APPrO INTERROGATORY #1

INTERROGATORY

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?

RESPONSE

EGD is seeking preapproval from the OEB prior to the effective date of the Precedent Agreement signed with TransCanada. In the event that TransCanada cancels the project at a later date after incurring capital expenditures but before a FT contract is signed, then under the Precedent Agreement filed with the Application, TransCanada is able to levy cancellation costs on EGD. In the event of cancellation as per Paragraph 13 at sheet number 11 of the Precedent Agreement:

> …TransCanada shall use commercially reasonable efforts to minimize all costs payable by Shipper to TransCanada pursuant to Paragraph 14…

In the unlikely event that cancellation costs are levied by TCPL, EGD would seek recovery from its ratepayers in a manner consistent with Board approved principles. Please refer to the response to Board Staff Interrogatory #21 at Exhibit I, Tab 1, Schedule 21 for a discussion of how these costs would be recovered.

APPrO INTERROGATORY #2

INTERROGATORY

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?

RESPONSE

a) The proposed contract will increase diversity and security of supply for Enbridge. On a broader level however, commitments by larger shippers like Enbridge often provide the market with confidence in a particular supply basin and transportation path. In the absence of Enbridge and/or Union Gas contracting for capacity from Niagara the extent of increased supply diversity and security of supply would likely be diminished.

b) Please refer to response a).

APPrO INTERROGATORY #3

INTERROGATORY

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.

RESPONSE

Please refer to Board Staff Interrogatory #23 which can be found at Exhibit I, Tab 1, Schedule 23.

APPrO INTERROGATORY #4

INTERROGATORY

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?

RESPONSE

a) Enbridge does not have sufficient information to conduct the analysis requested other than toll sensitivities provided by TransCanada at the Natural Gas Market review consultative. Note that Enbridge is not proposing to decontract any long haul capacity. Consequently, all else equal there would be no impact on TCPL long haul tolls should the Board approve the proposed contract.

b) Please see the response to a). At the Natural Gas Market Review held by the Ontario Energy Board from October 7th to October 8th 2010 TransCanada Pipelines provided the following table in its presentation at the consultative which outlines the tolling/cost sensitivity to reducing long haul flows on the Mainline:

**Impacts of Potential New Infrastructure:
Tolling/Cost Sensitivity to Reduced Long Haul**

Path	500 TJ/d Reduction in Long Haul to CDA (toll increase in ¢/GJ)	500 TJ/d Reduction in Long Haul and 500 TJ/d Increase in Short Haul Niagara to CDA (toll increase in ¢/GJ)
Empress to Union CDA	30	28
Empress to Enbridge CDA	30	28
Empress to GMi EDA	30	28
Dawn to Enbridge CDA	3	3
Dawn to Enbridge EDA	7	7
Dawn to Union CDA	3	3
Dawn to Union EDA	6	5
Annual Revenue Impact on Ontario Customers	$79 million	$72 million

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The Niagara to Enbridge CDA contract is for 30,000 gjs per day. Utilizing the toll sensitivities provided by TransCanada an increase in Empress to Enbridge CDA volumes of 30,000 gjs per day would result in an approximate $0.018 reduction in the Empress to Enbridge CDA toll, all else equal. The NEB approved toll from Empress to the Enbridge CDA for 2010 is $1.64/GJ which would be reduced to approximately $1.62/GJ if the proposed volumes were contracted from Empress rather than Niagara.

c) The closer proximity of Marcellus supplies to Enbridge's franchise area, expectations for abundant growth in Marcellus supplies, and access to a well established pipeline network at Niagara allow for greater diversity in Enbridge's supply portfolio. This will enhance security of supply in the long run.