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Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, Ontario
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Attention: Ms. Kirsten Walli
Board Secretary

Dear Ms. Walli:

Re: Enbridge Gas Distribution 2009 Rates – Phase 2
Ontario Energy Board (“Board”)
File No. EB-2008-0219
Written Evidence of TransCanada PipeLines Limited (“TransCanada”)

In accordance with the requirements in Procedural Order No. 6, please find attached two hard copies of TransCanada’s Written Evidence.

Yours truly,
TransCanada PipeLines Limited

Original Signed by
Patrick Keys on behalf of

Nadine Berge
Senior Legal Counsel
Law and Regulatory Research

ONTARIO ENERGY BOARD

ENBRIDGE GAS DISTRIBUTION

2009 Rates – Phase 2

EB-2008-0219

WRITTEN EVIDENCE

of

TRANSCANADA PIPELINES LIMITED

Exhibit L - Tab 21

April 6, 2009

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1.0 BACKGROUND AND SUMMARY OF EVIDENCE

Q1. Please describe the nature and purpose of TransCanada's evidence.

A1. TransCanada PipeLines Limited ("TransCanada") is submitting evidence to the Ontario Energy Board ("OEB") in order to address Phase 2 Issue No. 7, which deals with the application by Enbridge Gas Distribution Inc. ("Enbridge") to require direct purchase customers to demonstrate that they have firm upstream transportation arrangements. Evidence already submitted by Enbridge in this proceeding includes references to TransCanada's transportation services, service attributes and capacity availability.

TransCanada's objective in submitting evidence to this proceeding is to provide additional information to the OEB regarding TransCanada's services, system design, capacity and operations which may assist the OEB in judging the merits of Enbridge's proposal.

Q2. How is TransCanada's evidence organized and presented?

A2. Section 2 contains a description of TransCanada's system, transportation services, system design, priority of service, and available capacity. Information on TransCanada's metering locations and contracts for deliveries to the Enbridge franchise is also provided. Section 3 sets out daily and peak day Winter 2008/2009 deliveries to Enbridge's franchise areas by service class. Also included is a discussion of the relative merits of different transportation services in meeting load requirements.

2.0 DESCRIPTION OF TRANSCANADA'S TRANSPORTATION SERVICES**Q3. Please describe the role TransCanada plays in the Enbridge franchise areas.**

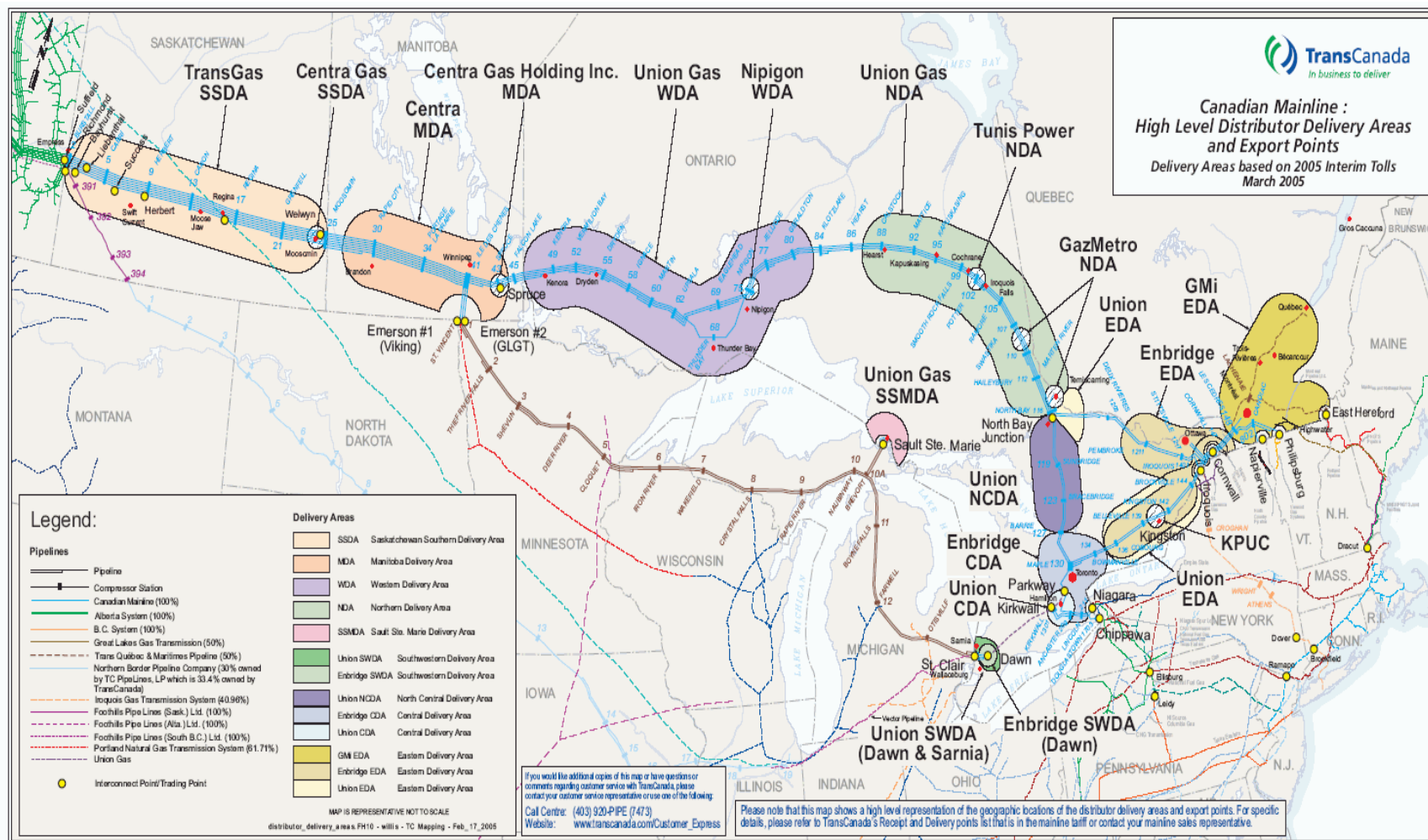
A3. TransCanada's Canadian Mainline system plays a major role in serving the Ontario natural gas market. In 2008, TransCanada delivered approximately 750,000 GJ/day on average to the Enbridge franchise areas. TransCanada is also a major employer and contributor to provincial tax revenues. In 2008, TransCanada paid a total of \$74 million in Ontario Capital and Municipal taxes, and \$26 million in salaries to employees in Ontario.

Q4. How does TransCanada transport natural gas to Enbridge?

A4. Please refer to Figure 1 below. TransCanada delivers gas from the Western Canadian Sedimentary Basin ("WCSB") to Enbridge via two paths: the Northern Ontario Line ("NOL") and a southern route which uses capacity contracted by TransCanada on Great Lakes Gas Transportation in the United States and on Union Gas in southwestern Ontario, as well as TransCanada facilities from St. Clair to Dawn and from Parkway and Kirkwall at the eastern end of the Union Gas system. The transportation of WCSB gas by TransCanada from Western Canada to Enbridge is described as "Long-Haul" service.

TransCanada also provides "Short-Haul" service to the Enbridge franchise. This includes the transportation of gas received at TransCanada's St. Clair interconnection with Great Lakes and at the Dawn, Kirkwall and Parkway interconnections with Union Gas.

Figure 1: TransCanada's Mainline System



1 **Q5. Please describe the Enbridge Distributor Delivery Areas shown on Figure 1.**

2 A5. TransCanada delivers gas to Enbridge at 41 meter stations. For purposes of contracting
3 and daily transactions (nominations and allocations), these meters are grouped
4 geographically into the following four distributor delivery areas:

- 5 • Enbridge CDA: consists of 23 meter stations spanning multiple pipeline segments
6 (Barrie Line, Montreal Line, Niagara Line, the line from Parkway to Maple Junction);
- 7 • Enbridge EDA: consists of 16 meter stations spanning multiple pipeline segments
8 (Montreal Line, North Bay Shortcut, Ottawa Lateral);
- 9 • Victoria Square #2 CDA: consists of one meter station located on the Montreal Line
10 and is only available for short notice services ; and
- 11 • Goreway CDA: consists of one meter station located on the line between Parkway
12 and Maple Junction and is only available for short notice services.

13 Figure 2 below shows the meter stations that comprise the Enbridge CDA, Victoria
14 Square #2 CDA, and Goreway CDA. Figure 3 below shows the meter stations which
15 comprise the Enbridge EDA.

Figure 2:
Meter Stations in Enbridge CDA, Victoria Square #2 CDA and Goreway CDA

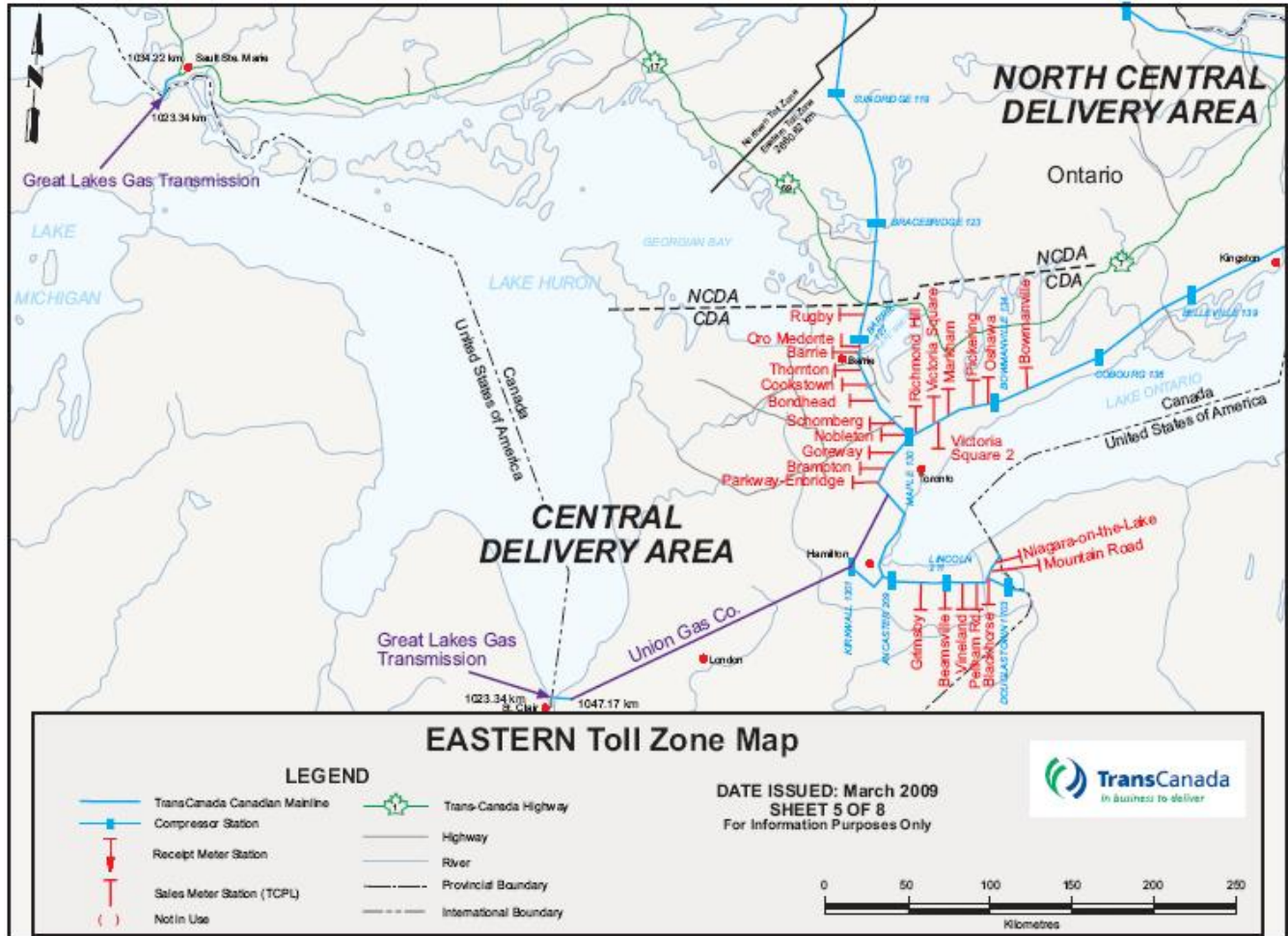
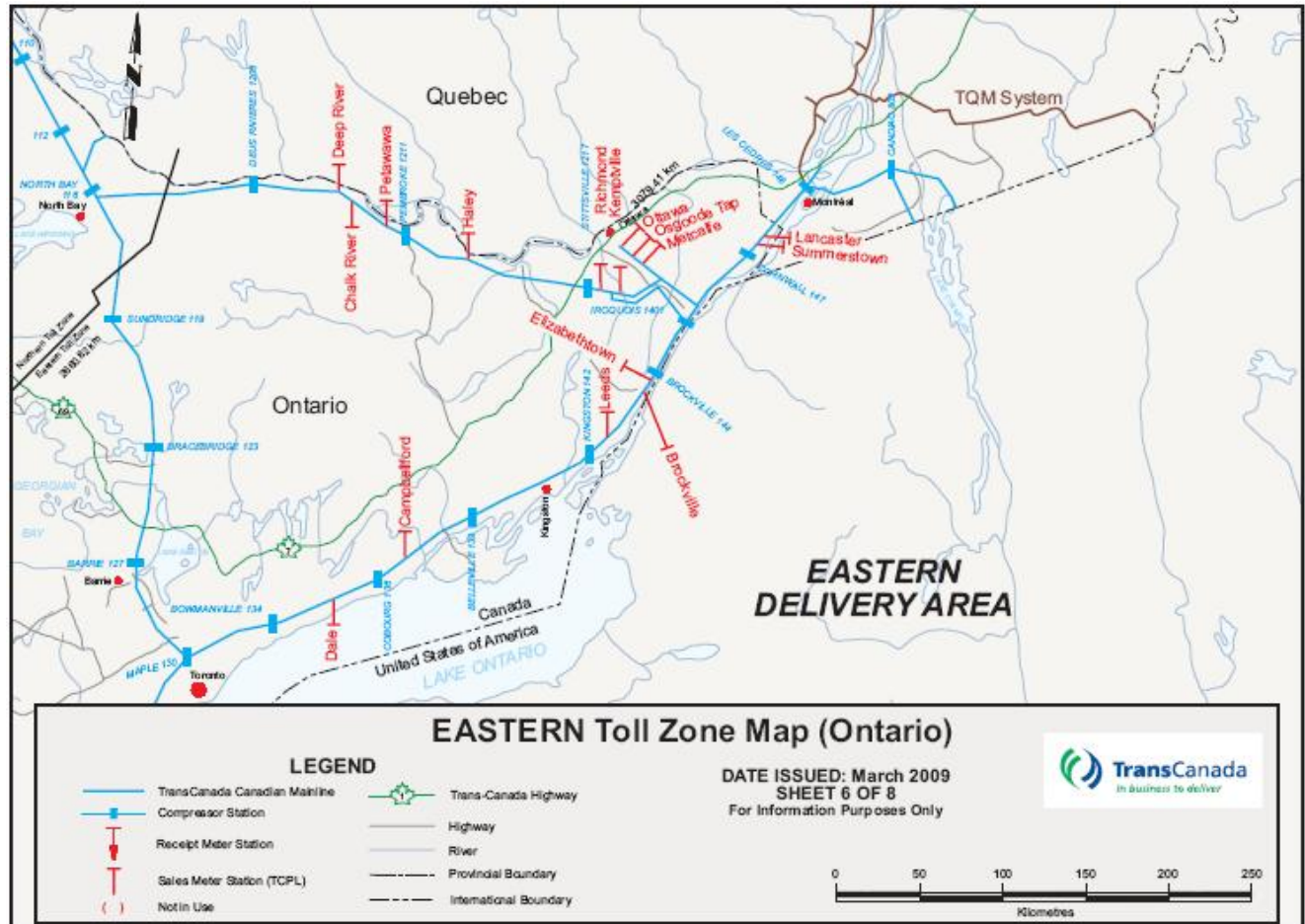


Figure 3: Meter Stations in the Enbridge EDA



Q6. What quantity of Short-Haul and Long-Haul firm transportation service is currently contracted by Shippers for delivery to the Enbridge franchise areas?

A6. Table 1 below contains a summary of the current long-term firm contracts to the Enbridge CDA and EDA. TransCanada considers “long-term” contracts to be those with a minimum term of one year.

Table 1: Current Long-Term Firm Contracts to the Enbridge CDA and EDA

Transportation & Receipt Location(s)	GJ/day	% of Total
<u>Long-Haul</u> : Empress	223,745	18.3%
<u>Short-Haul</u> : Union Dawn & Union Parkway	996,141	81.7%
<u>Total</u>	1,219,886	100%

Q7. Please summarize TransCanada’s primary transportation services that are used by shippers to deliver gas to the Enbridge franchise areas.

A7. The five primary transportation services utilized by shippers to serve markets in the Enbridge franchise areas are:

- Firm Transportation (“FT”);
- Storage Transportation Service (“STS”);
- Short-term Firm Transportation (“STFT”);
- Interruptible Transportation (“IT”); and
- Firm Transportation – Short Notice (“FT-SN”).

Each of these services is summarized in Table 2 below.

Shippers have also delivered gas to the Enbridge franchise areas using alternate receipt points (“Alternate Receipts”) and alternate delivery points (“Diversions”), which are nomination features available to FT and FT-SN contracts. On a secondary service priority basis, Alternate Receipts allow the shipper to nominate receipt points which are within the contracted path, and Diversions allow the shipper to nominate delivery points downstream of the receipt point. While Alternate Receipts and Diversions are not

services, they are included as a Discretionary Service since they represent a significant portion of the deliveries on the TransCanada System including to the Enbridge franchise area.

Table 2: Primary Transportation Services on TransCanada

Attributes	Firm Transportation (FT)	Storage Transportation Service (STS)	Short-term Firm Transportation (STFT)	Interruptible Transportation (IT)	Firm Transportation Short Notice (FT-SN)
Priority	Firm	Firm; from market to storage under linked long-haul FT in summer; from storage to market in winter	Firm	Interruptible	Firm
Term	Minimum 12 months	Minimum 12 months	7 to 364 days	1 day	Minimum 12 months
Access to Existing Capacity	Open season. Shipper bids quantity and term of service. Awarded based on term x toll.	Open season. Shipper bids quantity and term of service. Awarded based on term x toll.	Auction. Shipper bids quantity, price and term. Awarded based on net revenue.	Daily auction. Shipper bids price and quantity. Awarded based on price.	Open season. Shipper bids quantity and term of service. Awarded based on term x toll.
Access to New Capacity	Open season. Shipper bids quantity term of service. TransCanada will build to provide service; must be supported by long-term contracts. Awarded based on term x toll.	Open season. Shipper bids quantity and term of service. TransCanada will build to provide service; must be supported by long-term contracts. Awarded based on term x toll.	n/a	n/a	Open season. Shipper bids quantity term of service. TransCanada will build to provide service; must be supported by long-term contracts. Awarded based on term x toll.
Toll Type	Monthly demand and commodity	Monthly demand and commodity	Daily demand	Commodity	Monthly demand and commodity
Toll	Distance based; as approved by NEB.	Distance based; as approved by NEB.	Auction; Floor price equals the 100% load factor FT toll.	Auction; Floor price equals 1.1 times the 100% load factor FT toll.	Distance based; as approved by NEB, 1.1 times the 100% load factor FT toll.
Renewal Rights	Yes. Renewal for 1 year upon 6 months prior notice.	Yes. Renewal for 1 year upon 6 months prior notice.	No	No	Yes. Renewal for 1 year upon 6 months prior notice.

Attributes	Firm Transportation (FT)	Storage Transportation Service (STS)	Short-term Firm Transportation (STFT)	Interruptible Transportation (IT)	Firm Transportation Short Notice (FT-SN)
Assignments	Yes	No	No	No	Yes
Risk Alleviation Mechanism ("RAM")	Yes. Credits to IT invoice for unutilized demand costs.	Yes. Credits to IT invoice for unutilized demand costs. Seasonal applicability	No	No	No
Daily Nomination Windows	4 (NAESB*)	8 (4 NAESB* plus four additional STS windows)	4 (NAESB*)	4 (NAESB*)	Up to 96
Diversions to alternate Delivery Points	Yes. Secondary priority.	No	No	No	Yes, to non-short notice delivery locations only. Secondary priority.
Alternate Receipt Point	Yes. Secondary priority.	No	No	No	Yes, if also diverting to non-short notice delivery locations. Secondary priority.
Other Conditions		Linked to long-haul FT contract.			FT-SN deliveries to short notice locations only. Capacity for FT-SN is reserved, thus un-nominated capacity is not available for other discretionary services (e.g. IT).

* NAESB - North American Energy Standards Board.

1 **Q8. Does TransCanada design its system for all services?**

2 A8. No. TransCanada designs its system to only meet the daily contract quantity specified in
3 long-term firm contracts: FT, STS and FT-SN. TransCanada's design ensures that long-
4 term firm contract entitlements will be met during peak demand conditions even with the
5 loss of the most critical compressor unit.

6 TransCanada does not build or reserve facilities for STFT, IT or Diversions / Alternate
7 Receipts. These services are referred to as "Discretionary". To the extent that long-term

1 firm shippers decontract, TransCanada may have capacity available for Discretionary
2 services. Further, if firm shippers do not fully utilize their contract entitlements on a day,
3 that capacity may be utilized by Diversions / Alternate Receipts and IT. However,
4 capacity for Discretionary services cannot be assured given planned maintenance and
5 unplanned facility upsets. Further, capacity available for Discretionary services could be
6 reduced due to efficiency measures (retirement of inefficient or obsolete compressor
7 units; conversion of spare lines to oil service as in the case of the Keystone project) or
8 could be reduced if capacity is contracted by new long-term firm customers (such as the
9 new power generation markets in the Greater Toronto Area (“GTA”).

10 **Q9. Please describe the effects that new gas-fired power generation customers may have**
11 **on TransCanada’s available pipeline capacity in the Enbridge franchise area.**

12 A9. Currently, there are two power generators holding FT-SN contracts on TransCanada and
13 both are in Enbridge’s franchise area: Portlands Energy Centre holds 100,000 GJ/d from
14 Parkway to the Victoria Square #2 CDA; and Goreway Station Partnership holds 160,000
15 GJ/d from Parkway to the Goreway CDA. The in-service date for these contracts was
16 January of 2009. Starting in September 2009, an additional FT-SN contract has been
17 signed for 49,500 GJ/d to the Thorold CDA. Together, these three contracts represent a
18 total of 309,500 GJ/d of incremental market and long-term firm transportation contracts.
19 It is expected that all three power generators will be in-service next winter.

20 These power plants are required to run when requested by the Independent Electricity
21 System Operator (“IESO”). As described in Q/A 7 above, the capacity for FT-SN service
22 is reserved, which means un-nominated capacity is not available for discretionary
23 services (e.g. diversions, IT).

24 In addition, the Ontario Power Authority (“OPA”) has indicated that it is/will be seeking
25 proposals for another 2,200 MW of gas-fired capacity in Southern Ontario – 1,750 MW
26 of which is in the GTA, and 1,750 MW would equate to approximately 350,000 GJ/day
27 of firm transportation requirements. Also, the OPA is in the process of securing an

1 additional 600 MW of Combined Heat & Power (“CHP”) but the location of these plants
2 is not known at this time.

3 While it is difficult to predict exactly the effect that the addition of these new plants will
4 have on TransCanada’s available pipeline capacity to serve the Enbridge franchise area, it
5 is clear that when these plants are running on a cold winter day, the amount of capacity
6 available on TransCanada for STFT, Diversions and/or IT to Enbridge’s franchise area
7 will be substantially reduced.

8 **Q10. What contractual underpinning is required to support the construction of**
9 **incremental facilities on TransCanada?**

10 A10. A long-term firm contract is required, generally with a minimum term of 10 years, to
11 underpin the construction of incremental facilities.

12 **Q11. How long does it take to construct incremental facilities?**

13 A11. Where the construction of incremental mainline facilities is required, between 24 and 36
14 months is generally necessary in order to complete the design, land right of way,
15 environmental, regulatory and construction processes.

16 **Q12. Is capacity available each day for all Alternate Receipts / Diversions and**
17 **Interruptible nominations?**

18 A12. No. TransCanada is not able to fully authorize all nominations when the aggregate of
19 shipper nominations exceed physical capacity through a segment of pipeline, or in the
20 case of a Distributor Delivery Area (“DDA”), when physical flow exceeds capacity of a
21 point within such DDA. TransCanada determines these capacity “bottlenecks” for each
22 nomination window after the nomination deadline. There can also be multiple
23 bottlenecks on the system at a given time, and a bottleneck can occur even with all
24 facilities in-service.

25 There are several situations that can result in bottlenecks, including: periods of high
26 demand, maintenance and compressor failure. Periods of extreme cold weather typically

1 result in numerous bottlenecks on the system due to the combination of high demand to
2 meet customers' heating requirements and reduced capacity due to the cold weather
3 related equipment failures (e.g. valve freeze offs, difficulties in starting compressors,
4 etc.).

5 **Q13. What is the service priority for the primary services?**

6 A13. If TransCanada is not able to fully authorize all shipper nominations, the following is a
7 summary of the service priorities, from highest to lowest¹:

- 8 • **Firm:** FT (contracted path), FT-SN (contracted path), STS (in-season), STFT.
- 9 • **Alternate Receipts / Diversions (under FT and FT-SN contracts):** There are
10 two different service priority levels described as follows:
 - 11 i. Alternate Receipt / Diversion nominations which do not increase the flow of
12 gas through the bottleneck relative to the contracted path have a service
13 priority level which is the same as Firm.
 - 14 ii. Alternate Receipt / Diversion nomination which increase the flow of gas
15 through the bottleneck relative to the contracted path have a service priority
16 level which is below Firm and above Interruptible.
- 17 • **Interruptible:** the priority within this level is based on bid price.

18 As described above, Alternate Receipts and Diversions under FT and FT-SN contracts
19 have two different levels of service priority depending on where the bottleneck is on the
20 system at that time. As the bottleneck(s) on the system are determined by TransCanada
21 after the nomination deadline and all nominations are compiled, shipper's utilizing
22 Alternate Receipts / Diversions cannot be assured at the time of nomination which
23 service priority would apply.

24 Note that the risk of Bottlenecks and restriction of non-firm services is higher for DDAs
25 that span broad geographic areas and multiple segments of TransCanada's system, such

¹ The listing is a simplification of the transportation service priority rules. For a complete description of transportation service priorities, please refer to Section XV (Impaired Deliveries) of the General Terms and Conditions of TransCanada's Mainline Tariff.

as the Enbridge-CDA and Enbridge-EDA. If there is a bottleneck on any of the pipeline segments delivering gas to or within any portion of the DDA, TransCanada must restrict services to the entire DDA. This is because contracts and nominations are on a DDA level and TransCanada has no means of determining which meters within the DDA will experience an increase in flow if a nomination increase is authorized. For example, if there was a bottleneck on the Ottawa lateral, all IT, Diversion nominations to the entire Enbridge EDA would be restricted, following the service priorities, to the extent needed to align authorized nominations with capacity available.

Q14. How much firm capacity is currently available for contracting to the Enbridge CDA and Enbridge EDA?

A14. The capacity currently available starting November 1, 2009 for long-term firm contracts (e.g. FT, FT-SN) to the Enbridge CDA and Enbridge EDA is summarized in Table 4 below. As shown, there is currently significant capacity available for long-haul transportation to the Enbridge CDA and EDA markets. However, there is currently no capacity available from either Dawn or Parkway to the Enbridge CDA or EDA.

Table 4: Current Uncontracted Long-term Firm Capacity to the Enbridge CDA and EDA

Transportation & Receipt Location(s)	Capacity to the Enbridge CDA	Capacity to the Enbridge EDA
<u>Long-Haul:</u> Empress or Points in Saskatchewan	1,550,000 GJ/day	386,000 GJ/day
<u>Short-Haul:</u> Union Dawn or Union Parkway	0 GJ/day	0 GJ/day

Q15. What are the implications of contracting for short-haul firm capacity from Dawn to serve the Enbridge CDA and Enbridge EDA?

A15. As shown in Table 4 above, there is no capacity available at this time for long-term firm contracts from either Dawn or Parkway to the Enbridge CDA or Enbridge EDA. Providing incremental short-haul firm contracts would require the execution of 10 year transportation contracts to underpin capacity expansions and a 24 to 36 month lead time.

Q16. What is the tolling impact of additional incremental long-haul FT contracts and flow?

A16. The additional revenue from incremental long-haul FT contracts and flow would result in lower tolls for customers across the system, including existing customers in Enbridge's franchise areas.

Q17. What is the toll impact of shifting from long-haul FT contracts with Empress receipts to short-haul FT contracts with Dawn receipts?

A17. If long-haul FT contracts from Empress were not renewed and replaced by the same quantity of short-haul FT contracts from Dawn, the result would be higher tolls across the system.

Q18. Are there other benefits of contracting for incremental long-haul transportation service on TransCanada?

A18. Yes. A long-haul shipper has access to significant supplies in the WCSB. WCSB production in 2008 averaged 15.7 Bcf/d. There is also peak withdrawal capability of in excess of 4 Bcf/d from seven underground storage facilities connected to TransCanada's Alberta System. Of this total supply, in average 4.8 Bcf/d was used to serve the intra-WCSB market leaving 14 Bcf/d available for ex-WCSB markets. TransCanada's Alberta System is also proceeding with two expansions into Northeastern B.C. to access new, large shale gas reserves. Longer term, there is potential for Mackenzie and Alaskan gas to be available to downstream markets connected to the Alberta System.

In addition, the "NIT" market hub on the TransCanada Alberta System is arguably the most liquid natural gas market in North America with an average of approximately 65,500 TJ/day of title transfers in 2008. This affords ready access to natural gas supplies from a large number of producers and marketers.

Additional long-haul service on TransCanada will help to minimize the risk of delivery interruption to the Enbridge franchise in the event of facility outage on upstream pipeline systems. As shown in Table 1, 82% of the long-term firm contracts on TransCanada for

1 delivery to the Enbridge franchise areas are contracted on a short-haul basis using
2 facilities on Union Gas from Dawn and on TransCanada from Kirkwall or Parkway.
3 Additional, long-haul firm contracts on TransCanada would also help to reduce the
4 reliance on a single transportation path without installation of incremental facilities and
5 capital investment and without the need for 10 year contracts.

6 **3.0 WINTER 2008/2009 DELIVERIES TO ENBRIDGE FRANCHISE AREAS**

7 **Q19. Please provide a summary of deliveries by service type to the Enbridge franchise**
8 **areas during the 2008/2009 Winter Season.**

9 A19. For the period November 1, 2008 through March 31, 2009, Figure 4 below shows the
10 aggregate daily deliveries to the Enbridge CDA, Victoria Square #2 CDA and Goreway
11 CDA. As shown, there was a significant increase in the level of STFT utilized in January
12 2009, particularly during the middle of this month which coincided with the extremely
13 cold temperatures and high gas demand throughout Central and Eastern North America.
14 As well, Diversions / Alternate Receipts and IT were used extensively throughout this
15 winter.

16 For the period November 1, 2008 through March 31, 2009, Figure 5 below shows the
17 daily deliveries to the Enbridge EDA. During this period, Diversions and Alternate
18 Receipts were used extensively while usage of STFT and IT was relatively small.

**Figure 4: Daily Deliveries to the Enbridge CDA, Victoria Square #2 CDA, Goreway CDA
during the 2008/2009 Winter Season**

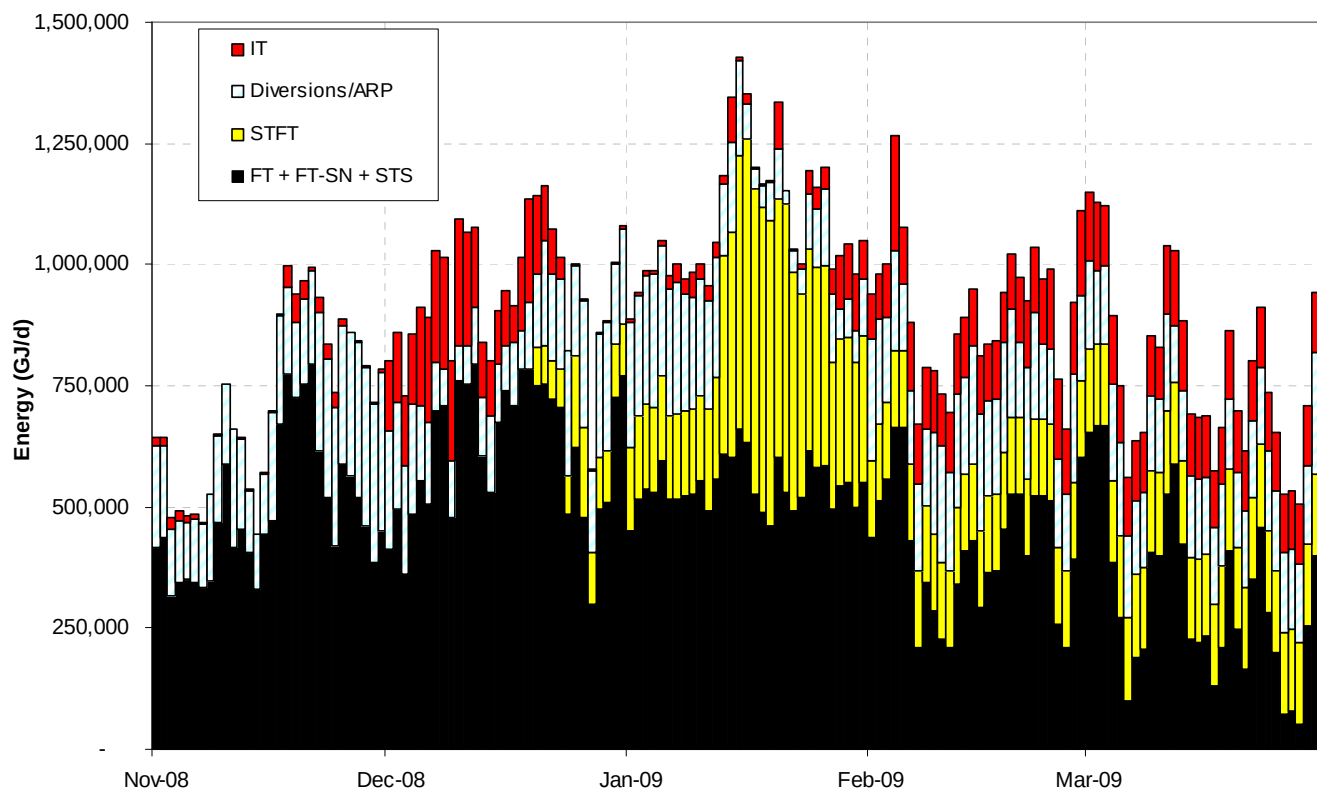
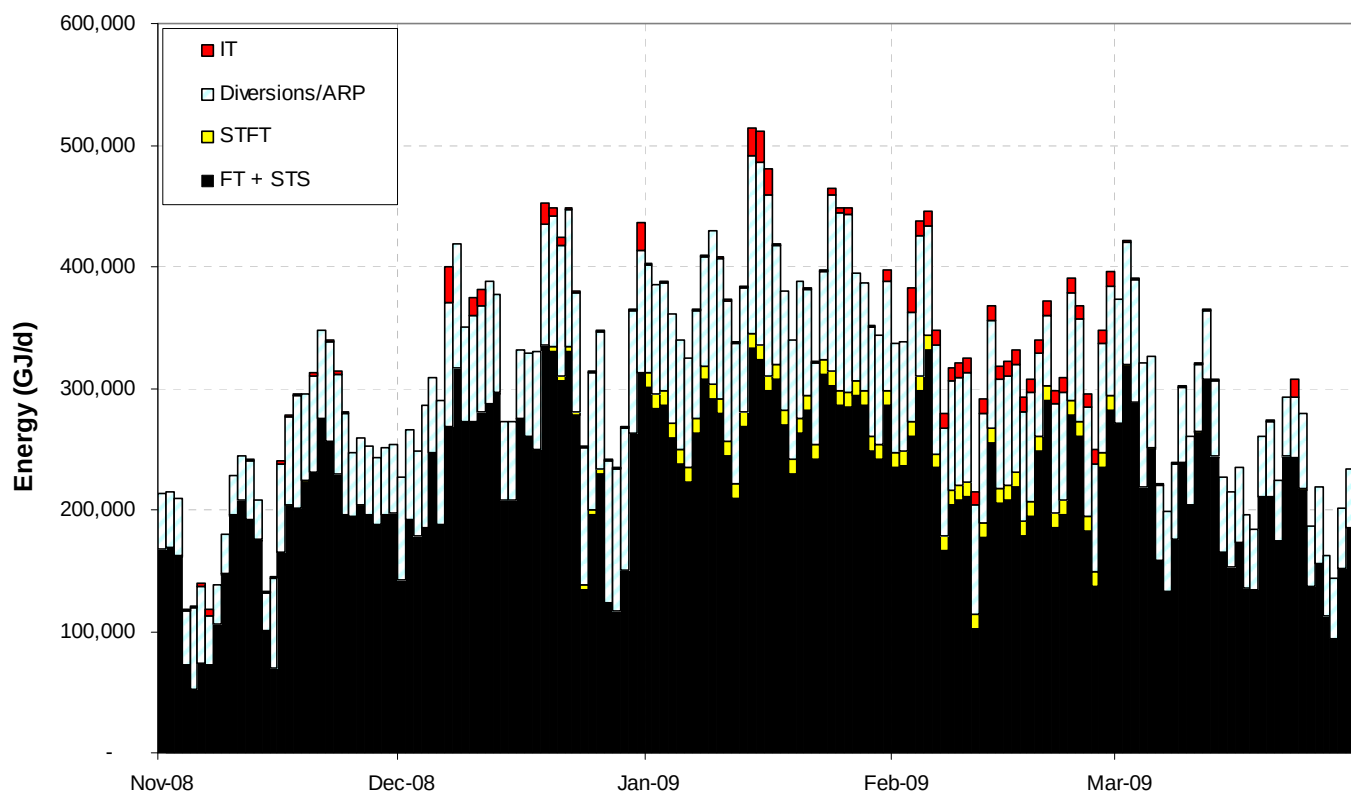
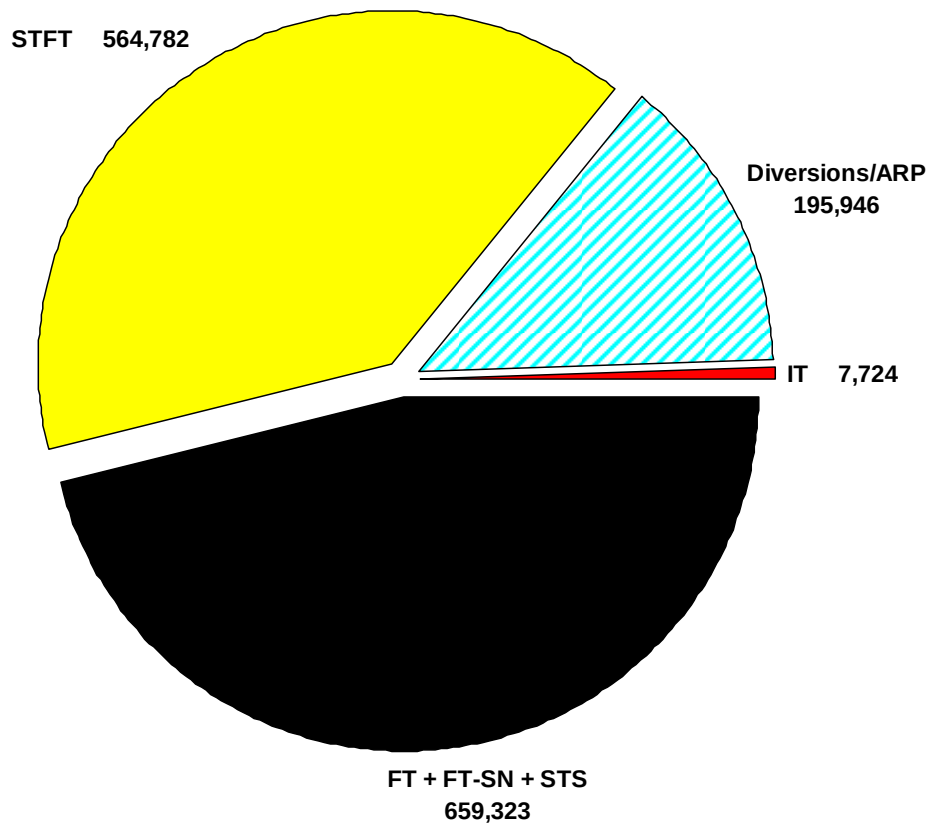


Figure 5: Daily Deliveries to the Enbridge EDA during the 2008/2009 Winter Season



- 1 **Q20. For the peak day during the 2008/2009 Winter Season, please summarize the**
- 2 **deliveries by service type to the Enbridge franchise areas.**
- 3 **A20. During the 2008/2009 Winter Season, the peak daily deliveries for the Enbridge CDA,**
- 4 **Victoria Square #2 CDA and Goreway CDA in total occurred on January 15, 2009.**
- 5 **Figure 6 below shows the deliveries by service type for this date. Of the deliveries,**
- 6 **approximately 46 percent were under long-term firm contracts (FT, STS and FT-SN).**

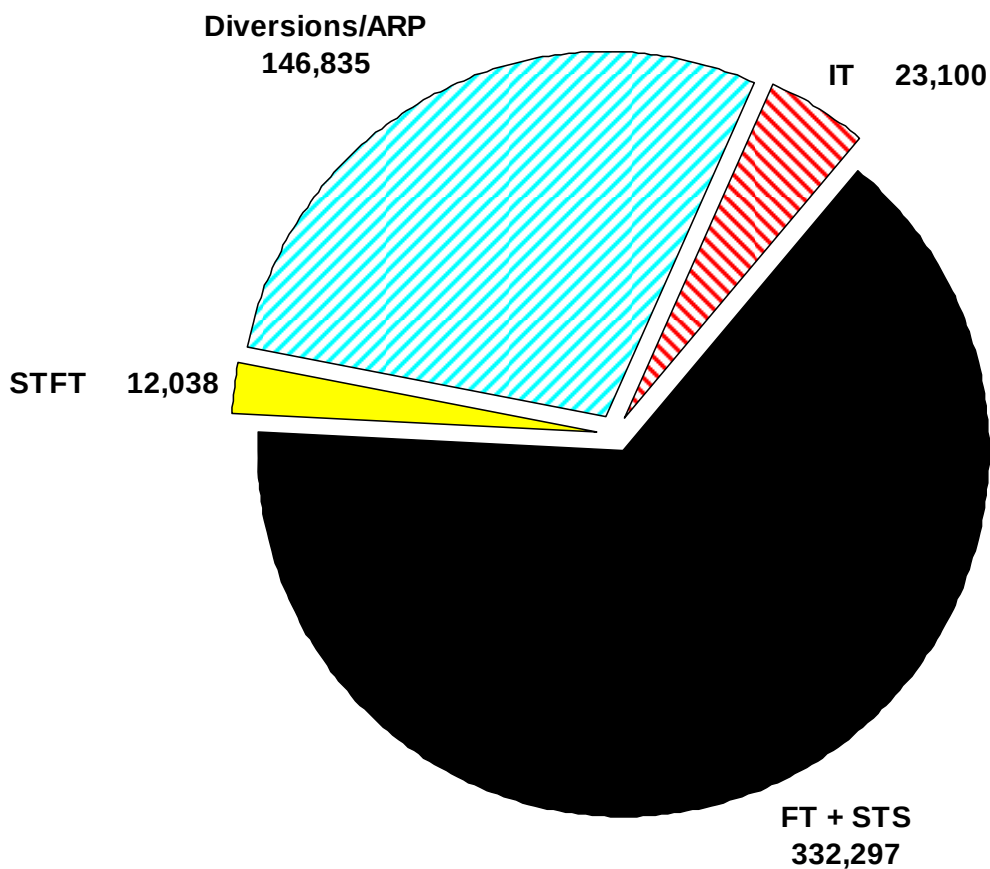
Figure 6: Daily Deliveries (in GJs) to the Enbridge CDA, Victoria Square #2 CDA and Goreway CDA on January 15, 2009



Total Deliveries = 1,427,775 GJ

During the 2008/2009 Winter Season, the peak daily deliveries to the Enbridge EDA occurred on January 14, 2009, and Figure 7 below shows these deliveries by service type. Of these deliveries, approximately 65% were under long-term firm contracts (FT and STS).

Figure 7: Daily Deliveries (in GJs) to the Enbridge EDA on January 14, 2009



Total Deliveries = 514,270 GJ

Q21. For the Winter 2008/2009, please provide the average and peak day quantities for the categories of long-term firm contracts (FT, STS, FT-SN) and each of the Discretionary services (STFT, Alternate Receipts / Diversions, IT) for the Enbridge franchise areas.

A21. For the Winter 2008/2009, Table 5 below summarizes the peak and average daily deliveries to the Enbridge CDA, Victoria Square #2 CDA and Goreway CDA.

For the Winter 2008/2009, Table 6 below summarizes the peak and average daily deliveries to the Enbridge EDA.

Table 5: Winter 2008/09 Peak & Average Day Deliveries to the Enbridge CDA, Victoria Square #2 CDA and Goreway CDA

	Average Day		Peak Day	
	GJ	% of Total	GJ	% of Total
<u>Long-Term Firm:</u> FT, FT-SN, STS	477,388	53.9%	659,323	46.2%
<u>Total Discretionary</u>	408,805	46.1%	768,452	53.8%
• STFT	145,649	16.4%	564,782	39.6%
• Alternate Receipts/Diversions	178,269	20.1%	195,946	13.7%
• IT	84,887	9.6%	7,724	0.5%
<u>Total</u>	886,194	100.0%	1,427,775	100.0%

Table 6: Winter 2008/09 Peak & Average Day Deliveries to the Enbridge EDA

	Average Day		Peak Day	
	GJ	% of Total	GJ	% of Total
<u>Long-Term Firm:</u> FT, STS	221,104	71.0%	332,297	64.6%
<u>Total Discretionary</u>	90,424	29.0%	181,973	34.4%
• STFT	5,286	1.7%	12,038	2.3%
• Alternate Receipts/Diversions	81,219	26.1%	146,835	28.6%
• IT	3,919	1.3%	23,100	4.5%
<u>Total</u>	311,528	100.0%	514,270	100.0%

4.0 SUMMARY

Q22. To what extent are the Enbridge franchise areas supplied by Discretionary services on TransCanada?

A22. As set out in Section 3, on the peak demand day this past winter 768 TJ/d (53.8%) of Enbridge CDA markets and 182 TJ/d (34.4%) of Enbridge EDA markets were served using Discretionary services.

Q23. What are the risks associated with the use of Discretionary services in meeting a significant portion of peak winter demand?

A23. As outlined in Section 2, availability of capacity for Discretionary services cannot be assured. First, TransCanada does not build facilities for Discretionary services. Second, availability of capacity for Discretionary service may be reduced by efficiency measures (e.g. compressor unit retirements) and by incremental firm contracts serving growing markets (e.g. power generation markets in Ontario.) Third, the quantity of capacity available for Discretionary services will be reduced by maintenance and unplanned system upsets. Note that, in the event of a significant outage or force majeure, 100% of non-firm, Discretionary services in that area would be curtailed prior to any interruption to firm contracts.

Perhaps the most critical consideration is not how much capacity is available for Discretionary services in summer or even on an average winter day. The most critical consideration may be how much capacity is available for Discretionary services when TransCanada's markets are experiencing extreme cold temperatures and peak demands. It is during these periods of extreme cold that:

- a) the risk of mechanical failures and reduced capacity is increased as a consequence of extreme operating conditions;
- b) many shippers and markets across the system may be competing for the same Discretionary capacity. Even if there is some Discretionary capacity available, such capacity may be taken by downstream markets and there is no guarantee that markets served by Enbridge will get that capacity.
- c) Firm shippers tend to nominate their full contract entitlements, reducing capacity that might otherwise be available for Discretionary services.
- d) Firm shippers tend to use their firm contracts to deliver to their own markets, reducing availability of Diversions to secondary markets; and
- e) the ramifications of failure to obtain sufficient supply and transportation will be most acute for Enbridge customers dependant upon natural gas for heating.

Q24. Is there firm capacity available on TransCanada to better assure deliveries to Enbridge's customers?

A24. Yes. As set out in Table 4 in Section 2.0, TransCanada has 1,550,000 G J/day to the Enbridge CDA and 386,000 GJ/day to the Enbridge EDA. This capacity is available immediately (no incremental facilities, no long-lead times and no incremental capital costs required). This capacity is available on a firm basis with a minimum term of 12 months and guaranteed renewal rights. Long-term, firm contracts on TransCanada afford the shipper extensive flexibility features such as Diversion rights, Alternate Receipt point rights, and RAM credits to maximize the value of the contract. Long-haul firm contracts

1 would also offer more direct access for Enbridge customers to WCSB supplies and the
2 highly liquid NIT market hub.

3 **Q25. Does this conclude TransCanada's written evidence?**

4 A25. Yes.