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Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

**Attention: Ms. Christine Long, Board Secretary**

Dear Ms. Long:

**Re: Enbridge Gas Inc. (EGI) - OEB File No. EB-2019-0137  
5 Year Gas Supply Plan  
TransCanada PipeLines Limited (TCPL) Written Comments on the Draft OEB  
Staff Report**

Attached please find the written comments of TCPL in the EB-2019-0137 proceeding regarding the Draft OEB Staff Report released on December 19, 2019.

Yours truly,  
**TransCanada PipeLines Limited**

*Original signed by*

Jim Bartlett  
Manager, Regulatory Research and Analysis  
Canadian Natural Gas Pipelines

cc: Brandon Ott, Enbridge Gas Inc.  
David Stevens, Aird & Berlis LLP

Enclosure

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**TRANSCANADA PIPELINES LIMITED**

**Consultation to Review Natural Gas Supply Plans  
Written Comments on the Draft OEB Staff Report to the Ontario Energy Board**

**EB-2019-0137**

January 17, 2020

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TransCanada PipeLines Limited (TCPL) is writing to provide its comments on the Draft OEB Staff Report (Draft Report) to the Ontario Energy Board (OEB or Board) regarding Enbridge Gas Inc.'s (EGI) 5 Year Gas Supply Plan (Gas Supply Plan). The Gas Supply Plan was filed on May 1, 2019, pursuant to the process outlined in the *Report of the Ontario Energy Board: Framework for the Assessment of Distributor Gas Supply Plans* (Framework). On October 21, 2019, various Stakeholders submitted written comments on the Gas Supply Plan, and on November 18, 2019, EGI filed its Reply Submission to those written comments. On December 19, 2019, OEB Staff submitted the Draft Report.

TCPL does not have any comments regarding the Gas Supply Plan filed by EGI in the current proceeding. TCPL's comments are in relation to the process for the review of EGI's gas supply planning decisions and their associated costs consequences. TCPL is concerned that there is a lack of clarity as to which process or processes are intended for the review of EGI's gas supply planning decisions and their associated cost consequences and the extent to which such processes will allow Stakeholders to obtain more information or identify any issues on these matters. A review of recent proceedings confirms that clarification is needed.

EGI made statements in the Framework proceeding,<sup>1</sup> its 2019 Rate Application,<sup>2</sup> and its Gas Supply Plan filing<sup>3</sup> that its gas supply planning cost consequences, at least for the EGD Rate Zone, would be approved by the Board in its annual rate applications. EGI included substantial gas supply evidence in support of its 2019 Rate Application and asked the Board for the cost consequences of the EGD Rate Zone gas supply plan to be approved.<sup>4</sup> Board Staff expressed the opinion in the same proceeding that the cost consequences for both the EGD and Union Rate Zones should be reviewed and approved outside the QRAM process,<sup>5</sup> and the Board itself stated in the EB-2017-0257 consultation proceeding that the next step in the integration process was to review the cost consequences of gas distributor's core functions in one annual rate application.<sup>6</sup>

The Board subsequently removed the issue from the 2019 Rates Proceeding stating that the appropriateness of gas supply cost consequences was not in scope.<sup>7</sup> The Board referenced the five-year natural gas supply plan process as the separate process for the review and assessment of gas supply plans, and also referenced the EB-2017-0257 consultation to consider the merits of moving to a single annual natural gas rate application, which has subsequently been put on hold due to the OEB's transition to a new governance structure.<sup>8</sup> More recently, in its 2020 Rate Application, EGI did not include the gas supply cost evidence that it filed in its 2019 Rate Application, and stated that for 2020 and beyond, EGD Rate Zone gas supply plan cost consequences will be reflected through QRAM applications and gas supply deferral accounts.<sup>9</sup>

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<sup>1</sup> EB-2017-0129, EGD Comments on the Draft Report of the OEB filed June 1, 2018, Pages 9-10.

<sup>2</sup> EB-2018-0305, Exhibit E1, Tab 1, Schedule 1, Page 2 of 7.

<sup>3</sup> EB-2019-0137, EGI 5 Year Gas Supply Plan, Table 36, Page 109.

<sup>4</sup> See EB-2018-0305, Exhibit E1, Tab 4, Schedules 1, 3, 4 and 9.

<sup>5</sup> EB-2018-0305, 2019 Rates Application, OEB Staff Submission on Draft Issues List, Feb 28, 2019, Pages 5-6.

<sup>6</sup> EB-2017-0257, OEB Initiation Letter, January 17, 2019, Page 3.

<sup>7</sup> EB-2018-0305, Procedural Order No. 2, April 1, 2019, Pages 6-7.

<sup>8</sup> See OEB letter re: Status of policy initiatives during the transition to a new governance structure, June 19, 2019.

<sup>9</sup> EB-2019-0194, EGI 2020 Rates Application, Exhibit B, Tab 1, Schedule 1, Pages 16-17 of 24.

The Draft Report and EGI's Reply Submission also did not clarify the question as to which proceeding(s) the prudence of EGI's contracting decisions and their cost consequences are to be reviewed. The Draft Report states that the existing cost consequences of the gas supply plans were reviewed by the OEB in recent proceedings, however the citation is to EGD's 2018 Rate Application which does not address cost consequence reviews for any contracting after that proceeding.<sup>10</sup> EGI's Reply Submission focuses on the impracticalities of reviewing the cost consequences of future potential gas supply decisions.<sup>11</sup> However, no party to this proceeding is seeking to have the Board pre-approve prospective future EGI contracting decisions and resulting cost consequences. Rather, the concern is around a requirement for Stakeholders to understand which proceeding the Board will use to review and approve EGI's recent<sup>12</sup> – not prospective – contracting decisions and their resulting cost consequences. No prudence review has occurred in the Gas Supply Plan process or in the recent annual rate proceedings.

It appears that the only proceeding where cost consequences might be assessed, and the only opportunity for Stakeholders to bring any issues forward would be through the QRAM process. In TCPL's opinion, the QRAM process is not suitable for prudence review purposes as it provides for only a short review process and is of limited scope. Additionally, TCPL notes that Stakeholders or the Board would not have the information required to properly assess the reasonableness of EGI's contracting decisions as EGI does not file supporting evidence on these matters in QRAM proceedings.

For these reasons, TCPL requests that the Board clarify which specific proceeding(s) the prudence and cost consequences of EGI's recent gas supply contracting decisions will be reviewed for both the EGD and Union Rate Zones. It is TCPL's preference that this take place as part of the single annual natural gas rate application as previously contemplated in the EB-2017-0257 proceeding as it is the most suitable forum for EGI to provide evidence in support of its recent contracting decisions. This would also provide for a Board adjudicated process that would allow Stakeholders, in situations where it may be necessary, to meaningfully engage with EGI regarding the evidence presented and the contracting decisions made, including having the opportunity for full discovery.

TCPL sincerely appreciates the opportunity to submit these comments, and thanks EGI, the Board, Board Staff, and all other Stakeholders for their important contributions to this process.

All of which is respectfully submitted,  
**TransCanada PipeLines Limited**

*Original signed by*

Jim Bartlett  
Manager, Regulatory Research and Analysis  
Canadian Natural Gas Pipelines

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<sup>10</sup> Draft OEB Staff Report, December 19, 2019, Section 5, Page 32.

<sup>11</sup> EGI 5 Year Gas Supply Plan – Reply Submission, November 18, 2019, Page 6 of 29, Paragraphs 19 and 20.

<sup>12</sup> Examples of EGI's recent contracting decisions are those found in EB-2019-0137, EGI 5 Year Gas Supply Plan, Sections 5.3 and 12.3 - Transportation Contracting Analysis, Pages 40-42 and 79-80.