Interrogatory Responses to The Ontario Petroleum Institute

Re: EB-2017-0275 – EPCOR - 2018 Cap-and-Trade Compliance Plan

Questions:
A. What is the carbon benefit to EPCOR by receiving one 10 3m3 of locally produced natural gas, regardless of its source, as compared to having to transport that same 10 3m3 of from Alberta?

EPCOR Response:
Under Ontario Cap and Trade, there is no carbon benefit to EPCOR receiving one 10 3m3 of locally produced natural gas when compared to 10 3m3 delivered from Alberta.

Within EPCOR's boundary, emissions are calculated on the volume of gas entering EPCOR's distribution system; either from Union or from local production. Emissions outside this boundary, i.e. outside the province are not captured as part of EPCOR's emission reporting requirements under Cap-and-Trade. As such, any emissions related to the transportation of gas outside of EPCOR's territory are captured by upstream suppliers. For greater clarity, EPCOR is not responsible for procuring allowances related to transportation-related emissions.

B. What is the carbon benefit to EPCOR by receiving one 10 3m3 of locally produced natural gas, regardless of its source, as compared to having to transport that same 103m3 of gas from eastern United States that has been produced using high pressure fracturing techniques? Please include the impact of the additional GHG produced using these fracturing techniques.

EPCOR Response:
Same as above

C. What would EPCOR be willing to pay for each of the four forms of locally produced natural gas noted above? What methodology would EPCOR use to establish these four prices?

EPCOR Response:
The majority of EPCOR's customers are supplied through Union system gas. ENGLP ceased to operate a procurement department when returning to system gas and therefore the question is irrelevant.

D. How will EPCOR ensure that the quality of locally produced natural gas, regardless of its source, is treated fairly from a compensation and subsidy perspective, relative to the other sources?

EPCOR Response:
Although locally produced gas makes up less than 5% of EPCOR's annual consumption, it is a critical part of EPCOR's supply. Wells producing into EPCOR's system are located in an area that cannot receive additional supplies from Union at this time; not without upstream reinforcement costs that are prohibitive. Local production serves to reinforce the SE area of the system, specifically in Norfolk and Bayham. However, because competitive markets exist, ENGLP will ensure fair pricing. ENGLP will continue to work with the OEB and stakeholders to ensure reliable, cost-effective gas supplies to its customers.

E. How will EPCOR ensure that their tariffs and facility-related interconnect charges are just and reasonable for all locally produced natural gas?

EPCOR Response:
ENGLP will continue to work with local suppliers, the Ontario Energy Board and rate payers to determine commodity pricing that balances the needs of all stakeholders.