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VIA COURIER, RESS and EMAIL

June 22, 2016

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

**Re: Enbridge Gas Distribution Inc. ("Enbridge")
EB-2016-0028 Storage and Transportation Access Rule Application
Reply Submission**

In accordance with the Ontario Energy Board's Procedural Order No. 2 dated June 2, 2016, enclosed please find the Reply Submission of Enbridge for the above noted proceeding.

This submission was filed through the Board's RESS and is available on the Company's website at www.enbridgegas.com/ratecase.

Yours truly,

[original signed]

Lorraine Chiasson
Regulatory Coordinator

cc: All intervenors to EB-2016-0028

ONTARIO ENERGY BOARD

IN THE MATTER OF section 36 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Sched. B, as amended;

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for an Order or Orders approving a tariff pursuant to the *Storage and Transportation Access Rule*.

**REPLY SUBMISSIONS OF
ENBRIDGE GAS DISTRIBUTION INC.**

A. Introduction

1. On March 16, 2016, Enbridge Gas Distribution Inc. (“Enbridge”) filed its application in this proceeding for an order approving the terms of service, allocation methodology and rate schedule for natural gas transportation service under Rate 332 (collectively, the Tariff). Rate 332 applies to Parkway to Albion King’s North Transportation Service that Enbridge will provide on the Albion Pipeline.¹

2. The Albion Pipeline is Segment A of Enbridge’s GTA Project.² The Board granted Enbridge leave to construct the GTA Project in the EB-2012-0451 Decision and Order issued on January 30, 2014.³ Rate 332 has previously been addressed by the Board both in the EB-2012-0451 decision and in the EB-2012-0459 decision regarding Enbridge’s 2014-2018 Custom Incentive Regulation plan.⁴

3. Enbridge’s application is made under the Board’s *Storage and Transportation Access Rule* (STAR). Sections 2.1.1 and 2.3.3 of STAR require a transmitter to file its tariff with the Board for approval and a “tariff”, as defined in STAR, means a transmitter’s standard terms of service, allocation methods and rate schedule and/or rate handbook. Thus, the tariff setting out Enbridge’s terms of service and allocation methodology, together with the rate schedule for

¹ Exhibit B, pages 2-3

² Exhibit B, page 3, paragraph 7.

³ Exhibit B, page 3, paragraph 9.

⁴ Exhibit B, page 2, paragraph 6.

Rate 332, collectively constitute the Tariff in respect of which Enbridge seeks approval in this application.⁵

4. As explained in the evidence filed in support of the application, Enbridge is aiming to proceed in early August of 2016 with an open season for transportation service on the Albion Pipeline, in anticipation of Parkway to Albion King's North Transportation Service commencing on November 1, 2016.⁶ In order to allow Enbridge to proceed with the open season in early August, Enbridge respectfully requests that the Board grant the relief requested in the application by July of 2016.⁷

5. Procedural Order No. 2 in this proceeding sets out dates for submissions by parties and Board Staff. The date for filing of submissions by Board Staff and intervenors was June 8, 2016 and the date for filing of Enbridge's reply submissions is June 22, 2016. Enbridge has received submissions from the following:

- (i) Board Staff;
- (ii) Association of Power Producers of Ontario (APPrO);
- (iii) Building Owners and Managers Association, Greater Toronto (BOMA);
- (iv) Consumers Council of Canada (CCC);
- (v) Canadian Manufacturers & Exporters (CME);
- (vi) Industrial Gas Users Association (IGUA); and
- (vii) TransCanada PipeLines Limited (TCPL).

6. These are the reply submissions of Enbridge, filed in accordance with Procedural Order No. 2.

B. Support for the Application

7. Strong support for Enbridge's application emerges from a number of the submissions filed by Board Staff and intervenors, as can be seen from the following:

- (i) the OEB Staff Submission says that the Tariff is in accordance with STAR, and with the relevant previous approvals of the Board, and should be approved as filed;⁸

⁵ Exhibit B, page 2, paragraphs 2-5.

⁶ Exhibit B, page 12, paragraph 63.

⁷ Exhibit B, page 13, paragraph 71.

⁸ OEB Staff Submission, pages 5 and 9.

- (ii) IGUA endorses Enbridge's requests for relief and notes that Enbridge has adhered to STAR in bringing the application;⁹
- (iii) CME concludes that the application should be approved (premised on the understanding that the prudence of the increase in capital costs for the GTA Project will be considered in a future proceeding);¹⁰
- (iv) while CCC has not addressed the extent to which Enbridge's proposals comply with STAR, it submits that the proposals are consistent with previous Board decisions and, assuming compliance with STAR, CCC has no remaining concerns with Enbridge's proposals;¹¹ and
- (v) TCPL points out that, without service by Enbridge under Rate 332, requests from TCPL Mainline shippers for service from Parkway commencing November 1, 2016 will not be met, and, accordingly, TCPL supports approval of Enbridge's application so that TCPL can bid for Rate 332 service which is required to meet its contractual commitments for November 1, 2016.¹²

8. Enbridge submits that the strength and breadth of the support for the application by other parties and Board Staff confirms that the Board should grant the order requested by Enbridge in order to allow transportation service to begin on the Albion Pipeline by November 1, 2016.

C. APPrO Submissions

9. APPrO supports Enbridge's application to establish a firm transportation service, and the related firm rate, for the Albion Pipeline, provided that certain "changes" are made. First, APPrO submits that Enbridge should be required to allocate unutilized capacity on the Albion Pipeline as an interruptible transportation (IT) service at a rate that is the same as the rate for Authorized Overrun Service (i.e., no more than 120% of the daily firm transportation rate). Second, APPrO submits that Enbridge should be required to include Albion as an interruptible receipt point into the distribution system for unbundled direct purchase customers and that affected unbundled direct purchase customers should be allowed to change their contracts to add this receipt point.¹³

10. APPrO's suggestion that Enbridge offer short notice services on the Albion Pipeline was addressed in Enbridge's response to an interrogatory from APPrO.¹⁴ As

⁹ IGUA Submissions, page 2.

¹⁰ CME Submissions, page 2.

¹¹ CCC Submissions, page 2.

¹² Written Submission of TCPL, page 4.

¹³ Final Submissions from APPrO, page 2, paragraph 1.

¹⁴ Exhibit I.EGDI.APPrO.1, page 2, part (c).

explained in the interrogatory response, the transmission portion of the Albion Pipeline was developed following a direction from the Board regarding development of infrastructure in a responsible, efficient and cost-effective manner in order to avoid asset stranding, uneconomic bypass of existing infrastructure and unnecessary proliferation of infrastructure.¹⁵

11. In line with the Board's direction, Enbridge planned, designed and constructed the Albion Pipeline both to fulfill important distribution purposes and also to be a partial loop of the existing TCPL Mainline pipeline from Parkway to Maple to help "debottleneck" the area and facilitate short-haul access from Dawn. Enbridge does not operate compression on the Albion Pipeline and Enbridge's opportunity to take advantage of linepack is constrained, given the relatively short length of the pipeline; consequently, Enbridge's operational flexibility on the Albion Pipeline is restricted and Enbridge has planned to offer only a limited suite of services, knowing that TCPL would offer more extensive services to the market in accordance with the terms of its tariff.¹⁶

12. TCPL has confirmed in its submissions in this proceeding that it provides both Interruptible and Short Notice services to its shippers through the TCPL Mainline tariff and that it will utilize its capacity on the Albion Pipeline, along with any other capacity required, to meet such future requests.¹⁷ Thus, the needs of any of Enbridge's unbundled direct purchase customers for IT and Short Notice services on the Albion Pipeline can and will be met by TCPL.

13. APPrO's submissions about proposed "changes" include comments about whether TCPL has the necessary upstream and downstream capacity to contract for the full 1,200 TJ/day of transportation capacity on the Albion Pipeline.¹⁸ However, it is clear both from the evidence¹⁹ in this proceeding and from TCPL's submissions²⁰ that TCPL has the upstream and downstream capacity to contract for the 1,200TJ/day of transportation service as of November 1, 2016 and, in fact, that TCPL needs the transportation service by November 1, 2016 to meet service requests from its shippers.

¹⁵ EB-2011-0210 Decision, pages 126-127.

¹⁶ Exhibit I.EGDI.APPrO.1, page 2, part (c).

¹⁷ Written Submission of TCPL, page 4.

¹⁸ Final Submissions from APPrO, pages 6-7, paragraph 25.

¹⁹ Exhibit B, pages 12-13, paragraphs 64-66.

²⁰ Written Submission of TCPL, pages 3-4.

14. In considering the creation of new receipt points and services such as those suggested by APPrO, Enbridge must take into account market conditions and the implications of the new services for other services offered by Enbridge. Further, Enbridge does not yet have any operational experience with the use of the Albion Pipeline to serve distribution and transmission purposes on a combined basis. As it gains operational experience with the Albion Pipeline, Enbridge will consult with APPrO and other stakeholders to consider whether Enbridge can accommodate any of APPrO's ideas.

15. Enbridge expects that, from the time of commencement of transportation service on the Albion Pipeline, it will need up to two full cycles (that is, up to two years) of combined distribution and transmission operations to gain sufficient operational experience to address APPrO's ideas. Enbridge will therefore look to engage stakeholders in a consultation about APPrO's ideas starting in the spring of 2018, with a view to reporting back to the Board on the outcome of the consultation in the fall of 2018. Accordingly, Enbridge will target a report to the Board and the parties to this proceeding on the consultation by October 31, 2018.

16. Enbridge submits, though, that the consultation with stakeholders should not delay, or distract attention from, the commencement of firm transportation service on the Albion Pipeline by November 1, 2016. TCPL has made clear that, without service by Enbridge under Rate 332, requests from TCPL Mainline shippers for service from Parkway commencing November 1, 2016 will not be met. And, again, Enbridge is looking to proceed with its open season for Parkway to Albion King's North Transportation Service in early August to meet the November 1st commencement date for firm transportation service.

D. Order Requested

17. For all the reasons set out above, Enbridge requests approval of the Tariff for Parkway to Albion King's North Transportation Service, consisting of the Rate 332 rate

schedule included at Attachment I to the application²¹ and the tariff terms of service and allocation methodology included at Attachment II to the application.²² Enbridge respectfully requests that such approval be granted by July of 2016.

All of which is respectfully submitted.

June 22, 2016.

[original signed by]

Jamie LeBlanc
Director, Energy Supply & Policy

²¹ Exhibit B, Attachment I, updated 2016-06-02.

²² Exhibit B, Attachment II.