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Ontario Energy Board  
P.O Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, Ontario  
M4P 1E4

**Attention: Ms. Kirsten Walli, Board Secretary**

Dear Madam:

**Re: Enbridge Gas Distribution 2009 Rates – Phase 2  
Ontario Energy Board (the “Board”)  
File No. EB-2008-0219  
TransCanada PipeLines Limited (“TransCanada”) Interrogatory Responses**

In accordance with the requirements in Procedural Order No. 6, please find attached two hard copies of TransCanada’s Interrogatory Responses to:

- Canadian Manufactures Exporters;
- Direct Energy Marking Limited; and
- Shell Energy North America (Canada) Inc.

Yours truly,

*[Original signed by]*

Nadine Berge  
Senior Legal Counsel  
Law and Regulatory Research

Enclosures

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**DEML-TCPL 1**

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**Reference:** Exhibit L, Tab 21 - General

**Request:**

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

**Response:**

TransCanada PipeLines Limited (“TransCanada”) is not able to provide the data requested because it does not maintain unutilized capacity figures to specific distributor delivery areas.

TransCanada’s capacity to serve the Enbridge EDA, for example, utilizes the integrated system which includes the Montreal line. However, since the Montréal line is also used to serve multiple delivery locations (e.g. Enbridge EDA, Union EDA, GMi EDA, Iroquois, East Hereford), TransCanada does not assign unutilized capacity on the Montreal line to any particular distributor delivery area or export point.

Further, the quantity of unutilized capacity is dynamic. Capacity availability on a particular pipeline segment is determined, not only by its physical characteristics (pipe size, compression power), but also by factors such as; planned maintenance; unplanned facility outages; heat content of the gas stream; upstream and downstream deliveries; and upstream and downstream pressures. Flow levels are a function of nominations by shippers for deliveries both within the pipeline segment and downstream of the pipeline segment. Segment flows may also be influenced by marginal cost and availability of capacity on multiple segments (e.g. flow split between TransCanada’s Northern Ontario Line versus the southern route through Great Lake Gas Transmission system, the Dawn lateral and Union Gas). Segment flows will also change as TransCanada’s linepack shifts from segment to segment in order to maintain optimal linepack across the system.

Many of the foregoing factors can change throughout the gas day. Shippers, depending on their service type, can change nominations anywhere from four to 96 times per day. Further, shippers have the right to vary their deliveries through the day (Uniform Hourly Flow limit of five percent of the Daily Quantity in any particular hour). Consequently, even if the shipper’s nomination does not change, their flows through a particular

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**DEML-TCPL 1**

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pipeline segment could vary substantially throughout the day. Similarly, the capacity can change as pressures change, linepack levels change and with the availability of individual compressors upstream, downstream and within that segment though the day.

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**DEML-TCPL 2**

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**Reference:** Exhibit L, Tab 21 - General

**Request:**

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.

**Response:**

TransCanada considers correspondence with individual customers to be confidential and proprietary, and therefore respectfully declines to provide the requested information.

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**DEML-TCPL 3**

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**Reference:** Exhibit L, Tab 21 - General

**Request:**

- (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?

**Response:**

- (a) Yes. TransCanada suggests shippers should contract for services and paths that meet their requirements in terms of availability, reliability and service priority. Currently, there are many services available on TransCanada with a wide range of service attributes.

Also, TransCanada recognizes that, to the extent a long-term firm shipper does not fully utilize its contract entitlements, they should have the opportunity to capture value from such capacity. For this reason, TransCanada has a number of service flexibility features for its long-term firm shippers including:

- Assignments: temporary and permanent, available to FT, FT-SN;
- FT availability on terms as short as one year, with full rights to renew annually upon six months prior notice;
- Alternate Receipts / Diversions: receipt point and delivery point flexibility for FT and FT-SN shippers on a secondary service priority basis allowing access to multiple markets across Canada and to major pipeline systems service U.S markets;
- RAM (risk alleviation mechanism): available to long haul FT and STS contracts and credits the IT invoice for utilized demand costs (for every \$1 of unutilized demand costs, the shipper obtains approximately \$1.10 credit towards IT service in that month);
- Enhanced Capacity Release: available to long-haul FT shippers with a delivery point in the Eastern Zone Toll or export points downstream of St. Clair whereby shippers can obtain release of TransCanada's capacity on

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**DEML-TCPL 3**

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the Great Lakes Gas Transmission (“GLGT”) system to access markets off GLGT and at the same time access supply on GLGT for deliveries to St. Clair in order to serve markets off TransCanada downstream of St. Clair; and

- Multiple Nomination Windows: between four and 96 per day, depending on the service.

(b) Yes. Please refer to the response to DEML-TCPL 10(f).

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**DEML-TCPL 4**

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**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.

**Request:**

- (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.

**Response:**

- (a) Despite recent declines, the Western Canada Sedimentary Basin (“WCSB”) remains a significant source of supply for markets across Canada supported by a liquid gas trading hub at NIT. Existing pipeline infrastructure such as the TransCanada Mainline provides a significant transportation connection to markets in eastern/central Canada and beyond. Over that next decade WCSB production levels are forecast to remain fairly flat at about 15 Bcf/d. Recent developments in WCSB unconventional gas such as the Montney and Horn River represent potential new sources that may in the long term result in overall growth in WCSB production. Furthermore, northern gas is also a potential supplementary sources

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**DEML-TCPL 4**

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with TransCanada infrastructure well situated to transport these volumes to market as well.

Like many other supply basins in North America, the WCSB has experienced some decline in productivity in the last few years. Below are tabulated recent production numbers for the WCSB.

Year	WCSB Production (Bcf/d)	Change from Previous Year (Bcf/d)	Percentage Change from Previous Year (%)
2006	16.8		
2007	16.4	-0.4	-2.2
2008	15.7	-0.7	-4.6

A combination of factors that include higher supply costs, lower gas prices, uncertain royalties and the recent economic downturn have lead to the production decline shown in the table above. Some of the factors are short-term in nature and TransCanada expects that with increasing unconventional gas, the declines are expected to moderate.

- (b) Throughput is just one of a number of factors that leads to changing toll levels on the TransCanada Mainline. The other factors include but are not limited to revenue requirement levels, the transportation services mix purchased by shippers and the length of haul of the services they purchase. All other things being equal, a reduction in TransCanada Mainline throughput will put upward pressure on tolls. TransCanada believes that the construction of new-alternative ex-WCSB pipeline capacity and the construction of new pipelines into the market region have had the greatest impact on TransCanada Mainline throughput and tolls.
- (c) TransCanada does not believe that an increase in Firm Transport to the Enbridge franchise area would have a material impact on WCSB production.

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**DEML-TCPL 5**

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

**Request:**

- (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.

**Response:**

- (a) Please refer to the response to DEML-TCPL 3(a).
- (b) Due to confidentiality requirements, TransCanada cannot provide shipper specific data.

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**DEML-TCPL 6**

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**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](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.”

**Request:**

- (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?

**Response:**

- (a) TransCanada understands that diversions have long been regarded by shippers as an important feature of FT to help manage their transportation obligations and meet market requirements. Please also refer to the response to (b) below.

For the requested example of a shipper that has an FT contract from Empress to Emerson 2 (which is the interconnect with GLGT), valid points for a diversion nomination would include Union SWDA (which includes Union Dawn), and

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**DEML-TCPL 6**

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Union CDA (which includes Union Parkway). The authorization of this nomination would depend on whether or not capacity was available for the diversion service priority level as well as the level of other diversion nominations. Also, additional charges would apply to reflect the additional distance of this diversion nomination versus the contracted path.

- (b) When a shipper contracts for FT, the desired receipt and delivery points are set out in their contract and these points are accessed on a firm service priority basis. FT shippers also have rights to access alternate receipt points and diversions (alternate delivery points) and these provisions are defined in the FT Toll Schedule of TransCanada's Canadian Mainline Tariff. There may be many reasons why a shipper, on a secondary service priority basis, may choose to access points other than what is specified in their FT contract. The reason to access alternate receipt and delivery points is not limited to situations where price discrepancies exist.
- (c) TransCanada currently has no plans to alter the procedures it utilizes in evaluating and awarding permanent changes to the receipt point of a shipper's FT contract.

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**DEML-TCPL 7**

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

**Request:**

- (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?

**Response:**

- (a) The table below contains the percent of contract demand quantities that were renewed for all paths of long-term firm contracts for the Effective Dates shown from April 2004 through April 2009. The "Effective Date" is start date of a renewed contract (note: this is not the deadline for shippers to provide notice to renew contracts). Two Effective Dates are shown (April 1 and November 1) since these represent the key dates which industry utilizes for most of their long term firm contracts. There are some contracts which have other Effective Dates, however these contracts generally represent a relatively small portion of the total contract demand. Data relating to Effective Dates, other than that provided in the table provided, cannot be provided with reasonable effort.

**Percent of Contract Demand Renewed for the Effective Date**

<b>Year</b>	<b>April 1</b>	<b>November 1</b>
2004	0%	68.9%
2005	36.0%	89.1%
2006	53.5%	89.1%
2007	64.9%	70.8%
2008	61.4%	66.6%
2009	56.6%	Not Available*

\* as of April 20, 2009

- (b) Please refer to the response to DEML-TCPL 14.

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**DEML-TCPL 8**

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

**Request:**

- (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.

**Response:**

- (a) The reference relates to the FT-SN contracts held by generators in the Enbridge franchise area. It is TransCanada's general understanding that GFG is utilized in Ontario as both a base load and peaking electricity supply. TransCanada has limited knowledge related to the additional requested information and therefore is unable to provide a more detailed response. Furthermore, once the generator has contracted for FT-SN service, the total contract capacity is reserved and is unavailable for discretionary services. The utilization of GFG in Ontario is therefore not relevant to the matters to be decided by the Board in the present proceeding.

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**DEML-TCPL 8**

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- (b) TransCanada cannot provide the requested data since it only pertains to two FT-SN shippers and this does not provide sufficient anonymity for TransCanada to protect the confidentiality of shipper specific data.
- (c) TransCanada does not have this information. Please refer to the response to (a) above.
- (d) Since these projects have not all been selected yet it is not possible to say which pipelines would be required to provide additional firm transportation. However, the north York Region project has been selected and is located near the TransCanada line.

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**DEML-TCPL 9**

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

**Preamble:** “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.)”

**Request:**

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

**Response:**

FT held by shippers will not prevent the circumstances described in the preamble from occurring. However, by holding FT service, a mainline shipper has greater certainty that they will be able to receive uninterrupted transportation service as a result of the conditions described in the preamble.

TransCanada designs its system to meet all firm service contract requirements under loss of critical unit during the situations stated in the reference above.

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**DEML-TCPL 10**

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

**Request:**

- (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?

**Response:**

- (a) Please refer to the response to Shell-TCPL 6(b).
- (b) TransCanada cannot guarantee a toll change however, all else being equal, incremental FT contracts and flow will lead to a toll reduction.

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**DEML-TCPL 10**

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(c) Any incremental revenue received as a result of higher FT contract levels would be applied to the cost of service and all else being equal, result in lower tolls for all shippers.

(d) Please refer to the response to Shell-TCPL 6(b).

(e) & (f):

TransCanada and its stakeholders continuously look for ways to increase TransCanada Mainline revenues in order to decrease tolls and enhance the competitiveness of the TransCanada Mainline system. TransCanada also looks for ways to add value to existing services. Such initiatives often take the form of new TransCanada Mainline transportation services or changes to existing service features. RAM would be one example of a service feature that was intended to add value to FT, STS and STS-L.

TransCanada notes that RAM is no longer in pilot format, as it was approved by the NEB as a permanent feature of FT, STS and STS-L transportation services on March 27th, 2009. RAM (risk alleviation mechanism) is available to these services and credits the IT invoice for unutilized demand costs.

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**DEML-TCPL 11**

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

**Request:**

- (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.

**Response:**

- (a) The Mainline is not the only pipeline with access to WCSB supplies. Other pipelines that access WCSB supplies and export from the region are:
  - Alliance Pipeline
  - Northwest Pipeline with access via an interconnect to the Spectra Westcoast system at Sumas
  - Gas Transmission Northwest with access via an interconnect to the TransCanada B.C. system at Kingsgate
  - Northern Border Pipeline with access via an interconnect to Foothills SK at Monchy
- (b) Confirmed.

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**DEML-TCPL 12**

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

**Preamble:** “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.”

**Request:**

- (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?

**Response:**

(a) & (b):

In most cases it is possible for gas to flow into an area even under a force majeure event.

If after curtailing all non-firm Discretionary Services, as provided for in TransCanada’s Mainline Tariff, there continues to be less pipeline capacity available than required to meet the contracted FT levels then TransCanada would allocate the available capacity on a pro-rata basis to the affected firm service contracts.

Even generally under a force majeure situation, gas can flow into an area as a result of multiple pipelines serving an area (e.g. Enbridge CDA served via the Barrie Line and via Parkway, Enbridge EDA served by both the North Bay Short Cut and the Montreal line), multiple pipeline loops, spare compression and assistance from interconnected pipelines. For example, even in the case of the Ottawa lateral serving Ottawa in the Enbridge EDA, two parallel lines are used to meet the delivery requirements and therefore even in the remote possibility of one

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**DEML -TCPL 12**

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line failing, some deliveries to Ottawa will continue. Further to this, gas will continue to flow to other parts of the Enbridge EDA.

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**DEML-TCPL 13**

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

**Preamble:** “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.”

**Request:**

- (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?

**Response:**

(a) & (b):

Prices at any location in the North American pipeline grid can be impacted by a number of factors, one of which may be pipeline capacity. Pipeline constraints to and from a hub may impact prices. Other factors that can impact prices include supply, demand and storage availability.

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**DEML-TCPL 14**

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

**Preamble:** “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.”

**Request:**

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

**Response:**

Over the past years there has been a reduction of long-haul firm contracts on the TransCanada Mainline and an increase in short haul firm contracts. There are a number of factors that influenced this development and the decline in renewals of long-haul firm transportation contracts on the TransCanada Mainline, including:

- new ex-Alberta bypass capacity on alternative pipelines; and
- new capacity and supply on alternative pipelines into markets served by the Mainline.

The existence of available uncontracted capacity has resulted in shippers taking on the risk of serving markets with discretionary services.

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**DEML-TCPL 15**

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

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

**Request:**

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

**Response:**

Hubs can be accessed via the transportation service(s) available on the connecting pipeline(s). Whether hubs can “readily be accessed” without the use of FT service, would depend on the availability of capacity for such services. For example, the use of FT would increase the likelihood of being able to access a hub on a peak winter day versus IT.

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**DEML-TCPL 16**

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**Reference:** Exhibit L, Tab 21 - General

**Request:**

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.

**Response:**

TransCanada agrees that the Enbridge request for direct shippers to hold FT does not create any additional operational capacity. Increased levels of FT capacity by a shipper to Enbridge's franchise area do, however, provide greater assurance that that shipper will have access to the pipeline capacity when it is required, as compared to discretionary services.



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**DEML-TCPL 17**

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In order to meet incremental capacity requirements from Dawn, new short-haul capacity would require long-term commitments (typically 10 years), capacity expansions on TransCanada, and incremental Union TBO costs, which may result in higher tolls when compared against utilizing existing long-haul capacity on the TransCanada Mainline.

Please refer to the response to DEML-TCPL 4.

- (b) TransCanada requires its full M12 capacity to meet firm service obligations to customers in Ontario, Quebec and the northeast United States. Consequently, TransCanada's M-12 capacity cannot be "unbundled".

TransCanada notes that roughly 2/3rds of its contracted M-12 capacity has a delivery point of Kirkwall and is used to supply export markets at Chippawa and Niagara. This M-12 capacity, therefore, cannot be used to serve Enbridge markets at Parkway or in the Greater Toronto Area.

TransCanada is not aware of any prohibitions on the contracting of M-12 capacity by direct sellers had they wished to obtain such capacity directly from Union Gas.