

GAZ MÉTRO INTERROGATORIES FOR UNION GAS LIMITED

GMI #1

- Reference:**
- (i) Union Gas's Evidence
Exhibit A, Tab 6, Page 13 of 23, Lines 11 – 14, 21 -22
Exhibit A, Tab 6, Page 14 of 23, Lines 1 – 3.
 - (ii) Ontario Energy Board Decisions EB-2012-0451, EB-2012-0433 and EB-2013-0074, January 30, 2014, page 36.
 - (iii) National Energy Board, GHW-001-2014, Reasons for Decision, Table 9-1, page 34. The Decision was rendered on June 2, 2015.
 - (iv) R-3879-2014, Rate Case 2016, R-3879-2014, Régie's Information Request #9 to Gaz Métro – 115, Document 1, page 35 and 36 of 77.

Preamble:

- i. Union expects TransCanada to apply to the National Energy Board for approval of the Vaughan Mainline Expansion in late 2015 with a regulatory decision expected later in 2016. At this time, Union is not aware of any delays that would prevent TransCanada from meeting the in-service date of November 1, 2017. [...] Union's construction activities for its proposed 2017 Dawn Parkway System facilities cannot be linked to downstream project approvals without significantly impacting the in-service date of Union's proposed facilities. Linking the start of construction to TransCanada's project approvals would add significant uncertainty to Union's project development process and would result in a minimum one year delay to the construction of Union's proposed facilities. [Emphasis added]
- ii. *"However, the Board finds that the Brantford-Kirkwall pipeline and the proposed TransCanada King's North project are interdependent (as Union has acknowledged). Accordingly, the Board will condition approval of the construction of the Brantford-Kirkwall pipeline on the NEB's approval of the TransCanada King's North project. In addition, the Board will condition approval on the receipt by Union of a written commitment from TransCanada (after it receives NEB approval) to proceed with the construction of King's North in accordance with the proposed schedule."*

- iii. *“Construction Phase – Timeframe: after receipt of Board approval and clearance of any pre-construction conditions, construction of the Project is expected to take 9 to 12 months, depending on seasonal and environmental conditions.”*
- iv. *[OFFICIAL VERSION IN FRENCH, TRANSLATION FROM GAZ MÉTRO]*
 - “18.1 Please indicate if Gaz Métro intends to resume the negotiations with Union Gas in the event that TCPL would not be able to make capacity available between Parkway and GMT-EDA in the next following years in order to mitigate stranded costs.”*

Request:

- (a) Is Union Gas aware of the significant stranded costs for Gaz Métro and its customers generated by any delay between the in-service dates of both projects?
- (b) Which measure Union Gas intends to implement to mitigate the risk for its transportation customers when the in-service date of an interdependent project on the TCPL Mainline, as mentioned in reference ii, is delayed? Please elaborate.
- (c) Would Union Gas be supportive of a mechanism approved by the OEB that would allow to delay the effective date of a transportation contract until downstream capacity is available? Please explain.
- (d) Please describe the type of mechanism that would allow Union Gas to defer costs recovery from its transportation customers thus not causing any harm to the distributor from any eventual TCPL Mainline delay, while effectively protecting the distributor's investment.
- (e) When would Union intend to implement such a mechanism?