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May 25, 2009

VIA RESS, COURIER, AND EMAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2700
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

Re: EB-2008-0052 – Ontario Energy Board (“Board”) Notice of Proposal to Make a Rule – Storage and Transportation Access Rule (“STAR”) Submission of Enbridge Gas Distribution Inc. (“Enbridge”)

As per the Board's notice of proposal to make a rule regarding STAR dated April 9, 2009 enclosed please find Enbridge's submission.

This submission has been filed through the Board's RESS, and three paper copies are being sent to the Board via overnight courier.

Sincerely,

A handwritten signature in blue ink that reads 'L Chiasson'.

Lorraine Chiasson

encl.

cc: All Interested Parties EB-2008-0052

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15 (Sched. B)

AND IN THE MATTER OF the Ontario Energy Board's
Notice of Proposal to Make a Storage and Transportation
Access Rule

**SUBMISSION OF
ENBRIDGE GAS DISTRIBUTION INC.**

Overview

1. Enbridge Gas Distribution Inc. ("EGD") appreciates this opportunity to comment on the Board's proposed Storage and Transportation Access Rule ("STAR", or the "Rule").
2. As noted in EGD's September 9, 2008 submissions to the Board Staff Discussion Paper (the "Prior Submissions"), EGD generally supports a STAR that regulates storage and transportation services to the extent necessary to give effect to the Board's decision in the Natural Gas Electricity Interface Review ("NGEIR"), and to protect the public interest.

Definitions & General Provisions

3. The definitions for "gas transportation services" and "storage service" lend themselves to a more broad application - for instance, to secondary market services - than to transportation and storage services that are regulated by the Board. EGD recommends that these definitions be clarified to exclude secondary market services. EGD requests a related modification to the definition for "storage company" to clarify that the storage company must be authorized by the Board to store gas.
4. Regarding the proposed in force date for the Rule of September 11, 2009, EGD requests that the Board clarify its expectations with respect to the timing for obtaining the various Board approvals required. If the Board's expectation is that approvals be obtained prior to the in force date, EGD requests that the in force date be extended by six months. Otherwise, EGD requests that the Board provide a date in the Rule by which applications must be filed for required approvals.

5. EGD also requests that the Board allow for grandfathering of existing contracts in the Rule. Upon renewal, such contracts can be standardized to the extent required by the Rule.
6. As a general comment, in addition to costs related to regulatory filings, EGD expects to incur expenses for internal administration and information technology systems to comply with the Rule, the extent of which cannot be determined at this time. EGD will seek recovery of these expenses through rates at the appropriate time.

Transportation Services

7. In the Prior Submissions, EGD noted that it has only one transmission pipeline used to offer stand-alone transmission services to the public, and this is pursuant to Rate 331. EGD assumes that this is the only transmission service it currently provides that would be subject to the Rule, as this is the only service that was identified in the Board Staff consultative that would be affected.
8. As previously communicated to Board Staff, EGD has only one customer on Rate 331 – Niagara Gas Transmission Limited (“Niagara Gas”). Although Rate 331 is offered to the public, gas can only be received by EGD at the interconnection of EGD’s Tecumseh transmission facilities with the Niagara Gas Link Pipeline facilities. To avoid having to contract with two separate pipelines, customers of Niagara Gas invariably choose to contract only with Niagara Gas, which in turn contracts with EGD to transport customer gas to Dawn, thus providing a seamless transportation service to Dawn. There has never been any other demand for the use of Rate 331 services.
9. Rather than requiring the filing of exemption applications to specifically address each of the Rate 331 types of services, EGD submits that it would be more efficient to provide for a “regulation by exception” model for certain of the requirements currently proposed in the Rule, as further explained below. This approach would both lessen the regulatory burden of administering the Rule, and would ensure that the public interest objectives of the Rule are preserved.

i. Allocation of Capacity and Open Seasons

10. EGD’s method for allocating transportation capacity on Rate 331 is simply to provide service on a first-come, first-serve basis. EGD’s first priority for use of the Tecumseh transmission system is to transport EGD’s own gas from Tecumseh storage to Dawn, and whatever is remaining is available to be contracted to third parties. Only customers that hold contracts with Niagara Gas can use this service. In order to comply with the Rule, therefore, EGD would simply state that capacity is allocated on a first-come, first-serve basis in the Rate 331 rate schedule. EGD requests that the Board clarify whether this rate schedule change would have to be approved by the Board by September 11, 2009, or some later date.

11. EGD does not support the requirement to offer existing transportation capacity through open seasons. The transmitter should have the option to issue an open season, based on the level of demand for the service. That is, if there is limited demand for a service, open seasons are not warranted. For a service such as Rate 331, an open season process would not be workable, as requests for services are wholly dependent upon a customer having first contracted with Niagara Gas, and the accompanying Rate 331 service must be contracted for simultaneously.
12. Open seasons are less flexible, and more cumbersome for parties to execute. For underutilized facilities, flexibility is paramount to enable maximum usage, and therefore to generate sufficient revenues to offset rates. EGD notes that the FERC does not mandate open seasons for existing transmission capacity, and Ontario transmitters would be competitively disadvantaged by having to hold open seasons.
13. EGD has no concerns about the proposed content of open seasons for new transmission capacity, save and except for the proposed minimum period of response time prescribed in 2.2.1 i) (c) of the Rule. EGD requests that the Board eliminate the minimum response period because the FERC does not prescribe such response times. In the alternative, EGD suggests that a twenty (20) day response period for new transmission capacity open seasons would provide interested parties with adequate time to prepare a bid.

ii. Standard Terms of Service and Contracts

14. Although EGD agrees with the need for transparency and non-discriminatory terms of service and contracts, EGD does not support the proposed requirement for Board approval of contracts. EGD instead advocates Board approval for tariff provisions only. Standard contracts can be posted on the transmitter's website to ensure transparency.
15. EGD notes that the Board does not currently approve the standard forms of contracts for gas distribution and gas delivery services, and believes that this is the best approach to maintaining market participants' ability to negotiate more efficiently. The Board could reserve the right to hear complaints about a transmitter's contracting practices if the need arises, rather than create unnecessary administrative burdens for the Board, transmitters and other market participants. This is especially true for a service such as Rate 331, for which there is demand from only one customer.
16. EGD has no concerns with the list identified in section 2.3.4 of the Rule of what a transmitter's terms of service should address.
17. With respect to section 2.4 of the Rule, EGD requests that the Board clarify what actions EGD would be expected to take, if any. EGD has had no requests for Rate 331 services from any storage companies. Therefore, EGD expects there is

no need to develop a standard form of contract and service conditions in anticipation of a possibility that may never materialize. EGD also suggests that section 2.4.4 remain as a Rule requirement and not form part of the transmitter's standard terms because such terms are expressed more as a general regulatory obligation of the transmitter rather than commercial terms between contracting parties.

18. EGD does not bundle Rate 331 services with any of its competitive storage operations, and so has no concerns with section 2.5.1 as proposed.

Competitive Storage

19. EGD has no concerns with the requirements set out in section 3 of the Rule.

Reporting Requirements

20. EGD is generally agreeable to the reporting requirements set out in the Rule, subject to the following comments.
21. EGD is prepared to post an index of customers for Rate 331 and its competitive storage services, as required, but believes reporting should be consistent with FERC requirements, and therefore be on a quarterly basis. EGD notes, however, that some storage customers have expressed concerns about the posting of certain information, such as storage quantities and receipt and delivery points. EGD is concerned about making this disclosure if the effect may be to competitively disadvantage its storage customers, and in turn to disadvantage EGD as a provider of competitive storage services. EGD therefore urges the Board to re-consider the proposed index of customer requirements in the light of any comments provided by these customers.
22. We note that the term "Operationally-Available Transportation Capacity" in section 4.3.1 is capitalized, but not defined. We simply recommend that this term be set in lower case, or defined. The same comments apply to the terms "Storage Inventory" and "Design Capacity" in subsequent sections. EGD is prepared to post all of this information on its website.
23. In reference to section 4.4 of the Rule, EGD does not support weekly reporting of its storage inventory, and is concerned that such frequency may detrimentally impact EGD and its ratepayers. Because EGD uses its storage primarily for providing in-franchise services, it would be possible for sellers of storage/natural gas in the market to track EGD's storage requirements and charge premiums based upon demand. EGD has a constrained ability to meet in-franchise needs under colder than normal budgeted operating conditions, and as a large purchaser of storage/gas at Dawn, is concerned about the potential detrimental market response to having this EGD information.

24. EGD notes that weekly storage inventory levels for Eastern Canada, on an aggregated basis, are available to the market through Canadian Enerdata Ltd., into which database EGD reports. The FERC requires semi-annual reporting of storage inventory levels. EGD is willing to report storage inventory levels on a semi-annual basis, but in any event no more frequently than every calendar quarter, given the concerns expressed above about detrimental impacts upon EGD and its ratepayers. EGD would provide storage inventory reports on an aggregated basis.

Complaint Mechanism

25. EGD agrees with the proposed dispute resolution provisions in the Rule.
26. This concludes EGD's comments. EGD looks forward to receiving the Board's response and to reviewing the comments of other parties, upon which EGD reserves the right to provide further comment, if necessary.