

April 13, 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 TransCanada
PipeLines Limited**

Dear Ms. Walli,

Please find attached the interrogatories of Direct Energy Marketing Limited for TransCanada PipeLines Limited, 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 Nadine Berge, TransCanada PipeLines Limited
Cc Interested Parties

DIRECT ENERGY MARKETING LIMITED

**Information Requests of Trans Canada Pipelines Limited re: Enbridge 2009 Rates Adjustment
Application, EB-2008-0219, Phase 2; Exhibit L, Tab 21**

DE/TCPL #1

Reference: Exhibit L, Tab 21 - General

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

DE/TCPL #2

Reference: Exhibit L, Tab 21 - General

Please provide all correspondence, communications, or studies exchanged between TCPL and EGD with regard to system reliability issues resulting from the lack of FT contracts for direct purchase customers, including those pertaining to the preparation of materials filed in this proceeding by either Enbridge or TCPL.

DE/TCPL #3

Reference: Exhibit L, Tab 21 - General

- a. Does TCPL agree that shippers should be able to optimize a transportation portfolio? If so, why? If not, why not?
- b. Does TCPL agree that innovation is an integral part of the competitive transportation market? If so, why? If not, why not?

DE/TCPL #4

Reference: Exhibit L, Tab 21 – General; 2008 TransCanada Annual Report

Preamble:

According to the 2008 TransCanada Annual Report, in the MD&A Pipelines Throughput Volumes section footnote (1), it is stated that:

“Canadian Mainline physical receipts originating at the Alberta border and in Saskatchewan in 2008 were 1,898 Bcf (2007 — 2,090 Bcf; 2006 — 2,207 Bcf).”

This represents a year over year decline in deliveries of 5.3% between 2006 and 2007 and a 9.2% decline in between 2007 and 2008.

Interrogatories:

- a. Does TCPL recognize that there is a decline in the productivity of the WCSB? If not, why not?
- b. Does TCPL agree that the decline in WCSB productivity coupled with the build of alternative pipelines out of the WCSB basin has led to the increase in the TCPL Mainline tolls? If not, why not?
- c. Does TCPL believe that an increase in Firm Transport to the Enbridge franchise area will increase the production from the WCSB? If yes, please explain.

DE/TCPL #5

Reference: Exhibit L, Tab 21, Page 7 and 8, starting at line 11 on Page 7

- a. Does TCPL believe that Diversions are an efficient use of pipeline resources? If not, why not?
- b. Please advise if Enbridge has used Discretionary Service in the past 10 years.

DE/TCPL #6

Reference: Exhibit L, Tab 21, Page 7 and 8, starting at line 11 on Page 7

Preamble:

The TCPL promotional page for Firm Transport on the TCPL website (http://www.transcanada.com/Mainline/service_offerings/index.html) lists the key features and benefits of FT as follows:

"Diversion rights: High priority access to delivery points on the Canadian Mainline System other than those contracted.

- Provides access to alternate markets.
- Protects you from regional price fluctuations.
- Helps you to avoid unabsorbed demand charges."

Interrogatories:

- a. Does TCPL agree that diversion rights are a benefit of owning FT? If so, if a shipper takes out Empress-Emerson FT, should the shipper be able to divert to a Dawn-Parkway delivery when available? If not, why not?
- b. Does TCPL believe that shippers should have choice in delivery and receipt points in order to take advantage of price discrepancies? If so, why? If not, why not?

- c. Would TCPL consider relaxing the current rules regarding the ability to permanently change the receipt point for a FT contract if FT capacity is available at the alternative receipt point?

DE/TCPL #7

Reference: Exhibit L, Tab 21, Page 9 and 10, starting at line 7 on Page 9

- a. Please provide the long term firm contracting renewal rates on TCPL Mainline over the past five years.
- b. Please explain TCPL's views as to the reasons for the low renewal rates for long haul Mainline FT contracts at only 19% for April 2009 as detailed on the TCPL website?

DE/TCPL #8

Reference: Exhibit L, Tab 21, Pages 10 and 11, starting at line 12 on Page 10

- a. Please provide TCPL's understanding of how and when Gas Fired Generation (GFG) is utilized in the Province of Ontario including:
 - i. The merit order of generation.
 - ii. The percentage of time GFG is used as a peaking resource.
 - iii. Seasonal demand peaks for electricity and how GFG is used to meet such peaks. Please include a comparison between summer and winter peak demand days and duration.
 - iv. Time of day requirements for GFG utilization to meet demand.
- b. Please provide a comparison chart between the volumes actually delivered through the TCPL nomination process versus the FT contracted for by the power generators mentioned in this section since the in-service dates of these contracts in January 2009.
- c. Please provide a typical natural gas load profile for a gas fired generator in Ontario.
- d. Please provide the pipeline(s) on which additional FT will be required as alluded to in lines 24-27 on page 10.

DE/TCPL #9

Reference: Exhibit L, Tab 21, Pages 11 and 12, starting at line 25 on Page 11

"There are several situations that can result in bottlenecks, including: periods of high demand, maintenance and compressor failure. Periods of extreme cold weather typically result in numerous bottlenecks on the system due to the combination of high demand to meet customers' heating requirements and reduced capacity due to the cold weather related equipment failures (e.g. valve freeze offs, difficulties in starting compressors, etc.)."

Please advise how FT held by shippers will prevent the situations noted in this section.

DE/TCPL #10

Reference: Exhibit L, Tab 21, Page 14, lines 1 to 5.

- a. Please confirm that an increase of 200,000 GJ/d in FT to Enbridge CDA and EDA will decrease the tolls for the TCPL Mainline. Please confirm by what amount the tolls would be expected to decrease and provide all calculations.
- b. Can TCPL guarantee that there will be a corresponding decrease in the TCPL Mainline tolls if an extra 200,000 GJ/d to Enbridge CDA and EDA is required?
- c. Please confirm whether TCPL would financially benefit from the Enbridge proposal for direct shippers to hold 90% FT for deliveries to the Enbridge franchise area, which is estimated to increase Empress-Enbridge CDA and EDA by a total of 200,000 GJ/d.
- d. Please provide the revenue generated from an additional 200,000 GJ/d TCPL Mainline demand charge from Empress to Enbridge CDA or EDA, and also provide the calculations for such. Would TCPL agree that this change represents demand tolls of \$86.9 million annually (200,000 GJ/d multiplied by 365 days multiplied by \$1.19/GJ demand toll)?
- e. Is TCPL looking for innovative ways to enhance revenues on the existing Mainline assets, and if so, would the FT-RAM (Risk Alleviation Mechanism) pilot be a good example of this?
- f. Please describe the FT-RAM pilot and explain the business goal behind the introduction of this pilot. Are incentives required because the long haul Canadian Mainline transportation is "out of the money" in the current energy market?

DE/TCPL #11

Reference: Exhibit L, Tab 21, Page 14, lines 13 to 24

- a. Please advise if TCPL is the only pipeline company with access to "significant" WCSB supplies. If not, please provide a list of the pipelines which access WCSB supplies.
- b. Please confirm that the benefits outlined in this section are not solely available to FT shippers.

DE/TCPL #12

Reference: Exhibit L, Tab 21, Page 21, lines 15 to 17

"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."

- a. Please explain how gas would flow in an area where a force majeure situation has occurred.

- b. Please confirm that should the events outlined above take place (e.g. force majeure) that there is a likelihood that gas would not flow in the area, regardless of the service type contracted for?

DE/TCPL #13

Reference: Exhibit L, Tab 21, Page 22, lines 8 to 11

"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."

- a. Does TCPL believe that market prices are impacted by pipeline capacity? If not, why not?
- b. Does TCPL believe that the price for gas at different hubs reflects pipeline capacity into that hub? If not, why not?

DE/TCPL #14

Reference: Exhibit L, Tab 21, Page 22, lines 24 to 26

"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."

Considering the benefits stated above, please explain why there has been a steady decline in renewals for firm contracting on TCPL Mainline.

DE/TCPL #15

Reference: Exhibit L, Tab 21, Page 22, line 26

"Long-haul firm contracts would also offer more direct access for Enbridge customers to WCSB supplies and the highly liquid NIT market hub."

Please confirm that liquid hubs can readily be accessed without the use of FT.

DE/TCPL #16

Reference: Exhibit L, Tab 21 - General

Would TCPL agree that the Enbridge request for direct shippers to hold FT 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.

DE/TCPL #17

Reference: Exhibit L, Tab 21, Pages 2 and 13

Preamble:

TCPL has stated on Page 2, line 11 that "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 used capacity contracted by TransCanada on Great Lakes Gas Transportation in the United States and on Union Gas in southwestern Ontario..." TCPL also states on page 13, line 14 "...there is currently no capacity available from either Dawn or Parkway to the Enbridge CDA or EDA." According to the Union M12 Shippers list (<http://www.uniongas.com/storage/transportation/shipperresources/customerindex.asp>), as at April 1, 2009, TCPL and EGD hold 80% of the M12 firm transport in aggregate. EGD holds 36% or 2,225,102 GJ and TCPL holds 44% or 1,810,240 GJ on a total firm capacity of 5,004,828 GJ. This is arguably an oligopoly that has created a bottleneck on the southern route into Enbridge CDA and EDA.

Interrogatories:

- a. Would TCPL agree that due to the declining WCSB production and the increasing supply from the US, that more capacity from Dawn to Enbridge CDA and EDA is a better long term solution to help prevent potential future bottlenecks? If not, why not?
- b. Would the unbundling of Enbridge/TCPL intra provincial transportation provide direct shippers more flexibility in procurement of supply and provide increased assurances of shippers' ability to meet their customer delivery obligations? If not, why not?