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August 14, 2020

VIA EMAIL, RESS and COURIER

Ms. Christine E. Long
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Long:

Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (Board) File No.: EB-2020-0094
Harmonized System Expansion Surcharge, Temporary Connection Surcharge and Hourly Allocation Factor

As discussed with Board Staff and to assist with discussions at the Technical Conference scheduled pursuant to Procedural Order No. 2 in this proceeding, Enbridge Gas is filing the enclosed brief slide deck that contains a hypothethical illustrative example of how Enbridge Gas proposes to apply the Hourly Allocation Factor ("HAF").

The slide deck also contains clarification about circumstances that would warrant determination of an Area of Benefit for a Development Project. Further, Enbridge Gas proposes to establish two thresholds that would apply to HAF projects to assist with clarification of how Enbridge Gas intends to implement the HAF.

Enbridge Gas does not anticipate significant evidence updates are required to incorporate these thresholds and this additional information should not impair any parties' ability to prepare for the Technical Conference. In any event, Enbridge Gas will review its evidence and will endeavor to file any required updates before the Technical Conference.

Enbridge Gas requests that the Board assign an exhibit number to the enclosed slide deck and Enbridge Gas witnesses will speak to it as part of their introductory comments in the Technical Conference.

Please contact the undersigned if you have any questions.

Yours truly,

(Original Digitally Signed)

Rakesh Torul
Technical Manager,
Regulatory Applications

cc: EB-2020-0094 Intervenors

When would a HAF be appropriate?

The hourly allocation factor (HAF) is a tool ***designed to help customers*** achieve benefits of economies of scale and to ***allocate costs fairly***. By using an Area of Benefit and a long term forecast, it eliminates "gaming" around timing of growth. An Area of Benefit is:

1. An area expected to see growth from multiple customers over time that is typically constrained.
2. An area where aggregating customer demands (large and small) over time produces economies of scale and lowers the capital cost per m3/h of capacity created while creating needed capacity.

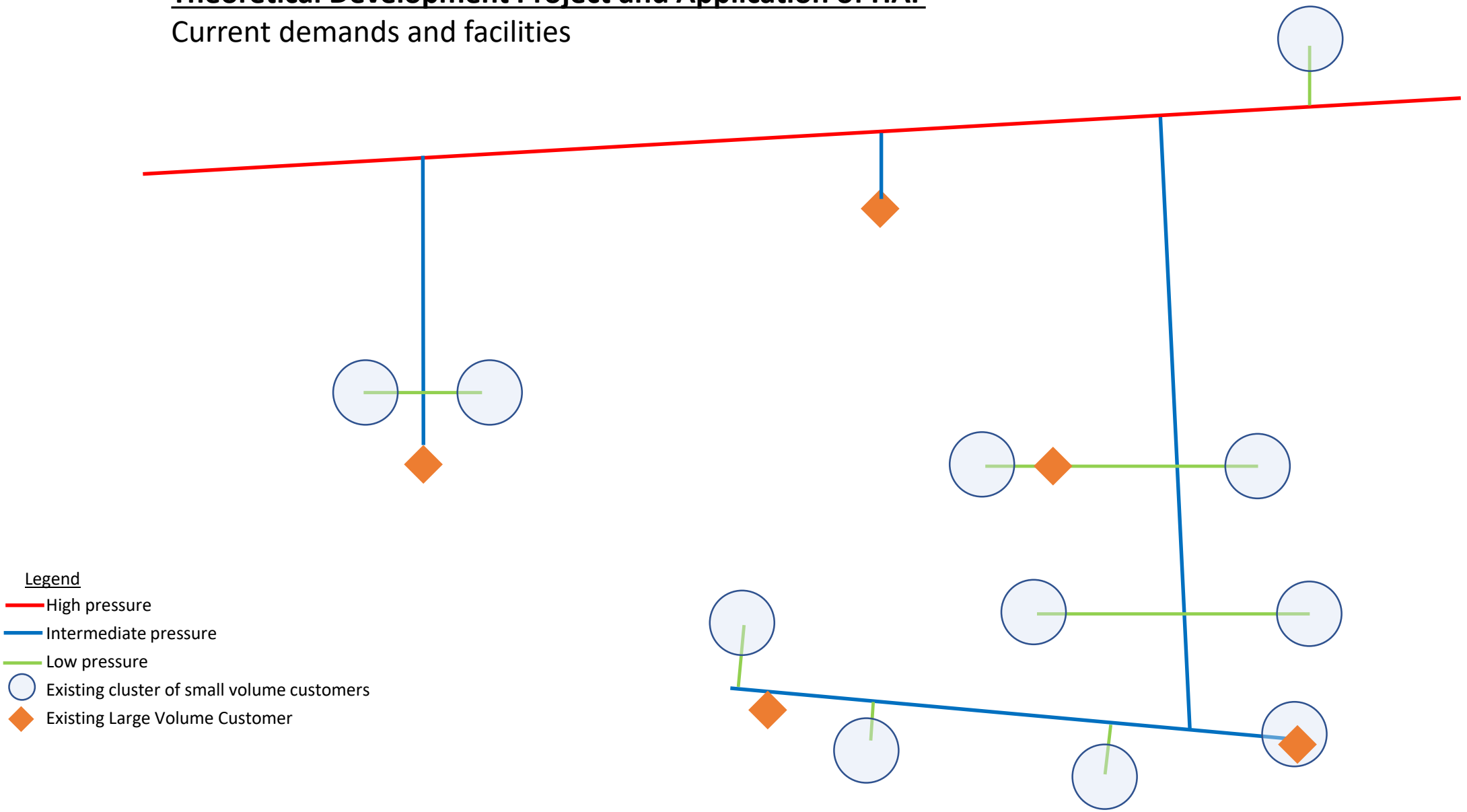
Should thresholds be set for the HAF?

EGI did not propose thresholds for the HAF in evidence. However, after further considering interrogatories and Board Staff's concern about lack of clarity, EGI proposes the following thresholds for the HAF:

- In order for a HAF to apply, a customer shall have an **hourly consumption of at least 50 m3/h**
- EGI shall have **contractual commitments from at least 50% of forecast large volume customers** for a HAF project prior to construction

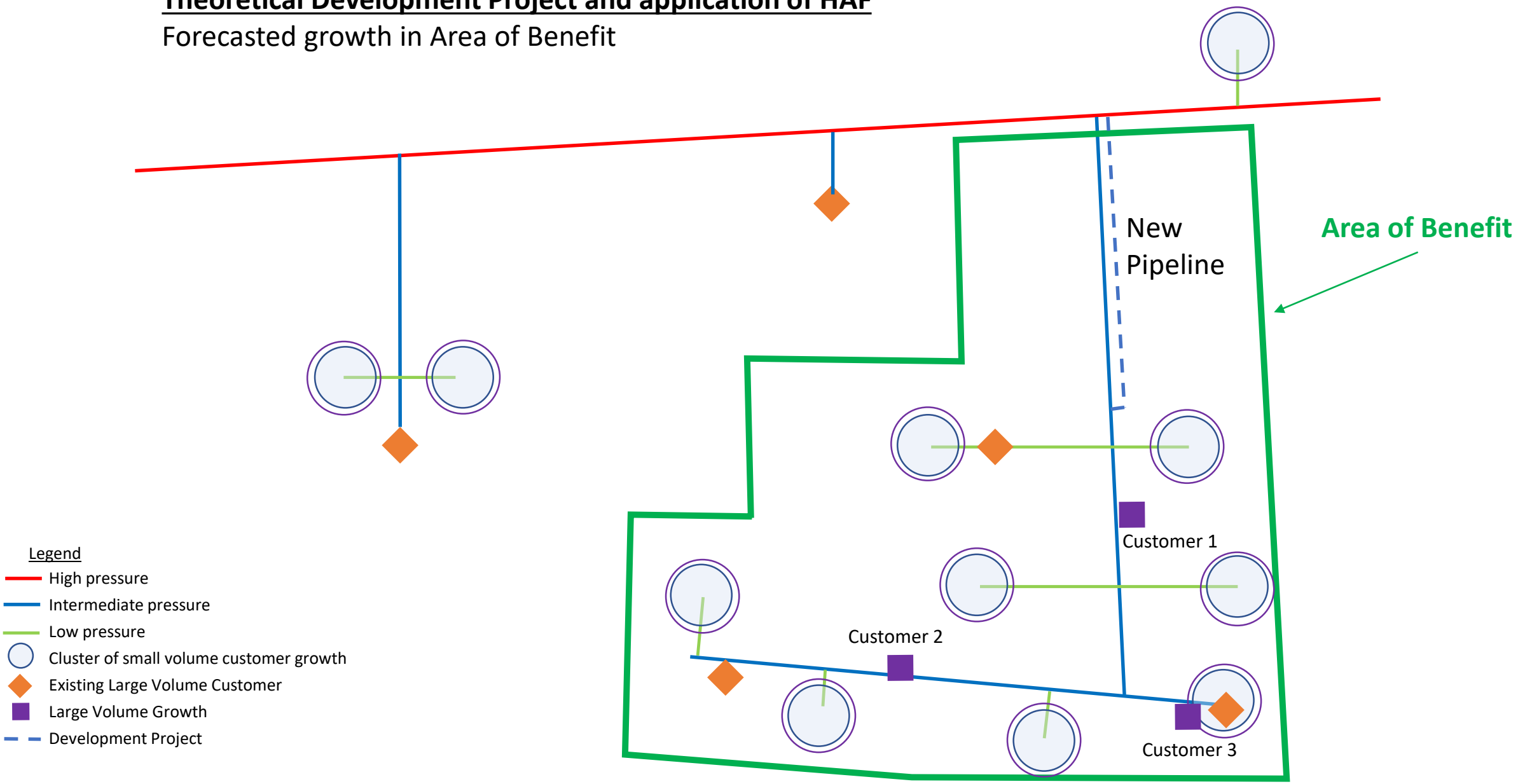
Theoretical Development Project and Application of HAF

Current demands and facilities



Theoretical Development Project and application of HAF

Forecasted growth in Area of Benefit



Derivation of HAF:

Forecast of Growth within Area of Benefit (m3/hour)

Large Volume	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	% Total
Customer 1	125		125		125						375	3.5%
Customer 2		1,500					1,000			200	2,700	25.0%
Customer 3	3,000				500			500			4,000	37.0%
Subtotal Large Volume	3,125	1,500	125	0	625	0	1,000	500	0	200	7,075	65.4%
Small Volume	350	355	361	366	371	377	383	388	394	400	3,746	34.6%
Total Project	3,475	1,855	486	366	996	377	1,383	888	394	600	10,821	100.0%

Development Project		Cost ($m)	Large Volume	Small Volume
	New Pipeline	$3.00	65.4%	34.6%
			$1.96	$1.04

Derivation of Proposed HAF:

Large Volume Allocation =	$1,961,472
Larege Volume Growth (m3/h) =	7,075
HAF =	$277/m3/h

Proposed Threshold of HAF Eligibility = 50 m3/h

Allocation of Costs:

Each large volume customer, as they connect or increase their consumption, will be allocated their proportion of the costs of the shared facilities:

Initial Contracts:

Customer 1:	125 m3/h	x	$277/m3/h	=	$34,655	plus any customer specific costs (customer station, service, etc.)
Customer 2:	1,500 m3/h	x	$277/m3/h	=	$415,860	plus any customer specific costs (customer station, service, etc.)
Customer 3:	3,000 m3/h	x	$277/m3/h	=	$831,720	plus any customer specific costs (customer station, service, etc.)
	4,625 m3/h				$1,282,235	
	65%	of Large Volume forecast				

If/ when any customer increases their consumption by the threshold of eligibility (100 m3/h or more in this case), they will be allocated their share of the costs until all 7,075 m3/h has been allocated

The Small Volume component of the project:

Cost allocation = 34.6% of $3,000,000 = $1,038,528

This cost will be treated in the same way as they are today for small volume customer projects.

Impact to customers:

Large volume – gain economies of scale and are able to expand their businesses in an economic way

Small volume – gain economies of scale and are allocated costs commensurate with their demand growth