

# AIRD & BERLIS LLP

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September 22, 2014

Kirsten Walli  
Board Secretary  
Ontario Energy Board  
PO Box 2319  
2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: EB-2014-0191; Enbridge Gas Distribution Inc. October 1, 2014  
GRAM Application**

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We are writing on behalf of Enbridge Gas Distribution Inc. (Enbridge) to respond to a submission filed by the Federation of Rental-housing Providers of Ontario (FRPO) in this proceeding on September 18, 2014 (the September 18<sup>th</sup> Submission).

The September 18<sup>th</sup> Submission was actually FRPO's second submission filed in connection with Enbridge's GRAM application. FRPO's initial submission was filed on September 16, 2014, but apparently FRPO saw fit to make a further submission to the Board as a result of a position put forward by Canadian Manufacturers & Exporters (CME).

On September 16, 2014, counsel for CME wrote to the Board and indicated that CME had conducted a "due diligence review" of Enbridge's October 1, 2014 GRAM application. According to this letter, CME has concluded that the GRAM application is in accordance with the Board-approved GRAM mechanism and CME does not oppose the relief sought by Enbridge.

On September 17, 2014, counsel for CME wrote to the Board to "qualify" the September 16<sup>th</sup> submission. In this letter qualifying its submission, CME referred to a determination of whether Enbridge "is as capable as Union Gas Limited ... in its gas procurement practices".

The two submissions made by CME were followed on September 18, 2014 by the September 18<sup>th</sup> Submission. The September 18<sup>th</sup> submission referred to the

request by CME for comparisons to be made between Enbridge and Union. The September 18<sup>th</sup> Submission also included a request that the Board consider requiring answers to inquiries made in the QRAM proceeding to be provided in the context of Enbridge's application for clearance of deferral and variance accounts (EB-2014-0195).

The September 18<sup>th</sup> submission included a table in which FRPO attempted to compare the April 1, 2014 and October 1, 2014 QRAM applications by Enbridge and Union. Unfortunately, the numbers shown in FRPO's table for Enbridge's QRAM applications are wrong. Presented below are, first, FRPO's table with the incorrect numbers and, second, a table prepared by Enbridge with corrected numbers:

### FRPO TABLE

	APPLICATION	ENBRIDGE			APPLICATION	UNION	
		COMMODITY	PGVA	NB		COMMODITY	PGVA
Apr-01	EB-2014-0039	23.07	7.16	(1)	EB-2014-0050	17.2	3.55
Oct-01	EB-2014-0191	17.6	5.54	(2)	EB-2014-0208	15.1	3.91

**NB**

(1)	Prior to Enbridge mitigation
(2)	Including Enbridge mitigation minimizing actual impact

### CORRECTED TABLE

	APPLICATION	ENBRIDGE			
		COMMODITY	NB	PGVA	NB
1-Apr	EB-2014-0039	17.60	(1)	7.16	(4)
1-Jul	EB-2014-0039/EB-2014-0199	17.60	(2)	2.45	(5)
1-Oct	EB-2014-0191	14.62	(3)	5.54	(6)

**NB:**

- ✓ (1) EB-2014-0039, Exhibit Q2-3, Tab 4, Schedule 3, Page 1, Line 1.08, Col. 5
- ✓ (2) EB-2014-0039, Exhibit Q2-3, Tab 4, Schedule 3, Page 1, Line 1.08, Col. 5
- ✓ (3) EB-2014-0191, Exhibit Q4-3, Tab 4, Schedule 3, Page 1, Line 1.08, Col. 8
- ✓ (4) EB-2014-0039, Exhibit Q2-3, Tab 4, Schedule 8, Page 1, Line 1, Col. 1 (Prior to mitigation)
- ✓ (5) EB-2014-0039/EB-2014-0199, Exhibit 1, Appendix B, Page 1, Line 1, Col. 1 (Including mitigation)
- ✓ (6) EB-2014-0191, Exhibit Q4-3, Tab 4, Schedule 8, Page 1, Line 1, Col. 1 (Including mitigation)

The corrected table includes a July 1<sup>st</sup> row because, unlike Union, Enbridge was directed to take rate mitigation measures as part of its July 1, 2014 QRAM

application (EB-2014-0039 Decision and Order, May 22, 2014, page 8). It appears to Enbridge that some of the numbers shown in the FRPO table for Union may not be correct, or at least may not be presented on a consistent basis, but Enbridge will not attempt to restate the Union numbers provided by FRPO.

As stated in the response to CME Interrogatory #1 in this proceeding, Enbridge went to considerable lengths in its April 1, 2014 QRAM application (EB-2014-0039) to help stakeholders understand that Union has a significantly different and more conservative supply plan than Enbridge and that, as a result, direct comparison of the outcomes of each utility following its approved supply plan cannot and should not be made. In its EB-2014-0039 Decision issued on March 27, 2014, the Board acknowledged those differences and acknowledged that Enbridge followed its approved gas supply plan to meet demand during the winter of 2013/2014. For these reasons, the comparisons between Enbridge and Union suggested by CME and FRPO are inappropriate and not helpful to the current QRAM process.

Further, the effort by CME to explore whether Enbridge is as capable in its gas procurement practices as Union is far outside the scope of a QRAM proceeding. On August 14, 2014, the Board issued its EB-2014-0199 decision, which established a threshold that is indicative of the need for "a more thorough review" of a QRAM application. The threshold has not been met in this case and, accordingly, it follows from the recent EB-2014-0199 decision that this QRAM application should proceed in accordance with the mechanistic QRAM process that has been developed and relied on by the Board over many years. Indeed, even if the threshold had been met in this case, the triggering of a more thorough review still would not bring a determination of whether Enbridge is as capable in its gas procurement practices as Union within the scope of a QRAM proceeding.

The Board stated in the EB-2014-0199 decision that the Natural Gas Market Review (NGMR), scheduled for the fall of 2014, will include an examination of underlying drivers of the QRAM, including the cost and risk trade-offs of different gas supply planning parameters. In its Notice regarding the NGMR issued on September 19, 2014, the Board reiterated that the NGMR will include consideration of underlying drivers of the QRAM.

Specifically, the Board's Notice regarding the NGMR states that the "Scope of the Review" will include, among other things:

- a Review of Winter 2013/14 natural gas market conditions and prices in Ontario in order to explain what happened and why; and
- an examination of the underlying drivers of the Quarterly Rate Adjustment Mechanism ("QRAM"), highlighting the cost and risk trade-offs of different gas supply planning parameters.

September 22, 2014

Page 4

Enbridge submits that the NGMR is the forum for parties to review the planning parameters that drove the outcomes experienced in the 2013/2014 winter.

As for FRPO's submission that responses to inquiries about gas supply planning should be required in EB-2014-0195, such inquiries have no bearing on any of the deferral and variance accounts that are the subject of EB-2014-0195 and have no relevance to that case. If FRPO nevertheless seeks to make a submission about the scope of the deferral and variance accounts proceeding, that submission should be made in EB-2014-0195. The scope of EB-2014-0195 should be determined in that case, in a manner that allows EB-2014-0195 parties an opportunity to address the scope issue, and should not be determined in a QRAM proceeding.

If you have any questions in this regard, please do not hesitate to contact us.

Yours truly,

AIRD & BERLIS LLP



Fred D. Cass

FDC/

c.c. Enbridge Gas Distribution Inc.  
All EB-2014-0191 parties