



# **ONTARIO ENERGY BOARD**

## **STAFF SUBMISSION**

Enbridge Application for Changes to the  
Transactional Services Methodology

EB-2007-0932

March 25, 2008

## **Background**

Enbridge Gas Distribution Inc. (“Enbridge”) made an application with the Board on December 3, 2007 for an order to make changes to its Transactional Services Methodology (the “TS Application”). Board staff noted in interrogatories to Enbridge that the Board has commenced a two-phased process to develop the appropriate rules of conduct and reporting requirements related to storage. This initiative is titled Storage and Transportation Access Rule (“STAR”). STAR was assigned Board file number EB-2008-0052. Phase I of STAR is a policy initiative, and Phase II involves a notice and comment process. Stakeholder meetings for STAR are to be held in April 2008. The estimated completion date for the STAR process is the end of March 2009. It is anticipated that the STAR may substantively replace the existing Transactional Services Methodologies of both Enbridge and Union Gas Ltd.

## **Discussion and Submission**

Board staff has several concerns with the Enbridge application. The first concern is whether the implementation of the proposed changes outlined in the Enbridge TS Application at this time has an acceptable Cost-to-Benefit ratio versus waiting until both phases of STAR are completed. The second concern relates to how a decision on this application would fit in with the outcome of the STAR process. The third concern relates to the merits of the application itself: staff questions what additional features would be required to ensure there is no preferential access or treatment.

Through interrogatories, Board staff requested that Enbridge estimate the expected increase to transactional service revenues as a result of the changes requested in the TS application.<sup>1</sup> The response provided by Enbridge did not attempt to quantify the additional revenues, on an annual basis or otherwise, of implementing the changes; nor did Enbridge comment in its application or evidence on the costs associated with implementing the proposed changes.

It is expected that STAR will eventually set out the rules of conduct related to storage and transportation assets.<sup>2</sup> Requirements will likely be included as part of STAR to ensure that Enbridge cannot discriminate in favour of its own storage operations or those of an affiliate and cannot discriminate to the detriment of third-party storage providers. As such, STAR may result in a different approach to transactions for the short-term assets than outlined by Enbridge in its TS Application. Given that the STAR process is underway Board staff invites Enbridge to comment on whether the change to this methodology is premature at this time.

As part of the relief sought in the TS Application, Enbridge requested freedom to contact whichever counterparties they believe would be interested in purchasing short-term assets. Board staff questions whether an ad-hoc solicitation process provides sufficient checks and balances on the awarding of assets in a fair and transparent manner. To enhance the system proposed by Enbridge, Board staff invites parties to comment on how any potential for preferential access or treatment could be minimized.

All of which is respectfully submitted.

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<sup>1</sup> EB-2007-0932, Board staff interrogatory #6

<sup>2</sup> EB-2008-0052, STAR process, Letter: Invitation to Participate, March 5, 2008