ONTARIO ENERGY BOARD STAFF COMMENTS
EPCOR Natural Gas QRAM Application EB-2019-0288
December 17, 2019

1. On page 7 of the evidence, EPCOR Natural Gas has indicated that it has entered into a contract with a local producer for volumes to be purchased as of the later date of November 1, 2019, or the completion of Lagasco and EPCOR Natural Gas facilities.

   a) Is EPCOR seeking OEB approval of the costs consequences of the Lagasco contract effective January 1, 2020?
   b) If so, why did EPCOR chose to do so in a QRAM proceeding rather than a separate application with longer processing time?
   c) Please provide the date at which EPCOR Natural Gas and Lagasco entered into the gas purchase contract.
   d) What facilities are required to procure the natural gas volumes and what is the forecasted cost of the facilities?
   e) Will EPCOR Natural Gas customers pay for the cost of the facilities that are required to procure natural gas from Lagasco?

2. EPCOR Natural Gas has entered into a contract with Lagasco for a firm contract demand of 1,200 GJ per day. The gas purchase contract expires on October 31, 2024.

   a) EPCOR Natural Gas has provided limited information on the gas purchase contract and how it impact the gas supply portfolio and gas supply mix. Will EPCOR Natural Gas provide an updated gas supply plan in a future rates proceeding? If yes, please provide the timeline for filing an updated gas supply plan.
   b) Please explain the rationale for the contracted quantity of 1,200 GJ per day.
   c) Please explain how the contract quantity from Lagasco impacts EPCOR Natural Gas' gas supply plan that was provided in the rates application (EB-2018-0336) and system integrity issues that EPCOR Natural Gas has experienced in parts of the system.

3. The commodity rate for the gas purchased from Lagasco is based on the Enbridge Gas total gas supply commodity charge. In addition to the commodity price, EPCOR Natural Gas will pay Lagasco a delivery charge and a demand charge for the delivery of gas into the distribution system up to 1,200 GJ per day. These charges will be equal to the corresponding charges paid to Enbridge Gas under the M9 rate schedule, adjusted for the relative difference in the heat content of the gas delivered.

   a) Please confirm if EPCOR Natural Gas will pay an additional charge (delivery and demand charges) over the gas supply commodity charge identified on page 8 ($0.134040 per m^3) that is based on Enbridge Gas's QRAM application in EB-2019-0273. If yes, please provide the delivery and demand charges separately and identify the reference in the QRAM application.
   b) What will be the total charge per m^3 that will be paid to Lagasco for the period January to December 2020 inclusive of all charges? Please provide a table with a breakdown.
   c) Why has EPCOR Natural Gas proposed to pay a delivery and demand charge considering that the gas will be sourced within the franchise area?

4. The evidence states (page 8) that EPCOR Natural Gas assesses its contract demand with Enbridge Gas annually, to take effect November 1. The evidence further notes that it would be imprudent for EPCOR Natural Gas to renegotiate a lower contract demand prior to November 1 and possibly find itself in an unauthorized overrun position. Once EPCOR Natural Gas has some operational experience with Local Production (C), it will then be in a position to review its contract demand with Enbridge Gas.

   a) Please provide the annual contracted demand with Enbridge Gas under M9.
   b) EPCOR Natural Gas has provided the historical and forecast volumes for 2019 and 2020 in schedules 3 and 6 respectively. The 2019 volumes purchased from Enbridge Gas in 2019 is approximately 27 million cubic metres. This is forecasted to drop to approximately 20 million cubic metres in 2020 (schedule 6). However, EPCOR Natural Gas in its evidence has not proposed to review its contract demand with Enbridge Gas. Please

explain the discrepancy in the body of the evidence (page 8) and the drop in forecasted volumes in schedule 6.

c) Why has EPCOR Natural Gas forecasted procuring lower volumes from Enbridge Gas in 2020 as compared to 2019?

5. In schedule 6 of the evidence, EPCOR Natural Gas has shown purchases from Local Production (B) of approximately 60,000 cubic metres per month from October to December 2020.

   a) Please identify the seller under Local Production (B).
   b) Why does EPCOR Natural Gas require additional volumes from Local Production (B) when it has entered into a gas purchase contract with Lagasco?
   c) Please explain why the unit price is changing from 11.8187 cents/cubic metre to 13. 4040 cents per cubic metre starting in October 2020 for Local Production (B)?