

BP CANADA INTERROGATORY #1

INTERROGATORY

Reference: EGD Evidence, Exhibit C, Tab 1, Schedule 8, and EGD Supplemental Evidence, Exhibit C, Tab 1, Schedule 10, at paragraph 2.

Preamble: EGD has proposed the following wording for its Rate Handbook: "Unless otherwise authorized by the Company in writing, each Applicant taking service pursuant to an agent type Gas Delivery Agreement must meet its obligations to deliver gas to the Company on any given day by Firm Transportation for at least 90% of the Applicant's MDV." BP wants to confirm what EGD means by "Firm Transportation" service and what effects its proposal will have on direct purchase customers and their associated customers.

Request: Assume that firm transportation means FT on TransCanada Pipelines ("TCPL") Mainline system. Please confirm that forcing suppliers of Direct Purchase customers to hold firm transportation service that delivers to the franchise area every day of the year would result in higher costs for the Direct Purchasers and their associated customers compared with customers that are served with a portfolio of supply arrangements, some of which are not firm every day of the year. If this cannot be confirmed please explain why not.

RESPONSE

EGD presumes that there is an economic benefit accruing to parties that have chosen to turnback firm TCPL transport and replace it with non firm arrangements. Please also see the response to IGUA Interrogatory #9 at Exhibit I, Tab 11, Schedule 9.

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #2

INTERROGATORY

Reference: EGD Evidence, Exhibit C, Tab 1, Schedule 8, and EGD Supplemental Evidence, Exhibit C, Tab 1, Schedule 10, page 3.

Preamble: EGD used the example of the period from January 13th to the 15th, 2009 to illustrate a time when demand for transportation service on the TCPL's Mainline system exceeded available capacity. However, no other time period throughout the year was referred to as being a time of restricted capacity. BP would like to better understand when the issue of system reliability is likely to occur.

Request:

- a) Please confirm that the issue of system reliability raised by EGD is one that arises only through the winter season.
- b) If confirmed, for which months of the winter is this issue likely to arise?
- c) If unable to confirm, please state the number of days and the time period during which the reliability issue is of concern throughout the calendar year.

RESPONSE

- a) EGD acknowledges that there is a greater risk in maintaining distribution system reliability during the winter months which cover the November to March period.
- b) and c). Please see a).

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #3

INTERROGATORY

Reference: EGD Evidence, Exhibit C, Tab 1, Schedule 8 and EGD Supplemental Evidence, Exhibit C, Tab 1, Schedule 10, at paragraph 7, page 3 – 4.

Preamble: EGD stated that “shippers faced with the prospect of IT capacity restrictions met their delivery obligations on January 13, 14 and 15th through a combination of short term firm transport (for a minimum of one week) and diversions off firm contracts held to downstream export points.”

Request: Please confirm that TCPL’s Short Term Firm Transportation (“STFT”) service is currently used by suppliers of gas to deliver to EGD’s franchise areas.

RESPONSE

EGD understands that suppliers of gas to EGD’s franchise use STFT but is unable to assess if the non-renewable nature of the service, quantum and timing of use ensures distribution system reliability under high demand conditions.

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #4

INTERROGATORY

Reference: EGD Evidence, Exhibit C, Tab 1, Schedule 8

Preamble: BP would like to understand whether STFT is an appropriate solution to the system reliability concerns for those times during the year that it is an issue.

Request:

- a) Please confirm that TransCanada's STFT service is classified as a Firm Transportation service on the TCPL Mainline and can be contracted for between 7 and 364 days of the year.
- b) Please confirm that TransCanada's STFT service is offered by TCPL first on a seasonal basis (e.g. winter), then in monthly blocks, then on a daily basis for the minimum 7 day term. If unable to confirm please explain why not.

RESPONSE

- a) Confirmed.
- b) Confirmed.

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #5

INTERROGATORY

Reference: EGD Evidence, Exhibit C, Tab 1, Schedule 8

Preamble: BP wishes to understand whether the issue of system reliability only relates to the upstream arrangements of Direct Purchase customer

Request:

- a) Please confirm that all customers that were contracted and scheduled to be curtailed were in fact curtailed during the period of January 13th to 15th, 2009.
- b) Please confirm that on January 13th, 14th and 15th of 2009, all other non-Direct Purchase sourced gas, including contracted peaking supplies, arrived at the franchise areas as expected on those days.

RESPONSE

- a) Please see the response to Direct Energy Interrogatory #24 at Exhibit I, Tab 9, Schedule 24. During the peak demand period starting January 13, 2009 Enbridge confirms that all curtailed customers acted appropriately – the customers either switched to an alternate fuel or delivered extra volumes of gas under a Curtailment Delivery Service (“CDS”) to the franchise area for their consumption. Some of the CDS gas did not get scheduled until the last cycle of the day.
- b) Enbridge confirms that all expected gas supply was delivered to the franchise area – however, some of the gas was not confirmed until the last nomination cycle of the day.

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #6

INTERROGATORY

Reference: EGD Evidence, Exhibit C, Tab 1, Schedule 8

Preamble: BP wishes to determine whether EGD would be better suited to contract for a backstopping solution, the cost of which could be allocated to all customers in order to both minimize the cost impact and also to allocate the costs to all parties who benefit from the protective measure.

Request:

- a. As EGD has the responsibility for ensuring system reliability, could it contract for a Firm Transportation service to backstop the system to ensure system reliability?
- b. Would EGD agree that the cost of such a service could be allocated to all customers in the franchise area because they would all benefit from such a service?
- c. Could EGD assign the contract in the secondary market in order to optimize its use and minimize the cost to all customers?

RESPONSE

- a. Yes.
- b. EGD's position is that any costs associated with a backstopping arrangement to provide system reliability should be borne by the shippers who use non firm upstream transport. EGD disagrees with the proposition that system gas customers should pick up the cost of backstopping non firm arrangements by direct purchase customers since EGD holds firm upstream transport to serve system gas customers and the latter pay for firm upstream transport through their Board approved rates.
- c. EGD's Transactional Services ("TS") currently optimize EGD held assets and provide cost savings to all bundled customers. To the extent that optimization is possible, optimization should occur within TS, rather than via assignment to third parties. EGD would retain greater operational flexibility with respect to recall for utility purposes if the capacity was not assigned to third parties.

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #7

INTERROGATORY

Reference: EGD Evidence, Exhibit C, Tab 1, Schedule 8

Preamble: BP wishes to explore whether in planning for possible non-delivery of an assumed volume less than total small volume direct purchases should be used, and whether that scenario opens up other alternatives.

Request:

- a. Could EGD determine whether a smaller amount of firm transportation (e.g. 30,000 to 40,000 GJ/d) over the winter season could realistically address the shortfall that could be experienced if one or relatively few suppliers of gas did not meet their contract obligations? What would that quantity be in EGD's estimation?
- b. Could EGD contract for such an amount and as described above, allocate the cost of that backstopping service to all customers since all customers benefit from this protection? If so, would Enbridge be willing to use this option to enhance system reliability?

RESPONSE

- a. As a general principle, EGD believes that firm distribution service from the city gate must be matched with firm upstream service to the city gate. This is particularly true for small volume direct purchase customers who cannot be curtailed for failure to deliver. Therefore, EGD does not believe that holding 30,000 GJ/d or 40,000 GJ/d, will realistically address the risks associated with non firm transport underpinning approximately 270,000 GJ/d of daily delivery obligations under agent type arrangements. EGD also does not believe that it is realistic to plan for only one or a relatively few suppliers failing to deliver, when the vast majority of direct shipper gas is delivered on non firm transport, and all deliveries must be made off a single pipeline, TCPL, to EGD's franchise.

EGD is willing to consider a back stopping service and other tariff modifications, if warranted, in lieu of firm transport for large volume customers making their own supply and transport arrangements. EGD proposes to report back in the 2010 and 2011 rate adjustment proceedings on this issue. (Exhibit C-1-10, para. 28).

- b. Please see the response to BP Interrogatory # 6(b) at Exhibit I, Tab 10, Schedule 6.

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #8

INTERROGATORY

Reference: EGD Supplemental Evidence, Page 2, Paragraph 4

Preamble: EGD claims that large volume customers are "...amendable to curtailment in the event that they fail to deliver..."

Request:

- a. Please explain what contractual commitment with EGD, if any, large volume customers have that would compel them to turn down their operations (effectively being curtailed) if they fail to delivery gas to the franchise area?
- b. If no contractual commitments exist, why is EGD willing to accept the risk for an interim period from only a small number of shippers not holding Firm Transportation and potentially failing to deliver their volumes to the franchise area on any particular day?

RESPONSE

- a. EGD would be contractually able to direct large volume customers to curtail all or a portion of their gas supply consumption under Enbridge Gas Distribution Inc.'s Gas Deliver Agreement - 7.3 Suspension of Company's Obligations. The relevant reference is reproduced as follows:

7.3 Suspension of Company's Obligations In addition to any other rights the Company may have, the Company shall not be required to perform its obligations hereunder, and shall be entitled to suspend such obligations, at any particular time if:

(a) there is a breach or default of any representation, warranty or obligation of the Customer set out in this Agreement, as determined by the Company, in its sole discretion acting reasonably and where such breach or default affects the integrity of the Company's Gas distribution system;

- b. NA

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #9

INTERROGATORY

Reference: EGD Supplemental Evidence, Page 4, Paragraph 11.

Preamble: EGD has stated that “[a] gas system outage resulting from a supply shortfall requires the execution of an elaborate and lengthy system restoration plan.”

Request:

Request: Please describe in detail whether EGD has had to undertake the system restoration plan outlined in the referenced section as a result of gas supply not showing up in the EGD franchise areas?

RESPONSE

EGD has not had to undertake a system restoration plan as a result of gas supply not showing up in the EGD franchise areas.

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #10

INTERROGATORY

Reference: EGD Evidence, Exhibit C, Tab 1, Schedule 8

Preamble: BP would like to better understand the differences between the large volume shippers and the small volume shippers.

Request: Please summarize for the past five years:

- a. the volume of direct purchase arrangements into the franchise area, of both large volumes and small volumes, and
- b. the upstream transportation arrangements associated with such volumes.

RESPONSE

- a. Please see table below:

	Direct Purchase - OTS				
	GJ's				
	Nov-04	Nov-05	Nov-06	Nov-07	Nov-08
AOTS - ABC	48,350	45,106	37,492	33,888	27,637
OTS - ABC	335,441	325,338	287,558	273,087	244,697
Total ABC	383,791	370,444	325,050	306,975	272,334
Firm (%)	13%	12%	12%	11%	10%
AOTS	35,703	31,728	33,827	25,177	21,433
OTS	258,480	269,042	251,592	245,993	211,319
Total OTS	294,183	300,770	285,419	271,170	232,752
Firm (%)	12%	11%	12%	9%	9%
Total Direct Purchase	677,974	671,214	610,469	578,145	505,086
*AOTS - assigned OT-Service					
*ABC - Agency Billing Collection					

As stated in EGD's evidence¹, ABC customers are predominantly small volume customers.

¹ C-1-10. pages 7-8.

Witnesses: M. Giridhar
K. Irani

Please note below FT contracts to EGD's franchise for Direct Shippers for the term 2004-2008.

	Nov-04	Nov-05	Nov-06	Nov-07	Nov-08
Direct Shipper FT deliveries (GJ)*	213,665	664,032	82,404	62,995	35,630
*Source: TCPL Index of Customers 2004-2008					

- b. EGD is not privy to the transportation arrangements of its customers other than those customers who take an assignment of EGD capacity or are displayed on TCPL's Index of customers.

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #11

INTERROGATORY

Reference: EGD Evidence, Exhibit C, Tab 1, Schedule 8

Preamble: BP would like to better understand the system balancing requirements and how it has been met in the past.

Request: Please list in table format

- l) the volumes of EGD's most recent annual load curve and
- m) details of how that load was met using system gas, direct purchase gas, peaking services and any other applicable services and mitigation mechanisms.

RESPONSE

Please see the response to Shell Energy Interrogatory #1 at Exhibit I, Tab 12, Schedule 1.

	Actual 2008 Peak Day	Actual 2008 Average Winter Day	Actual 2008 Average Annual day
Demand (10 ³ M ³)	78,955	54,335	32,978
Central Degree Days	30.4	20.4	10.4
<u>Supply %</u>			
TCPL System	6.4%	10.6%	15.2%
Direct Shipper	19.5%	25.4%	46.6%
TCPL Dawn-CDA & EDA	8.9%	8.0%	21.2%
M12	58.5%	49.3%	16.9%
Peaking	2.6%	0.0%	0.0%
Curtailment	0.0%	0.9%	0.0%
All Other Supply	4.2%	5.6%	0.0%

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #12

INTERROGATORY

Reference: EGD Evidence, Exhibit C, Tab 1, Schedule 8

Preamble: BP would like to better understand the role of stand-by/supplier of last resort obligations.

Request: Please explain the nature of stand-by/supplier of last resort obligations with reference to any applicable OEB orders and decisions, contract provisions and EGD policies.

RESPONSE

EGD has an obligation to provide reliable service to all customers on firm distribution service, irrespective of whether they procure their gas from EGD or marketers/agents. The supplier of last resort concept includes two distinct services. The two services are gas supply service and upstream delivery service to move supply to the LDC city gate. Both services are important for maintaining system reliability. Without an assured ability to deliver gas into the franchise, gas supply service becomes irrelevant.

Based on an electronic search, EGD has been unable to find a comprehensive description of its obligations as supplier of last resort that explicitly addresses both services. In EBRO 452-3 (Test Year 1989), page 52, the Board addressed the supply aspect of EGD's obligations.

The Board notes also the changing role of the Ontario LDCs from marketers and facilitators and from the only supplier to the supplier of last resort. In Consumers Gas' new role it is appropriate that it should offer the highest quality service backed by the most secure supplies, which would also normally command the highest price.

In EBRO 490, (Test Year 1996) the Board approved EGD's current peak day planning criteria. In its evidence on the subject (EBRO 490, Exhibit D1, Tab 2, Schedule 1, Pages 36-37) EGD referred to its obligation to supply peak daily demand for its customers with firm gas requirements (i.e., all customers other than interruptible customers) under the most adverse circumstances that it can reasonably and responsibly plan for. To respond to this design peak day demand, the Company stated that it relies upon firm contracted pipeline supplies,

Witnesses: M. Giridhar
K. Irani

firm withdrawal from underground storage, firm peaking supplies, and curtailment of the interruptible market. In 1996, virtually all direct purchase supply was delivered to the franchise on firm transport assigned by EGD to customers/agents. While the Board did not use the term supplier of last resort in its Decision approving EGD's peak day planning criteria, the context was the need to ensure adequate storage, peaking, and transport capacity to meet peak day demand.

More recently, as a result of the GDAR proceedings (2002), the utility is ordered under the GDAR to in essence, be the supplier of last resort, or default supplier. Specifically, section 4.3 of the GDAR requires the utility to accept a consumer or gas vendor request to switch to system gas and section 4.8 requires the utility to transfer consumers to system gas if the utility terminates a contract with a gas vendor. The implicit assumption in this requirement is that EGD will acquire the supply and have adequate capacity to deliver the gas to the franchise. Typically, this would be done by EGD acquiring the agent's firm transport to the franchise and filling it with incremental supply. If the supplier's failure results from restrictions on their non firm arrangements, EGD may be able to procure supply but would have no means of delivering it to the franchise, particularly if all other peak day supply are already being used. (Board Staff Interrogatory #16 at Exhibit I, Tab 1, Schedule 16)

From a contractual perspective, Section 7.3 of EGD's Gas Delivery Agreement for Direct Purchase customers represented by agents (typically small volume) and Direct Purchase customers representing themselves allows the Company to suspend its obligations at any particular time if there is a breach of an obligation of the customer, where such breach or default affects gas distribution system integrity. The Company is required to deliver notice of suspension of its obligations to the relevant customers.

EGD's policies, as a practical matter, recognize that EGD's ability to suspend its obligations solely to customers who breach their obligation to deliver gas is limited (particularly as it relates to the large number of small volume customers and if distribution system integrity is compromised). In general, the Company would make every effort to seek additional gas supplies in such an event. This is even though section 9.4 (b) of the same agreement only requires the Company to make *normal commercial efforts* to cure a failure to deliver under a pool, by securing gas in the secondary market sufficient to meet the amount of deficiency. In the event that the supply shortfall is not cured, and distribution system integrity is compromised, EGD's emergency procedures would require curtailment of firm large volume customers to maintain system pressures and possibly avert a system outage.

It appears to EGD that none of the Board provisions in place contemplate a widespread failure to deliver that may arise from agents and customers using non firm transportation

Witnesses: M. Giridhar
K. Irani

arrangements to meet firm obligations. It is reasonable to presume that the provisions contemplated that individual suppliers might fail, but the ability to procure and deliver gas into the market on a firm basis would exist for the supplier of last resort.

Under normal operating conditions, and less than design day peak demand conditions, the Company has a reasonable expectation that it can step in and meet its obligation to be a supplier of last resort/default supplier. As noted in the response to Board Staff Interrogatory #16 at Exhibit I, Tab 1, Schedule 16, the Company's peak day planning does not currently allow for additional firm capacity to the franchise to accommodate failure to deliver from the use of non firm upstream arrangements.

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #13

INTERROGATORY

Reference: EGD Supplemental Evidence, Exhibit C, Tab 1, Schedule 10, paragraph 7.

Preamble: EGD stated that it “understands that shippers faced with the prospect of IT capacity restrictions met their delivery obligations on January 13, 14 and 15th through a combination of short term firm transport (for a minimum of one week) and diversions of firm contracts held to downstream export points.”

Request: Please give a description of the nomination process that took place in relation to direct purchase gas and describe how the nominations on January 13th to 15th, 2009 were communicated, resulting in the EGD system getting the gas required on that day.

RESPONSE

Enbridge is not privy to TCPL nominations or the classes of service associated with those nominations. Enbridge can simply confirm with TCPL the volumes being delivered to the franchise areas. During the period January 13 to 15, 2009 all delivery obligations were met with some nominations for deliveries not made until the last nomination window of the day, Intra-day Cycle 2 at 2100 hrs for the current gas day. For a description of NAESB nomination cycles please see the response to Shell Energy Interrogatory #11 at Exhibit I, Tab 12, Schedule 11.

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #14

INTERROGATORY

Reference: EGD Evidence, Exhibit C, Tab 1, Schedule 8, at paragraph 7, and EGD Supplemental Evidence, Exhibit C, at Tab 1, Schedule 10, at page 10 of 11, at paragraph 28.

Preamble: EGD has stated that approximately 457,000 out of 520,937 Gj/d are delivered either through Interruptible Transport ("IT") arrangements or through diversions of gas on firm contracts to other delivery areas. Whereas, at paragraph 28 of its Supplemental Evidence that its proposal "addresses EGD's system reliability concerns by increasing firm transport for the franchise by an estimated 200,000 GJ/d for the upcoming winter."

Request:

- a. Please reconcile the volumes set out by EGD in paragraph 7 of EGD's Evidence, Exhibit C, Tab 1, Schedule 8, and paragraph 28 of EGD's Supplemental Evidence, Exhibit C, Tab 1, Schedule 10, at page 10 of 11.
- b. Why is EGD asking for 200,000 GJ/d of Firm Transportation being signed up if the theoretical problem is larger than that?

RESPONSE

- a. EGD presented updated data in the table *EGD OTS Bundled Customers Profile and Billing Options*¹.

EGD's proposed implementation plan is to require agents of OTS-ABC customers to demonstrate upstream firm transportation for 90% of daily delivery obligations of approximately 270,000 GJ/d. EGD used an incremental delivery of 200,000 Gj/d as a point of approximation which translated to an increase in firm deliveries from 8% to 52%.

- b. EGD's evidence states that its requirement for 2010 applies to OTS-ABC as the number of customers potentially impacted by a failure to supply will be significant as the data indicates in the aforementioned table. However, EGD will continue to monitor OTS customers who number approximately 3000 to ensure its distribution system reliability is not impacted.

¹ Exhibit C-1-10, page 8 of 11

Witnesses: M. Giridhar
K. Irani

BP CANADA INTERROGATORY #15

INTERROGATORY

Reference: EGD Supplemental Evidence, Exhibit C, Tab 1, Schedule 10, Page 10 of 11 at Paragraphs 26 & 27

Preamble: BP would like to better understand the restrictions EGD is proposing on holding FT contracts to the franchise area

Request:

- a) Please explain whether agent marketers must underpin gas requirements with firm transportation in their own name, or whether they can acquire it from other parties other than taking assignment of long-haul service from EGD.
- b) If agent marketers can only have the transport in their own name or take assignment from EGD, doesn't EGD see this as restricting the competition in the secondary market for transportation? Please explain.

RESPONSE

- a) EGD presumes that an agent will be able to provide evidence to confirm any such assignment from a third party. If so, this would be acceptable to EGD.
- b) See a.

Witnesses: M. Giridhar
K. Irani