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April 3, 2020

Delivered by Email & RESS

Ms. Christine Long
Registrar and Board Secretary
Ontario Energy Board
2300 Yonge Street
27th Floor, Box 2319
Toronto, ON M4P 1E4

Dear Ms. Long:

**Re: Enbridge Gas Inc. Leave to Construct Application
Interrogatories of the Association of Power Producers of Ontario
("APPrO")
Board File No. EB-2019-0159**

We are counsel to APPrO in the above-captioned matter. Please find attached APPrO's Interrogatories to Enbridge Gas Inc. in connection with this proceeding.

Should you have any questions or require further information in this regard, please do not hesitate to contact me.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Per:

Original signed by John A.D. Vellone

John A.D. Vellone

cc: David Butters, APPrO
John Wolnik, Elenchus Research Associates Inc.
Adam Stiers, Enbridge Gas Inc.
Guri Pannu, Enbridge Gas Inc.
Charles Keizer, Torys

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, Sched. B, as amended, 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 pipeline 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.

EB-2019-0159

Interrogatories

To

Enbridge Gas Inc. (Enbridge)

From

The Association of Power Producers of Ontario (APPRO)

April 3, 2020

ISSUE 1

1-APPrO-1

Reference: Exhibit A, Tab 3, pages 4-5.

Preamble:

The Application was filed November 1, 2019. At that date:

- The need for the project was justified by incremental demand for Dawn Parkway System transportation capacity which was forecasted to cause capacity shortfalls as early as the winter of 2021/2022.
- The incremental Dawn to Parkway transportation capacity of approximately 185 TJ/d was broken down as follows:
 - ~20 TJ/d was awarded to U.S. Northeast utilities – Bangor Natural Gas Company and Northern Utilities Inc.
 - 125 TJ/d was awarded to customers in EGD rate zone
 - 40 TJ/d was allocated to customers in the Union rate zone

We are trying to better understand the impact on project need, and the risks being assumed by existing utility ratepayers, arising from the recent COVID-19 pandemic and associated mandatory closure of many businesses.

Questions:

- (a) Please describe at a high level what steps Enbridge has taken to monitor and track the impacts of the pandemic and business closures on its business, including the potential impact on demand for Dawn to Parkway transportation capacity. What information is Enbridge utilizing to monitor the impact on the pandemic on its business? Please provide a list of relevant metrics that are being actively monitored by Enbridge.
- (b) With regards to each of the metrics identified in response to question (a), please file the most current information available together with management's analysis and interpretation of what this information means for Enbridge's business.
- (c) Is the project still needed in light of the impacts of the pandemic and associated business closures on Dawn to Parkway transportation capacity demand?
- (d) Would it be prudent to update Enbridge's demand forecasts at a later date to incorporate the impacts of the pandemic and the associated business closures on this application and the associated project need? If no, why not?
- (e) Please confirm that the 2019 ICF report, which considered, *inter alia*, the risk of future turnback capacity from Northeast LDCs was completed well prior to the pandemic and consequently it fails to account for the impact of the pandemic and associated business closures on Northeast LDC capacity requirements.

- (f) Please confirm that should the Northeast LDCs begin to turn back capacity they will no longer have a commitment to pay Enbridge for that capacity? In the event this occurs, please confirm that the costs of this excess capacity will be borne solely by Enbridge's shareholder and that Ontario ratepayers will be held harmless?
- (g) If (f) is not confirmed, please explain why Ontario ratepayers should bear the risks associated with expanding the Canadian gas transportation system for the benefit of US Northeast and other export customers.

1-APPrO-2

Reference: Exhibit A, Tab 5, Attachment 1 – Impact of Changing Supply Dynamics on the Ontario Natural Market by ICF, July 2019 (“ICF Report”), Pages 22 and 40.

Preamble:

ICF makes several statements about the viability of East Coast LNG in their report, including:

“Development of any East Coast LNG export facilities would be expected to increase the need for pipeline capacity into the Northeast US and the Canadian Maritimes, and increase the utilization of, and value of, existing pipeline capacity in the region and along all of the routes into the region.”

and

“Pieridae Energy recently announced that a final investment decision on whether to proceed with the Goldboro LNG export facility would be made in 2019 or early 2020.”

More current analysis presents a very different picture of the prospects of East Coast LNG export facilities.

See for instance: <https://www.petroleum-economist.com/articles/midstream-downstream/lng/2020/canadian-lng-faces-finance-fight>

Questions:

- a) Please provide an update on status of the Goldboro LNG export facility.
- b) Please describe the impact the status of the Goldboro LNG export facility has on the need for pipeline capacity in the Northeast US and the Canadian Maritimes and the utilization of existing pipeline capacity in the region and along the routes.

ISSUE 3

3-APPRO-3

Reference: ICF Report Page 42.

Preamble:

Enbridge Gas relies on the ICF Report to conclude that the proposed capacity expansion on the Dawn Parkway System has a limited risk of future capacity turn-back. ICF mentions that "Climate change policy in the Northeastern US, Ontario and Québec is expected to limit growth in annual natural gas demand. However, the lack of new pipeline development in New York and New England is expected to ensure that existing pipeline capacity will continue to be highly valued and utilized, particularly during peak periods, through 2040."

We are trying to better understand the impact on the proposed project and the risks being assumed by existing utility ratepayers arising from the recent COVID-19 pandemic and associated mandatory closure of many businesses.

Most recently, COVID-19 has triggered discussions on climate change as COVID-19 is bringing awareness on how to acknowledge risk and act accordingly.

See for instance: <https://www.latimes.com/opinion/story/2020-03-23/trump-climate-change-coronavirus-covid-19>

Questions:

- a) Did Enbridge consider an alternative to the proposed project which would not provide 20 TJ/d for U.S. Northeast Utilities? If no, why not?
- b) What is the most reliable and economic alternative if the project is not assumed to be required to provide 20 TJ/d to U.S. Northeast Utilities? Please provide the estimated capital cost of this alternative solution.
- c) How would the heightened awareness of climate change and increase in climate change policies affect the annual natural gas demand?
- d) Further to question (c), how does this impact Enbridge's analysis on alternatives to the proposed project?
- e) As the impacts of the COVID-19 pandemic may span over a long period of time, please provide a forecast of how much the pipeline capacity will be utilized through 2060.

ISSUE 5

5-APPrO-4

Reference: Exhibit A Tab 3, Page 6 of 9

Preamble:

Enbridge Gas calculated the bill impacts for in-franchise residential customers in the EGD rate zone and Union rate zones as less than \$1.50 per year and 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.

Questions:

- a) Please provide the estimated rate impact on gas-fired generators in the EGD and Union rate zones, specifically Rate 125 in EGD rate zone, Rate 20 and Rate 100 in Union North and Rate T2 and Rate 12 in Union South rate zones.
- b) Please provide the bill impacts of the Project costs on rate classes T2 and Rate in 12 Union South Rate Zones.

5-APPrO-5

Reference: Exhibit A Tab 6 Page 18 of 20

Preamble:

Enbridge Gas acknowledges that it may be required to manage turn back risk. Enbridge Gas states that “The current average term remaining on easterly flowing Dawn Parkway System transportation contracts is 5.9 years (weighted by quantity). This does not include capacity contracted for EGD rate zone customers.”

Question:

- a) Please show how Enbridge Gas calculated this average (i.e. please provide a list showing the transportation contracts, quantities, and remaining terms).

5-APPrO-6

Reference: ICF Report page 39

Preamble:

“The continuing growth in demand for Enbridge Gas’ services over time provides significant confidence that the expansion of the Dawn Parkway System will not lead to stranded assets even if existing customers in the U.S. Northeast change their natural gas supply strategies to reduce their reliance on the Dawn Parkway System and Ontario/U.S. Midwest storage capacity.”

Questions:

- a) Please confirm that Enbridge Gas agrees with the above assertion.
- b) What, if any, is the evidence that supports the assertion that even if the U.S. Northeast reduce their reliance on the Dawn Parkway System and Ontario/U.S. Midwest storage capacity, the expansion of the Dawn Parkway System will not lead to stranded assets?