

Board Staff Interrogatories

Enbridge Gas Distribution Inc. EB-2011-0242

Union Gas Limited EB-2011-0283

1.0 Role of the Utilities.

Issue 1.2 - Is the proposed role of both Enbridge and Union in developing and implementing a biomethane program reasonable and appropriate?

1. Reference: Prefiled Evidence / Exhibit B/Tab 1/page 10
 - a) Please compare the capital and operating costs to construct and operate facilities necessary to use biomethane in electricity generation with the same parameters for use of biomethane in a gas supply mix?
 - b) What are the technological and cost constrains for use of biomethane for electricity generation versus use in a natural gas distribution supply?
2. Reference: Prefiled Evidence / Exhibit B/Tab 1/page 11/ lines 2-6 and Exhibit B/Tab 1/Appendix 2

Both Union and Enbridge stated that the proposed biomethane program is supported by the biomethane community of suppliers and filed several letters of support in the pre-filed evidence (Exhibit B/Tab 1/Appendix 2).

- a) Please discuss the communication between the companies and the biomethane suppliers to date.
 - b) Identify the prospective suppliers that in discussions with Union and Enbridge indicated that they would consider participating, within next 5 years, in the biomethane program as proposed by the companies if such a program is approved by the Board.
3. Reference: Prefiled Evidence / Exhibit B/Tab 1/page 14/ lines 8-10

Union and Enbridge met with a number of stakeholders on the proposed biomethane program between November 2010 and August 2011.

- a) Please describe these meetings in terms of: stakeholders-participants; dates and places of the meetings; attendance; information/presentation materials distributed in the meetings; any feedback and comments from the meetings by the stakeholders.

- b) Please provide copies of information/presentation materials distributed in the meetings and copies of recorded comments and feedback by the stakeholders.
- c) What are the concerns that stakeholders expressed in the meetings regarding the proposed biomethane program?
- d) Please comment on if the companies have engaged in any discussions regarding the proposed biomethane program with non-regulated providers and retailers of biomethane. Please include any formal pieces of communication received from these parties.
- e) Please discuss if the companies have considered what the impact of the proposed biomethane program will have on the competitive market of biomethane. Specifically, please discuss if the utilities proposed biomethane program will affect (either negatively or positively) any potential future competitive offerings.

4. Reference: Prefiled Evidence / Exhibit B/Tab 1/page 14/ lines 14-16

Union and Enbridge met face-to-face with energy retailers to discuss the biomethane program.

- a) What were the main discussion points and concerns raised by the energy retailers in these meetings?
- b) What was the anticipated role of the energy retailers in the proposed biomethane program?

5. Reference: Prefiled Evidence / Exhibit B/Tab 1/ page 1/ lines 17-21

- a) With respect to the proposed biomethane program, have the companies considered allowing for a customer opt-out option, where customers can choose not to pay a premium charge for biomethane, or voluntary sign-up, where customers can choose to opt-in to the biomethane program and pay a premium for biomethane, to have the biomethane in the supply mix?
- b) If yes, please discuss the opt-out process and voluntary sign-up process?
- c) If no, please discuss if the companies would continue to pursue a modified biomethane program with either a mandatory opt-out option or with a provision of voluntary sign-up to have the biomethane in the gas supply mix?

6. Reference: Prefiled Evidence / Exhibit B/Tab 1/ page 11/ lines 13-17

Enbridge and Union maintain the premise that under the proposed biomethane program "...the biomethane prices paid by the Utilities will allow the emerging market to establish itself until it matures...Following this maturation process, RNG should be able to compete with conventional gas supplies."

- a) Please discuss the principles and assumptions behind this premise. Refer to any existing similar programs that indicate that the maturation of a biomethane market under the proposed biomethane program is likely to take place over next 20 years in Ontario.

7. Reference: Prefiled Evidence / Exhibit B/Tab 1/ page 16/ lines 12-20

- a) Please provide a table that compares the proposed biomethane program with Fortis BC's Biomethane Service Offering. Include in the table, purchase price and total cost per m³ of gas, maximum annual purchased m³ levels, bill impacts for all rates classes at the maximum biomethane purchase levels, service/system/gas quality standards, maximum volume caps and whether the program is voluntary or not.

8. Reference: Prefiled Evidence / Exhibit B/Tab 1/Appendix 1/pages v-vi

- a) Please list existing biomethane suppliers, both landfill and anaerobic, in Ontario.
- b) Please indicate existing suppliers that have infrastructure that can enable connection to the gas distribution systems in the near future without major capital investments.
- c) Please provide an estimate of the amount of capital investment (pipeline and infrastructure) required by producers to connect to the distribution system, that would be economically supported under the proposed pricing structure and contractual arrangements?

9. What are the regulatory approvals that a biomethane supplier would need to in order to construct and operate infrastructure, including pipelines, necessary to implement the proposed biomethane program?

2.0 Cost Consequences

Issue 2.5 - Are the proposed maximum volume caps reasonable and appropriate?

10. Reference: Prefiled Evidence / Exhibit B/Tab 1/Appendix 1/pages v-vi and prefiled evidence / Exhibit B/Tab 1/ page 23

The report "Potential Production of Renewable Natural Gas from Ontario Wastes", which is part of the prefiled evidence, forecasts the available supply on a short and long term time horizon for agriculture, forestry and municipal waste for each of the two utilities and for Ontario as a whole.

The companies state that the proposed volume caps by Union and Enbridge are set with the primary objective of limiting the rate impact on their customers.

- a) With reference to the results of study of potential production of renewable natural gas from Ontario wastes, what would be the expected supply sources for each utility over the next 10 years and beyond if the volume caps are to be accomplished?

Issue 2.4 - Is the proposed 5-year contract acceptance window following Board approval for biomethane supply reasonable and appropriate?

11. Reference: Prefiled Evidence / Exhibit C

- a) Please provide the rate impacts for all rate classes for both Enbridge and Union assuming the maximum amount of biomethane is purchased within the 5-year contract acceptance window.

3.0 Impacts on the Distribution System

Issue 3.2 - Is the proposed capacity allocation process to access the utilities' distribution and transmission systems reasonable and appropriate?

12. Reference: Prefiled Evidence / Exhibit B/Tab 1/ pages 24-25

- a) Were the prospective suppliers informed about the proposed capacity allocation process and if so, what were the comments that utilities received?
- b) What is the level of acceptance of the proposed capacity allocation method among prospective suppliers?

4.0 Cost Allocation

Issue 4.1 - If approved, is the proposed assignment/recovery of the incremental costs of biomethane reasonable and appropriate?

13. Reference: Prefiled Evidence / Exhibit B/Tab 1/ page 21 lines 10-16
 - a) Please provide the total expected costs, broken down by year, of purchasing biomethane (both landfill and anaerobic) at the maximum levels proposed in the application over the 5-year contract acceptance window.

14. Reference: Prefiled Evidence / Exhibit B/Tab 1/ page 25 line 23 to page 26 line 21
 - a) Please discuss the Request for Proposal process the companies will employ to secure the biomethane resources to include as part of its supply portfolio.