Direct Energy

March 6, 2009

Via E-Mail and RESS

Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge Street
Suite 2700
Toronto, ON
M4P 1E4

Re: Enbridge Gas Distribution Inc. – 2009 Rate Application, Phase 2
Board File No.: EB-2008-0219, Direct Energy Interrogatories for Enbridge

Dear Ms. Walli,

Please find attached the interrogatories of Direct Energy Marketing Limited for Enbridge Gas Distribution Inc., in the above noted proceeding.

Yours faithfully

Original signed by

Ric Forster
Director
Government & Regulatory Affairs
Direct Energy Marketing Limited

Cc Mr Norm Ryckman, Enbridge Gas Distribution
Cc Interested Parties

2225 Sheppard Ave E., Toronto, Ontario M2J 5C2
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DIRECT ENERGY MARKETING LIMITED

Information Requests of Enbridge Gas Distribution Inc. re: Enbridge 2009 Rates Adjustment Application, EB-2008-0219, Phase 2

DE/EGDI #1

Reference: Issue Number 7, Phase 2, (Exhibit C, Tab 1, Schedule 8) - General

Please provide the unutilized capacity figures by month for the past two years on the TCPL Mainline terminating in the Enbridge franchise area.

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c. The end date of each contract.

d. The rate schedule of each contract.

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DE/EGDI #3

Reference: Issue Number 7, Phase 2, (Exhibit C, Tab 1, Schedule 8) - General

a. Would Enbridge agree that retailers have performed within Enbridge terms of reference for retailer service during normal operating conditions, as well as during peak day requirements?

b. Please advise of any dates in the past ten years that Enbridge has not been able to balance their distribution system, and the reason for the inability to balance.

DE/EGDI #4

Reference: Issue Number 7, Phase 2, (Exhibit C, Tab 1, Schedule 8) - General

Please provide a description of all known penalties that can be levied against a direct shipper for non-delivery of contracted volumes.

DE/EGDI #5

Reference: Issue Number 7, Phase 2, (Exhibit C, Tab 1, Schedule 8) - General

Please describe the financial impacts to Enbridge customers and shareholders should EGD be left in the circumstance of being the sole (or one of very few) shippers holding or contracting for firm service on any of the pipelines servicing the Enbridge franchise area in the upcoming near and medium term (i.e. 2-5 years)?

DE/EGDI #6

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Could Tecumseh storage be used as a "back stop" for any non-deliveries to meet system balancing requirements on peak days. Why or why not?

DE/EGDI #7

Reference: Issue Number 7, Phase 2, (Exhibit C, Tab 1, Schedule 8) - General

Would Enbridge agree that their request for retailers to hold firm service does not lead to more operational capacity, in that it does not create additional pipelines? If so please explain how firm contracts increase the engineering/operational system reliability and safety. If not, please explain how firm contracts create additional pipeline capacity, when the pipelines in question (e.g. TCPL Mainline) are underutilized.

DE/EGDI #8

Reference: Issue Number 7, Phase 2, (Exhibit C, Tab 1, Schedule 8) - General

Preamble:

In its evidence submission Enbridge has recognized that all deliveries were met by Direct Shippers during the January 13-15, 2009 peak period and that demand for transportation services exceeded capacity on the TCPL Mainline during this period. Furthermore Enbridge has not provided any evidence of new pipeline capacity being built that would actually address any perceived delivery restriction and system security issues.

Interrogatories:

a. Please explain why Enbridge's role in providing distribution and load balancing services requires a change to the commercial operations of other market participants by forcing direct shippers to use firm transport for gas deliveries to Enbridge.

b. Does Enbridge believe that it is appropriate to use their position as a monopoly provider of distribution and load balancing services to influence the commercial operations of market participants? Why or Why not?

DE/EGDI #9

Reference: Issue Number 7, Phase 2, (Exhibit C, Tab 1, Schedule 8) - General

Please explain how direct shippers can optimize deliveries to allow for the potential of lower cost transportation rates for customers if direct shippers are forced by Enbridge to use firm transport for gas deliveries to the franchise area.

DE/EGDI #10

Reference: Exhibit C, Tab1, Schedule 8, Page 1, Paragraph 2.

Please describe the process in approving or denying direct shipper status based on the ability by the direct shipper to show firm transport. Please include in your response:

a. The documentation required by Enbridge.

b. The timelines for approval/denial of direct shipper status.

c. The complete set of criteria for approval/denial of direct shipper status, including the length of contract required for firm transport.

d. The circumstances under which direct shippers unable to demonstrate firm transport would be required to use Enbridge's upstream capacity to transport gas to the franchise area.

e. The rates for the use of Enbridge upstream transport.

f. The names of the pipeline carriers that could be utilized by Enbridge to transport gas for shippers that have been denied direct shipper status.

DE/EGDI #11

Reference: Exhibit C, Tab1, Schedule 8, Page 1, Paragraph 2.

a. Please advise if Enbridge owns any part of, or has an Affiliate relationship with any of the pipeline carriers that could be utilized by EGD to transport gas for shippers that have been denied direct shipper status. If so, please provide the percentage of the capacity that EGD holds on these pipelines, the term of the contract, and whether EGD receives any discounts.

b. Would any of the recommendations contained in the supplemental evidence hold an ancillary benefit to any of Enbridge's Affiliate companies?

DE/EGDI #12

Reference: Exhibit C, Tab1, Schedule 8, Page 3, Paragraph 7.

Does Enbridge agree that firm transport arrangements with relation to a direct shipper's capability to deliver for contracted volumes would be irrelevant if a supplier of natural gas failed to deliver contracted quantities to the direct shipper? Why or why not?

DE/EGDI #13

Reference: Exhibit C, Tab1, Schedule 8, Page 3, Paragraph 7.

Please provide the evidence that supports that TCPL has not, or will not maintain existing pipeline facilities terminating at Enbridge franchise interconnects, as a result of the increase in Interruptible Transport (IT) or Diversion services alluded to in this paragraph.

DE/EGDI #14

Reference: Exhibit C, Tab1, Schedule 8, Page 3, Paragraph 7.

Please advise if Enbridge is aware of any TCPL Open Season requests for bids to build additional long haul pipeline capacity from outside of the province to the EGD franchise interconnects.

DE/EGDI #15

Reference: Exhibit C, Tab1, Schedule 8, Page 3, Paragraph 8.

Please provide the last date in which Enbridge had to curtail "firm large volume customers" to protect its system.

DE/EGDI #16

Reference: Exhibit C, Tab1, Schedule 8, Page 4, Paragraph 9.

Please provide the probability in the form of a percentage as to the likelihood of Enbridge's small volume customers of suffering a loss of distribution services as a result of direct shippers not having firm transport. Please provide the statistical analysis to support the probability.

DE/EGDI #17

Reference: Exhibit C, Tab1, Schedule 9, Page 4.

"Marketers have the incentive to deliver gas to markets based on the highest price available without regard to the LDC obligation to serve customers."

Can Enbridge or their consultant please provide the evidence to support the statement noted above, that Marketers have no regard for the LDC's obligation to service their shared customer? Specifically, please provide an example of when this has occurred.

DE/EGDI #18

Reference: Exhibit C, Tab1, Schedule 9, Page 6.

"Retail marketers have no direct economic interest in maintaining the reliability of the system."

Considering that marketer revenues would be directly impacted by system reliability issues, and that marketers can experience significant penalties and customer dissatisfaction for non-deliveries of gas, can Enbridge or their consultant please provide evidence to support that Marketers have no direct economic interest in maintaining the reliability of the system?

DE/EGDI #19

Reference: Exhibit C, Tab1, Schedule 10, Page 1, Paragraph 2, Rate Handbook Wording.

Please advise under what circumstances Enbridge will authorize non-firm transport for direct shipper gas deliveries.

DE/EGDI #20

Reference: Exhibit C, Tab1, Schedule 10, Page 1, Paragraph 2, Rate Handbook Wording.

Please provide the definition of "Firm Transportation" in the proposed Rate Handbook. Please also provide the definitions for "Firm Receipt" and "Firm Delivery" and provide comment on the merits of each in addressing Enbridge's perceived system reliability issue.

DE/EGDI #21

Reference: Exhibit C, Tab1, Schedule 10, Page 1, Paragraph 2, Rate Handbook Wording.

If the assumption is that Enbridge's definition of Firm Transport means that 90% of direct shipper gas must be procured outside of the Province, (E.g. NIT or at Empress), and shipped to Enbridge EDA or CDA using firm upstream transportation, please provide responses to the following:

a. Does Enbridge recognize that direct shippers' ability to purchase "Ontario Landed" gas and to contract for Ontario T- Service (OTS) is significantly diminished if there is a 90% Firm Transport requirement?

b. Is Enbridge willing to re-contract pipeline capacity and assume the associated risk of unutilized demand charges (UDC) that will be associated with what will likely be a significant increase in direct shippers moving from OTS to Western T-Service (WTS) as a result of Enbridge's imposed 90% Firm Transport requirement?

c. Is Enbridge willing to readily re-contract Direct Purchase (DP) customers from WTS to OTS without cost, penalty or delay to DP customers post November 1, 2009?

DE/EGDI #22

Reference: Exhibit C, Tab1, Schedule 10, Page 1, Paragraph 2, Rate Handbook Wording.

Given the new proposed firm transportation requirements, how does Enbridge envision marketers recouping the costs that will be associated with unwinding existing procurement hedges at market points (i.e. Enbridge CDA and Enbridge EDA) and replacing them by entering into procurement hedges at supply basin points (i.e. NIT or Empress)? These costs could include: i) market bid-ask spreads, ii) broker fees, iii) any changes to market point spreads that have occurred since the original hedging of the customer's supply.

DE/EGDI #23

Reference: Exhibit C, Tab1, Schedule 10, Page 2, Paragraph 5.

Please explain how the analysis of TCPL's Index of Customers in this paragraph translates into EGD requiring direct shippers to have 90% firm transport underpinning their mean daily volume obligations. Are there any other sources that Enbridge draws upon to calculate a 90% firm transportation requirement? If so, please provide the source and the calculation to arrive at 90%.

DE/EGDI #24

Reference: Exhibit C, Tab1, Schedule 10, Page 3, Paragraph 6.

a. Did Enbridge curtail Interruptible Rate customers during the period of January 13-15, 2009?

b. If so, what volume and percentage of Interruptible Rate customers failed to interrupt their gas usage during the curtailment period?

c. Please advise of the volumes of curtailment gas supply, that is, additional gas procured by Interruptible Rate customers to avoid curtailment, that was delivered to Enbridge during the curtailment period noted in a. above,

DE/EGDI #25

<u>Preamble</u>:

Reference: Exhibit C, Tab1, Schedule 10, Page 6, Paragraph 14

"While EGD agrees that such requirements may provide the greatest assurance that firm delivery obligations are met, EGD is not proposing mandatory assignment at this time. Mandatory assignment and vertical slice methodology for upstream transport would require significant changes to EGD's systems and operating processes and to contracting practices for EGD's direct purchase customers. Such a methodology, even if deemed warranted would not be implementable in the timeframe proposed."

And;

Reference: Exhibit C, Tab1, Schedule 10, Page 10, Paragraph 27.

"The agent /marketer will have the following options:

b) Request an assignment of EGD long haul TCPL capacity. EGD will then acquire the transport on their behalf. "

<u>Interrogatories</u>:

a. System costs aside, please explain how Enbridge is able to offer shippers the ability to "Request an assignment of EGD long haul" in paragraph 27, yet not able to "provide mandatory assignment at this time" due to system and operational issues alluded to in paragraph 14. Are not the mechanics of these two offerings similar, if not the same?

b. Will there be any incremental costs associated with option 27 b)? If so, could EGD please quantify the associated costs to ratepayers and shippers? If not, please explain the statement in, paragraph 14, "Mandatory assignment and vertical slice methodology for upstream transport would require significant changes to EGD's systems".

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Please advise if Enbridge were to obtain certification from direct shippers' suppliers for contracted volumes of "Ontario Landed" gas if Enbridge would consider this Firm Supply? Would this certification/validation from third party suppliers alleviate Enbridge system reliability concerns and satisfy Enbridge's requirements for 90% Firm Transport?

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Reference: Exhibit C, Tab1, Schedule 10, Page 10, Paragraph 28.

Please explain in further detail how Enbridge proposes to handle direct purchase agreements that do not renew on November 1, 2009, with respect to demonstration of firm transport for deliveries. Is Enbridge proposing that all firm transport agreements for all existing direct purchase contracts be in place for November 1, 2009? Or is Enbridge proposing that firm transport agreements be demonstrated upon renewal of the direct purchase agreement? If it is the prior, please advise if the firm transport arrangements are to be for the remainder of the direct purchase contract period, or if shippers are required to acquire yearly contracts.

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