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February 5, 2012

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli,

**RE: EB-2011-0242 & EB-2011-0283 - London Property Management Association
Interrogatories**

Please find attached the interrogatories to Enbridge Gas Distribution of the London Property Management Association in the above noted applications.

Sincerely,

Randy Aiken

Randy Aiken
Aiken & Associates

Encl.

cc: Karen Hockin, Union Gas Limited (e-mail)
Norm Ryckman, Enbridge Gas Distribution Inc. (e-mail)

IN THE MATTER OF the *Ontario Energy Board Act*, 1998, S.O. 1998, c.15, Schedule B; and in particular section 36 (20 thereof:

AND IN THE MATTER OF an application by Enbridge Gas Distribution Inc. for an Order or Orders approving and setting the cost consequences associated with the purchase of Ontario biomethane by Enbridge Gas Distribution Inc.;

AND IN THE MATTER OF an application by Union Gas Limited for an Order or Orders approving and setting the cost consequences associated with the purchase of Ontario biomethane by Union Gas Limited.

INTERROGATORIES OF THE
LONDON PROPERTY MANAGEMENT ASSOCIATION
TO ENBRIDGE GAS DISTRIBUTION INC.

Interrogatory #1

Ref: Exhibit B, Tab 1, page 1
Issue 4.1

- a) Does EGD plan on offering system gas customers the option to purchase biomethane in place of the standard system gas supply? If not, why not?
- b) Does EGD plan on offering system gas customers the option to opt out of system gas that includes biomethane and to remain on system gas that excludes biomethane? If not, why not?
- c) Please explain how system gas customers are offered greater choice for energy consumers if the cost of the biomethane is included in the system gas cost and customers are not provided any alternative if they wish to remain on system gas.

Interrogatory #2

Ref: Exhibit B, Tab 1, page 1
Issue 2.5

The evidence indicates that EGD would purchase a maximum annual volume of 87 million m³. Please provide the following based on the last three years of actual data available.

- a) The total volume of system gas purchased by EGD to supply system gas customers.
- b) The total volume of direct purchase gas consumed by EGD's direct purchase customers.
- c) The total volume of gas purchased by EGD for its own use as part of the regulated utility (for example, compressor fuel, heating, etc.).
- d) The total volume of gas purchased by EGD for its own use as part of the unregulated businesses operated by EGD.

Interrogatory #3

Ref: Exhibit B, Tab 1, page 9
Issue 1.2

The evidence states that financial payments stay within the province, to the benefit of Ontario farmers, municipalities or businesses.

- a) How does EGD know that investment from outside of Ontario in these facilities will not result in financial payments leaving the province?
- b) Is EGD proposing any restrictions on the ownership of the facilities that it will connect to its system? If so, please provide details.
- c) Does EGD currently purchase any biomethane gas produced in Ontario?
- d) Does EGD currently purchase any biomethane gas produced outside of Ontario?
- e) Has EGD investigated what biomethane gas produced outside of Ontario is available to be purchased? If not, why not? If yes, please provide details, including the price at which this gas can be purchased and the geographic location of this gas.

Interrogatory #4

Ref: Exhibit B, Tab 1, page 9
Issue 3.2

- a) Can biomethane gas be used as a firm source of peaking gas supply? In other words, could this gas be purchased only when required for seasonal requirements? If not, why not?
- b) Could a local producer of conventional natural gas in Ontario use biomethane gas as a source of production to ensure firm deliveries into a distribution system? If not, why not?
- c) Would EGD consider the delivery of biomethane gas into its distribution system to be more, less or of the same level of reliability as that from local Ontario producers?

Interrogatory #5

Ref: Exhibit B, Tab 1, pages 5 & 10
Issue 2.6

The evidence states that biomethane results in increased energy utilization efficiency relative to the current alternative of generating electric power for connection to the electricity grid. Does this conclusion include situations where combined heat and power ("CHP") facilities could be built? Please provide the efficiency rating of a CHP facility in a manner similar to the 40% and 80% figures noted on page 5

Interrogatory #6

Ref: Exhibit B, Tab 1, page 10
Issue 1.2

The evidence indicates that unless biomethane prices are set, a viable biomethane industry will not develop in Ontario in the near term.

- a) Please define "near term".
- b) Could a viable industry in Ontario be established if the biomethane was sold outside of Ontario? If not, please explain why not.

Interrogatory #7

Ref: Exhibit B, Tab 1, page 11
Issue 4.1

- a) Please explain how the utilities are positioned within the provincial energy market to enable the biomethane industry on behalf of consumers throughout the province, when many consumers are not system gas consumers.

b) Do the utilities believe that gas and electricity marketers are positioned within the provincial energy market to enable the biomethane industry on behalf of consumers throughout the province, given that they supply the direct purchase market? If not, please explain.

Interrogatory #8

Ref: Exhibit B, Tab 1, page 11
Issue 1.2

- a) Please define the term "longer-term horizon" used in the last paragraph in Part IV.
- b) Please define the term "viable market" used in the last paragraph in Part IV.
- c) Please provide all the assumptions, documents, etc. that EGD has used or seen to make the statement that the following a maturation process, biomethane should be able to complete with conventional natural gas supplies.

Interrogatory #9

Ref: Exhibit B, Tab 1, pages 11-12
Issue 4.1

Has EGD done any survey of corporations, such as itself, to determine the level of market support based on various cost consequences of corporations purchasing all of or some portion of their gas requirements through direct purchase agreements that included some biomethane gas at costs proposed in this application? If not, why not?

Interrogatory #10

Ref: Exhibit B, Tab 1, pages 14-15
Issue 4.1

Please provide copies of all materials provided to parties and/or received from parties in the Stakeholder Meetings other than the written letters of support found in Exhibit B, Tab 1, Appendix 2.

Interrogatory #11

Ref: Exhibit B, Tab 1, page 16
Issue 4.1

- a) Has EGD calculated the avoided pipeline transportation costs associated with Ontario produced biomethane if it hits the maximum annual volume of 87 million m³? If not, why not? If yes, please provide the estimated annual pipeline transportation savings.
- b) Are there any other savings associated with purchasing biomethane gas produced in Ontario? If yes, please provide details and estimates.
- c) Are there any other costs to system gas customers or other distributor ratepayers associated with the purchase of Ontario produced biomethane? If yes, please provide details and estimates.

Interrogatory #12

Ref: Exhibit B, Tab 1, page 16
Issue 1.2 & 4.1

- a) Is EGD requesting that the Board approve a Biomethane Service Offering similar to that approved by the BC Utilities Commission in December 2010? If not, why not?
- b) Would EGD be opposed to establishing a Biomethane Service Offering for system gas customers? If yes, please explain why.
- c) Is EGD aware of whether or not any gas marketers operating in other provinces or states offer a service offering that allows customers to designate some or all of their gas purchases to be from biomethane production? If yes, provide details.
- d) Is EGD aware of whether or not any electricity marketers operating in Ontario, other provinces or states offer a service offering that allows customers to designate some or all of their electricity purchases to be from green energy sources such as solar, wind and/or biogas? If yes, provide details.
- e) If the answer to either or both of parts (c) and (d) above are no, please explain why EGD has not researched this in preparation for its application.

Interrogatory #13

Ref: Exhibit B, Tab 1, page 21
Issue 2.3

The evidence indicates that the contracts would have a maximum term of 20 years. Is there a minimum term and, if so, what is it?

Interrogatory #14

Ref: Exhibit B, Tab 1, page 21
Issue 2.4

Please explain why a 5 year contract acceptance window is required when many projects may take only 2 years to start commercial operation.

Interrogatory #15

Ref: Exhibit B, Tab 1, page 21
Issue 2.1 & 2.2

What is the current price charged to customers in \$ per GJ for system gas customers?

Interrogatory #16

Ref: Exhibit B, Tab 1, pages 21-22
Issue 2.1 & 2.2

a) Please provide a sensitivity analysis that shows the prices in the same format as those shown on page 21 if the ROE was 9%, 7% and 5%.

b) Is the 11% ROE noted the after-tax return?

Interrogatory #17

Ref: Exhibit B, Tab 1, page 24
Issue 2.6

Please explain how EGD will use existing systems to ensure that any and all environmental attributes and benefits will accrue to gas purchase costs to the benefit of system gas customers.

Interrogatory #18

Ref: Exhibit B, Tab 1, page 24
Issue 3.2 & 2.1 & 2.2

The evidence states that given the possibility that more than one producer may approach EGD with a potential project in the same area and that EGD may not have the capacity to accept more than one project, a transparent allocation system is required to ensure potential producers have equitable gas network access. The system would be based on a

first-come, first-served basis with an onus on the producer to confirm their serious intent to construct a project.

Please explain why EGD is not proposing that the price requested by the competing proposals be taken into consideration when the utility decides which proposal should go forward.

Interrogatory #19

Ref: Exhibit B, Tab 1, page 26

Issue 2.1 & 2.2

- a) Please explain why the annual price escalator has been determined to be based on the Consumer Price Index rather than some other price index.
- b) Is the Consumer Price Index proposed the Canadian CPI or the Ontario CPI?
- c) How was the 30% factor determined?

Interrogatory #20

Ref: Exhibit B, Tab 1, page 26

Issue 1.2

- a) Why does EGD require that it has exclusivity of contracted biomethane from the producer?
- b) How does this exclusivity assist in developing and implementing a viable biomethane industry in Ontario?

Interrogatory #21

Ref: Exhibit B, Tab 1, page 28

Issue 3.3

- a) What is the average energy content of conventional natural gas in EGD's system?
- b) What is the expected energy content of biomethane gas?
- c) If there is a difference in the energy content of the biomethane gas relative to conventional natural gas, how will EGD deal with changes in volumetric consumption that this could result in for customers served off the lines close to the production of the biomethane gas entering the system?

Interrogatory #22

Ref: Exhibit B, Tab 1, Appendix 2
Issue 4.1 & 1.2

- a) For each of the municipalities that have provided Letters of Support to EGD, please indicate whether that municipality is a direct purchase customer or a system gas customer.
- b) Has EGD approached each of the municipalities that have provided letters of support to it to determine their willingness to purchase some or all of their gas requirements from biomethane production? If not, why not?
- c) What is the annual consumption of the municipalities, in aggregate, that have provided letters of support to EGD?
- d) What is the annual consumption of all municipalities served by EGD? Approximately what proportion of the annual consumption is served by system gas as compared to direct purchase gas?
- e) Do each of the municipalities that have provided letters of support to EGD have the potential to be producers of biomethane gas?

Interrogatory #23

Ref: Exhibit B, Tab 1, Appendix 4, page 60
Issue 3.1

- a) Please confirm that the station and interconnect costs would be paid for through contributions to EGD.
- b) Please confirm that these contributions would form part of the capital cost for each biomethane producer.
- c) What is the impact on the cost of capital associated with these capital costs being born by the biomethane producer relative to the cost of capital associated with these costs if they were incurred by EGD. In providing this answer, please provide all assumptions related to capital structure, return on equity and debt costs between EGD and the biomethane producer.

Interrogatory #24

Ref: Exhibit C, Tab 1, Schedule 1
Issue 2.1 & 2.2

- a) What is the annual net bill increase for a typical commercial system gas customer served under rates 6 and 100?
- b) What is the annual increase in total gas costs that would be paid for by system gas customers if the biomethane volumes is at the 87 million m³ level compared to current gas costs as of January 1, 2012?
- c) Based on the current composition of system gas sales, please disaggregate the amount calculated in part (b) into each of the rate classes that contain system gas sales.

Interrogatory #25

Ref: Exhibit C, Tab 1, Schedule 2
Issue 4.1

- a) Please provide the average impact on customers in Rates 6 and 100 if the biomethane gas was purchased for company use and included in the costs allocated to all customers. Please provide the impact on both a percentage and annual dollar basis.
- b) How much of the annual increase in total gas costs requested in Interrogatory #24(b) above would be allocated to ex-franchise customers, if any, if the biomethane gas was purchased by EGD for company use as requested in part (a) above.

Interrogatory #26

Ref: Exhibit C, Tab 1, Schedule 2
Issue 4.1

- a) Will EGD track the operating and maintenance costs associated with the connecting pipelines and the stations (including quality control, measuring and regulating equipment) used by biomethane producers separate from its expenses related to other customers?
- b) Will EGD be allocating any administration costs to the biomethane customers? If not, why not?
- c) Why is EGD not proposing a separate rate class for biomethane producers, similar to Union's M13 rate class?
- d) How will EGD ensure that there is no cross-subsidization between the costs incurred to service the biomethane producers and EGD's other customer classes?

e) Will there be an increase in the annual revenue requirement associated with the working capital allowance and higher cost of gas? If yes, please provide an estimate of the impact, including all assumptions used.