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January 26, 2018

**Delivered by Email, RESS & Courier**

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street  
Suite 2701  
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Enbridge Gas Distribution Inc., Union Gas Limited, EPCOR Natural Gas  
Limited Partnership  
2018 Cap-and-Trade Compliance Plan  
(EB-2017-0224/EB-2017-0255/EB-2017-0275)  
Interrogatories from The Association of Power Producers of Ontario**

Please find attached the interrogatories of the Association of Power Producers of Ontario (APPRO) to both Enbridge and Union Gas.

Yours very truly,

**BORDEN LADNER GERVAIS LLP**

Per:

*Original signed by John A.D. Vellone*

John A.D. Vellone

cc: Applicant and Intervenors of record in EB-2017-0224/EB-2017-0255/EB-2017-0275

## **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** an Application by Enbridge Gas Distribution Inc., Union Gas Limited, and EPCOR Natural Gas Partnership pursuant to section 36(1) of the *Ontario Energy Board Act, 1998*, for an order or orders approving rates resulting from the 2018 Cap-and-Trade Compliance Plan.

**EB-2017-0224/EB-2017-0255/EB-2017-0275**

**Interrogatories**

**To**

**Enbridge Gas Distribution Inc. AND Union Gas Limited**

**From**

**The Association of Power Producers of Ontario (APPrO)**

**January 26, 2018**

**QUESTIONS DIRECTED TO ENBRIDGE GAS DISTRIBUTION INC.**

**Low Carbon Initiative Fund**

**APPrO-4**

Reference: i) EB-2017-0224 Exhibit C Tab 1 Schedule 1  
ii) EB-2017-0224 Exhibit C Tab 1 Schedule 2  
iii) EB-2017-0255 Exhibit 3 Tab 4

Preamble: Enbridge Gas Distribution Inc. ("**Enbridge**") is seeking ratepayer funding for a Low Carbon Initiative Fund ("**LCIF**") in the amount of \$2 million.

Questions:

- a) Has Enbridge sought funding for this LCIF from the Climate Change Action Plan ("**CCAP**")? If not, please explain why.
- b) Please confirm that many of the same initiatives being proposed by Enbridge (Table 1 Schedule 2), are also being evaluated by Union Gas Limited ("**Union**") as outlined in reference iii).
- c) For projects funded by Enbridge, will Enbridge share the results with Union?
- d) In light of the common ownership of Enbridge and Union, and the highly similar nature of the two utility's operations, please explain why a single LCIF with coordinated prioritizing of projects would not be a more efficient method of investigating new technologies.
- e) How is Enbridge coordinating its activities with other Canadian and international utilities?
- f) Please explain if any of the activities proposed to be funded from the LCIF could be funded from the DSM budget?

## APPrO-5

Reference: i) EB-2017-0224 Exhibit C tab 5 Schedule 1  
ii) EB-2017-0224 Exhibit D Tab 1 Schedule 1  
iii) EB-2017-0255 Exhibit 3 Tab 5

Preamble: Enbridge is seeking approval for two additional FTEs at an annual cost of \$350,000. APPrO would like to understand the degree of cooperation between the utilities and if further coordination is possible to reduce the cost burden on customers.

### Questions:

- a) In light of the common ownership between Enbridge and Union and the application by Enbridge (EB-2017-0306) for approval to amalgamate the two utilities, please outline the current degree of coordination of C&T activities between the two companies.
- b) In reference i) Enbridge is seeking approval for 2 additional FTEs. ii) Enbridge outlines that it currently has 8 FTEs engaged in C&T activities and in reference iii) Union indicates that it has 12.5 FTEs engaged in C&T activities for a total of 20.5 FTEs between the two companies. In reference iii), Union has outlined the responsibilities of its FTE roles and there is overlap between the responsibilities of the current roles in Union and the proposed new roles in Enbridge. As an example, one of the responsibilities of the one of the new Enbridge FTEs is:

*An annual technology scan and related intelligence on new and emerging technologies for achieving GHG reductions;*

Union indicates that the responsibility of its Manager Customer Technology and Innovation is:

*Assessment of emerging technologies and innovations for the natural gas end-user in the residential, commercial, and industrial markets that reduce GHG emissions.*

The responsibilities of these two roles seem to be very similar if not identical. Please explain why greater coordination with Union is not possible in order to reduce or eliminate the need for these additional FTEs?

- c) In the event that the Board approves the amalgamation of the two utilities as requested, please describe the organizational structure that would prevail as it relates to cap and trade responsibilities, when this would occur, as well as any limitations in managing this responsibility from a single department.

**Power to Gas**

**APPrO-6**

Reference: i) EB-2017-0224 Exhibit C Tab 5:

Preamble: Enbridge is investigating the potential to use surplus electricity to produce hydrogen for storage and subsequent injection into its natural gas system. APPrO would like to understand the implications of injecting hydrogen into the natural gas system.

Questions:

- a) Please describe the status of this potential project.
- b) Union Gas is also investigating this opportunity. Please describe if Enbridge is pursuing this independently or in cooperation with Union. Please explain.
- c) Please indicate if Enbridge has developed a maximum hydrogen content for its natural gas supply. If so, please specify the maximum percentage.
- d) Please indicate if Enbridge has had consultations with large volume customers, including gas-fired generators, on the potential changes to the composition of the natural gas stream and the potential implications to their combustion equipment.
- e) Hydrogen has been known to migrate through steel and impact the integrity of steel pipelines. Has, or will Enbridge investigate the risks of injecting hydrogen into pipelines to ensure that there are no unintended consequences from this initiative prior to the implementation of this initiative? If a study has been undertaken, please provide a copy of the study.

## **Consulting Resources**

### **APPrO-7**

Reference: i) EB-2017-0224 Exhibit C Tab 5:  
ii) EB-2017-0255 Exhibit 3 Tab 5

Preamble: Enbridge and Union each are proposing to use significant consulting resources to augment their internal expertise. In light of the common ownership of the two companies and the formal merger application that is underway, APPrO would like to understand if there are synergies in the consulting budgets between the two companies that could reduce the burden on ratepayers.

### Questions:

- a) In reference i) Enbridge notes that it has a \$400,000 consulting budget for “support and Market Intelligence”. Similarly, Union has \$670,000 for a variety of work. Table 3 in reference i) outlines the specific consulting work that is proposed by Enbridge and there appears to be a high degree of correlation with the consulting work proposed by Union in Table 2, reference ii). Please indicate why this consulting work between Enbridge and Union cannot be coordinated to reduce the ratepayer burden?

## **2016 GGEIDA**

### **APPrO-8**

Reference: i) EB-2017-0224 Exhibit A Tab 2 Schedule 1 page 6:  
ii) EB-2017-0224 Exhibit D Tab 1 Schedule 2  
iii) EB-2017-0224 Exhibit F Tab 1 Schedule 1

Preamble: It is not clear what the rate effects will be from the disposition of the 2016 Greenhouse Gas Emissions Impact Deferral Account (“**GGEIDA**”).

### Questions:

- a) At reference ii) paragraph 4 Enbridge indicates that it is seeking to clear the 2016 GGEIDA in this proceeding, however in reference ii) Enbridge indicates that it is seeking approval to recover the amounts in the 2016 GGEIDA and an order approving the clearance of such amounts in the next practical QRAM. Please clarify if Enbridge is seeking an order in this proceeding to adjust rates to recover the GGEIDA amounts.
- b) In the event that Enbridge is looking to recover the GGEIDA amounts in this proceeding please provide the necessary schedules illustrating how the total amount is proposed to be allocated to rate classes and the respective recovery mechanism.
- c) In the event that Enbridge is only seeking for approval of the total 2016 GGEIDA amount in this proceeding, will Enbridge seek approval of the disposition and recovery methodology in a subsequent QRAM proceeding?

**QUESTIONS DIRECTED TO UNION GAS LIMITED**

**APPrO-4**

Reference: I) EB-2017-0255 Exhibit 3 Tab 2 Section 2.3:

Preamble: Union Gas Limited (“Union”) is seeking an exemption to the holding limit from the Ministry of the Environment and Climate Change (“**MOECC**”).

Questions:

- a) Has Union received a decision from the MOECC on its application for the exemption to the holding limit? If so, please indicate the outcome of the application.
- b) Please describe financial or other consequences to customers of receiving or not receiving the exemption.

## Low Carbon Initiative Fund

### APPrO-5

Reference: i) EB-2017-0255 Exhibit 3 Tab 4:

Preamble: Union is seeking approval for up to a \$2 million amount that would be used to develop new technologies to reduce future emissions. The actual amounts spent would be recorded in the GGEIDA. APPrO would like to understand the nature of these technologies and who would be expected to pay for such technologies.

### Questions:

- a) Has Union sought funding for these amounts from the provincial government in a similar fashion that the Renewable Natural Gas (“RNG”) funds are being sought?
- b) Please provide the current technologies that Union expects to investigate during 2018 if the fund were to be approved.
- c) Please indicate the target customer groups for these technologies.
- d) Please indicate how each of these technologies could be used by large gas-fired generators.
- e) Please explain if the development of any of these technologies could be funded under Union’s DSM budget.
- f) Please indicate how these amounts in the GGEIDA would be cleared to each rate class.
- g) Enbridge is also looking for money for a similar fund. In light of the merger between the two parent companies in 2017, and the movement towards a single distribution company (EB-2017-0306), if the Enbridge fund is approved, please explain why Union requires a separate fund of its own. Please also explain why it would be more efficient to identify potential opportunities, investigate such opportunities on a rational basis and administer two separate funds rather than a single fund.

**Power to Gas**

**APPrO-6**

Reference: i) EB-2017-0255 Exhibit 3 Tab 4:

Preamble: Union is investigating the potential to use surplus electricity to produce hydrogen for storage and subsequent injection into its natural gas system. APPrO would like to understand the implications of injecting hydrogen into the natural gas system.

Questions:

- a) Please describe the status of this potential project.
- b) Please indicate if Union has developed a maximum hydrogen content for its natural gas supply. If so, please specify the maximum percentage.
- c) Please indicate if Union has had consultations with large volume customers, including gas-fired generators, on the potential changes to the natural gas composition.
- d) Hydrogen has been known to migrate through steel and impact the integrity of steel pipelines. Has, or will Union investigate the risks of injecting hydrogen into pipelines to ensure that there are no unintended consequences from this initiative. If Union has completed a study, please provide a copy of the study.

## **Consulting Resources**

### **APPrO-7**

Reference: i) EB-2017-0224 Exhibit C Tab 5:  
ii) EB-2017-0255 Exhibit 3 Tab 5

Preamble: Enbridge and Union each are proposing to use significant consulting resources to augment their internal expertise. In light of the common ownership of the two companies and the merger application that is underway, APPrO would like to understand if there are synergies in the consulting budgets between the two companies that could reduce the burden on ratepayers.

### Questions:

- a) In reference i) Enbridge notes that it has a \$400,000 consulting budget for “support and Market Intelligence”. Similarly, Union has proposed \$670,000 for a variety of consulting work. Table 3 in reference i) outlines the specific consulting work that is proposed by Enbridge and there is a high degree of correlation with the consulting work proposed by Union in Table 2, reference ii). Please indicate why this consulting work between Enbridge and Union cannot be coordinated to reduce the ratepayer burden?

**Automatic Meter Reading**

**APPrO-8**

Reference: i) EB-2017-0255 Exhibit 3 Tab 4:

Preamble: Union is currently evaluating automatic meter reading as a means to collect more granular usage data.

Questions:

- a) Is this program intended to be used on a targeted basis along with other technologies or implemented at all locations?
- b) If such meters are installed on a wide scale basis, is Union considering time of use rates?
- c) Please confirm that large volume accounts currently employ automated meter reading equipment.

**Greenhouse Gas Emissions Impact Deferral Account (GGEIDA) Costs**

**APPrO-9**

Reference: i) EB-2017-0255 Exhibit 3 Tab 5  
ii) Exhibit 3 Tab 5 Schedule 2:

Preamble: Union is forecasting a \$6 million balance for the GGEIDA for 2018, made up of \$2 million of the Low Carbon Initiative Fund (LCIF) and \$4 million for other administrative costs. In light of the common ownership of Union and Enbridge, APPrO would like to understand what synergies have been reflected in this proposed GGEIDA budget.

Questions:

- a) Please confirm that Union is coordinating Cap and Trade initiatives with Enbridge.
- b) For the 'Salaries and Wages' and 'Consulting' cost categories, please explain why greater coordination with Enbridge is not possible in 2018 to reduce administration costs.

**Disposition of 2016 Greenhouse Gas Emissions Impact Deferral Account  
(GGEIDA) Costs**

**APPrO-10**

Reference: i) EB-2017-0255 Exhibit 7 Tab 2

Preamble: Disposition of the 2016 GGEIDA deferral balances.

Questions:

- a) Please confirm that Union is proposing to dispose of the balances in this deferral account for general service customers on a prospective basis?
- b) Please confirm that Union is proposing to dispose of the balances in this account for non-general service customers on a one-time retroactive basis?
- c) In schedule Exhibit 7 Tab 2 Schedule 2 page 3 of 3, Union identifies the deferral balances for storage and transportation services. Please indicate:
  - i. The proposed disposition methodology for these services.
  - ii. Please indicate why there are no balances associated with M13 and M16 services
- d) Please explain why Union has used different rate disposition methodologies among the rate types in disposing of the GGEIDA balance.
- e) In the event that the OEB determined that the appropriate disposition methodology of the GGEIDA balances for non-general service rate classes was to be completed on a prospective basis, please calculate all of the rate implications and provide the respective draft schedules and changes to tariffs.