

**Board Staff Interrogatories
EB-2007-0932 – Enbridge Gas Distribution Inc.
Application for Amendments to the
Transactional Services Methodology**

1. Ref: EB-2005-0551 Decision, OEB Business Plan 2008-2011

Preamble: The Board held a proceeding to determine whether it should refrain, in whole or on part, from regulating the rates charged for natural gas storage in Ontario. The Board's Decision in this generic hearing (EB-2005-0551) was released on November 7, 2006. One of the Board's recommendations was that it was necessary for the Board to develop the appropriate rules of conduct and reporting requirements related to storage.

The OEB business plan outlines that a consultation process to develop rules of conduct and reporting related to storage (Storage and Transportation Access Rule, or 'STAR') would start in 2008 and the rules would be in place by the end of fiscal year 2008-09.

Why does Enbridge Gas Distribution ("EGD") believe it is appropriate to request significant changes to its Transactional Services Methodology knowing that a consultation regarding STAR will be starting in 2008 and will ultimately determine the rules for the use of these assets?

2. Ref: EGD Application, Page 3

*Preamble: EGD states in its application that, "Through [a survey] 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**." (Emphasis added.)*

EGD noted that counterparties identified timing and fluidity as primary concerns with the current auction system.

- (a) If the auction system is abolished, does EGD believe that reporting of transactions on the current 15 day lagged basis will still provide useful information on a timely enough basis for the contracting of short term surplus assets? Please explain.
- (b) Please explain why a 5 day lagged basis or 10 day lagged basis would or would not be appropriate?

- (c) Please explain the advantages or disadvantages of reporting of short-term surplus asset transactions via a web-portal, or similar, that would be available to all counterparties?

3. Ref: EGD Application, Appendix 3, Page 2

Preamble: EGD states in its application that, "All recipients of the Monthly reports will retain the ability to ask for more detailed information on affiliate transactions." In response to Enbridge's survey of counterparties, Coral/Shell Energy indicated that, "EGD may wish to make it a standard practice to report more detailed information in the future annual reviews."

- (a) Please indicate whether EGD intends to provide more detailed information as part of its annual review. If so, please list the additional information. What criteria would Enbridge use to determine what types of information it would release to third parties?
- (b) If a counterparty requests more detailed information on affiliate transactions, please outline what Enbridge considers a reasonable timeframe for responding to such requests.

4. Ref: EGD Application, Page 4

*Preamble: EGD states in its application that, "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." (Emphasis added)*

Please describe the method(s) that Enbridge deems appropriate and would use to solicit bids and enter into TS transactions.

5. Ref: EGD Application, Page 4

*Preamble: EGD states in its application that, "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." (Emphasis added)*

- (a) If EGD intends to directly approach specific counterparties, how will the Company ensure fair access to these transactions? Please comment specifically on how this would apply to transactions between EGD and Enbridge Gas Services ("EGS")?

- (b) Please outline the process that would be used when directly approaching counterparties for potential transactions.
- (c) Excluding the availability of 15 day lagged reporting of affiliate transactions, what other methods will other parties have to monitor that Enbridge is providing equal access to opportunities to access short term surplus assets?

6. Ref: EGD Application, page 3

Preamble: EGD states in its application that, "[the auction mechanism] only resulted in 7 successful transactions accounting for 1% of TS revenue in 2006."

What percentage and absolute increase in TS revenue does EGD expect, year over year, as a result of the changes contemplated in its application? Please provide EGD's estimate, with supporting documentation, of the increase to transactional services revenue, based on the assumption that all of the changes requested in this application are approved. If EGD cannot provide a specific estimate, please provide a short list of the most likely scenarios.

7. Please provide historical balances of the Transactional Services deferral account for the past 5 years.