

**ONTARIO ENERGY BOARD**

**2010 Natural Gas Market Review**

**Industrial Gas Users Association (IGUA) Questions on ICF Report**

1. Has ICF analysed what pipeline infrastructure will be required to transport the shale gas production from the respective points of production;
  - (a) To the Ontario border?
  - (b) From the Ontario border to each of Union and Enbridge's gas distribution franchises?

Can ICF comment on i) the nature of; ii) the potential cost of; iii) the associated transportation rates for; and iv) the impact on Ontario gas costs and basis differentials of, development of such infrastructure?

2. ICF projects a "higher than historical average" price premium for gas at Dawn relative to gas at Henry Hub. ICF anticipates this basis differential increase arising *"as load factors on pipelines from the Gulf Coast to the Midwest U.S. and Ontario... increase over time"* [Reference: ICF Report, page 70].

Please provide details of the gas flow and cost assumptions that underpin the basis differential projections.

3. ICF identifies the increase in gas demand from gas fired power generators in Ontario as a factor influencing Ontario supply, demand and gas prices in the future. [Reference: ICF Report, page 74, paragraph 2, for example.] Can ICF comment further on the impacts of such increasing power generation gas demand on:
  - (a) The nature and use of gas distribution infrastructure and services in Ontario?
  - (b) The cost of developing such infrastructure and offering such services in Ontario?
  - (c) The structure of Ontario gas distribution rates, for gas fired power generators and for other gas distribution customers?

4. [Reference ICF Report, page 73] Please provide particulars of the forecasts of TCPL volumes and tolls that underpin ICF's analysis of future gas market dynamics and prices.

5. ICF discusses benefits to Ontario gas consumers resulting from less North East U.S. demand being fed by WCSB gas in the future (as Shale gas supply increases), thus *"preventing Ontario prices from rising dramatically as gas demand increases further downstream to the east"*. [Reference: ICF Report, page 54, paragraph 2]

What does the referenced discussion assume about TCPL toll impacts from declining main line transportation demand and revenues?

6. Please comment on the extent to which delivered gas costs in Northern Ontario (geographically more dependant on TCPL) and delivered gas costs in Southern Ontario (closer to alternative transportation routes) may diverge in future. Can ICF provide any additional comment/perspective on the implications of such a divergence?

7. Enbridge has been concerned about the impact of declining TCPL firm transportation volumes on the reliability of gas delivery to its system during peak demand periods. A comprehensive settlement intended to enhance system reliability during peak demand periods has recently been approved by the Board. [EB-2010-0231]

Can ICF comment on the impact into the future of the market developments that it forecasts on the concern regarding the availability of discretionary transportation capacity to serve Enbridge Gas Distribution's franchise during peak demand periods?

8. What portion of gas use for the industrial sector has ICF assumed for space heating [ICF Report, page 25, paragraph 2]?
9. What initiatives would be within the control of the Board in the future market development dynamics outlined by ICF? What might the Board need to consider as this future unfolds?
10. Can ICF offer any comment on regulatory approaches/policies that the Board should consider in light of potential or likely future gas market developments?