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May 22, 2012

VIA RESS, E-MAIL & COURIER

Ms. Kristen Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: Ontario Energy Board File No. EB-2011-0140
Designation Proceeding for the East-West Tie Line
Submission of Enbridge Inc.

In accordance with the Ontario Energy Board's Procedural Order No. 2 for the above noted proceeding, enclosed by find the Reply Submission of Enbridge Inc.

Please contact the undersigned if you have any questions.

Yours truly,

{ORIGINAL SIGNED}

Bonnie Jean Adams
Regulatory Coordinator

EB-2011-0140

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Sched. B, as amended.

AND IN THE MATTER OF a Board-initiated proceeding to designate an electricity transmitter to undertake development work for an electricity transmission line between Northeast and Northwest Ontario: the East-West Tie Line.

REPLY SUBMISSIONS OF ENBRIDGE INC.

1. The Board's Procedural Order No. 2 dated April 16, 2012 invited parties to file written submissions pertaining to the issues in Phase 1 of this proceeding to make submissions on or before May 7, 2012. Board Staff made submissions April 24, 2012. Enbridge Inc. ("**Enbridge**") filed submissions on May 7, 2012.
2. The Board issued Procedural Order No. 3 dated May 9, 2012 inviting parties to file reply submissions by no later than noon on May 22, 2012.
3. Enbridge takes this opportunity to reply to certain of the submissions made by EWT LP ("**EWT**") on May 7, 2012 (the "**Initial EWT Submission**").
4. At pp. 10 and 26 of the Initial EWT Submission, EWT asks the Board to impose an additional filing requirement that an applicant has not coordinated or communicated with other applicants with respect to the preparation of their development plans or their strategy in the designation process (the "**EWT**

Condition”), with the proposed sanction being disqualification from the designation process. EWT cites protection of competition as the basis for these submissions.

5. Enbridge urges the Board to reject the EWT Condition for the following reasons:

a. One of the primary objectives of the designation process is to encourage new entrants to the electric transmission market in Ontario and to promote competition, for the benefit of ratepayers. For new entrants to the Ontario transmission market, it may be necessary for applicants to share information to develop informed and comprehensive proposals. Because of the common information requirements, sharing information amongst applicants may lead to a more efficient development plan process. The designation process is novel and untested, and applicants may need to communicate with each other simply to better understand how the process will work. As competitors, applicants will be inherently motivated to maintain confidentiality over commercially sensitive information. Applicants should not, however, be precluded from voluntarily sharing information with each other. Such a restriction may in fact give applicants that possess more information than others (e.g., about local conditions or regulatory compliance) an unfair advantage.

b. As EWT states, Board designation of a transmitter to undertake development work on the proposed East West Tie is a regulatory proceeding, not a commercial procurement. Conditions that may be appropriate in a competitive procurement where price and other criteria are immutable and highly confidential may not be well-suited to this designation process. In fact, the majority of interested parties have submitted that construction cost estimates at this early stage of the process would be imprecise given the fact that no detailed work has been done. Given this lack of detail, the Board would not have enough

information to define or adjudicate on the basis of precise criteria and weightings, as in a commercial procurement. Rather, the Board should be more interested in the general capabilities of the applicants as set out in the development plans. The sharing of information amongst applicants does not impair the Board's ability to assess development plans fairly in this regard.

- c. Even in a competitive procurement, there is often allowance for sharing of information between bidders and with third parties. The Ontario Power Authority ("**OPA**"), for example, in its generation procurement process, specifically allows applicants to communicate for "Permitted Purposes", which the OPA defines as communications for the purposes of electrical connection, site control, community liaison or support, permitting, licensing, engineering and project planning and development, regulatory compliance and compliance with RFP requirements. Enbridge also conducts competitive procurement processes and would generally preclude communication between participants as part of a highly structured bid process where communications between parties on key criteria such as price would clearly be collusive or impair the optimal competitive result. This designation process is more akin to a request for information than a competitive procurement however, and applicants' efforts to create synergies and more effective development plans by sharing information should be welcomed by the Board.
- d. The example that EWT cites to illustrate impairment to competition is that applicants may coordinate their participation and then enter into co-development arrangements once the designated transmitter has been selected. The Board could easily prevent such an outcome by requiring that any co-development arrangements be fully disclosed in the development plans and that material deviations from this disclosure from

the development plan may constitute grounds for disqualification, in the Board's discretion.

6. As noted, the Board should leave the discretion with applicants what information to share, and with whom to share it, within the bounds of the law. Ratepayers may benefit from parties sharing information and coordinating efforts and producing superior proposals. Cooperation and coordination can result in streamlining of efforts and understanding for applicants, and provide assistance to the Board. Increased understanding in the context of this designation process fosters competition and should be encouraged.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

ENBRIDGE INC.



Ryan Farquhar
Director, Power Transmission