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VIA RESS, EMAIL and COURIER

Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

Dear Ms Walli:

**Re: Natural Gas Market Review – EB-2015-0237
Enbridge Gas Distribution Comments**

On November 25, 2015, the Ontario Energy Board issued notice and invited stakeholders to participate in the OEB's 3rd Natural Gas Market Review ("NGMR") consultation.

As requested, attached are the written comments of Enbridge Gas Distribution Inc. ("Enbridge") submitted in accordance with the November 25th notice.

Please contact the undersigned if you have any questions.

Sincerely,

[original signed]

Lorraine Chiasson
Regulatory Coordinator

Attachment

ONTARIO ENERGY BOARD

EB-2015-0237

2015 NATURAL GAS MARKET REVIEW

COMMENTS OF ENBRIDGE GAS DISTRIBUTION INC.

On November 25, 2015, the Ontario Energy Board (the “OEB” or the “Board”) issued notice and invited stakeholders to participate in the OEB’s 3rd Natural Gas Market Review (“NGMR”) consultation. Similar to the 2010 and 2014 NGMR consultations, the stated objective of the 2015 NGMR was to examine ongoing developments and related issues in the North American natural gas market and assist in the OEB’s consideration of any potential impacts, including regulatory implications, of such developments for Ontario’s natural gas market. The notice indicated that the Board would post a report, prepared by an independent consultant that would focus on key factors influencing current North American and Ontario natural gas markets and would provide a forecast of demand, supply and prices to 2020. The notice also provided information about a stakeholder conference that would be held by the Board on January, 21st, 2016. The notice also indicated that following the conference stakeholders would have an opportunity to submit written comments to the Board on topics covered during the conference. The notice indicated that these written comments are to be submitted to the Board by February 4th, 2016.

These are the written comments of Enbridge Gas Distribution Inc. (“Enbridge”) submitted in accordance with the November 25th notice. Enbridge will not attempt to comment on all of the views that were expressed during the NGMR and the lack of comment by Enbridge on a topic does not mean that Enbridge is in agreement with any particular position put forward during the NGMR on that topic.

In these comments Enbridge will provide its views with respect to forecasts of natural gas demand, supply and prices, the implications of recent upstream contracting decisions made by Enbridge, and government policy related to a low carbon environment and expansion of gas distribution systems. These submissions will conclude with Enbridge’s observations relating to the objectives of the NGMR. Enbridge would note that in a subsequent letter dated January 4th, 2016 the OEB indicated that distributor gas supply plans are currently the subject of a separate consultative currently in progress and are therefore out of scope for the purpose of the NGMR.

In general Enbridge agrees with the conclusions reached by both Navigant and ICF. While there are differences in forecast gas demand, supply and prices for each consultant Enbridge agrees with the general trajectory of these variables as presented. Enbridge believes that the Marcellus and Utica will continue to be an attractive source of supply for the Ontario market and over the past few years has positioned its gas supply portfolio to take advantage of this supply source.

With respect to TransCanada’s assertions that path diversity has been reduced due to the upstream contracting decisions of Enbridge, Enbridge would note that the shift to supply from Dawn was due to market demand for access to new supply options for Enbridge’s system gas and direct purchase customers. Enbridge chose to contract at Niagara for portfolio diversity and lower gas costs. This contracting decision moved a significant portion of its system gas supply away from traditional long haul and short haul paths via TransCanada and Union respectively and created a third transportation path into the markets served by Enbridge. Enbridge’s direct purchase customers requested they be granted market access to Dawn and Enbridge has provided this access through its Dawn Transport Service. Enbridge would further note that the NEXUS contract displaces Chicago supplies and therefore the decision to contract on NEXUS has not eroded path diversity relative to what would otherwise have

been absent the NEXUS contract. Finally, Union has gone to great lengths to introduce additional loss of critical unit protection on its system thereby further mitigating risk of operational interruptions on the critical Dawn to Parkway system.

Enbridge does agree with TransCanada that the Western Canadian Sedimentary Basin is an important source of supply diversity and at this point in time does not intend to completely sever connectivity with this basin within its gas supply plan.

In terms of cap and trade and government policies directed at a low carbon future Enbridge believes that natural gas is a part of the solution to reducing Ontario's carbon footprint. As outlined in Enbridge's presentation, natural gas serves a significant portion of the energy needs of Ontario. This has been accomplished through decades of efficient expansion of the gas transmission and distribution system in the province. The natural gas system can help achieve cost effective greenhouse gas emission reductions through, for example, green and renewable natural gas, new technology development and demand side management programs.

With respect to the presentation provided by Northeast Midstream Enbridge agrees that there may be certain instances where LNG can play a role in the expansion of natural gas service to currently unserved communities. Each of these opportunities will need to be assessed individually to establish whether LNG presents the optimal delivery solution from both an economic and operational perspective. Enbridge expects this will be a topic covered in the recently announced generic proceeding on community expansion.

Enbridge believes that the NGMR conference is a useful tool for the Board and stakeholders to exchange ideas and perspectives on developments and related issues in the North American natural gas market. While many stakeholders offered their views on gas markets at the 2015 NGMR, Enbridge believes that the Board will need to keep pace with ever changing natural gas market dynamics and that the NGMR is the proper venue to do so. At this time Enbridge believes that there is no requirement of the Board to take any further action with respect to policy as there are many proceedings underway at the Board that are dealing with the large policy issues of the day, for example the community expansion file and recent decisions which allow for market access to proximate sources of gas supply. Enbridge would note however, that the Board will need to be expedient in its deliberations related to whatever cap and trade regime is adopted for Ontario in order to meet an implementation date of January 1, 2017.