

Reference: TransCanada Written Evidence, Section 3.1, page 5, lines 11-13

Preamble: TransCanada states its IT service is essentially firm due to under-contracting on the system.

Request:

- (a) Please confirm that interruptible capacity on the TransCanada system is not treated as firm and can be interrupted.
- (b) What was the scheduled long haul flow the day that the Beardmore, Ontario outage occurred? What was the scheduled amount of long haul interruptible flow on that day? How much actual long haul flow occurred on that day? How much actual long haul interruptible flow occurred on that day? How much actual long haul interruptible flow occurred on the next day?
- (c) For each day during the period November 1 to March 31 in each of the years 2000-01, 2001-02, 2002-03, 2003-2004, 2004-05, 2005-2006, 2006-07, 2007-08, 2008-2009, 2009- 10, 2010-11 and 2011-12, please provide for Empress to CDA and Empress to EDA the maximum amount of IT on each day that was i) available, ii) nominated and iii) flowed, based on each of the four NAESB nomination windows.
- (d) Please list all specific dates during these periods where less than 1 PJ was available to flow IT from Empress to Union CDA after i) all contracted FT, STFT and STS was accommodated and ii) all contracted FT, STFT and STS as well as nominated IT was accommodated.
- (e) Please list in a table the number of times each year for the last five years IT services into each of Union's Delivery areas of NDA, EDA and CDA have been curtailed?

Response:

- (a) One of the reasons that TransCanada has had declining long-haul firm transportation is that its long-haul IT is treated by the market as essentially firm because of the amount of available capacity on the Mainline. Also, while interruptible capacity is not contractually firm, TransCanada is a non-bumping

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pipeline and authorized IT is not interrupted on subsequent nomination windows to accommodate other service requests, including firm.

Given the current levels of available long-haul capacity on the Canadian Mainline, TransCanada's IT service originating at Empress for delivery to Eastern markets is very reliable. Once IT is authorized through the nominations process on the TransCanada Mainline, it is essentially firm and historically has only been curtailed when a large operational upset such as a linebreak occurs coincident with high flow. As seen in the response to Union TCPL 8(i), this is rare.

- (b) What was the scheduled long haul flow the day that the Beardmore, Ontario outage occurred? – 1,775,917 gigajoules

What was the scheduled amount of long haul interruptible flow on that day? – 108,581 gigajoules

How much actual long haul flow occurred on that day? – 1,728,213 gigajoules

How much actual long haul interruptible flow occurred on that day? – 70,656 gigajoules

How much actual long haul interruptible flow occurred the next day? – 43,027

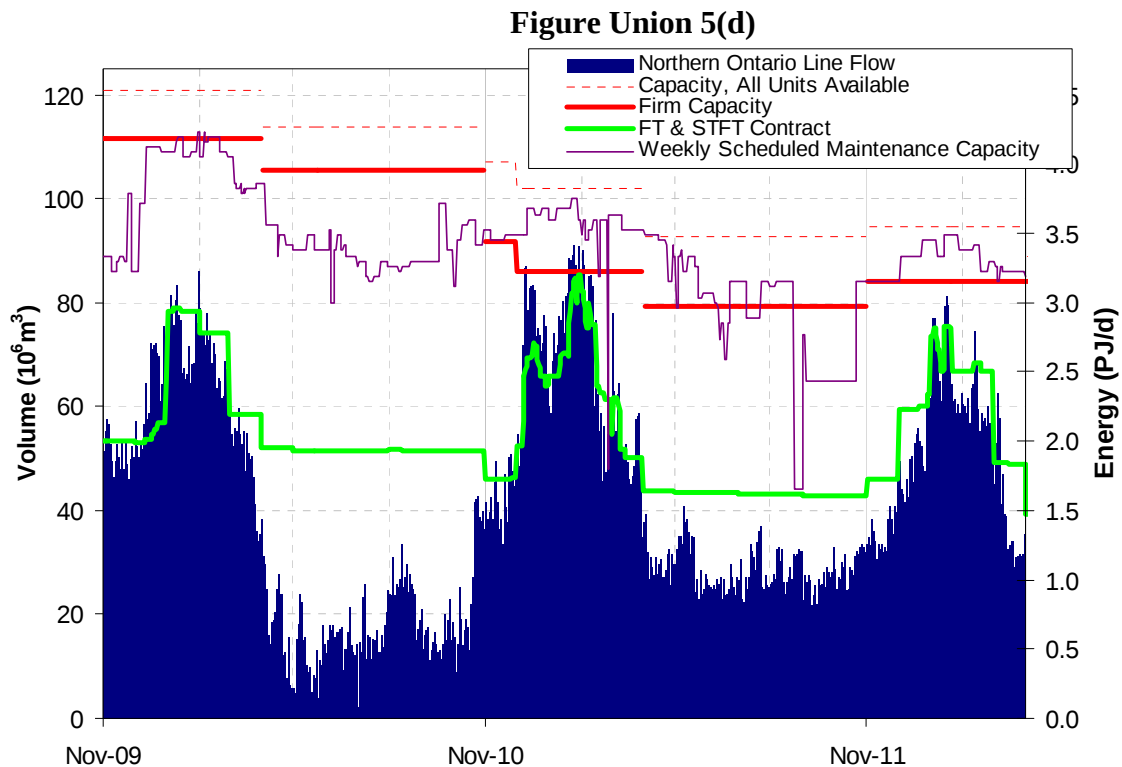
Long Haul Assumptions: Receipts west of Station 41 or Emerson, and deliveries east of Station 41 excluding Emerson, and Spruce Export. ~~{gkce: I think that the assumption changed to Emerson}~~

- (c) i) Data is not available to determine how much IT was available per day on all NAESB nomination windows.
- ii) Nomination records are available in end of day scheduled quantities not as nominated for all NAESB nomination windows.
- iii) Please refer to Attachment Union 5(c). End of day scheduled quantities have been provided in gigajoules. All scheduled quantities by cycle are not available for all NAESB nomination windows. Days where zero nominations from Empress to CDA or EDA have not been included in the output. ~~{put spaces between these paragraphs}~~

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- (d) Figure Union 5(d) below provides the firm contract, LOU capacity, all unit capacity, weekly maintenance capacity and NOL flow from November 2009. It must be noted that capacity represented by the Weekly Scheduled Maintenance Capacity line does not reflect the capacity that could have been made available should there have been demand for it. TransCanada routinely changes its planned maintenance to accommodate shipper requests for transportation service. Further, should a shipper have nominated significant longhaul IT flow, it would have displaced any shorthaul IT; accordingly, there would have been more capacity available to a shipper wishing to flow longhaul IT than is demonstrated on this chart.



From 2007 to 2012 Curtailment or reduction of previously authorized quantities to Union NDA, EDA, and CDA, occurred only once on the Evening cycle of Feb 20, 2012 due to the Beardmore line break.

Reference: i) TransCanada Written Evidence, Section 3.1, page 5, lines 11-13;
ii) “TransCanada seeks switch from Gas to Oil”, The Globe and Mail
(<http://www.theglobeandmail.com/globe-investor/transcanada-seeks-switch-from-gas-tooil/article2415779/>), 27 April 2012

Preamble: In reference i) TransCanada states its IT service is essentially firm due to undercontracting on the system; in reference ii) TransCanada acknowledges it is actively pursuing the concept of converting a portion of the Mainline’s capacity to oil service.

Request:

- (a) Please describe which of the Mainline and NOL pipelines would be converted to oil service.
- (b) Please show a schematic of the TransCanada Mainline System showing each line and size of line following conversion of facilities to oil service.
- (c) What is the earliest date that conversion to oil service could occur?
- (d) Who will own the oil pipeline facilities after conversion to oil service?
- (e) Assuming the largest pipeline on the NOL and the largest pipeline on the North Bay shortcut is converted to oil service, what is the capacity of the remaining system? Please specifically reference firm and interruptible capacity in the response.
- (f) Assuming the smallest pipeline on the NOL and the smallest pipeline on the North Bay shortcut is converted to oil service, what is the capacity of the remaining system? Please specifically reference firm and interruptible capacity in the response.
- (g) In each case of e) and f) above, what would be the capacity for transportation from Empress to Union CDA and to Union EDA? Would there be any capital cost associated with achieving that capacity? If so, what is the capital cost?

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- (h) What is the Book Value of the assets that are converted to oil service under e) and f) above?
- (i) What is the impact to the long haul and short haul TransCanada tolls under e) and f) above?
- (j) How would converting a portion of the Mainline capacity to oil service change the statement TransCanada made regarding IT service being essentially firm?
- (k) Please provide all internal and external presentations that address the conversion of Mainline facilities to oil service.

Response:

(a) through (c):

TransCanada has commenced work to assess the operational and commercial viability of converting portions of Mainline infrastructure to oil service. The work involved is extensive, and will include, among other significant tasks, consideration of the engineering suitability of facilities for oil service, impacts to TransCanada's ability to meet existing and forecast Mainline service requirements, and the level of commercial interest in an oil pipeline utilizing these facilities. As part of this assessment, TransCanada is evaluating whether the project could successfully proceed on a schedule that would result in an in-service date by 2016/2017.

TransCanada expects it will not complete its assessment work and be in a position to determine whether conversion of infrastructure is operationally and commercially viable until late 2012. Consequently, TransCanada is not presently in a position to definitively state whether it will seek to convert existing Mainline facilities to oil service by 2017, a different date or not at all. Please refer to Attachment Union 6.

- (d) If the conversion to oil was determined viable and the project did proceed, TransCanada or a TransCanada affiliate would own the oil pipeline facilities.

(e) through (h) :

TransCanada has not evaluated the removal of the NOL largest or smallest pipelines. However analysis to date included in Attachment Union 6 provides the

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- impact on capacity and book value associated with the removal of various segments of the NOL from service.
- (i) TransCanada is unable to calculate the impact to long haul and short haul tolls as there are too many unknown variables. However, the redeployment of either the largest or smallest pipeline on the NOL is expected to reduce the Mainline revenue requirement and tolls below current levels.
 - (j) The potential of converting a portion of the Mainline capacity to oil service does not impact the current viability of the LCU alternatives proposed by TransCanada. If a decision is made to proceed with a conversion to oil service, there will be ample time to assess whether this has an impact on whichever LCU protection alternative or alternatives are in place and make any necessary adjustments.
 - (k) TransCanada has identified ~~seven~~two documents created over the last three years which relate to potential disposition or redeployment of Mainline facilities. ~~One~~ These documents is a ~~-are-~~ presentations prepared for TransCanada senior management, and cannot be provided on the grounds of privilege, confidentiality and commercial sensitivity. TransCanada is providing one internal presentation as Attachment Union 6 entitled "Impact of Removing Canadian Mainlines".