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APPrO
ASSOCIATION OF
POWER PRODUCERS
OF ONTARIO

December 14, 2010

Enbridge Gas Distribution – EB-2010-0333
Pre-Approval of the Cost Consequences of Three Long Term Transportation Contracts
Information Requests of the Association of Power Producers of Ontario (APPrO)

1. Reference Ex B Tab 1 Schedule 1 clause 3.
    a. Enbridge notes that in the event that it does not sign the FT contract it will incur a pro-rata share of the capital expenditures to date. Enbridge further notes that it expects to provide TransCanada notice of cancellation by January 28, 2011 if preapproval is not received. In the event that Enbridge does not give TransCanada notice by January 28, 2011 and Enbridge does not enter into a FT contract, in Enbridge's view, who bears the risk of cancellation costs that may be levied by TransCanada under the agreement?
2. Enbridge notes in Ex A, Tab 1, Schedule 1 clause 5, that the reasons to enter into this agreement will allow Enbridge to i) diversify its gas supply and ii) increase its security of supply. Enbridge also notes in Ex B Tab 1 Schedule 1 clause 8 that *"Increased production from many shale gas formations including Marcellus is expected to substantially alter pipeline flows from Canada to the northeast U.S. Exports to the U.S. are expected to decline and imports from the U.S., specifically at Niagara and Chippawa, are expected to increase due to Marcellus production"*
    a) By virtue of expected reduction in exports at Niagara and increased imports, will the supply diversity and the security of supply in Ontario not increase independent of Enbridge contracting for this additional transportation on TransCanada?
    b) If not, how would Enbridge quantify the incremental benefit from their commitment to TransCanada to purchase gas at Niagara?
3. Appendix F shows the relative cost of various supply alternatives. APPrO understands that TransCanada has filed with the National Energy Board interim tolls for 2011. Please complete the table in Appendix F with the proposed interim tolls.
4. As noted in Appendix E, Enbridge is a large shipper on the TransCanada system. The current toll methodology employed by TransCanada provides that tolls increase or decrease based on lower or higher throughput volumes.
    a. Did Enbridge consider the overall net impact to all gas consumers in Ontario from lower tolls as a result of contracting for additional western Canadian supply and transporting such volume on TransCanada in lieu of contracting for new transportation and related supplies from Niagara?

b. If so, please provide a copy of such analysis. If not, can Enbridge estimate, using rules of thumb or other approximations how the TransCanada toll from Empress to Enbridge CDA might change if such volumes were instead contracted from Empress rather than Niagara. Compare, the benefits of the toll reduction by applying this reduction to all the firm volumes contracted on TransCanada from Empress to Ontario, to the savings in commodity in contracting from Niagara. Make reasonable assumptions where necessary to complete this analysis, and note such assumptions?
c. Would Enbridge view security of supply materially different if these volumes were purchased from western Canada rather than at Niagara?