

APPrO INTERROGATORY #1

Interrogatory

Reference: i) Exhibit B, plus Attachments

Preamble: In Reference i), Enbridge describes the type of services it proposes for the Parkway to Albion Pipeline. APPrO would like to better understand this service and Enbridge's plan to make underutilized capacity on the Albion Pipeline available in the secondary market.

- a) Please confirm whether or not the proposed Rate 332 will be a firm transportation service subject to the Board's Storage and Transportation Access rule (STAR).
- b) Please confirm that Enbridge is proposing that no capacity is scheduled for interruptible transportation service subject to the STAR.
- c) We note that short notice services are offered by other pipeline owners in Ontario (Union and TransCanada). Please explain whether or not Enbridge has considered offering short notice services on its pipelines. Has Enbridge discussed the potential of offering this flexibility with the owners of the relevant upstream pipelines? If no, please explain why this has not been considered prior to proposing this open season.
- d) Please confirm that it is commonplace for natural gas pipeline companies to also offer an interruptible service, in addition to firm service, that would allow access to any unused capacity on the pipeline to any potential shipper not just the FT shippers, thus increasing the potential to both generate additional discretionary revenue for the pipeline company and increasing the overall efficiency of the market.
- e) Please confirm whether or not the unused capacity on the Albion Pipeline is proposed to be available only to FT shippers in the form of Authorized Overrun Service (AOS).
- f) Please explain all of the benefits of making the excess capacity on the Albion Pipeline available to entities that are not FT shippers.
- g) Will Enbridge be a FT shipper on the Albion Pipeline?
- h) Will Enbridge have access to any unused capacity on the Albion Pipeline in excess of the 800 TJ/d it plans on reserving for its own needs? Please explain.
- i) Please explain how Enbridge will use the 800 TJ/d both seasonally as well as in general use over the next years.
- j) For either any of Enbridge's own 800 TJ/d of capacity that is unused as well as any remaining unused capacity that may be available in the Albion Pipeline (from either any unsold capacity or un-nominated FT capacity), will Enbridge offer this capacity in the secondary market as a transaction service (TS)? If so, please explain how TS

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capacity will be made available and how it will be priced (including, for clarity, what premium, if any, will be charged above the daily FT charge).

- k) Please explain why Enbridge has not proposed to offer interruptible or short notice services on the Albion Pipeline which would be available to any potential shipper?
- l) If the Board were to direct Enbridge to offer interruptible and short notice services on the Albion Pipeline, please explain how the rates would be established, what the rates would be and what terms and conditions of service would apply (including, but not limited to the priority of service).
- m) Please explain how Enbridge arrived at its proposed 120% premium rate for AOS service. Please also justify the proposed premium charge.

Response

- a) The service offered under Rate 332 will be a firm transportation service subject to STAR.
- b) Confirmed.
- c) Enbridge has not considered offering short notice services on the Albion Pipeline and has not discussed the potential of this offering with the owners of the relevant upstream pipelines. The Ontario Energy Board gave clear direction in its EB-2011-0210 decision that it expected natural gas infrastructure to be developed in the province in a responsible, efficient and cost effective manner in order to avoid asset stranding, uneconomic bypass of existing natural gas infrastructure and unnecessary proliferation of natural gas infrastructure.¹ The transmission portion of the Albion Pipeline was developed as part of Enbridge's commitment to work with Union and TransCanada to develop natural gas infrastructure in the region in accordance with that direction. It is therefore developed to be a partial loop of the existing TransCanada Mainline pipeline from Parkway to Maple to help debottleneck the region and facilitate the development of short-haul access from Dawn made possible through the Mainline Settlement Agreement. Enbridge does not operate compression on the Albion Pipeline and has limited linepack given its relatively short length. Enbridge therefore has very limited operational flexibility on the Albion Pipeline and always planned to have a more limited suite of services knowing that TransCanada would offer more extensive services to the market in accordance with the terms of its Tariff.

¹ EB-2011-0210 Decision, pp. 126-27.

- d) Enbridge confirms that it is commonplace for natural gas transmission pipeline companies to also offer an interruptible service, in addition to firm service. As explained in response to (c) above, the Albion Pipeline was developed as a loop of the TransCanada Mainline which does and will continue to provide shippers access to interruptible service thereby ensuring the continued efficiency of the market.
- e) Confirmed.
- f) The benefits of optimizing capacity utilization on the Albion Pipeline will be achieved via Authorized Overrun Service to FT shippers. Shippers in the region will be able to access Albion Pipeline facilitated interruptible and other services through the TransCanada Mainline system.
- g) Enbridge will not hold an FT contract on the Albion Pipeline. As planned, 800 TJ of Albion Pipeline's capacity will be reserved to allow Enbridge to meet the needs of distribution customers. Enbridge will also transport gas on the TransCanada Mainline system through short-haul service which has been made possible by the Mainline Settlement Agreement which provided the foundation for efficient development of natural gas assets in the region including the development of the Albion Pipeline.
- h) The Albion Pipeline is expected to be fully subscribed for at least the initial term² on the pipeline. TransCanada is committed through the Mainline Settlement Agreement³ to bid for all of the FT capacity initially available. Enbridge and other shippers will have access to any unused capacity on the Albion Pipeline in excess of Enbridge's 800 TJ/d via service with TransCanada.
- i) For Enbridge the 800 TJ/d distribution portion of the pipeline is an integral part of its overall distribution system just like any other extra high pressure distribution line and accordingly will be used to meet the needs of its bundled distribution customers.
- j) No. As noted above, shippers will have access to Albion Pipeline facilitated non-firm services through TransCanada.
- k) Please see responses to parts c) and d).
- l) Enbridge is not proposing to offer interruptible and short notice services on the Albion Pipeline in this application and has not provided any evidence that would

² Exhibit B Attachment II Page 51

³ Please also see response to CME IR#2 at Exhibit I.EGDI.CME.2

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enable the Board to determine or approve the terms and conditions of such services. Enbridge's proposal to offer FT services on the Albion Pipeline has taken many months to determine and at this time, Enbridge believes the proposed FT service is the most efficient and effective use of the Albion Pipeline. Please also see response to part c).

m) Please see response to Board Staff Interrogatory #3. (Exhibit I.EGDI.Staff.3)

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APPrO INTERROGATORY #2

Interrogatory

Reference: i) Exhibit B, paragraph 57, which states:

Enbridge will allocate capacity if, acting reasonably, it is satisfied with the information provided by the shipper and if the shipper has provided adequate assurance that arrangements have been made whereby the upstream interconnecting pipeline will deliver gas at the interconnection between the Albion pipeline and the Union Gas facilities at Parkway and the downstream interconnecting pipeline will receive and transport gas delivered by Enbridge to the shipper at the interconnection between the Albion Pipeline and TransCanada's facilities at Albion.

ii) Exhibit B, FT Service Schedule Article 2.1 Service Initial Terms

Preamble: In Reference ii), Enbridge outlines certain minimum contract durations of 15 years, 5 years and 1 year, subject to meeting certain criteria. In Reference i) Enbridge indicates that it Enbridge must be satisfied that shipper has arranged adequate upstream and downstream arrangement have been made. APPrO would like to better understand how these provisions will be applied.

- a) Please detail what Enbridge means by "adequate assurances" and what standards will be used to judge the adequacy of arrangements in Reference i).
- b) Assuming that a shipper wishes to make the necessary commitment to Enbridge to enter the open season to contract and pay for capacity on the Albion Pipeline along with whatever upstream or downstream arrangements are expected to meet such shipper's need, please explain why Enbridge believes it should have the opportunity to deny such service if Enbridge believes that in its opinion such upstream or downstream arrangements are 'not adequate' for the shipper.
- c) Please list all of the circumstances where Enbridge would deny service for inadequate assurance (assume all requested information is provided by the shipper).
- d) In Reference i) Enbridge appears to require that a shipper must have TransCanada capacity from the end of the Albion Pipeline to be a FT shipper.
 - i. If a shipper were able to meet the criteria as provided for in Reference ii) and Enbridge were to determine that it has sufficient capacity downstream of the Albion Pipeline in its distribution system to receive shipper's gas at the outlet of

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the Albion Pipeline, please explain why the tariff conditions require delivery into TransCanada.

- ii. Will Enbridge agree to change paragraph 57 of the tariff to replace “TransCanada” with “downstream”? If no, why not?
- iii. Under what conditions, if any, would Albion be considered a temporary (e.g. to meet off peak loads) or permanent receipt point under direct purchase contracts?

Response

- a) “Adequate assurances” means proof that the shipper has the valid contractual upstream and downstream transmission service in place with Union and TransCanada either directly or indirectly through a service provider.
- b) Enbridge will, subject to other conditions in the FT Service Agreement, allocate Rate 332 capacity if Enbridge is satisfied that a shipper has valid contractual upstream and downstream arrangements. This is a common term of service for gas transportation in order for transporters to coordinate with interconnecting pipelines and have assurances about the need for services in the market.
- c) Enbridge would deny service if Enbridge could not verify that a shipper has the valid contractual arrangements described in a) above.
- d) i) Enbridge does not have capacity downstream of the Albion Pipeline in its distribution system to receive a Rate 332 shipper’s gas at the outlet of the Albion Pipeline. As part of the planning for the GTA project, Enbridge determined that the maximum it could take into the distribution system on the Albion Pipeline is 800TJ/day as part of the total capacity that can be taken into the distribution system from Parkway. Any further gas into the franchise must be taken from Enbridge CDA gates on the TransCanada system. This is further discussed in response to d) iii) below.

It is worth noting that the Albion Pipeline is fairly unique in that it is a dual purpose pipeline (both distribution and transmission). The only transmission outlet on the Albion Pipeline is the interconnection with the TransCanada Mainline. The outlet of the Albion Pipeline that does not interconnect with the TransCanada Mainline is part of the distribution system and the gas that flows through it enters the distribution system at the interconnection point with Union’s transmission system at Parkway. As the distribution system is today, this outlet is part of the integrated distribution system and cannot be offered as a transmission delivery point without compromising the capabilities and operational flexibility of the distribution system.

- d) ii) Paragraph 57 is part of the pre-filed evidence describing how Enbridge proposes to offer Rate 332 service but is not part of the tariff itself. The tariff does refer to the downstream interconnecting pipeline as TransCanada because today, and for the foreseeable future, TransCanada is the only downstream transmission service provider.
- d) iii) Albion would not be considered a temporary or permanent receipt point under direct purchase contracts. With the exception of some Rate 125 customers¹, all direct purchase customers who arrange their own transportation to the distribution franchise must deliver their gas to one of the two broad TransCanada delivery areas (Enbridge CDA or Enbridge EDA). Delivery into these broad delivery areas, which treat a number of transmission gate stations essentially as one zone, provides operational flexibility and has allowed Enbridge to design its system in the most efficient and cost effective manner to reliably meet the needs of its bundled customers. As the distribution system is currently designed and built, Enbridge cannot accommodate direct purchase customers to deliver into specific interconnects with transmission systems¹, and cannot allow delivery into distribution system gates deep inside its distribution system.

¹ Exception only for some Rate 125 customers. For unbundled Rate 125 customers who deliver to a specific delivery point rather than a general delivery area, the delivery point is on the transmission system rather than on the distribution system. The special delivery point on the transmission system is governed by contractual arrangements with specified terms and conditions.