EB-2019-0159

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Schedule B, and in particular, sections 90 (1) and 97 thereof;

AND IN THE MATTER OF an Application by Enbridge Gas Inc. for an Order or Orders granting leave to construct natural gas pipelines and ancillary facilities in the City of Hamilton;

AND IN THE MATTER OF an Application by Enbridge Gas Inc. for an Order or Orders approving the proposed form of Pipeline Easement and form of Temporary Land Use Agreement.

Energy Probe Interrogatories

March 23, 2020

EB-2019-0159
Enbridge Inc. Dawn-Parkway Expansion
Energy Probe Interrogatories

EP-1

Reference: No Reference- STAR Policy

a) Please file a copy of the STAR.

b) Please discuss how STAR applies to both in-franchise and ex franchise transportation and to facilities expansion.

c) Specifically, does in-franchise storage and transportation expansion take precedence over ex-franchise?

d) If EGI receives requests for new ex-franchise transmission capacity, is EI forced to build capacity to satisfy the requests, or is the decision based on economic viability based on the EBO 134 Economic Tests? Please Discuss.

e) Specifically, if a project fails Stage 1 and Economic Feasibility is determined by Stage 2 how are out-of-Province and US shippers dealt with in the Stage 2 Analysis? Provide the answer in context of the current Application.

f) Please provide a schedule that shows how much of the existing 2019/2020 Dawn Storage capacity is contracted to each of
   i. Union Rate zones,
   ii. EGD Rate zones,
   iii. Ex franchise out of province (List), and
   iv. US Shippers.

EP-2

Reference: Exhibit A, Tab 3, Pages 2 and 3

Preamble: *Had surplus Dawn Parkway System capacity not been contracted to serve those ex-franchise demands from 2018-2020, it could have further served the needs of in-franchise customers in the EGD rate zone and Union rate zones commencing in the winter 2021/2022 as detailed in Exhibit A, Tab 6.*

a) Please confirm that Union contracted the surplus 2017 Dawn Parkway capacity on a long-term basis.

b) Why did Union not contract the surplus capacity short term, given the forecast of Union and EGD in-franchise growth?

c) Why did Enbridge Gas Distribution not bid for any of the "surplus" given its 2020/21 increased demand? Please discuss.

d) Please provide details of the 2017 expansion including the amount of incremental capacity broken down between pipe and compression.

e) Please provide the related amount of incremental peak day capacity contracted, the counterparty, term and annual M12/M12X revenues for 2017-2024.

EP-3

Reference: Exhibit A, Tab 3, page 6

Preamble: *The Project meets the criteria for rate recovery through the ICM mechanism and Enbridge Gas expects to request approval under Section 36 of the Act related to ICM rate recovery of the Project as part of its 2021 Rates application.*

Enbridge Gas has estimated forecast bill impacts under the ICM funding mechanism based on the average annual revenue requirement of the Project from 2021 to 2023. For in-franchise residential customers in the EGD rate zone and Union rate zones, the Project is expected to be relatively small and estimated to increase the total bill by less than $1.50 per year.

For ex-franchise customers contracted for Rate M12 Dawn-Parkway transportation service, the Project is expected to increase the M12 rate by approximately $0.004/GJ/d. When compared to the Dawn Reference Price of $2.922/GJ (per October 2019 QRAM), the increase in the M12 Dawn-Parkway transportation rate of $0.004/GJ/d represents approximately 0.1%.

a) Please confirm that EB-2019-0159 is a transmission project and that this application is the first time that Enbridge will be applying for ICM funding from ratepayers for a transmission project.

b) Has the OEB ever approved ICM funding for any electricity or gas transmission project in the past? If the answer is yes, please provide the OEB docket number.

c) Please provide specific references to OEB guidelines or other documents that allow electricity and gas transmitters to apply for ICM funding.

d) When does Enbridge expect OEB approval for ICM funding for this project? What course of action will Enbridge take if it does not obtain OEB approval for ICM funding?

e) Please file the supporting calculation for the estimate of the average residential customer bill impact increase of $1.50 per year including all assumptions.

f) Please provide the estimate the ICM rate rider for each EGD and Union Gas residential rate and general service rate.

g) Will Enbridge Gas apply for an ICM rate rider for Rate M12? If the answer is yes, please provide an estimate of the rate rider showing all calculations and assumptions.

EP-4

Reference: Exhibit A, Tab 5, Attachment 1, ICF: *Impact of Changing Supply Dynamics on the Ontario Natural Gas Market, July 2019,* Section 4.4 Key Areas of Forecast Uncertainty, page 39

a) As ICF completed the referenced report in July 2019, please discuss the impact of the following recent events on forecast uncertainty.

   i. Coronavirus/ Covid-19 pandemic

   ii. Instability in financial markets

   iii. Decline in oil prices

b) Considering the above, should the forecast be updated? If the answer is yes, please update the forecast. If the answer is no, please explain why not.

EP-5

Reference: Exhibit A, Tab 6, Page 8; EB-2019-0137 5-year Gas Supply Plan: CDA Tables 8, 9 and 10; EDA Tables 11, 12 and 13; Union North Table 27 and Union South Table 30.

Preamble: *Consistent with the analyses provided in the 5 Year Gas Supply Plan and consistent with the bids/interest submitted in the Open Season, Enbridge Gas has the following transportation requirements on the Dawn Parkway System effective November 1, 2021.*

- *EGD Rate Zone - 125,000 GJ/d of new capacity from Dawn to Parkway on the Dawn Parkway System, and corresponding new capacity on the TC Energy Mainline of 100,000 GJ/d from Parkway to Enbridge CDA starting November 1, 2021 and 25,000 GJ/d from Parkway to Enbridge EDA starting November 1, 2022.*
- *Union Rate Zone - 40,000 GJ/d of new capacity on the Dawn Parkway System to serve Union South rate zone and Union North rate zone (North East) customers starting November 1, 2021.*

a) Please provide a detailed reconciliation of the CDA shortfalls to the cited tables in the GSP.

b) Please provide a detailed reconciliation of the EDA shortfalls to the cited tables in the GSP

c) Please reconcile the costs for the Short Haul Parkway and Short Haul Kirkwall in Matrices 10 and 13 to the costs in the application.

d) Please provide a detailed reconciliation of the Union North shortfalls to the cited tables in the GSP. Specifically explain why no material shortfall is indicated in the GSP.

e) Please provide a detailed reconciliation of the Union South shortfalls to the cited tables in the GSP, Specifically, explain why no material shortfall is indicated in the GSP.

EP-6

Reference: Exhibit A, Tab 6, Pages 9 to 11, Tables 6-5 and 6-6

Preamble: *Consistent with the evaluation found in the 5 Year Gas Supply Plan, Tables 6-5 and 6-6 provide evaluation matrices for the Enbridge CDA and Enbridge EDA, respectively, demonstrating the assessment of the Open Season (identified as Short Haul-Parkway).*

a) Please provide the details of each of the various TC Energy Long Haul options considered and associated costs.

b) Please provide details of historic Peaking Service Contracts and explain the basis of the cost estimates provided for the CDA and EDA.

c) Please provide the calculations for the Short Haul Parkway options for CDA and EDA and provide/confirm cost comparisons of the options.

d) Please explain why EI cannot contract for capacity from Niagara-Kirkwall on TC Energy with/without additional compression and provide the costs for this option.

EP-7

Reference: Exhibit A, Tab 7, Pages 15 and 16

Preamble: *In the absence of additional Dawn Parkway System facilities, a total shortfall of 120,775 GJ/d is forecast in winter 2021/2022 and 164,798 GJ/d in winter 2022/2023. The details of this shortfall per rate zone are as follows:*

- *EGD rate zone (134,266 GJ/d),*
- *Union South rate zone (43,923 GJ/d),*
- *Union North rate zone (15,592 GJ/d), and*
- *Ex-franchise (-13,328 GJ/d).*

The forecasted shortfall is reduced by the capacity provided from the proposed Project of 92,174 GJ/d. The final forecasted shortfall for Winter 2022/2023 is 72,624 GJ/d.

a) Please indicate how EGI is planning to meet the 2022/2023 72,624 GJ/d forecast capacity shortfall and what options have been/are being examined, including IRP and further Dawn Parkway expansion for 2022/23.

b) Clarify if the latter is in-franchise only.

EP-8

Reference: Exhibit A, Tab 7, Page 21, ii) Utilizing Third-Party Deliveries at Parkway

Preamble: *Enbridge Gas examined the potential for TC Energy to provide an exchange service utilizing a Dawn Long Term Fixed Price service ("LTFP"). LTFP service expires in 2028 with an early termination option in 2023. The LTFP contracts can be terminated with two years notice. Further, LTFP shippers are not obligated to flow contracted volumes every day. This alternative is not a reliable long-term option to serve Enbridge Gas design day demand as it poses significant operational and commercial risk if not available beyond the original term or if shippers elect to not nominate for sufficient flow on design day to support the exchange service.*

a) Please provide details of the LTFP option including a comparison of costs to other options to meet the 72,624 GJ/d shortfall.

b) Explain why EGI cannot request Additional capacity on TC Energy from Niagara to Kirkwall or add compression at Kirkwall, if necessary?

EP-9

Reference: Exhibit A, Tab 8, Page 3, S*tage 1 – Project Specific Discounted Cash Flow Analysis*

Preamble: *The Stage 1 DCF analysis for the Project can be found at Exhibit A, Tab 8, Schedule 4. This schedule indicates that the Project has a NPV of negative $120.3 million and a PI of 0.35.*

a) Please confirm that the Project is not economic and has a Stage 1 PI of 0.35.

b) In the Stage 2 analysis please provide the following three categories of benefits;
   i. In-province benefits,
   ii. Ex province (Canadian) benefits, and
   iii. Foreign (US) benefits.

c) Please provide in tabular form, a list of Dawn Parkway expansion projects conducted during the prior IRM period, showing for each, the Capital Cost and In-Service date.

d) Indicate for each, if the project included pipe or pipe and compression and provide the Board approved Stage 1 PI for each project.

e) Provide additional information on the Stage 2 Benefit/cost Analyses for each project.

EP-10

Reference: Exhibit A, Tab 8, Page 6 -*Employment*

Preamble: *The construction of this Project will result in additional <u>direct and indirect employment</u>. There will be additional employment of persons directly involved in the construction of the Project. In addition, there will be a trickledown effect on employment as the Project is estimated to create approximately 2,759 jobs as referenced at Exhibit A, Tab 8, Schedule 6.*

a) Please provide the breakdown of the direct labour costs in the Construction and Labour Costs of $142,474,551.

b) Please translate this into number of employed person-years and jobs using
   a) Multiplier of 1.0
   b) Multiplier of 1.43
   c) Clarify if the *direct labour* cost is/is not included in the Stage 2 Cost/Benefit analysis. If it is included, please remove it and adjust the cost/benefit calculation.

EP-11

Reference: Exhibit A, Tab 8, Schedule 1, page 1

a) Please provide the supporting calculations for each component of the Kirkwall to Hamilton Pipeline Total Estimated Pipeline and Station Costs.

b) Please provide the following information regarding $19.5 million Indirect Overhead cost that Enbridge Gas is proposing to charge to this project.

   i. The amount included in $19.5 million that is an allocation from Enbridge Gas affiliates or its parent.

   ii. The breakdown of activities and services that are provided to the project that add up to $19.5 million, showing a cost estimate of each activity or service.

   iii. Is the $19.5 million Indirect Overhead cost an incremental cost that Enbridge Gas would not incur if the project does not proceed?

iv. Is Enbridge aware of any OEB decision where the OEB approved ratepayer funding through the Incremental Capital Module of an electricity distributor's non-incremental costs?

EP-12

Reference: Exhibit A, Tab 8, Schedule 5, Stage 2, *Fuel Savings*

a) Please provide copies of all references for heating oil, propane, electricity and gas costs used in the calculations.

b) Please compare the gas costs to the OEB Web site information on gas costs.

c) Please provide the working papers for the Fuel Saving calculations, including assumptions for each fuel and electricity:
    i. input fuel costs, conversion efficiency, and
    ii. Carbon/GHG costs and emissions.

d) Please provide any other relevant data/assumptions and explanatory notes

e) Reconcile to Exhibit A, Tab 8, Schedule 5.

EP-13

Reference: Exhibit A, Tab10, Attachment 1, Stantec: *Dawn-Parkway System Expansion: Kirkwall-Hamilton Pipeline Section: Environmental Report*, Sections 2.2.2 and 2.2.3

Preamble: *In the study area, three pipeline routing opportunities (as defined above) are present: two existing Enbridge Gas pipeline easements (referred to as the northern and southern easements) and a hydroelectric corridor operated by Hydro One Networks Inc.*

a) Please provide the Proposed Routes and maps provided by EI to Stantec for its EA.

b) If Stantec produced these after the field reconnaissance, please provide either the specific evidentiary references or copies.

c) Please provide a copy of the EI/ Stantec Notes on the route options.

EP-14

Reference: Exhibit A, Tab10, Attachment 1, Stantec: *Dawn-Parkway System Expansion: Kirkwall-Hamilton Pipeline Section: Environmental Report*, Section 2.3, Appendix A, Figures 2, 3 and 4

Preamble: *The field reconnaissance determined that the existing northern pipeline easement was constrained by wetlands and wooded areas, and by encroaching development within the communities of Beverly Hills Estates, Antrim Glen and the Ponderosa Nature Resort and would not be a feasible alternative. Based on this, two alternative routes were identified. The routes follow existing linear infrastructure where available and avoid, to the extent possible, existing environmental and socioeconomic features. The field reconnaissance also determined that the existing southern pipeline easement (Route A) travelled through the Antrim Glen and Ponderosa Nature Resort communities. To avoid these communities two route deviations were identified (Route A1 and Route A2) which would be further evaluated based on landowner input and engineering and construction considerations.*

a) Please explain whether Route A is/is not the existing southern pipeline easement.

b) Please provide complete technical, cost and environmental factors supporting the preferred Route relative to the Existing ROW, alternatives A1, A2 and B. Please provide any scoring/comparisons to support Enbridge's selection.

EP-15

Reference: Exhibit A, Tab 11, Schedule 1, Page 4, Route maps; Exhibit A Tab 10, Attachment 1, Stantec *Dawn-Parkway System Expansion: Kirkwall-Hamilton Pipeline Section: Environmental Report*

Preamble: It is unclear why the preferred route deviates from the existing Southern ROW and why this route was chosen relative to other alternatives.

a) Please explain why the new pipeline cannot use the existing ROW easement in proximity to the subdivision.

b) Please explain why a route following Concession 8 West was not considered as an alternative.

c) What are the distances from the pipeline location in the proposed preferred ROW easement to the nearest residences? Please list these by Property References.

d) What mitigation is EI taking as a result of this proximity to residences?

EP-16

Reference: No reference. OPCC Review

a) Please provide a list of the documents provided to the OPCC for the Committee's Review and if these documents are not in evidence, please provide copies

b) Please provide a copy of the “sign off” document from the OPCC.

EP-17

Reference: Letter of Objection from the Ministry of Transportation (MTO), dated Jan. 8, 2020.

a) Please indicate what steps Enbridge Gas has taken to address the MTO Objection(s). Include routing, other factors and costs.

b) Please provide details of the current status

EP-18

Reference: Exhibit A, Tab 11, Schedule 1, and Attachment 3

Preamble: *Drawings showing the proposed Kirkwall to Hamilton Pipeline location are provided at Exhibit A, Tab 11, Schedule 1. The names and addresses of landowners have been removed from this schedule to safeguard landowner privacy. The proposed pipeline is approximately 10.2 kilometers in length requiring approximately 28.56 hectares (70.57 acres) of permanent easement. Enbridge Gas has acquired land rights to 21.42 hectares (52.93 acres) of the required permanent easement. Enbridge Gas will also require approximately 26.33 hectares (65.06 acres), of temporary easement, for construction and topsoil storage purposes.*

a) Please provide the current status.

b) Please update the specifics regarding acquisition of Land Rights.

c) How many landowners have executed the agreements with Enbridge Gas and how many are outstanding?

d) What compensation has been paid/agreed to, to date and what is the estimated final amount?

e) Does Enbridge Gas expect to seek to expropriate any land or other easements? Please discuss.

Respectfully submitted on behalf of Energy Probe by its consultants,

Roger Higgin	Tom Ladanyi
SPA Inc.	TL Energy Regulatory Consultants Inc.