

**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 Enbridge Gas Distribution Inc.

August 11, 2015

EB-2015-0175 Enbridge Gas Distribution Inc.

Interrogatories of Energy Probe Research Foundation

T1 – EGDI – Energy Probe – 1

Ref: Exhibit A, Tab 3, Schedule 1, Page 2

Preamble: Enbridge states that if the company “does not now actively participate now in these new pipeline projects, supplies from the Appalachian basin will continue to be contracted to other markets across America.”

Please provide the total amount of Appalachian supply that is already contracted to other markets.

T1 – EGDI – Energy Probe – 2

Ref: Exhibit A, Tab 3, Schedule 1, Page 3

Enbridge states that it can increase its contracted volume to 150,000 Dth/d.

Is it also possible to decrease its contracted volume in the event that demand for natural gas in the province declines?

T1 – EGDI – Energy Probe – 3

Ref: Exhibit A, Tab 3, Schedule 2, Page 3 (Sussex Report)

Preamble: Flows of natural gas from the Western Canadian Sedimentary Basin (WCSB) to Ontario have decreased in recent years for two reasons – a decline in gas production, but also an increase in gas consumption by oil sands and other industrial companies.

Would the recent oil price decline and slashing of capital budgets by a number of oil sands companies have an impact on future flows of gas from the WCSB into Ontario?

T1 – EGDI – Energy Probe – 4

Ref: Exhibit A, Tab 3, Schedule 1

The application provides two tables, Table 4 and Table 5, which detail Enbridge's gas supply without and with the NEXUS project, respectively. The NEXUS project allows Enbridge to lower its supply from Chicago from 15% of total supply to 6%.

- a) Please detail the rate impact that such a decrease will have?
- b) Is the gas supplied from Chicago cheaper than the gas supplied from the NEXUS project?
- c) What is the current toll rate on shipping gas to Dawn, Ontario from Chicago?

T1 – EGDI – Energy Probe – 5

Ref: Exhibit A, Tab 3, Schedule 1, Page 15, Paragraph 41

The evidence states that commitments from utilities like Enbridge and others have provided part of the market support necessary for the project lead developers to proceed with NEXUS.

Please provide details on current commitments.

T1 – EGDI – Energy Probe – 6

Ref: Exhibit A, Tab 3, Schedule 1, Page 18, Paragraph 48

- a) Please confirm the 15% cap (plus or minus) on capital was negotiated by Enbridge.
- b) Please explain how the capital cap amount of 15% was determined.
- c) Please confirm the amount and nature of the capital costs in Ontario.

T1 – EGDI – Energy Probe – 7

Ref: Exhibit A, Tab 3, Schedule 1, Page 19

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

T1 – EGDI – Energy Probe – 8

Ref: Exhibit A, Tab 3, Schedule 1, Page 3, Paragraph 6

The NEXUS contract is for 110,000 Dth/d.

Please provide the conversion to GJ/d.

T2 – EGDI – Energy Probe – 9

Ref: Exhibit A, Tab 3, Schedule 1, Page 30

- a) Please provide a table that shows a breakdown of Enbridge'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) Please provide a map that shows the delivery points and the areas that will have direct access to the new supplies.**

T2 – EGDI – Energy Probe – 10

Ref: Exhibit A, Tab 3, Schedule 1, Page 7, Paragraph 17

Enbridge indicates it has chosen not to renew contracts.

- a) Please summarize the contracts that will not be renewed, the supply amount, and the customers impacted.**
- b) Please discuss any cost implications of not renewing these contracts.**
- c) How will these costs be allocated and recovered?**

T3 – EGDI – Energy Probe – 11

Ref: Exhibit A, Tab 3, Schedule 1, Page 35

Enbridge does not discuss the risk and impact of the proposed cap and trade system in Ontario on the project.

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

T3 – EGDI – Energy Probe – 12

Ref: Exhibit A, Tab 3, Schedule 1, Page 35

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

T3 – EGDI – Energy Probe – 13

Ref: Exhibit A, Tab 3, Schedule 1, Page 35

- 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 Enbridge minimize risk and allocate between ratepayers and shareholder?**

T3 – EGDI – Energy Probe – 14

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

T3 – EGDI – Energy Probe – 15

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