

RESPONSES TO BOARD STAFF COMMENTS
NRG January 2017 QRAM Application EB-2016-0341
December 19, 2016

RESPONSE TO 1 a)

Yes, Epcor will continue to purchase gas from NRG Corp.

It should be noted, that the gas from NRG Corp helps provides system integrity in particular the South East area of the Franchise and this was confirmed by two independent Engineering Studies, which have been filed with the OEB.

The Asset Purchase Agreement requires NRG to cause NRG Corp. to negotiate in good faith and at the time of the transaction closing, enter into a Gas Purchase Agreement with EPCOR. The parties are negotiating the Gas Purchase Agreement now.

RESPONSE TO 1 b)

The premium that NRG system gas customers have paid from October 1, 2015 to September 30, 2016 for the 1.0 million cubic meters of natural gas purchased from NRG Corp. at 30.12 cents per cubic metre is \$121,930. This figure has been calculated by dividing the cost of gas purchased at Dawn, Parkway and Empress (including TCPL transportation costs) of \$3,767,999.45 divided by the corresponding amount of gas purchased of 21,018,549.3 cubic metres. The resulting average price, which excludes all NRG Corp. purchased gas, is 17.927 cents per cubic metre. The premium is 12.193 cents per cubic metre, or \$121,930 for the 1.0 million cubic metres referenced in the interrogatory.

RESPONSE TO 2

It is confirmed that the OEB has authorized NRG to use only the Ontario Landed Reference Price in the EB-2010-0018 Decision and not any other proxy price or rate that is calculated by Union Gas. Since the Ontario Landed Reference Price is no longer calculated by Union Gas, NRG determined that the use of the Dawn reference price was appropriate. The only other alternative would be to continue to use the last approved Ontario Landed Reference Priced that the OEB approved for Union Gas in the EB-2016-0247 Decision and Order dated September 22, 2016. As shown in Schedule 1, page 6, line 5, this price was 18.9432 cents per cubic metre. This compares with the current Dawn Reference Price as calculated by Union Gas in their current QRAM application (EB-2016-0334) of 16.11 cents per cubic metre.

RESPONSE TO 3

Within NRG's 2017 Cap-and-Trade Compliance Submission currently before the Board under file number EB 2016-0330, NRG has specified that all OEB approved charges related to Cap and Trade cost recovery will be included in the delivery portion of NRG's bill.

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RESPONSE TO 4

No calculations for the prices shown in Schedule 6 are required as they are sourced directly from Union Gas or previous Board decisions. The price of 30.12 cents for Local Production (a) shown in Schedule 6 is explained in Schedule 1, page 5, lines 21-25. The price of 16.11 cents for Local Production (b) in Schedule 6 is explained in Schedule 1, page 6, lines 16-22 and the price of 16.7188 cents for Union Gas shown in Schedule 6 is explained in Schedule 1, page 7, lines 5-10.