



PUBLIC INTEREST ADVOCACY CENTRE
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November 11, 2019

VIA E-MAIL

Christine E. Long
Registrar and Board Secretary
Ontario Energy Board
Toronto, ON

Dear Ms. Long:

Re: EB-2018-0329 – Corporation of the Town of Marathon - Application for approval to construct a natural gas pipeline and associated facilities in the Town of Marathon, the Township of Manitouwadge, the Township of Schreiber, the Township of Terrace Bay and the Municipality of Wawa
Interrogatories of the Vulnerable Energy Consumers Coalition (VECC)

Please find attached the interrogatories of VECC in the above-noted proceeding. We have also directed a copy of the same to the Applicant.

Yours truly,

A handwritten signature in black ink that reads 'Mark Garner'.

Mark Garner
Consultants for VECC/PIAC

Email copy:
Daryl Skworchinski, Chief Administrative Officer and Clerk, Town of Marathon
clerk@marathon.ca

For interrogatory clarifications please contact Mark Garner at 647-408-4501 or markgarner@rogers.com

REQUESTOR NAME
TO:
DATE:
CASE NO:
APPLICATION NAME

VECC
Corporation of Town of Marathon
November 11, 2019
EB-2018-0329
LTC Application

VECC-1

Reference: Exhibit A, Tab 1, Schedule 2, pages 8-

- a) Please provide the specific *OEB* Act provisions and the proposed text for the proposed:
 - i. order or orders for a gas supply plan to serve each Municipality;
 - ii. order or orders providing pre-approval of the cost consequences of a long-term liquefied

- b) The following statement is made "*The Utility would not receive unconditional or final authority to furnish natural gas service in the Municipalities, and therefore will not commence construction of its proposed natural gas facilities or provide service to any customer, until such unconditional or final authority is granted in a subsequent order.*" Please describe what "unconditional or final authority" is being sought as distinct from what conditional authority is being sought.

- c) Does a Corporation exist to which the Board will grant and orders or are the orders to be granted to the Corporation of the Town of Marathon? If the latter please explain how and when the Applicant intends to transfer these authorities to a new corporate entity.

VECC-2

Reference: Exhibit A, Tab 7, Schedule 3

- a) According to the Project Schedule Overview the Applicant is seeking "conditional" approvals by December 2019 and final approval by March 2020. Please specify the relief sought in the "conditional" approvals. Please also specify the conditions that are being proposed as part of this order.

VECC-3

Reference: Exhibit A, Tab 4, Schedule 1, page 12-18

The forecast conversion rate is give as (page 16):

- 62% of Residential (includes 50% of undecided respondents)
 - 65% of Commercial (5% above the survey results to capture undecided)
 - 84% of Institutional (institutional customers' capture rate would not materially change as energy managers already had a very high interest in converting to gas).
- a) Please confirm (or correct) that the residential forecast customer conversion exceeds buildings currently equipped with air ducts (i.e. residential 62% vs 59% combined oil + electric + propane forced air).
 - b) Please confirm (or correct) that the commercial forecast conversion rate also exceeds the number of buildings with duct work (i.e. 65% of all commercial customers in a population where existing customers are 30% propane and 30% oil use).

VECC-4

Reference: Exhibit A, Tab 4, Schedule 1

- a) What was the price of natural gas used in the Innovative survey?
- b) Why was the scenario of a government grant for conversion set out in the survey? Is there currently a government grant program under which potential customers can avail themselves in order to mitigate conversion costs? If so please explain/describe.

VECC-5

Reference: Exhibit A, Tab 4, Schedule

- a) Of the 5 communities subject of this application which (if any) are subject to electricity Distribution Rate Protection or Rural and Remote Rate Protection?
- b) With the exception of Wawa (Algoma Power) are all the other communities in this application provided electricity distribution service by Hydro One?
- c) Has the Applicant explored with the Ontario Government the possibility of legislation to allow any existing electricity subsidies to be transferred to converting natural gas customers in order to defray conversion costs?

VECC-6

Reference: Exhibit A

- a) Is the economic feasibility of this project dependent upon provisions or regulations (enacted or expected to be enacted) under the provisions of Bill 32 – Access to Natural Gas Act, 2018? If yes, please describe what these are.

VECC-7

Reference: Exhibit A, Tab 9, Schedule 4

- a) Is the \$3.454 million the only government financials (grant or loan) for the distribution portion of this project?
- b) What is the total amount of government grants provided for the LNG facility?
- c) Are any of the grants being applied to the storage facilities?

VECC -8

Reference: Exhibit A, Appendix B5

- a) In their commentary some customers note that there will be a lack of trained gas technicians in their communities to install and service natural gas appliances. Given the current absence of natural gas in these communities how is current the lack of TSSA certified gas technicians to be addressed under this proposal?

VECC -9

Reference: Exhibit A, Tab 4, Schedule 2, pages 2-

- a) Was the incremental cost for LNG supplied gas (i.e. a 50% premium) explained in the survey?
- b) Was the fact that the natural gas would be supplied by LNG trucked into sites explained as part of the survey? If so were any questions asked related to the reliability or safety of that supply chain?

VECC-10

Reference: Exhibit A, Tab 8, Schedule 1, page 1 of 1 and Attachment 1 & 5

- a) Under this proposal who is the holder of the gas supply and FT transportation contracts to the Nipigon LNG facility – the Utility or Nipigon?
- b) Which entity is responsible for meeting any requirements of TCPL to

provide an interconnection for the LNG facility?

- c) Please explain how and to what “*extent the Parties have agreed to Gas Procurement Services, any acquisition or procurement of Gas required for the LNG Services;*”
- d) Please explain to how and to what “*extent the Parties have agreed to Load Balancing Services, the balancing of supply and demand of Gas from storage or at receipt or delivery points.*”

VECC-11

Reference Exhibit A, Tab 13, Schedule 1, page 7

- a) The evidence states that:

“The Utility will be required to provide and maintain evidence of satisfactory creditworthiness and provide the requisite financial assurances during the term of the proposed Contract, and the Utility may be required to execute a financial backstopping agreement, in form and substance reasonably acceptable to Nipigon LNG upon execution of the proposed Contract.”

Please provide the form of this backstop agreement

VECC-12

Reference: Exhibit A, Tab 4, Schedule 3

- a) Why is the expected saving rates of converting from propane and fuel oil to natural gas different for commercial customers than for institutional customers (i.e. 40% vs 25% and 45% vs 40% respectively)?

VECC -13

Reference: Exhibit A, PDF pg. 549

- a) Please confirm (or correct) that the National Energy Board denied the application for an interconnection of the Nipigon LNG Project.
- b) Please confirm that it was TransCanada’s (TCEnergy) position in that proceeding that no order of the NEB was required for it to connect the LNG facilities.
- c) Please also confirm (or correct) that it was TransCanada’s position that it would be willing to connect subject to the project not being in violation of the “No Bypass Provision” of its agreements with Union Gas and Enbridge Gas Distribution (now Enbridge Gas Inc.).
- d) Please explain what, if any, regulatory impediments currently exist to connecting the LNG facility to the TransCanada Mainline. Specifically, is the willingness of TransCanada to construct the necessary facilities (meter

station) dependent upon the OEB issuance of a franchise to the Utility?

VECC-14

Reference: Exhibit A, Tab 8, Schedule 1, Attachment 1, page 32 – Elenchus

- a) Please provide the basis of the \$7.03 LNG service charge provided at section 2.7.3. By way of comparison to other similar projects show how this charge is reasonable.
- b) Please explain what due diligence the Applicant did to understand that the LNG related costs to be charged to its customers is reasonable.
- d) Please explain what costs “Variable Charges” are meant to recover.
- e) Please show the derivation of the \$0.84 “Trucking” costs.

VECC-15

Reference: Exhibit A, Tab 11, Schedule 1

- a) Please explain who will own the facilities (including land) for the LNG storage facilities in the various franchises.

VECC-16

Reference Exhibit A, Tab 13, Schedule 1, Attachment 5

- a) Did the Applicant have an independent review of the LNG Service Agreement by professional parties (legal and gas brokerage) who are unrelated to Nipigon LNG? If yes, please provide those opinions.
- b) Has the Applicant had the proposed nominations and other aspects of gas delivery under sections 3.2 of the proposal of form of the contract “LNG Services Agreement” reviewed by a party, independent of Nipigon LNG Corporation, who is a qualified expert in the field of gas brokerage?
- c) Does the proposed contract (section 2.2) prohibit the Applicant from contracting for its own agent to procure natural gas under the terms it believe appropriate to serve the proposed franchises?
- d) Please explain how load balancing is addressed under the proposed contract?
- e) Please explain which party nominates gas under the proposed agreement.

VECC-17

Reference: Exhibit A, Tab 13, Schedule 1, Attachment 5

- a) Please confirm (or correct) that section 4.1 (a) of the contract requires that the Utility “take or pay” all firm contract amounts of Nipigon LNG as set out in Schedule B of the Contract.
- b) What are the fees and charges contemplated under section 4.1 (d) and (e) of the Contract?
- c) Please explain what financial security is required by the Utility under the terms of the Contract.
- d) Why are there no terms with respect to bankruptcy or insolvency of Nipigon LNG whereas there are extensive such terms to be applied to the Utility under section 9 of the Contract?
- e) Why do the provisions in the Contract with respect to disputes not contain provisions which acknowledge the Ontario Energy Board as the regulator and the Utility being bound by the regulator’s orders?
- f) Why do the Confidentiality provisions under section 15.14 not contain provisions for the release of information to the Ontario Energy Board as regulator of the Utility?

VECC-18

Reference: Exhibit A, Tab 13, Schedule 1, Attachment 5, page 37

- a) Please explain why the Utility believes that a firm capacity charge of \$7.03/GJ per MDQ is reasonable. Specifically please provide the calculation of that estimate and the basis for that calculation, including any comparable data used to determine the estimate.

VECC-19

Reference: Exhibit A, Tab 13, Schedule 1, Attachment 5, page 39

- a) Please explain who owns the depot storage facilities set out in Schedule D (Utility of Nipigon LNG)?

VECC- 20

Reference: Exhibit A, Tab 13, Schedule 1, Attachment 5, page 35

- a) Please explain why the Utility would agree to provisions (a) - “perceived shortage of Nipigon LNG” and provision (d) – “curtailment for repairs or improvements to the LNG facility” without compensation.