

**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**

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**Energy Probe Research Foundation**

**Interrogatories to Union Gas Limited**

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**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.**