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November 29, 2007

VIA COURIER

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

Dear Ms Walli:

**Re: Enbridge Gas Distribution Inc. Application for Amendments to
the Transactional Service Methodology approved in EB-2005-0244**

In a Rate Order arising from the EB-2005-0244 proceeding, the Ontario Energy Board (the Board, or the OEB) approved a Settlement Agreement which set out a new Transactional Services (TS) Methodology for Enbridge Gas Distribution Inc. (EGD, or the Company). The new TS Methodology provides that, as of January 2006, EGD shall conduct its TS activities either through an electronic auction process, where all qualified counterparties can participate, or by way of responding to unsolicited bids made by those counterparties to acquire available TS assets. One of the key provisions of the new TS Methodology is the requirement for EGD to assume all responsibility for TS activities from Enbridge Gas Services Inc. (EGS), and to ensure that EGS has no role in TS activities, except as a potential counterparty to transactions with EGD. The new TS Methodology also prescribes limits on the TS transactions that EGD can undertake with EGS.

The Company has conducted its TS activities in full compliance with the new TS Methodology. In the course of these operations, it has become apparent that two changes ought to be made to the TS Methodology. First, in light of the fact that the electronic auction only accounted for 1% of TS revenues in 2006, the Company seeks to replace the auction with a more direct and iterative form of marketing where the Company can solicit business from all qualified counterparties and maximize TS revenues. Second, now that a full separation from EGS has been effected, EGD believes that there is no continuing reason to limit EGD's ability to participate in TS transactions with EGS. EGD believes that these changes will benefit all stakeholders, including ratepayers (who receive most of net TS revenues) and counterparties who transact with the Company. EGD has provided notice of the proposed changes to stakeholders, and no objections have been registered.

The Rate Order in the EB-2005-0244 proceeding specifically provides that any modifications to the TS Methodology must be brought before the Board for approval. EGD therefore requests that approval be granted for its proposed amendments to the provisions of the TS Methodology.

What follows is a more detailed description of the relief sought, and the supporting rationale.

Background

In 2005, the OEB initiated the EB-2005-0244 proceeding, on its own motion, seeking to have EGD develop a new methodology for making surplus TS assets known to and available to unrelated market participants on a non discriminatory basis. One impetus for this proceeding was a concern that had been expressed about the relationship between EGS and EGD, and EGS's perceived unfair advantage in being both the administrator of EGD's TS activities, as well as a potential counterparty in TS transactions with EGD.

The parties in the TS Proceeding were able to reach a resolution of all issues in advance of the hearing and agree upon a new TS Methodology. The agreement of the parties is set out in a Settlement Proposal, which has an attachment titled "Methodology for Transactional Services". The Settlement Proposal was approved by the Board on July 5, 2005 and is included as part of the Board's Rate Order in the EB-2005-0244 proceeding, dated July 19, 2005. A copy of the Rate Order is attached as Appendix 1.

The TS Methodology

Among other things, the Settlement Proposal, and the TS Methodology, provide that:

- all utility functions and services performed by EGS are to be repatriated to EGD, and EGS will not have any role in operating or assisting with EGD's TS business;
- a new TS Methodology to make surplus assets available to the market is to be implemented by January 1, 2006. Under this new TS Methodology, authorized counterparties will have access to an electronic auction site, where EGD would post information about available TS assets, and the counterparties will have an opportunity to bid on those assets. EGD will then award the TS assets to the best bidder at the close of each auction. Alternately, the new TS Methodology also provides that authorized counterparties will be permitted to solicit (make offers to acquire) TS assets from EGD (referenced as "unsolicited opportunities"), so long as the TS assets are not the subject of an auction process that is not yet concluded;
- limitations are to be placed on the ability of EGD to enter into TS transactions with EGS (other than through the auction process), except in the case of small transactions of less than \$50,000 and three days duration. Additionally, a report of all TS transactions where EGS is the counterparty will be provided by EGD to all interested parties on a monthly basis;
- EGD will prepare reports for all interested parties (on a 15 day lagged basis) setting out the results of the auction processes and a summary of TS activities;

- measures will be adopted to ensure that no interruptible customers are curtailed as a result of TS activities or transactions;
- EGD will conduct annual performance reviews of its administration and compliance with the TS Methodology and will share these reviews with all interested parties; and
- no changes to the TS Methodology can be made without notice to all TS stakeholders, who must be provided with 15 days notice to register an objection.

EGD's Experience under the TS Methodology

EGD has met all of its obligations under the EB-2005-0244 Settlement Agreement, and now has a year and a half experience operating under the new TS Methodology. EGD recently provided interested parties with its Annual Transactional Services Performance Review for the period from January 1 to December 31, 2006, a copy of which is attached as Appendix 2.

As seen in the Annual Review, all utility functions and services related to procurement and optimization of natural gas supply, transport and storage capacity were repatriated to EGD from EGS on January 1, 2006 and a complete separation of information systems has been effected to ensure that EGS does not have access to any information about TS functions beyond the information that is provided to all market participants.

The Annual Review also sets out the fact that the electronic auction process has not been successful, in that it only resulted in 7 successful transactions accounting for 1% of TS revenue in 2006. Given this lack of success, EGD surveyed its authorized TS counterparties in May 2007 in order to obtain their views about the flaws in the electronic auction system. Through this process, EGD learned that counterparties are unwilling to complete transactions through the auction mechanism, largely because of the rigidity and risks that a static system imposes on what would otherwise be a fluid marketplace. All respondents to the survey indicated that they support the abolition of the auction in favour of a return to more standard transactions that provide volume timing and market flexibility.

The Annual Review discloses the fact that there were no unsolicited TS transactions with EGS during 2006. This is not surprising, given the restrictions placed on EGD that prevent it from entering into unsolicited TS transactions with EGS valued at more than \$50,000 (or more than three days in duration). There was one transaction with EGS through the auction process, but its approximate value was only \$3400 US.

Finally, the Annual Review confirms that TS activity in 2006 did not have any impact on the level of curtailment of interruptible customers.

Proposed Changes to the TS Methodology

In light of its operating experience over the past eighteen months, EGD has concluded that the TS Methodology is overly prescriptive and does not enable the Company to maximize its options to optimize its TS activities. To address this shortcoming, EGD has put forward two recommendations for changes.

First, EGD proposes that the electronic auction process be eliminated, and replaced with a more direct and iterative form of marketing through which the Company can solicit business from all authorized counterparties and maximize TS revenues. This will enable the Company to do more than simply respond to unsolicited bids from counterparties, and instead directly approach counterparties who the Company believes will be interested in potential transactions. This is typical of the approach that is used by other market players to identify and carry out this type of transaction. Given that EGD's reporting requirements for TS activity will continue, all market participants will be able to monitor transactions and assure themselves that EGD is conducting its activities appropriately.

Second, EGD proposes that restrictions on its ability to enter into transactions with EGS be lifted. While it is true that one of the primary objectives of the TS Settlement Agreement and the new TS Methodology was to ensure that EGS did not have an unfair advantage over other market participants, fulfillment of this obligation ought not to result in an unfair disadvantage against EGS. Now that EGS is completely disengaged from any role in EGD's TS activities, and does not have any more information than any other market participant, it is appropriate that EGS be able to have the same right to participate in EGD's TS opportunities as any other market participant. This is in the interest of ratepayers, as it would allow another potential counterparty to be active in TS activities with EGD. Other counterparties can be assured that EGS is not receiving any unfair advantage because EGD's obligation to report each month on all affiliate transactions (solicited or unsolicited) will continue, and all recipients of monthly reports will continue to have the right to ask EGD for more detailed information about affiliate TS transactions.

EGD circulated its Annual Transactional Services Performance Review on September 15, 2007 to all parties who participated in the EB-2005-0244 proceeding. At that time, EGD highlighted the fact that it was recommending the above changes to the TS Methodology and, consistent with the provisions of the TS Methodology, asked for any stakeholder comments on the proposed changes to be provided within 15 days. The Company has received three responses, all of which support the proposed changes. No objections have been raised by any stakeholder. Copies of the responses received from stakeholders supporting the proposed changes are attached as Appendix 3.

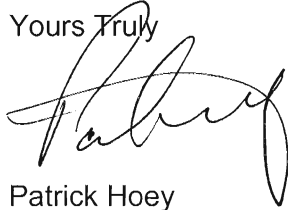
Relief Sought

In order to implement the proposed changes to the TS Methodology, EGD requests that the Board issue an Order in this EB-2005-0244 proceeding indicating that:

1. As of January 1, 2008, EGD is no longer required to use the electronic auction procedure set out in the TS Methodology when it makes TS assets available to the marketplace and can instead use such methods as are typical in the marketplace and that it deems appropriate to solicit bids and enter into TS transactions with authorized counterparties.
2. As of January 1, 2008, the limitations upon EGD's ability to enter into TS transactions with EGS will be lifted.
3. All other aspects of the TS Methodology, including all of EGD's reporting requirements for TS activity and affiliate transactions, will continue in full force and effect.

Please do not hesitate to contact me with any questions.

Yours Truly

A handwritten signature in black ink, appearing to read "Patrick Hoey", written over the words "Yours Truly".

Patrick Hoey
Director, Regulatory Affairs

cc. David Stevens, Aird & Berlis LLP, counsel to Enbridge Gas Distribution

Ontario Energy
Board

Commission de l'Énergie
de l'Ontario



EB-2005-0244

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

AND IN THE MATTER OF a Proceeding on the Board's Own
Motion under Section 19(4) and Section 36 of the *Ontario
Energy Board Act, 1998* concerning Enbridge Gas Distribution
Inc. and its Transactional Services business.

FINAL ORDER

The Ontario Energy Board issued a Notice of Proceeding on March 18, 2005 calling for interventions in a proceeding to examine Enbridge Gas Distribution Inc.'s ("EGDI") proposed methodology for Transactional Services ("TS"). The proceeding advanced through the pre-hearing stages including evidence filed by parties and interrogatories on that evidence. Through its Procedural Order No. 2, the Board made provision for a Settlement Conference which was held on June 27 and June 28, 2005.

On July 4, 2005, EGDI filed a Settlement Proposal representing a complete settlement of the issues. The Settlement Proposal is attached to this Order as Appendix 'A'. On July 5, 2005, the Board heard the Settlement Proposal at an oral hearing and issued its oral decision to accept the Settlement Proposal on the same day. The Board noted in its Decision that an Order would be forthcoming to give effect to its Decision.

The Board notes that the TS methodology outlined on page 1 of Appendix 1 of the Settlement Proposal contains wording with respect to changes to the TS Methodology. The Board reminds parties that because the TS Methodology is approved as a condition applicable to the sale, distribution or storage of gas under section 36(4) of the OEB Act, any modifications to the TS methodology must be brought before the Board for approval through a Board order.

The Board finds it appropriate to issue the following Order.

THE BOARD ORDERS THAT:

1. EGDI shall implement the methodology outlined in the Settlement Proposal noted as Exhibit D, Tab 1, Schedule 1, Appendix 1 "Enbridge Gas Distribution Methodology for Transactional Services".
2. The methodology shall be implemented in accordance with the timelines referenced in the Settlement Proposal found at Exhibit D, Tab 1, Schedule 1.
3. The costs of the eligible intervenors and the Board are to be paid immediately by EGDI upon receipt of the Board's Cost Orders and invoice.

ISSUED at Toronto, July 19, 2005.

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary

APPENDIX "A"

to

FINAL ORDER

BOARD FILE NO. EB-2005-0244

DATED July 19, 2005

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SETTLEMENT PROPOSAL

JULY 4, 2005

This Settlement Proposal is filed with the Ontario Energy Board ("OEB" or the "Board") in connection with the proceeding commenced by the Board on its own motion, by Notice of Proceeding dated March 18, 2005 (the "Notice"), to examine the proposed methodology of Enbridge Gas Distribution Inc. ("EGD" or the "Company") for Transactional Services (the "TS Methodology"). The Notice describes the background to the proceeding as follows:

"In Board Decision RP-2003-0203 dated November 1, 2004, the Board ordered EGD to develop a methodology for making surplus TS assets known to, and available to, unrelated market participants on a non-discriminatory basis.

On January 31, 2005, after consultation with other stakeholders, EGD filed its proposed methodology with its stakeholders and the Board... Several stakeholders wrote to the Board to indicate that they did not believe EGD's proposed methodology complied with the Board's direction. They requested that the Board review the proposed methodology and decide whether EGD should be permitted to implement it."

The Notice then indicates that the Board would address the following issues in the proceeding:

- (1) Does the proposed Enbridge TS methodology meet the Board's standard for fair and non-discriminatory access to surplus utility assets for TS, as articulated in the Board's Decision RP-2003-0203, paragraph 2.5.9?
- (2) If the answer to 1 above is no, then what are the specific shortcomings of the proposed methodology and how should the Board address those shortcomings so that the TS methodology meets the Board's standard?
- (3) Is it appropriate to have Enbridge Gas Services acting simultaneously as process administrator for the TS business and as counterparty in TS transactions? What alternative models are available and what are the strengths and weaknesses of such alternatives?
- (4) Does the TS proposal have an impact on the interruptible service customers of Enbridge? If so, what are the implications? Is any mitigation required and if so, what form would it take?

A Settlement Conference was held on June 27 and 28, 2005 in accordance with the *Ontario Energy Board Rules of Practice and Procedure* (the "Rules") and the Board's *Settlement Conference Guidelines* ("Settlement Guidelines"). This Settlement Proposal arises from the Settlement Conference.

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Enbridge Gas Distribution Inc. ("Enbridge Gas Distribution" or the "Company") and the following intervenors (collectively, the "parties"), as well as Ontario Energy Board technical staff ("Board Staff"), participated in the Settlement Conference:

AEGENT ENERGY ADVISORS INC. (AEGENT)
CONSUMERS' COUNCIL OF CANADA (CCC)
ENBRIDGE GAS SERVICES INC. (EGS)
ENERGY PROBE
INDUSTRIAL GAS USERS ASSOCIATION (IGUA)
THE ADVOCATES FOR FAIR AND NON-DISCRIMINATORY ACCESS (ADVOCATES)
VULNERABLE ENERGY CONSUMERS COALITION (VECC)

/c

The Settlement Proposal deals with all of the issues listed in the Notice. All parties participated in the negotiation of the issues, and have reached a complete settlement on the terms stated herein, and in Appendix I. In accordance with the Rules and the Settlement Guidelines, Board Staff takes no position on any issue and, as a result, is not a party to the Settlement Proposal.

The parties also agree that the evidence provided is sufficient to support the Settlement Proposal and the settled issues and, will allow the Board to make findings on the settled issues. Because the parties have decided to deal with the issues in a comprehensive manner rather than as separate items, there has been no attempt to segregate the evidence by individual topics or issues. For the Board's reference, the list of evidence filed in the proceeding, and which in the parties' view supports the Settlement Proposal, is as follows:

A-2-1 Evidence of January 31, 2005
A-3-1 Transactional Services Methodology
A-4-1 Service Level Agreements
A-4-2 Enbridge Operational Services Agreement
A-4-3 Enbridge Gas Services Agreement
A-5-1 Transactional Services Activity Summary
A-7-1 Reply Evidence

B-1-1 Board Staff Evidence
B-2-1 Industrial Gas Users Association Evidence
B-2-2 Additional Evidence of IGUA
B-3-1 Advocates for Fair and Non-Discriminatory Access Evidence

C-1-1 to 10 Advocates' Interrogatories 1 to 10
C-2-1 to 19 IGUA's Interrogatories 1 to 19
C-3-1 to 7 Vulnerable Energy Consumers' Coalition Interrogatories 1 to 7
C-4-1 to 3 Energy Probe Interrogatories 1 to 3
C-5-1 to 4 Enbridge Interrogatories of the Board's Evidence 1 to 4
C-6-1 to 4 Enbridge Interrogatories of IGUA's Evidence 1 to 4
C-7-1 to 29 Enbridge Interrogatories to the Advocates' Evidence 1 to 29
C-8-1 to 2 Advocates Interrogatories to IGUA's Evidence 1 to 2

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C-9-1	Energy Probe Interrogatory to IGUA
C-10-1 to 4	Energy Probe Interrogatories to the Advocates' Evidence 1 to 4
C-11-1 to 11	CCC Interrogatories to the Advocates' Evidence 1 to 11
C-1-12-1 to 32	VECC Interrogatories to the Advocates' Evidence 1 to 32

Rather than address each issue separately, the parties have agreed to address the issues as a package, on the following grounds, organized as follows:

1. Repatriation of all utility and non-competitive services and functions from EGS to EGD
2. Proposed TS Methodology (Appendix I)
3. TS related curtailment issues
4. Compliance and Enforcement

1. Repatriation of all utility and Non-competitive Services and Functions from EGS to EGD

EGS and EGD agree that all utility services and functions performed by EGS shall now be performed by EGD and that EGS and its employees shall be prohibited from performing utility functions and services. All activities identified in the Agency Agreement between EGS and EGD, described and provided in the evidence at Exhibit A, Tab 4, Schedules 1 and 3, and Exhibit C, Tab 1, Schedule 4 (the "Agency Agreement") that are identified as being performed by the Services Provider (the "Services") including, without limitation, all Services related to Transactional Services that are currently being performed by EGS, shall be performed by EGD. The parties agree that EGD may continue to receive corporate services, including contract management, invoicing and accounting for Transactional Services, information technology, facilities and treasury services from EGD's and EGS' parent corporation, Enbridge Inc. ("EI"), and EGD intends for only those corporate functions to continue to be performed by EI. EGD confirms that in providing these corporate services, EI will be contractually bound not to share utility information with EGS and other affiliates and related parties, defined as a joint venture or limited partnership involved in the marketing and supply of natural gas and related activities. The repatriation of Services to EGD shall occur on or before January 1, 2006.

This separation of EGS competitive and utility services, functions and employees and transfer of the EGS utility services, functions and employees from EGS to EGD will be in accordance with separation requirements included in s. 2.1 of the *Affiliate Relationships Code for Gas Utilities*, as amended (the "ARC").

This separation between EGD and its affiliates will also extend to all information technology ("IT") and Information Systems ("IS") in order to ensure that EGS does not have any access to information that other parties external to EGD would not have

access to that is associated with the provision of utility services by EGD or any other party performing utility services functions, and that is not otherwise provided or accessible to all third parties at the same time. EGD and any affiliates providing utility services, including each of their employees, shall ensure utility and related market sensitive information is used for only utility purposes, and for no other purposes. On an annual basis, an officer of EGD will provide a written officer's certification to the OEB that the utility has been in full compliance with the required separation, information use restrictions and the TS methodology over the course of the year.

Up to and until repatriation of the Services to EGD occurs and the TS Methodology is fully implemented, EGS undertakes to follow the TS Methodology to the maximum extent possible, and at a minimum, the unsolicited bids threshold applicable to EGS will be respected and all outgoing opportunities will be made available to the TS Distribution List by way of an e-mail notice.

2. Proposed TS Methodology

This Settlement Proposal presents a new TS Methodology for making surplus utility storage and transportation assets available to the market place that is intended to reflect the following principles:

- full, fair and non-discriminatory access to utility TS assets by all market participants;
- no preferential access to utility assets for affiliates of the utility;
- interruptible customers must not be curtailed as a result of TS activities;
- enhancing ratepayer benefits from TS optimization through increased market confidence and value from TS assets;
- enhanced reporting on TS activities;
- transparency in the TS market and accountability of the TS administrator; and
- ensure ongoing compliance with the TS Methodology, and enforcement in material events of non-compliance with the TS Methodology, as the Board is entitled to do in accordance with its jurisdiction under the *Ontario Energy Board Act, 1998*, as amended (the "OEB Act")

The parties agree that the new TS Methodology, including without limitation, EGD's affiliate participation in unsolicited bids for TS and the floor price mechanism, and the revenue impact of the new TS Methodology will be examined thoroughly in light of the principles enumerated in this section. This examination will occur in EGD's next rates case following EGD's Fiscal 2006 or, instead in a proceeding held for this specific purpose in Fiscal 2007, as determined by the Board. EGD will prepare, and file,

reports including TS data in the form prescribed in the TS Methodology for this purpose. In relation to these reports, the parties note that the TS Methodology contains certain reporting requirements pursuant to which EGD has undertaken to provide TS related reports to the Board on an annual basis. As these reporting provisions are, in some cases, more onerous than the reporting requirements set out in the Board's *Natural Gas Reporting & Record Keeping Requirements*, the parties seek the Board's acceptance of the reporting mechanisms outlined as part of the complete Settlement of all of the issues in this proceeding.

The new TS Methodology shall be implemented by on or before January 1, 2006, subject to the undertaking of EGS to follow the TS Methodology to the maximum extent possible up and until that date, as noted above under "Repatriation", except for its provisions pertaining to the Impact of TS Activities on Interruptible Customers which shall be implemented on November 1, 2005.

3. TS Related Curtailment Issues

The parties have agreed to address the curtailment issues in the context of the TS Methodology, the details of which are described in Appendix I.

4. Compliance and Enforcement

EGD shall comply with, and shall not modify, the TS Methodology other than in accordance with the process for modifying the TS Methodology, and other specific compliance mechanisms set out in Appendix I.

According to the Settlement Guidelines (p. 3), the parties must consider whether a settlement proposal should include an appropriate adjustment mechanism for any settled issue that may be affected by external factors. Enbridge Gas Distribution and the other parties who participated in the Settlement Conference consider that no settled issue requires an adjustment mechanism other than those expressly set forth herein.

The parties acknowledge and agree that none of the provisions of the Settlement Proposal are severable. If the Board does not, prior to the commencement of the hearing of the evidence in the proceeding, accept the Settlement Proposal in its entirety, then there is no Settlement Proposal (unless the parties agree that any portion of the package that the Board does accept may continue as part of a valid Settlement Proposal). None of the parties can withdraw from the Settlement Proposal except in accordance with Rule 32 of the Rules.

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Enbridge Gas Distribution

Methodology

For

Transactional Services

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Transactional Services (TS) Surplus Assets
Methodology for making assets available to the market

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This methodology is intended to establish an ongoing means of making the TS assets available to the market in a manner that allows Enbridge Gas Distribution (“EGD”) to optimize revenues from the excess assets, and full, fair and non-discriminatory access to TS assets by all market participants. No changes may be made to this methodology without notice to all TS stakeholders, defined as all Intervenor in the EB-2005-0244 proceeding, and, in the event that TS stakeholders object to such modification, approval of the Board. If any stakeholder expresses a concern within 15 business days of service of the notice of a proposed change to the TS Methodology that can not be resolved, EGD will not proceed with the change unless and until the Board has reviewed and approved the change through a regulatory process allowing TS stakeholders to exercise the right to be heard.

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Differing approaches need to be taken for making surplus assets available. These are driven by the timeframe the assets are available, and the manner in which the assets are requested. This methodology will address:

1. Longer-term assets;
2. Day-ahead assets;
3. Intra-day assets; and
4. Unsolicited asset requests.

Transactions that have a total credit exposure (including the gas value for loans) of less than \$25,000 can be entered into by someone other than an authorized counterparty. Otherwise, transactions will only be entered into with authorized counterparties.

EGD shall administer and be accountable for all processes and procedures under this approved TS Methodology. EGD employees administering this TS Methodology shall be located in Calgary but shall be separate and distinct from EGS and its employees and other affiliates, as required by the *Affiliate Relationships Code for Gas Utilities* (“ARC”).

The processes identified are intended to be applicable to all authorized counterparties including Enbridge Gas Services (“EGS”), unless explicitly stated otherwise.

EGD shall not deviate from this methodology, except in the event and as a result of extraordinary circumstances. If such circumstances arise, EGD shall notify

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stakeholders and the Board within 5 business days of each deviation. EGD shall bear the burden of proving that such extraordinary circumstances existed.

EGD will maintain a "TS Distribution List" of e-mail addresses of interested parties that wish to be kept aware of TS related activities. Inclusion on this list is not limited to authorized counterparties.

Impact of TS Activities on Interruptible Customers

The Guiding Principle

Interruptible customers must not be curtailed as a result of providing any Transactional Service.

Application of the Guiding Principle

Without limiting the generality of the foregoing, the following terms and conditions will apply:

a) Constraints on M12 TS Activities during periods of curtailment: For a trial period between November 1, 2005 and April 1, 2006, EGD will have the discretion to enter into either firm or interruptible TS transactions for M12 capacity. In the event that a period of interruption occurs within the CDA, EGD will prevent any TS transactions from having any effect on the level of curtailment by canceling interruptible TS transactions or by effectively unwinding any firm TS transaction that commences during the period of curtailment (e.g. acquiring replacement supply). Any costs associated with unwinding any firm TS transaction will be recorded in the TS deferral account and reported in accordance with d) below. If the result is that the total cost between November 1, 2005 and April 1, 2006 of unwinding these firm TS transactions exceeds the total value of those particular transactions, then the discretion for EGD to enter into firm TS transactions will be reviewed to determine whether, commencing November 1, 2006, EGD should refrain from entering into any firm TS transactions which can negatively impact the level of curtailment of interruptible customers in the future.

b) Constraints on TCPL FT Capacity to the EDA TS Activities during periods of curtailment in the EDA: For a trial period between November 1, 2005 and April 1, 2006, EGD will have the discretion to enter into either firm or interruptible TS transactions for TCPL FT capacity. In the event that a period of interruption occurs within the EDA, EGD will prevent any TS transactions from having any effect on the level of curtailment by canceling interruptible TS transactions or by effectively unwinding any firm TS transaction that commences during the period of curtailment (e.g. acquiring replacement supply). Any costs associated with

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unwinding any firm TS transaction will be recorded in the TS deferral account and reported in accordance with d) below. If the result is that the total cost between November 1, 2005 and April 1, 2006 of unwinding these firm TS transactions exceeds the total value of those particular transactions, then the discretion for EGD to enter into firm TS transactions will be reviewed to determine whether, commencing November 1, 2006, EGD should refrain from entering into any firm TS transactions which can negatively impact the level of curtailment of interruptible customers in the future.

c) Returning Rate 170 Customers from curtailment: EGD acknowledges that certain Rate 170 customers that are curtailed may wish to have the opportunity to return to normal supply operations from a period of curtailment, even if it is expected that they will be curtailed once again within the next day or two. One of the alternatives EGD will investigate involves having customers elect at the start of each heating season, or at contract renewal, whether they would opt to return to normal supply options in these circumstances. During the potential break within the period of curtailment, the customer's direction would be enforced. Another alternative is to identify customers that typically take advantage of CDS service and approach them. Providing an option will allow customers that are taking advantage of Curtailment Delivered Supply ("CDS") to avoid additional incremental gas purchases and those who have switched to oil the ability to choose whether they want to continue to use oil, or return to gas. EGD has certain concerns regarding administration of this option and the challenges in understanding the total supply / demand expectations and is willing to work with interruptible customers on a mechanism to accomplish this.

EGD agrees that some mechanism can be developed to provide the option described above. There are, however, some additional considerations that need to be factored in, the most significant of which is the process to be followed if a portion of the curtailed volumes must remain curtailed in order to serve remaining distribution system customers. Those considerations are:

- Should all customers remain curtailed? If so, can the excess capacity be used to generate TS revenue?
- Should some of the customers be allowed to return to normal supply operations? If so, how should this be determined? How is it done equitably across different periods of curtailment?

EGD agrees to work with interruptible customers towards a resolution of these operating conditions prior to November 1, 2005, the commencement of the next heating season.

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d) Reporting: EGD will provide reports on a monthly basis during the winter months that reflect any TS activity during periods of curtailment. The report(s) would provide information in a similar manner to the information provided in response to part c) of VECC Interrogatory #8 at Exhibit C, Tab 3, Schedule 8 and IGUA Interrogatory #10 at Exhibit C, Tab 2, Schedule 10, in RP-2005-0244. In addition, IGUA has requested that a report be provided that shows the costs associated with replacing capacity associated with a TS transaction during a period of curtailment with the value received from the transaction itself.

EGD agrees to provide the information contained in the two Interrogatory responses noted above on a monthly basis during the winter months (i.e., December, January, February, and March). EGD will also provide a comparison of the cost of unwinding TS deals during periods of curtailment; although the information reported in this regard will only be used to establish procedures for administering TS transactions on a prospective basis. EGD acknowledges that parties are free to raise concerns with respect to any amounts currently and subsequently recorded in the TS deferral account and the clearance thereof.

e) Penalties: EGD does not believe that penalties are appropriate given that the benefit of EGD entering into TS transactions is shared between EGD ratepayers and the EGD shareholder. In a penalty situation, all of the risk would be borne by the EGD shareholder. This would likely lead to EGD avoiding transactions that would introduce this risk – reducing the benefits to EGD ratepayers.

EGD understands that interruptible customers will monitor the activities and bring forward a request for penalties on a prospective basis in a future proceeding if necessary.

Annual Performance Review

EGD will conduct annual performance reviews of its administration and compliance with the TS Methodology. The results of these annual reviews will be shared with all parties included on the TS Distribution List and any other party expressing interest in the results.

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EB-2005-0244
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Counterparties

Counterparties can become authorized by:

1. Entering into a standardized contract with EGD that addresses gas transacting aspects and security requirements and is consistent with the provisions and spirit of this TS Methodology to provide full, fair and non-discriminatory access to TS assets; and
2. Providing the requisite security to support the transactions they will enter into with EGD as requested by Enbridge Inc.'s Treasury department.

As indicated, EGD's affiliate EGS may from time to time act as counterparty to TS transactions in accordance with all aspects of this methodology. Any transactions between EGD and EGS in this regard are subject to the provisions of this methodology and the ARC. It is recognized that certain provisions of this TS Methodology are more stringent than those specified in the ARC and such provisions of this TS Methodology shall nonetheless be followed. Without limiting the generality of the foregoing, the methodology includes specific provisions to reflect the substance and the spirit of the ARC including:

- 1) EGD will put out to competitive tender any TS assets excluding those associated with unsolicited opportunities. The process for unsolicited opportunities is identified under that heading, which follows;
- 2) EGD employees in Calgary will be separated from EGS, in accordance with s.2.1 of the ARC;
- 3) EGD and its affiliates and related parties, defined as a joint venture or limited partnership involved in the marketing and supply of natural gas and related activities (herein referred to as "related party" or "related parties"), performing utility services and functions shall use any and all information acquired in the provision of utility services and functions for utility purposes and for no other purposes. Specifically, EGD shall not share employees with EGS, and EGD shall not either directly or indirectly share any TS related information other than that provided to the TS Distribution List.

In addition to the sharing prohibited by section 2.2.4 of the ARC, EGD and EI shall not share employees involved in TS administration activities with EGS, other than corporate services, including contract management, invoicing and accounting for TS, information technology, facilities and treasury services being provided to both EGD and EGS by Enbridge Inc. In such circumstances, neither

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EI nor its employees may act as a conduit for utility information between EGS and EGD and its affiliates and related parties.

To ensure appropriate credit protection is available from counterparties, all transactions with investment grade rated counterparties resulting in a credit exposure in excess of \$0.5 million will be subject to a credit approval prior to the bid being evaluated. A similar prior credit approval will be required for all bids from counterparties that do not have an investment grade credit rating.

These credit policies are applicable to all counterparties, including EGS, and EGD shall not provide, either directly or indirectly, any credit support to EGS.

Longer-term, Day-ahead and Intra-Day Assets

The approach for longer-term (those that are available for weeks or months), day-ahead, and intra-day assets is generally the same.

- Available assets will be posted to a web site on a scheduled basis.
- A bidding process will be used for securing any of these types of TS assets.
- All bids will be considered binding.
- Multiple bids may be submitted from a single organization. The final bid will be deemed to supersede all prior bids.
- A bid may be retracted by only the bidder that entered that bid prior to the close of bidding.
- Bids will not be accessible to anyone other than the bidder until bidding has closed, at which point bids may only be accessed by EGD TS administration employees.
- All bids made will be held in confidence.

The significant difference will be the timeframes in which these assets are made known and the associated bidding timeframes.

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	Longer-term Assets	Day-Ahead Assets	Intra-Day Assets
Assets Posted	Any given day. Will strive for 24 hr notice	9:30 am EST / EDT	10:00 am EST / EDT
Bids Accepted	As indicated in posting	10:10 am EST / EDT	10:30 am EST / EDT
Bidder Notification	30 minutes after close of bidding	10:20 am EST / EDT	10:40 am EST / EDT

For Longer-term assets, EGD will provide bidders with as much notice as practical between the assets being posted and the bidding coming to a close considering prevailing market conditions at the time of the bid. In no way shall this EGD discretion be used to provide preferential access to or preclude any market participant from bidding. In general, the amount of notice provided will be greater for more complex transactions.

The steps involved in the bidding process are:

1. Asset Identification:

The availability of daily TS assets is determined by EGD staff using supply and demand information compiled by Enbridge Operational Services ("EOS"), who provide Gas Control services to EGD, and storage limitations provided by EGD gas storage employees. Telephone calls are made to these groups by EGD if there are any questions regarding availability of a TS Asset. EGD and EGD storage shall not provide such information to any other affiliate or related party unless the same information is provided at the same time to other unrelated parties on the TS Distribution List on a non-discriminatory basis. Assets are made available on a conservative basis based on a review of this information.

The availability of longer-term assets is determined by the EGD planning staff. They will overlay possible TS transactions to the supply and demand models using design or budget demand to arrive at the most conservative view of availability. The planner will determine if making those assets available will increase overall gas costs for EGD. If not, the assets can be made available. The planner will also determine if making the assets available on an interruptible basis prevents an overall increase in gas costs, thereby making the assets available. Once the available

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assets are known by EGD, EGD will assess the liquidity of the market and the potential value that may be received for the assets at different points in time with a view to ensuring full, fair and non-discriminatory access to such assets.

In all cases, assets will not be made available if their use for TS would negatively impact gas supply, storage, or transportation costs for distribution purposes.

2. Establish a floor price:

EGD will establish a floor price to act as a low reference price based on current market conditions and their market expertise. The floor price will be set in a manner to ensure that at least a minimum reasonable value for TS assets is received, while providing full access to the assets by as many counterparties as possible.

An assessment on the appropriateness of the floor prices will be conducted in accordance with the thorough review of this TS methodology in EGD's next Fiscal rates case, or other proceeding, as determined by the Board.

3. Assets posted to web site:

EGD will post the available assets to the EGD TS assets web site, which will initiate the competitive bidding process which shall be a blind auction process. This will include controls that preclude anyone other than the bidder from accessing bid information prior to the close of bidding. Upon close of bidding, bids would only be accessible to and evaluated by EGD employees. The Information provided will include:

- The type of asset available
- Whether the asset is available on a firm or interruptible basis
- Volume / quantity of assets available
- The floor price for bids
- For storage assets, the injection and withdrawal rates
- The receipt and / or delivery point
- The timeframe for which the assets are available
- The time that bidding closes (for longer-term assets)

4. Bids submitted:

Interested parties submit bids for the assets through the EGD web site in accordance with the appropriate bidding timeframe specified herein.

These bids will include:

- The asset or package requested
- Volume/ quantity

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- Bid price
- Bidders willingness to accept a prorated volume / quantity
- Minimum acceptable volume / quantity to be awarded
- Willingness to post additional credit if needed to be awarded capacity
- Contact information

All of the bids received will be sequestered within a secure area of EGD's IT systems and shall not be accessible by anyone until the close of bidding. Each bidder may, however, access its own bid(s) up to the close of bidding.

5. Bids released:
All bids received for a specific asset are released at the close of bidding to only EGD for evaluation purposes.
6. Check for authorized counterparty:
EGD will determine if each bid is from an authorized counterparty, based on its list of authorized counterparties. If so, the bid is accepted, otherwise the bid is rejected.
7. Check bid threshold:
If a bid was received from someone other than an authorized counterparty, EGD will check to see if the value of the bid is below the \$25,000 threshold for requiring an authorized counterparty, and reject the bid if it exceeds the threshold. Otherwise the bid is accepted.
8. Check against bid criteria:
EGD will evaluate each bid to determine if the bid meets bid criteria which shall be stipulated by EGD and posted with any TS RFP. These criteria include:
 - Is it within the total volume of the assets available?
 - Does it meet any applicable floor price criteria?
 - Does the counterparty have sufficient credit available?If the bid criteria are met, then the bid will be evaluated, otherwise the bid is rejected.
9. Evaluate bids:
All accepted bids are evaluated with the intent of maximizing the total value of the bids accepted for the asset. The principle measure for evaluating bids will be the offered price for the TS asset(s), with the quantity and duration of the bid being used as secondary evaluation factors. The process that will be followed by EGD in evaluating bids is:

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- a. All bids will be grouped by the bid price. Bids that have prices that fall within 5% of the top price bid will be grouped for evaluation with the top price bid.
- b. Remaining bids will be grouped in the same manner, using the top price of the remaining bids to set the 5% range for the next group of bids to be ranked. The process continues until all bids have been grouped.
- c. Rankings for bids are established first based on the price group they belong to (e.g. bids within a higher price group are ranked ahead of any lower price group).
- d. Bids within each group will then be ranked based on the total value of the bid, where $\text{Total Value} = \text{Price} * \text{Quantity} * \text{Duration}$.

10. Award bids:

EGD will process bids up to the quantity of assets available based on the rankings determined in the bid evaluation. The following conditions will be used by EGD during the awarding process:

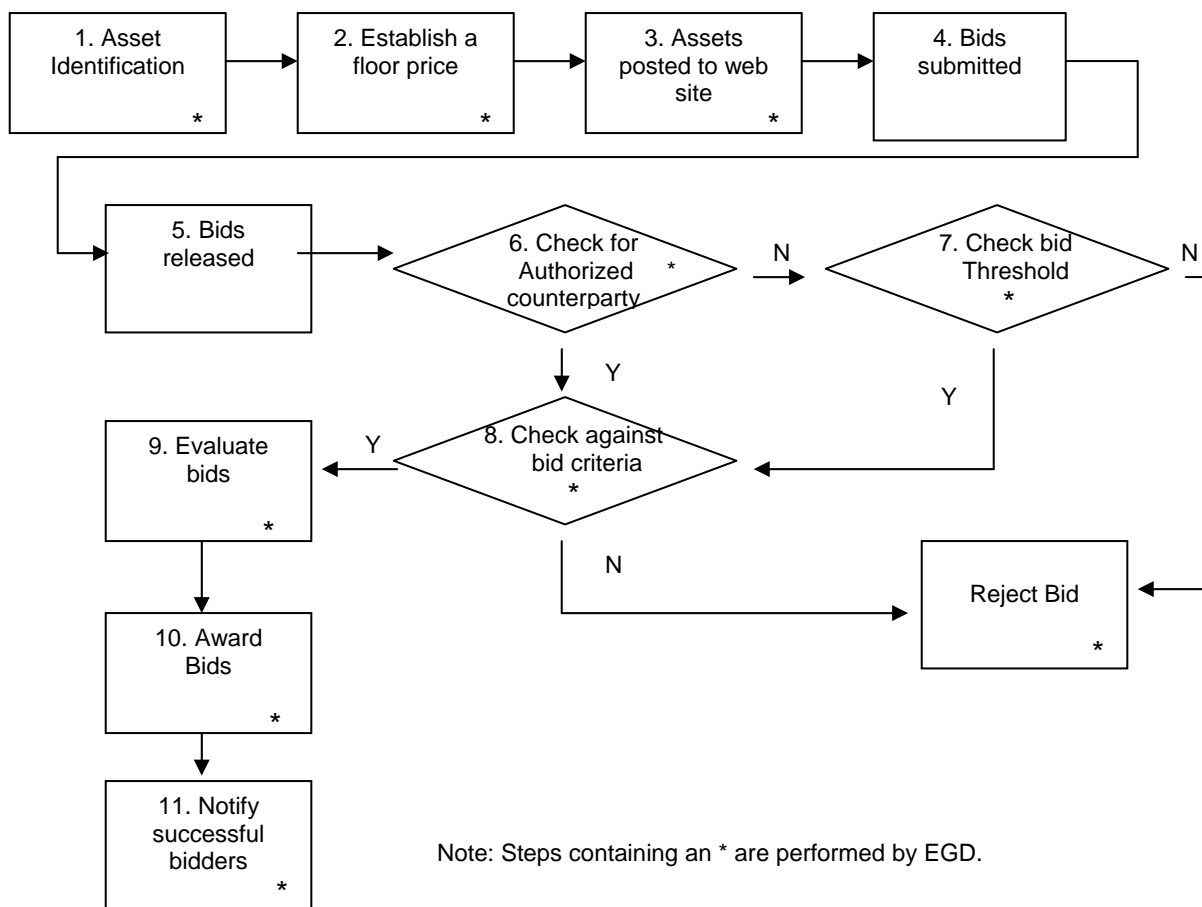
- a. In the event that a bid cannot be completely satisfied by the remaining quantity, but exceeds the minimum quantity specified in the bid, the remaining assets will be awarded.
- b. In the event there are insufficient assets remaining to satisfy the minimum quantity specified, the award process ignores the bid and moves to the next highest ranked bid.
- c. In the event of a tie between bids that cannot be fully satisfied by remaining assets, the bidders willingness to accept a prorated amount as indicated in advance in its bid, must be considered:
 - i. If a proration is acceptable to both parties and their minimum threshold can be met, then both parties are awarded a prorated amount
 - ii. If proration is acceptable to both parties, but the minimum threshold of one party cannot be met, the bid is awarded based on a first come, first serve basis (based on the time the bid is received).
 - iii. If proration is not acceptable to either of the parties, the bid is awarded on a first come, first serve basis.

11. Notify successful bidders:

EGD will notify the successful bidder using the contact information provided in the bid.

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The following process flow depicts this process:



Box

1. EGD, in consultation with EOS, identifies TS Assets
2. EGD establishes a floor price in accordance with stated objectives
3. EGD posts assets to secure website
4. Secure bids submitted by bidders to close
5. Web system releases the secured bids to EGD
6. EGD to check for authorized counterparty
7. EGD to check bid threshold if not authorized counterparty
8. EGD to check against bid criteria
EGD rejects bid
9. EGD evaluate bids in accordance with only posted criteria

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10. EGD to award bids

11. EGD to notify successful bidders

Unsolicited Opportunities

EGD is approached from time to time by interested parties inquiring on the availability of EGD assets or proposing a transaction. EGD needs to be able to respond to these requests in a timely manner and capture opportunities as they are presented. The inbound unsolicited transactions have historically represented approximately 30% of the number of TS transactions executed, but are typically small, short term intraday or day-ahead opportunities that are executed almost instantaneously. All outbound transactions shall be in accordance with the bidding process stipulated in this methodology.

EGD, based on their industry knowledge and the objective to facilitate full, fair and non-discriminatory access to TS assets, will determine if the proposed transaction provides reasonable value to EGD and award the assets if this threshold and the following EGS criteria are met. If EGD determines that the transaction does not provide sufficient value, the Counterparty may request, that an RFP be issued for the transaction to all parties on the TS Distribution List. The RFP will indicate the nature of the transaction, but not the value the original requester has attached to it, or who the original requestor was. Assets will be awarded based on the RFP response that provides the greatest value to EGD, in accordance with the defined and posted bid evaluation criteria.

Unsolicited opportunities for intra-day and day-ahead assets will not be considered until the completion of the bidding process for those assets.

EGD shall not be permitted to enter into TS transactions with EGS arising from unsolicited opportunities other than unsolicited TS opportunities relating to small short term or intra-day TS assets that are relatively immediate as determined in accordance with the threshold and segmenting restrictions which follow:

- EGD may only enter into unsolicited transactions with EGS which have a duration of less than three days and where the total revenue received by EGD for the transaction from the sale of the assets, prior to any deductions, is less than \$50,000; and
- EGD shall not enter into two or more unsolicited TS transactions with an affiliate or related party that fall below the threshold for the purpose or with the effect of circumventing the \$50,000, 3 day threshold that is applicable to unsolicited affiliate and related party TS transactions.

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Excluding transactions that fall below these thresholds, all EGS transactions must be put to an RFP. A report of all Unsolicited Opportunities where EGS or any other affiliate or related party secures assets will be provided to all parties included on the TS Distribution List, and any other party expressing interest, on a monthly basis. This report will provide the following information: the number of transactions, transaction type (e.g. storage, transportation), duration, and total transaction value. For greater certainty, this report will not provide information other than the information specified in the preceding sentence. The intention of this restriction is to preclude the disclosure of information which in and of itself or together with information that is otherwise required to be provided, could disclose EGS information that is commercially sensitive.

Reporting

Information related to the bids and unsolicited offers from affiliates and related parties received and awarded will be tracked and logged for the purpose of reporting. On a 15 day lagged basis, EGD will prepare and distribute three reports: to provide insight into the distribution of the assets:

1. Breakdown of Successful Bids by Counterparty
This report would show the percentage of bidding process outcomes that have been awarded to each counterparty.
2. Summary of Bid Results:
This report would show the number of bids received on each asset provided, and the percentage above the floor price that the assets were awarded at.
3. TS Activity Summary
This report shall take the form of and contain the nature of information and categories included in the report included in Exhibit A, Tab 5, Schedule 1 as filed in EB-2005-0244. The report will provide year to date transaction information.

All reports will be made available to parties on the TS Distribution List.

In addition, on an annual basis, and notwithstanding the frequency in the OEB's *Natural Gas Reporting & Record Keeping Requirement* ("RRR"), EGD shall file only with the Board, TS specific reports relating to TS transactions between EGD (the Utility) and any and all of its affiliates and related parties generally in the format included in sections 2.1.8, 2.3.7.1 and 2.3.7.2 of the RRR but also including the individual transaction information on the volume and duration of each transaction. All such reporting requirements apply

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based on the total revenue of the affiliate and related party transactions exceeding the total cost thresholds reflected in the RRR, on an annual basis, in order for the Board to ensure that unsolicited TS opportunities are not being provided to affiliates and related parties at unreasonably low costs.

Compliance/Enforcement

On an annual basis, an officer of EGD shall provide written certification to the Board that EGD has been in full compliance with approved TS methodology, or, in the event that it has not been in full compliance, note any instances of non-compliance with the approved TS methodology. In the event of any material non-compliance with the TS methodology, the Board may exercise its discretion under the OEB Act in order to address such non-compliance with the TS methodology.

Annual Transactional Services Performance Review – 2006

The Ontario Energy Board, in its proceeding EB-2005-0244 (the Proceeding), required Enbridge Gas Distribution (EGD) to conduct an annual performance review of its administration of TS activities, compliance with the TS methodology, and to share the results with interested parties. This performance review covers the period January 1, 2006 to December 31, 2006.

Administration of TS

All utility functions and services pertaining to procurement and optimization of natural gas supply, transport and storage capacity were repatriated to EGD on January 1, 2006. EGD also instituted a complete separation of information systems to ensure that Enbridge Gas Services (EGS) does not have access to information relating to these functions that is not available to other market participants.

Compliance with and Evaluation of TS Methodology

The TS Methodology requires EGD to ensure that TS transactions do not affect the level of curtailment of interruptible customers. If curtailment is called after TS activity is scheduled for the day, the process requires EGD to unwind or cancel such TS transactions that would impact the level of curtailment. TS activities in Fiscal 2006 did not affect the level of curtailment. There was no curtailment in CDA and two days of curtailment in EDA in 2006. EGD was not required to unwind or cancel TS transactions for curtailment reasons in both CDA and EDA.

The TS methodology also prescribed the manner in which surplus capacity should be marketed. EGD was required to set up an e-Market web site on which EGD would post surplus assets, which would then initiate a competitive bidding process. The e-Market Auction went live in December, 2005. However, in spite of hundreds of invitations the Auction proved to be ineffective with only 7 successful bids rewarded, accounting for 1% of TS revenue generated over Fiscal 2006.

In its 2007 Rates Case, EGD undertook to survey its stakeholders on the effectiveness of the TS methodology. In May, 2007 the market research service, Itracks, was employed to design and manage an online survey that would address the following questions:

1. Is the e-Market auction an effective tool through which EGD markets its transportation and storage?
2. Is the Auction sensitive to changing market conditions?
3. Is the time delay (default: 10 min) between the bidding deadline and the awarding of assets a deterrent from bidding on the auction?
4. All the e-Market bids are binding: is that a deterrent to posting on the auction?
5. What distinguishes the e-Market auction from other web-based trading platforms?

6. Would you like EGD to continue with the e-Market Auction? (If "no", would a more standard methodology of marketing provide the flexibility EGD requires to effectively optimize its assets?)

The survey was distributed to 24 individuals, representing 13 counterparties (BP Canada, Cargill, ConocoPhillips, Coral Energy, Enbridge Gas Services, Enserco, Integrys, Nexen Marketing, Oxy Energy, PPM Energy, Semptra Energy, Tenaska Marketing, United Energy). In order to provide anonymity, each individual was provided with their own personal login and password, and no names were attached with the responses. Of the 24 individuals who were given access to the survey, 15 completed the questionnaire for a response rate of 62.5%.

The respondents consistently put forward the same criticisms of EGD's e-Market Auction, focusing on timing inefficiencies, price exposure and marketing rigidity. Users of the auction repeatedly commented that the system's static bid deadline as well as the time lag between the placement and awarding of bids fails to capture market volatility. Subsequently, the binding nature of the Auction presents execution risks that the respondents are unwilling to take. The respondents also commented that the Auction is unable to provide any benefit to either the counterparties or to Enbridge Gas Distribution in the marketing and optimization of its assets. The results of the survey clearly indicate that counterparties are unwilling to complete transactions on EGD's e-Market Auction platform and unanimously support the abolition of the Auction in favour of a return to more standard transactions that provide volume, timing and market flexibility.

The TS Methodology also allows for Unsolicited Opportunities from counterparties. Over this period, revenues and ratepayer benefits have accrued predominantly through authorized Unsolicited Opportunities. Affiliates such as Enbridge Gas Services are limited to transactions that are below 3 days in duration and \$50,000 in value. During this period there were no unsolicited transactions with EGS, presumably because the constraints are too restrictive.

Compliance with Reporting Requirements

The TS methodology requires the following activities to be reported:

1. Reports on TS activity during periods of curtailment, affiliate transactions and the Auction's bid activity on a monthly basis.
2. Annual performance review.
3. EGD is also required, as part of Natural Gas Utility Reporting and Record Keeping Requirements, to report the total annual dollar amount and number of transactions with its affiliates.

EGD has complied with the above reporting requirements. Reports were issued to the TS Distribution List outlining the Auction's successful bid activity, affiliate transactions, as well as TS activity during curtailment on a monthly basis. The monthly reports show that bid activity on the e-Market Auction was very low and there was one successful bid in February, 2006 by EGS

(approximate value: \$3400USD). There were no unsolicited transactions with EGS through 2006 and TS activity did not impact the level of curtailment of interruptible customers.

Recommendations

EGD has no recommended changes to the Methodology for TS activity during curtailment.

EGD recommends the elimination of the e-Market Auction, given the overwhelming resistance of surveyed counterparties to the continuation of the e-Market Auction, and its low contribution to TS revenue (under 1%). Although revenue targets have been met under the current methodology, EGD recommends that the Auction be replaced by an interactive and direct form of marketing in which EGD could solicit business from all counterparties and optimize value for ratepayers.

EGD also recommends the elimination of the limits on Unsolicited Opportunities with EGS, given that EGS was unable to operate within these parameters. EGD submits that these limits were never intended to prevent transactions with EGS, an authorized counterparty that is entitled to a level playing field. As stated above, EGD has effected a complete separation of gas procurement and TS, and associated information systems, thus ensuring that EGS does not have preferential access to information. EGD will continue report on all affiliate transactions, solicited and unsolicited, on a monthly basis. All recipients of the monthly reports will retain the ability to ask for more detailed information on affiliate TS transactions. Therefore, issues around transparency with respect to transactions with EGS are adequately dealt with through existing reporting requirements.

Conclusion

EGD complied fully with the TS methodology approved by the OEB. Based on the low utilization of the e-Market web site by its counterparties, EGD is recommending its discontinuation and return to direct marketing. EGD is also recommending the removal of restrictions on unsolicited opportunities with EGS. All reporting requirements currently in place with respect to affiliate transactions will continue.

Malini Giridhar/GAS/Enbridge
11/26/2007 12:14 AM

To Bonnie Adams/GAS/Enbridge@Enbridge, Lucy
Wakabayashi/GAS/Enbridge@Enbridge
cc
bcc
Subject TS Appendix 3, page 1

Malini Giridhar
Energy Policy and Analysis
Enbridge Gas Distribution
416 495 5255

----- Forwarded by Malini Giridhar/GAS/Enbridge on 11/26/2007 12:13 AM -----



<paul.kerr@shell.com>
09/28/2007 04:08 PM

To <Malini.Giridhar@enbridge.com>
cc <Lucy.Wakabayashi@enbridge.com>,
<donna.grasdal@shell.com>, <paul.kerr@shell.com>
Subject Coral Response to Enbridge Annual TS Review
Recommendations

September 28, 2007

Malini Giridhar
Energy Policy and Analysis
Enbridge Gas Distribution

Malini,

Thank you for your help yesterday in understanding the communication sent by Enbridge, and adding me to the distribution lists to be used for any future communications on this topic. Coral appreciates the importance of these commercial and regulatory matters, and so requests that future communications utilize the "subject" line available in the email so that the importance may be readily seen and appreciated by all the recipients.

Enbridge has submitted their 2006 annual transactional services performance review, with a request for comments on their recommendations. Coral understands that Enbridge will follow this consultative process with an application to the OEB prior to implementing any of the recommended changes, so must file this response without prejudice to future developments. The review also makes assertions regarding survey responses, stakeholder opinions, and the degree of Enbridge compliance with OEB requirements, which Coral has not considered so can only reserve comment. Regarding the recommendations made by Enbridge, Coral has numbered these below for clarity and provides comments on each:

1. EGD has no recommended changes to the Methodology for TS activity during curtailment.

Coral supports this position.

2. EGD recommends the elimination of the e-Market Auction ... and be replaced by an interactive and direct form of marketing in which EGD could solicit business from all counterparties and optimize value for ratepayers.

Coral supports this recommendation.

3a). EGD also recommends the elimination of the limits on Unsolicited Opportunities with EGS.

Coral supports this recommendation. Coral supports competition and firmly believes in a "level playing field" as referenced by Enbridge. As part of its filing to the OEB in support of this recommendation, it may be useful for Enbridge to assure the Board that affiliates of EGD are treated the same as other parties on all terms and conditions.

3b). EGD will continue (to) report on all affiliate transactions, solicited and unsolicited, on a monthly basis. All recipients of the monthly reports will retain the ability to ask for more detailed information on affiliate TS transactions. Therefore, issues around transparency with respect to transactions with EGS are adequately dealt with through existing reporting requirements.

Coral supports this recommendation. As part of the OEB filing it would be useful for Enbridge to clearly indicate this willingness to be respond to participant requests and the depth to which they are willing to report the affiliate transactions on a monthly and ad hoc basis. EGD may wish to make it a standard practice to report more detailed information in the future annual reviews.

All of which is respectfully submitted, and thank you for the opportunity to comment and support Enbridge in this effort.

Paul Kerr
Manager, Market Affairs
Coral / Shell Energy
519-620-7712
paul.kerr@shell.com

-----Original Message-----

From: Grasdal, Donna CECI
Sent: September 27, 2007 1:28 PM
To: Kerr, Paul CECI
Subject: FW: Enbridge - action required by Coral

-----Original Message-----

From: Lucy Wakabayashi [mailto:Lucy.Wakabayashi@enbridge.com] On Behalf Of Malini Giridhar
Sent: September 12, 2007 2:13 PM
To: undisclosed-recipients
Subject:

Please see attached document that reviews the performance of EGD in its Fiscal 2006 year, with respect to administration of TS, compliance with OEB approved methodology and reporting requirements. The document also recommends changes to the approved TS methodology. Please provide your comments within 15 business days of distribution of this document, as required by the OEB.

(See attached file: Annual TS review 07.doc)

Malini Giridhar
Energy Policy and Analysis
Enbridge Gas Distribution
416 495 5255



Annual TS review 07.doc

Malini Giridhar/GAS/Enbridge

11/26/2007 12:12 AM


To Bonnie Adams/GAS/Enbridge@Enbridge

cc Lucy Wakabayashi/GAS/Enbridge@Enbridge

bcc

Subject TS Appendix 3, page 2

History:

 This message has been replied to.

Malini Giridhar
Energy Policy and Analysis
Enbridge Gas Distribution
416 495 5255

----- Forwarded by Malini Giridhar/GAS/Enbridge on 11/26/2007 12:11 AM -----



<Matt_Rallison@cargill.com>

09/13/2007 02:13 PM

To "Malini Giridhar" <Malini.Giridhar@enbridge.com>

cc

Subject RE: TS Performance Review

I support the proposed changes.

-----Original Message-----

From: Lucy Wakabayashi [mailto:Lucy.Wakabayashi@enbridge.com] On Behalf
Of Malini Giridhar
Sent: Monday, September 10, 2007 11:48 AM
Subject: TS Performance Review

Please see attached document that reviews the performance of EGD in its Fiscal 2006 year, with respect to administration of TS, compliance with OEB approved methodology and reporting requirements. The document also recommends changes to the approved TS methodology. Please provide your comments within 15 business days of distribution of this document, as required by the OEB.


(See attached file: Annual TS review 07.doc)

Malini Giridhar
Energy Policy and Analysis
Enbridge Gas Distribution
416 495 5255

Malini Giridhar/GAS/Enbridge
11/26/2007 12:15 AM

To Bonnie Adams/GAS/Enbridge@Enbridge, Lucy
Wakabayashi/GAS/Enbridge@Enbridge
cc
bcc

Subject TS Appendix 3, page 3

History:  This message has been replied to.

Malini Giridhar
Energy Policy and Analysis
Enbridge Gas Distribution
416 495 5255

----- Forwarded by Malini Giridhar/GAS/Enbridge on 11/26/2007 12:14 AM -----



"White, Daniel"
<Daniel.White@PPMEnergy.com>
09/13/2007 10:16 AM

To "Malini Giridhar" <Malini.Giridhar@enbridge.com>
cc <Vivian.Krauchek@enbridge.com>
Subject RE: TS Performance Review

I agree with most of EGDI's recommendations for TS. However, it is very important to ensure that all affiliate transactions are reported in a timely manner.

Thanks.

-----Original Message-----

From: Lucy Wakabayashi [mailto:Lucy.Wakabayashi@enbridge.com] On Behalf Of Malini Giridhar
Sent: Monday, September 10, 2007 11:48 AM
Subject: TS Performance Review

Please see attached document that reviews the performance of EGD in its Fiscal 2006 year, with respect to administration of TS, compliance with OEB approved methodology and reporting requirements. The document also recommends changes to the approved TS methodology. Please provide your comments within 15 business days of distribution of this document, as required by the OEB.

(See attached file: Annual TS review 07.doc)

Malini Giridhar
Energy Policy and Analysis
Enbridge Gas Distribution
416 495 5255