

# **INTERROGATORIES FOR UNION GAS LIMITED**

## **PARKWAY WEST PROJECT EB-2012-0433**

## **BRANTFORD-KIRK WALL/PARKWAY D COMPRESSOR EB-2013-0074**

### **FROM THE CONSUMERS COUNCIL OF CANADA**

#### **A. RELATED ISSUES**

- 1. Are the proposed facilities needed? Considerations may include but are not limited to demand, reliability, security of supply, flexibility, constraints, operational risk, cost savings and diversity as well as the Board's statutory objectives.**

#### Parkway West – EB-2012-0433

##### **A.1-CCC-1 Reference: p. 2/121**

Please explain, specifically, how the changing North American gas supply dynamic brings "heightened security of supply concerns" for the Ontario market. Why do these changes not enhance security of supply through increased supply diversity?

##### **A.1-CCC-2 Reference: p. 3/121**

Please explain why Parkway is currently the only site on the Dawn-Parkway System that does not have critical unit coverage. Why has an LCU not been required in the past? Why is the unit required now?

##### **A.1-CCC-3 Reference: p. 4/121**

Union has indicated that the option for the majority of the land expires on July 31, 2013, and accordingly, it is seeking approval by July 25, 2013. The current Board schedule for the proceeding will not allow for approval by the end of July. What are the implications for the project if approval cannot be granted by July 25?

##### **A.1-CCC-4**

Please provide all materials and correspondence provided to Union's Board of Directors when seeking approval to proceed with the Parkway West Project. When was the project approved by Union's Board of Directors?

##### **A.1-CCC-5 Reference: Schedule 7-3**

Please provide the terms of reference for the study undertaken by Dr. Stephen Flynn regarding asset resiliency. Was Dr. Flynn asked to review the costs of the project? If not, why not? If so, please provide that analysis.

A.1-CCC-6 Reference: p. 78/121

Please provide all correspondence between Union and EGD regarding the Parkway West Project. Is EGD fully supportive of Union's proposals? If not, please explain where there is not agreement between EGD and Union.

A.1-CCC-7 Reference: p. 78/121

Please provide all correspondence between TCPL and Union regarding the Parkway West Project. Is TCPL fully supportive of Union's proposals? If not, please explain where there is not agreement between TCPL and Union regarding the proposed facilities.

Brantford-Kirkwall/Parkway D – EB-2013-0074

A.1-CCC-8 Reference: Section 1/p. 2

The evidence indicates that the project is predicated on the completion of TCPL's proposed expansion to relieve the current transportation capacity constraint in the TCPL system between Parkway and Maple. What is the current status of that proposed expansion?

A.1-CCC-9 Reference: Section 8/p. 5

Please explain why there is an increase in in-franchise demand in 2015/2016 of 70,157 GJ/day?

A.1-CCC-10 Reference: Section 8, p. 9

Please provide all correspondence between Union and EGD regarding the Brantford-Kirkwall/Parkway D Project. Is EGD fully supportive of Union's proposals? If not, please explain where there is not agreement between Union and EGD regarding the proposed facilities.

A.1-CCC-11 Reference: Section 8, p. 9

Please provide all correspondence between Union and TCPL regarding the Brantford-Kirkwall/Parkway D Project. Is TCPL fully supportive of Union's proposals? If not please explain where there is not agreement between TCPL and Union regarding the proposed facilities.

2. **Do the proposed facilities meet the Board's economic tests as outlined in the Filing Guidelines on the Economic Tests for Transmission Pipeline Applications, dated February 21, 2013 and EBO 188 as applicable?**

No Questions

**3. Are the costs of the facilities and rate impacts to customers appropriate?**

Parkway West – EB-2012-0433

A.3-CCC-12 Reference: p. 5/121

Given Union intends to be in an IRM regime in 2016, how will the impacts of the project be incorporated into rates?

A.3-CCC-13

What is the impact on the filing (costs, benefits, alternatives etc.) as a result of the most recent TCPL Tolls Decision released by the National Energy Board?

A.3-CCC-14 Reference: Section 11, p. 100/121 and Schedule 11.1

The evidence sets out the estimated capital cost for all of the facilities related to the Parkway West project. Please explain the process used to develop the budget. Will Union be providing an update to the budget as it was filed in January 2013? For each of the components set out in Schedule 11.1 please explain how were the contingency amounts developed?

A.3-CCC-15 Reference: Schedule 11.1

Please explain why there is a contingency amount of \$10.7 million associated with the LCU compressor? Why is the amount so large?

A.3-CCC-16 Reference: Schedule 11.1

For each of the project components please provide a more detailed budget breakdown.

A.3-CCC-17 Reference: Schedule 11.1

The LCU compressor the costs are forecast to be \$84.6 million. Has compressor been ordered? If not, why not? Is compressor availability a potential problem? If so, how will Union address this?

A.3-CCC-18 Reference: Section 12, p. 102/121

Union has indicated that the revenue requirement impact of the Project for the first full year of service is \$15.3 million. Are there any rate impacts arising from any components of the project prior to 2016?

Brantford –Kirkwall/Parkway D – EB-2013-0074

A.3-CCC-19 Reference: Section 9, p. 1

The proposed Brantford-Kirkwall pipeline costs are forecast to be \$96 million. The proposed Parkway D Compressor Station costs are forecast to be \$108

million. Please explain the process used to develop the budget. Will Union be providing an update to the budget as it was filed in April 2013? Please explain how were the contingency amounts developed?

A.3-CCC-20 Reference: Schedule 9.1 and 9.2

Please provide a more detailed budget breakdown for each of the projects.

**4. What are the alternatives to the proposed facilities? Are any alternatives to the proposed facilities preferable to the proposed facilities?**

Parkway West – EB-2012-0433

A.4-CCC-21 Reference: p. 6/121

Please explain, specifically, why the 110 acres of land chosen represents the “best location to expand the Parkway facilities.”

A.4-CCC-22 Reference: Section 10

With respect to each of the alternatives set out in Section 10 did Union undertake a detailed cost-benefit analysis for the alternatives? If not, why not? To the extent further analysis was undertaken please provide copies of that analysis. Did Union undertake any independent studies regarding the merits and/or potential problems associated with the various alternatives? If not, why not?

A.4-CCC-23 Reference: Section 10 pp. 88-95/121

Does TCPL have a preferred alternative? If so, why has TCPL indicated its preference for that alternative?

Brantford-Kirkwall/Parkway D EB-2013-0074

A.4-CCC-24 Reference: Section 8/p. 7

With respect to each of the alternatives set out in Section 8 did Union undertake a cost-benefit analysis for the alternatives? If not, why not? To the extent further analysis was undertaken, please provide copies of that analysis. Did Union undertake any independent studies regarding the merits and/or potential problems with the various alternatives? If not, why not?

**5. Is the proposed timing of the various components of the projects appropriate?**

Parkway West – EB-2012-0433

A5.1-CCC-25 Reference: p. 6/121

Union has set out what elements of the project are to be constructed in 2013, 2014 and 2015. Please provide a detailed construction schedule for all of the project elements. Also, please explain what all of the potential implications would be on the project costs, and rates, if the schedule cannot be maintained as planned. In effect, what are the risks to the extent the schedule, as proposed, cannot be maintained?

A5.1-CCC-26 Reference: p. 76/121

Please explain how the construction schedules of the Parkway West Project and the EGD GTA Project are linked. How are EGD and Union coordinating the development of these two projects? If the EGD GTA Project is not approved by the Board, what are the potential implications for Union's Parkway West Project? If the EGD GTA project is delayed what are the implications for Union's Parkway West Project?

A5.1-CCC-27 Reference: Section 11, p. 97/121

The evidence indicates that the proposed site will need to be re-zoned prior to any construction, and Union has initiated the process with the Municipality. What is the current status of that process? Is it possible that the land cannot be re-zoned? If so, how would this impact the project?

Brantford-Kirkwall/Parkway D – EB-2013-0074

A5.1-CCC-28 Reference: Section 9, p. 3

The evidence states that the project is required to support Enbridge's proposed GTA project and vice versa. If the EGD GTA project is not approved by the Board, what are the potential implications for Union's Brantford-Kirkwall/Parkway D Project? If the EGD GTA project is delayed what are the implications for the Brantford-Kirkwall/Parkway D Project?

## **B. Union Gas Limited – Parkway West**

### **1. Hydrocarbon Pipelines as applicable?**

No Questions

### **2. Are there any outstanding landowner matters for the proposed facilities' routing and construction? For greater clarity, landowners include parties from whom permits, crossing agreements and other approvals are required.**

No Questions

- 3. Are the proposed facilities designed in accordance with current technical and safety requirements?**

No Questions

- 4. Has there been adequate consultation with any affected First Nations or metis communities?**

No Questions

- 5. Should pre-approval to recover the cost consequences of the proposed facilities be granted?**

B.5-CCC-29 Reference: Section 12

If pre-approval of recovery of the cost consequences of the project is not granted will Union proceed with the project?

- 6. If the Board approves the proposed facilities, what conditions, if any, are appropriate?**

B.5-CCC-30

For each of the LTC approvals Union has been granted in the past 5 years, please indicate if those approvals were subject to Board conditions. To the extent conditions were imposed, please list the conditions for each of the relevant projects.

### **C. Union Gas Limited – Brantford-Kirkwall/Parkway D**

- 1. Do the facilities address the OEB Environmental Guidelines for Hydrocarbon Pipelines as applicable?**

No Questions

- 2. Are there any outstanding landowner matters for the proposed facilities' routing and construction? For greater clarity, landowners include parties from whom permits, crossing agreements and other approvals are required.**

No Questions

- 3. Are the proposed facilities designed in accordance with the current technical and safety requirements?**

No Questions

**4. Has there been adequate consultation with any affected First Nations and Metis communities?**

No Questions

**5. Should the request for pre-approval to recover the cost consequences of the proposed facilities be granted?**

C5-CCC-31 Reference: Section 10

If pre-approval of the cost-consequences of the projects is not granted by the Board will Union proceed with the projects?

C5-CCC-32 Reference: Section 11, p. 5

Please explain how the economic benefits associated with the contracts of \$18-\$28 million per year were derived. Please include all assumptions.

C5-CCC-33 Reference: Section 11, p. 35

The evidence indicates that the North American natural gas markets are in a period of substantial change. In addition there is forecast risk surrounding commodity prices and the price differentials between various supply basins. Given this context why is it prudent to lock Union's customers into two long-term contracts with demand charges exceeding over \$100 million over the contract term?

**6. Should pre-approval of the cost-consequences of the two long-term transportation contracts be granted?**

C5-CCC-34 Reference: Section 10, p. 1

If pre-approval of the cost consequences of the proposed contracts is not granted will Union proceed with the contracts?

C5-CCC-35 Reference: Section 11

Does the recent NEB Decision regarding TCPL tolls impact this evidence, as filed, regarding the long-term contracts. If so, please explain how.

**7. If the Board approves the proposed facilities, what conditions, if any are appropriate?**

No Questions