their answers might be the same.

Sincerely,

original signed

Paul Kerr
General Manager, Market Affairs
Shell Energy North America (Canada) Inc.
paul.kerr@shell.com

cc: all parties via email

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Issue 1.2

Reference: Exhibit B, Tab 1, pages 11, 15, and 26

The utilities describe their roles as necessary to establish the RNG market, and state, “In the absence of RNG prices and a supporting program, the development of this market is unlikely in the next several years.”

Questions:

1. Please provide the sources of information and explain the rationale used to arrive at this conclusion, including how many years is estimated by “several”.
2. Please provide a definition of a “market”, and compare and contrast this definition to the major elements of the proposal of the utilities.
3. Please describe what the future market will look like, or how it will function, and how this will have benefitted from the involvement of the utilities.
4. Do the utilities support the development of a RNG market that would function much like the current market for conventional natural gas (multiple participants, liquidity, etc.) with contracting and flow both out of Ontario and into Ontario?

Issues 2.1 and 2.2

Reference: Exhibit B, Tab 1, page 14 and Appendix 3

The utilities describe the types of stakeholder meetings held along with the Ipsos Reid survey as sources of information for the application, including the proposed costs related to purchasing biomethane.

Questions:

5. Did either utility discuss with stakeholders the availability and pricing of biomethane in jurisdictions neighbouring Ontario? If yes, what was discovered regarding the availability of supply and pricing?
6. In choosing to contract directly with proposed developers rather than utilize a competitive process seeking offers from developers and marketers inside and outside Ontario, did either utility assess the costs of the options to determine which provided the most benefit at the least cost? If yes, please provide the results and materials.
7. Did either utility request any of their consultants to survey suppliers or investigate the availability of product, pricing, or the functioning of biomethane markets in neighbouring jurisdictions? If yes, what was discovered, and please provide any materials.

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8. Based on the research or activities of the utilities and / or their affiliates, please describe the utilities' understandings with respect to the availability and pricing of biomethane in neighbouring jurisdictions? Please provide any documentation or materials related to this understanding.
9. For any research or analysis performed related to supply from outside Ontario, was there any distinction made between supply from a potential new project developer versus supply from an existing project that could be purchased at market prices from a competitive supplier? If yes, what was analysis?
10. Do the utilities agree that biomethane produced outside of Ontario can be nominated and transported on existing gas pipelines for delivery to Ontario? If no, why not?
11. When describing biomethane to survey respondents and seeking their views on whether or not they support utilities purchasing this source of supply, were the respondents made aware that biomethane could be purchased either inside Ontario, or outside Ontario? If yes, were there any preferences stated and recorded regarding the source options, and what were they?
12. Why were commercial customers of Union Gas excluded from the survey?

Issue 2.6

Reference: Exhibit B, Tab 1, page 24

The evidence related to this issue appears to be limited to a single sentence regarding ownership of environmental attributes on page 24.

Questions:

13. Please confirm that this is the only evidence filed with respect to this issue. If it is not, please identify such evidence and how it relates to the issue.
14. Does the reference to "benefits" of attributes accruing to gas purchase costs imply that the utilities plan to, or may, sell or otherwise monetize the value of the attributes obtained through their purchase of biomethane? If yes, please describe how this would take place under the program or within a market structure.
15. If a GHG or other carbon based regulatory pricing or compliance regime is implemented in Ontario, will a system gas customer be able to request from the utilities a transfer of ownership or possession of the attributes the utilities hold on behalf of the customer?
16. When a customer leaves system gas as result of moving out of province or switching to a competitive supplier, will the customer be able to obtain possession of their attributes, or be credited or charged for the attributes they supported based on the timing of their departure and the state or timing of the purchase of the biomethane?