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Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Filed Electronically

**Attention: Ms. Kirsten Walli
Board Secretary**

Dear Ms. Walli:

**Subject: Applications for pre-approval of the cost consequences of long-term
natural gas transportation contracts with NEXUS Gas Transmission
OEB File Nos: EB-2015-0166 / EB-2015-0175
TransCanada PipeLines Limited (TCPL)
Interrogatories to Union Gas Limited (Union)**

In accordance with the requirements in Procedural Order No. 1 dated July 31, 2015,
please find attached TCPL's Interrogatories to Union Gas Limited.

Sincerely,
TransCanada PipeLines Limited

Original signed by

Catharine Davis
Vice President, Pipelines Law

cc: All Parties EB-2015-0166 / EB-2015-0175

Attached

**ONTARIO ENERGY BOARD
EB-2015-0166 / EB-2015-0175**

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, C. 15, (Schedule B);

AND IN THE MATTER OF Applications for pre-approval of the cost consequences of long-term natural gas transportation contracts with NEXUS Gas Transmission.

To: Ms. Kirsten Walli
Board Secretary
Ontario Energy Board

**TRANSCANADA PIPELINES LIMITED
INTERROGATORIES TO UNION GAS LIMITED**

T1.Union.TransCanada.1:

Reference:

- i) Application, Exhibit A, Page 25 of 54, Lines 10 - 12

Preamble:

In Reference i), Union states its belief that it was both “prudent and required” to make “large, long-term commitments within its portfolio for a project that would result in new infrastructure that would make a significant difference to the future of Ontario and all natural gas consumers.”

Request:

- a) If the OEB does not approve the cost consequences of Union’s transportation contract, does Union believe the NEXUS project will proceed? Please explain.
- b) Does Union continue to believe that its participation in the initial NEXUS open season was critical to the viability of the proposed project, as stated in the application? If yes, why?
- c) Why does Union expect the NEXUS project to make significant difference to the “future of Ontario” when major incremental capacity has also been planned or will be provided by alternative pipelines that will also connect incremental Marcellus and/or Utica supply to Ontario such as the Niagara / Chippawa expansions, the Rover Pipeline, and the Constitution Pipeline? Please explain.

T1.Union.TransCanada.2:

Reference:

- i) Application, Exhibit A, Schedule 5, Page 1 of 1

Preamble:

Union's most recently filed (January 2015) Landed Cost Analysis assumed a foreign exchange rate of \$1 US = \$1.1762 CDN from 2017 - 2032.

In light of significant changes to the Canadian-US exchange rate since the filing of the original application, TransCanada seeks updated information.

Request:

- a) Please provide an updated Landed Cost Analysis utilizing the same format as in the reference above, and incorporating any changes that may have occurred since the most recent analysis, including - but not limited to - an updated foreign exchange assumption.

T1.Union.TransCanada.3:

Reference:

- i) Application, Exhibit A, Schedule 5, Page 1 of 1

Preamble:

Union's Landed Cost Analysis shows the Point of Supply for NEXUS as "Southwest PA".

Request:

- a) Please confirm that Union utilized the price at Dominion South as a proxy for the gas supply cost at NEXUS' receipt point at Kensington, Ohio. If not confirmed, please explain how the gas supply cost at Kensington was determined.

T1.Union.TransCanada.4:

Reference:

- i) Application, Exhibit A, Page 20 of 54, Figure 4-1
- ii) Application, Exhibit A, Page 21 of 54, Figure 4-2

Preamble:

In Reference i), Union provides the sales service and bundled direct purchase portfolio of Union North as of January 2015.

In Reference ii), Union provides the portfolio for Union South as of January 2015.

Request:

- a) Please provide the forecast Union North sales service and bundled direct purchase portfolio for the following dates, assuming all new capacity builds are in-service on the requested in-service dates.
 - i. November 1, 2015
 - ii. November 1, 2016
 - iii. November 1, 2017
- b) Please provide the forecast Union South portfolio for the following dates, assuming all new capacity builds are in-service on the requested in-service dates.
 - i. November 1, 2015
 - ii. November 1, 2016
 - iii. November 1, 2017

T2.Union.TransCanada.5:

Reference:

- i) EB-2015-0010, letter written on behalf of Consumers Council of Canada ("CCC"), Canadian Manufacturers & Exporters ("CME"), the Building Owners and Managers Association, Greater Toronto ("BOMA"), the Federation of Rental-housing Providers of Ontario ("FRPO"), Vulnerable Energy Consumers Coalition ("VECC"), London Property Management Association ("LPMA") and School Energy Coalition ("SEC"), August 5, 2015

Preamble:

On August 5, 2015, several intervenors in the OEB EB-2015-0100 proceeding wrote a letter to the Board requesting that a comprehensive gas supply and transportation review for Union and Enbridge take place as soon as possible, or as part of the EB-2015-0166 / EB-2015-0175 proceeding.

Request:

- a) Considering the significant impacts of NEXUS to the overall supply portfolios of both Union and Enbridge, would Union support undertaking a comprehensive gas supply and transportation review before the close of this proceeding?

T2.Union.TransCanada.6:

Reference:

- i) Application, Exhibit A, Page 7 of 54, Line 9
- ii) Application, Exhibit A, Page 47 of 54, Lines 10 – 12, 15 – 18

Preamble:

In Reference i), Union states that “[e]xpansions planned for 2015 and 2016 will increase the Dawn Parkway system capacity by 875 TJ/d [...] and further growth is planned for 2017. This incremental throughput capacity drives the need for additional supply at Dawn.”

In Reference ii), Union states its ability to mitigate delays in construction by “leveraging the diverse upstream transportation and supply options that exist at Dawn.” Union also states that should the NEXUS project be cancelled, Union would “replace the anticipated NEXUS transportation capacity with other upstream transportation options that are available at the time.”

Request:

- a) In the event that the Board denies Union’s application for NEXUS contract cost recovery, and assuming the NEXUS project is built regardless, how would Union meet forecast demand no longer served by the applied-for NEXUS contract? Please provide any alternate supply plans and supporting documentation.
- b) In the event that the NEXUS project does not proceed, how would Union meet forecast demand no longer served by NEXUS? Please provide any alternate supply plans for this scenario and supporting documentation.
- c) In either of the scenarios above (i.e. (1) the application in this proceeding is denied by NEXUS is constructed, and (2) NEXUS is not constructed), could incremental supply from Niagara / Chippawa be used to meet forecast supply requirements?

T4.Union.TransCanada.7:

Reference:

- i) Application, Exhibit A, Page 24, Lines 16 - 17

Preamble:

In Reference i), Union states that “[...] Rover offered no incentives beyond what Union had already obtained with NEXUS [...]”

TransCanada seeks to understand the extent to which Union attempted to secure alternatives to the NEXUS project.

Request:

- a) Did Union enter into discussions with Rover regarding possible service? Please explain.
- b) Please provide all correspondence between Union and Energy Transfer Partners / Rover Pipeline since October 15, 2012.

T4.Union.TransCanada.8:

Reference:

- i) Application, Exhibit A, Schedule 5, Page 1 of 1
- ii) Application, Exhibit A, Page 3 of 54, Lines 2 – 4

Preamble:

Union's landed cost analysis shows that TCPL to Kirkwall is the lowest cost path.

In Reference ii), Union states: "The contract is a long-term commitment that is required to support the development of new greenfield natural gas infrastructure that will directly link Ontario and more specifically, Dawn, to new natural gas supply basins in the Appalachian region."

Request:

- a) Please provide all contract information for capacity held by Union on the TransCanada Mainline with a receipt point of Niagara / Chippawa, including, delivery point, contract quantity, and contract term.
- b) Please explain why Union has not contracted for more Niagara / Chippawa to Kirkwall Mainline capacity in TransCanada's 2015, 2016, or 2017 new capacity open seasons given its advantage from a landed cost perspective.
- c) Did Union participate in the 2010 open season for Empire Pipeline Inc.'s Tioga County Extension Project which made available 350,000 Dth/d of incremental firm service from the Marcellus supply area to the Chippawa interconnect with the TransCanada Mainline? If not, why not?
- d) Did Union participate in the 2010 open season for Tennessee Gas Pipeline's Northeast Supply Diversification (NSD) project, which made available 150,000 Dth/d of incremental firm service from the Marcellus supply area to the Niagara interconnect with the TransCanada Mainline? If not, why not?
- e) Did Union participate in the 2010 open season for National Fuel Gas Supply Corporation's Northern Access Project which made available 320,000 Dth/d of incremental firm service from the Marcellus supply area to the Niagara interconnect with the TransCanada Mainline? If not, why not?
- f) Did Union participate in the 2013 open season for Tennessee Gas Pipeline's Niagara Expansion Project which made available 158,000 Dth/d of incremental firm service from the Marcellus supply area to the Niagara interconnect with the TransCanada Mainline? If not, why not?
- g) Did Union participate in the 2014 open season for Empire Pipeline Inc.'s (in cooperation with National Fuel Gas Supply Corporation) Northern Access 2016 Project which made available 350,000 Dth/d of incremental firm service from the Marcellus supply area to the Chippawa interconnect with the TransCanada Mainline? If not, why not?

- h) Please confirm that recent open seasons for firm capacity with a delivery point of Niagara / Chippawa held by Tennessee Pipeline, National Fuel and Empire provide direct access to the Marcellus gas supply region. If not confirmed, why not?
- i) Please explain why exposing Union's ratepayers to the risks associated with underpinning NEXUS is preferable to simply purchasing delivered gas supply at Dawn, Niagara / Chippawa, or Kirkwall.
- j) Please provide any presentations or other marketing material provided to Union with respect to any of the projects listed in c) through g) above.
- k) Please provide any presentations, meeting notes, e-mails or marketing materials from NEXUS to Union, and any internal presentations with respect to NEXUS.
- l) Please provide any presentations, meeting notes, e-mails or other correspondence between Union and Enbridge regarding NEXUS.
- m) Please provide any presentations, meeting notes, or e-mails to Union's Board of Directors or Senior Management regarding NEXUS.
- n) Did Union pursue any delivered gas supply options at Niagara / Chippawa, or Kirkwall in lieu of NEXUS? If not, why not?

T4.Union.TransCanada.9:

Reference:

- i) Application, Exhibit A, Page 4 of 54, Line 19
- ii) Application, Exhibit A, Page 11 of 54, Lines 10 – 11
- iii) Application, Exhibit A, Page 41 of 54, Lines 1 – 2

Preamble:

In Reference i), Union states that Vector volumes are declining.

In Reference ii), Union states that NEXUS capacity will “[r]eplace an Alliance Pipelines contract that is expiring in the portfolio for Union South customers [...]”

In Reference iii), Union discusses replacing TransCanada long-haul contracts with NEXUS supply.

TransCanada seeks to fully understand Union’s supply situation.

Request:

- a) Please provide the details of Union’s contracts on the Vector system, including delivery points, volumes, and termination dates.
- b) What are Union’s post-2017 plans for capacity it currently holds on Vector? Please explain.
- c) Please provide the details of Union’s contracts on Alliance Pipeline, including volumes and expiry dates.
- d) Does Union plan to de-contract all Alliance volumes? Please explain.
- e) Please provide the details of Union’s long-haul and short-haul contracts on TCPL, including delivery points, volumes, and termination dates.

T4.Union.TransCanada.10:

Reference:

- i) Application, Exhibit A, Page 2 of 54, Lines 7 - 8

Preamble:

TransCanada seeks to understand details associated with the NEXUS project.

Request:

- a) Please confirm the initial proponents of the NEXUS project were DTE Energy, Enbridge Inc., and Spectra Energy Corp. Please provide the ownership stake of each proponent at that time. If not confirmed, please identify all of the initial proponents and their ownership stakes.
- b) Please list the proponents of the NEXUS project at the time Union bid into the NEXUS Open Season. Please provide the ownership stake of each proponent at that time.
- c) Who are the current proponents of the NEXUS project? Please provide the ownership stake of each proponent.