

**EB-2015-0166
EB-2015-0175**

Ontario Energy Board

**Union Gas Limited
Enbridge Gas Distribution Inc.**

**Applications for pre-approval of the cost consequences
of long-term natural gas transportation contracts with
NEXUS Gas Transmission**

Energy Probe Research Foundation

Interrogatories to Union Gas Limited

August 11, 2015

EB-2015-0166 Union Gas Limited

Interrogatories of Energy Probe Research Foundation

General - Union - Energy Probe – 1

Ref: EB-2015-0175 Exhibit A, Tab 2, Schedule 1, Appendix A

Preamble: Enbridge Gas Distribution Inc. provides tables at Appendix A showing the information requested in Part I, II, III, IV, V and VI of the Filing Guidelines and the corresponding references in Enbridge's evidence where the information can be found.

Please provide a similar Table for Union.

General - Union - Energy Probe – 2

Ref: Exhibit A, Page 3

Please provide the conversion rate of Dth/d to GJ/d.

T1 - Union - Energy Probe – 3

Ref: Exhibit A, page 4

Preamble: Union says that if it wasn't able to sign on as an anchor shipper "there is a significant risk that producers, who are also anchor shippers on the NEXUS project, may interpret Union's action as a lack of endorsement of Dawn as an important market hub and an indication of a weak market for their supplies at Dawn." It then says that this might result in NEXUS failing to proceed as planned.

- a) Does Union have any support for this statement? How many other companies are interested in the NEXUS project?**
- b) Is Union integral to the project going ahead?**

T1 - Union - Energy Probe – 4

Ref: Exhibit A, Pages 8-9

- a) Please discuss the WCSB production levels between 2014 and 2035.**
- b) Please extend Figure 2-2 to include the years 2015-2035.**

T1 - Union - Energy Probe – 5

Ref: Exhibit A, Page 11, lines 1-7

Please provide the specific analysis/calculation to demonstrate that WCSB supplies are becoming less economic over time.

T1 - Union - Energy Probe – 6

Ref: Exhibit A, Page 11

Preamble: Union states the NEXUS capacity will replace an Alliance Pipelines contract for Union South customers, and TransCanada long-haul transportation contracts serving Union North and South.

- a) Please discuss any cost implications of replacing these contracts.**
- b) How will these costs be allocated and recovered?**

T1 - Union - Energy Probe – 7

Ref: Exhibit A, Page 11

Please provide the specific details of the changes to Union's contracted capacity that were contemplated and approved in the TransCanada Settlement Agreement RH-001-2014.

T1 - Union - Energy Probe – 8

Ref: Exhibit A, Page 13

Preamble: Union indicates it has started working on gas supply arrangements with producers in the Appalachian shale region.

Please provide the details on the scope and outcome of the Expression of Interest and subsequent Request for Proposal (RFP) processes.

T1 - Union - Energy Probe – 9

Ref: Exhibit A, Page 14

- a) Please discuss how the potential reinforcement work and cost to the DTE and Vector facilities fits into this application.**
- b) Please provide the proposed scope of work and associated costs in Ontario related to new pipeline infrastructure and other facilities to allow the use of St. Clair to Dawn facilities.**

T1 - Union - Energy Probe – 10

Ref: Exhibit A, Page 21

Please discuss the timing of when the supplies arriving from the traditional western sources are expected to decline.

T1 - Union - Energy Probe – 11

Please provide the landed costs of the status quo.

T1 - Union - Energy Probe – 12

Ref: Exhibit A, Page 24

Please provide the contracted volumes required to obtain a Most Favored Nations (MFN) clause for shippers on Rover.

T1 - Union - Energy Probe – 13

Ref: Exhibit A, Page 38

Please summarize the types of assumptions that can change over time and impact the landed cost analysis.

T1 - Union - Energy Probe – 14

Ref: Exhibit A, Page 42

Please summarize the key changes in the amended and restated Precedent Agreement (PA) as of May 28, 2015 compared to the PA as of August 11, 2014.

T1 - Union - Energy Probe – 15

Ref: Exhibit A, Page 43

- a) Please provide Union's analysis of the capital cost tracker adjustment amounts commonly used in the past with U.S. pipelines.**
- b) Please discuss if the capital cost tracker adjustment amount was negotiable.**
- c) Please explain how the capital cost tracker adjustment amount of 15% was determined.**

T1 - Union - Energy Probe – 16

Ref: Exhibit A, Page 45

Please provide the pricing for other anchor shippers on the project.

T1 - Union - Energy Probe – 17

Ref: Exhibit A, Schedule 6, Page 1

Please reproduce paragraph 2 with 2014 data.

T2 - Union - Energy Probe – 18

Ref: Exhibit A, Page 20

- a) Please provide a table that shows a breakdown of Union's natural gas supply portfolio by gas supplier, contract length, volume purchased, services, supply source, price, effective date and expiration date for each supply contract.**
- b) Over the 15 year term what is the percentage of natural gas supply coming from the NEXUS project to serve Union's North and South customers?**
- c) Over the 15 year term what is the percentage of natural gas supply coming from WCSB supplies to serve Union's North and South customers?**
- d) Please provide a map that shows the delivery points and the areas that will have direct access to the new supplies.**

T3 - Union - Energy Probe – 19

Ref: Exhibit A, Page 48

- a) Please provide Union's 15 year demand forecast and summarize the key assumptions.**
- b) In Union's view what are the key potential factors that could contribute to natural gas demand decline in Union's franchise area over the next 15 years.**

T3 - Union - Energy Probe – 20

Ref: Exhibit A, Page 49

- a) Please discuss how each project risk identified is to be allocated between ratepayers, parties to the contract and/or the applicant's shareholder.**
- b) Please summarize the tolling risks resulting from the NEXUS project? Please discuss any potential implications on the project.**
- c) Please summarize the environmental risks resulting from the NEXUS project? Please discuss any potential implications on the project.**

- d) What if anticipated production does not materialize and gas flows decline? How will Union minimize risk and allocate between ratepayers and shareholder?

T3 - Union - Energy Probe – 21

How will Union ensure that customers that do not benefit from the diversity of supply do not pay for these proposed transportation contracts?

T3 - Union - Energy Probe – 22

- a) What are the full implications if the Board does not approve this application?
- b) Please discuss the actions Union would take if the landed costs are materially higher prior to the effective date of the Precedent Agreement.

T3 - Union - Energy Probe – 23

Preamble: Union does not discuss the impact of the proposed cap and trade system in Ontario.

Has Union considered how a cap and trade system would impact the economics of the project? If yes, please provide details.