

## PREFACE AND CONTEXT

FRPO's priority in this proceeding is to present proposed Framework provisions related to the timely consideration of Non-Facility SUPPLY SIDE Alternatives to incremental pipeline infrastructure as the preferred response to an established need.

These SUPPLY SIDE alternatives are considered as options in a facilities need context to avoid or defer an infra structure build, and not as a source of long-term gas supply.

In framing its Interrogatories, FRPO is mindful of the Board's conclusion in its PO Decision #5 (reiterated in PO #7) to the effect that, instead of permitting FRPO to lead evidence, "...the concerns of FRPO can be addressed by putting to Enbridge Gas proposals for evaluation criteria for supply side alternatives and suggestions for the timing to assess these alternatives through the interrogatory process."

Representations made by Enbridge Gas Inc. (EGI) in its correspondence to the Board prompted this conclusion. EGI informed the Board that "its additional evidence will describe how and when system capacity constraints will be identified, and non-facility alternatives that could address such constraints will be assessed."

FRPO could find little in EGI's Additional Evidence (EB-2020-0091, Exhibit B) and its Reply Evidence (EB-2020, Exhibit C) related to how and when the Non-Facility SUPPLY SIDE Alternatives to a forecasted need that COULD address such constraints will be identified.

Similarly, FRPO could not find in the evidence details of how and when EGI is proposing to assess or evaluate possible supply side alternatives to an infrastructure build or other non-facility options that fall within the ambit of "Non-Facility SUPPLY SIDE" alternatives.

Information filed by EGI in support of its now withdrawn Dawn Parkway system expansion application (EB-2019-0159) does include some evidence related to the identification of such alternatives in that particular case. The information includes the facts examined and the criteria used to evaluate the Non facility SUPPLY SIDE alternatives identified in that particular case as an alternative to a transmission system build, and the timing of its evaluation of these options of under the practices currently followed by EGI.

At page 13 of its Additional Evidence (EB-2020-0091 Exhibit B) EGI acknowledges that its current practices should be the starting point for a consideration of the IRP Framework envisaged by the topics described in the 10 questions that comprise the Board-approved Issues List in this proceeding.

An understanding of the historic and current situation related to Non-Facility SUPPLY SIDE alternatives to pipeline infrastructure additions to the EGI system is necessary for FRPO's proposals pertaining to these items to be reasonably and fairly considered.

To that end, the Interrogatories that FRPO submits below include references to some of the historic and the then current situation evidence filed by EGI in the EB-2019-0159 proceeding.

FRPO has attempted to structure the Interrogatories under topic headings that paraphrase the questions posed in the Issues List. The topic headings FRPO uses are: 1. IRP Definition and Goals. 2. Incorporating IRP into System Planning. 3. Required OEB Approvals. 4. IRP Framework Impact on Other OEB Policies Rules or Guidelines. 5 Best Practices. 6. Screening and Evaluation. 7. Cost Recovery. 8. Risk Allocation. 9. Incentives. 10. Monitoring and Reporting.

There are some topics in this list upon which FRPO has no Interrogatories.

## ISSUE 1. IRP DEFINITION AND GOALS

Preamble: In EGI's initial IRP filing at Tab 13 of Exhibit B in EB-2019-0159, EGI appeared to limit the scope of IRPAs to measures that reduced peak day demand. That narrow scope for IRPAs was rejected by the OEB in its OEB's July 15, 2020 Decision on the Issues List.

At page 6 of that Decision the OEB defined an IRPA as "a potential solution considered under the IRP Plan in response to a specific system need of Enbridge Gas"

In its Additional and Reply Evidence in this proceeding, EGI has broadened its initially proposed scope for IRPAs to include "Innovative Technologies" consisting of "Gas Alternatives", "Non-gas Alternatives", "Demand Response", "Enhanced Targeted Energy Efficiency", and "Gas Supply Alternatives".

The evidence does not specifically describe or address the sub-set of IRPAs that is described in the Board's Decision on the Issues List as Non-Facility SUPPLY SIDE Alternatives to an infrastructure build. As already noted, these "supply side" alternatives are considered in a facilities need context to avoid or defer an infrastructure build, and not as a source of long-term gas supply.

Under the practice being followed by EGI, when it submitted its Dawn Parkway system expansion application in EB 2019-0159, the Non-Facility Alternatives to the infrastructure build that were identified and evaluated were:

- (i) Parkway Delivery Obligations;
- (ii) Utilizing Third Party Deliveries at Parkway;
- (iii) Winter Peaking Transport Service; and
- (iv) IRP- limited in scope to peak period demand reduction measures (see EB-2019-0159, Exhibit A, Tab 7, pages 19-22).

#### Questions re Issue 1

- 1) Having regard to the foregoing preamble:
  - a) What is EGI's definition for the Non-Facility SUPPLY SIDE Alternatives to an Infrastructure build?
  - b) Do each of the Non facility Alternatives identified above in the transmission build proposed in EB 2019-0159 fall within the ambit of EGI's definition of an IRPA?
  - c) Does EGI accept that contracting or market mechanisms that can assure that the utility of meeting its firm peak day delivery obligations is a Non-Facility SUPPLY SIDE Alternative to the construction of incremental pipeline infrastructure?  
Please provide EGI's rationale for its response to this question.
- 2) Please provide EGI's current list of all of the potential activities/projects that EGI classifies as Non-Facility Alternatives. Segregate that list between its SUPPLY SIDE and Non-Supply side Components.

#### ISSUE 2. INCORPORATING IRP INTO SYSTEM PLANNING PROCESS

Preamble: Based on the process described in the EB 2019-0159 materials, it appears that EGI's current system design and planning process calls for the identification, screening, assessment, and presentation of alternatives considered in relation to a proposal to have the OEB approve the construction of incremental pipeline facilities.

At Exhibit B page 13, EGD is proposing an IRP process that takes into account its existing planning and forecasting processes.

#### Questions Re: Issue 2

- 3) Please produce a complete copy of EGI's current system planning process manual(s) into which IRP is to be incorporated.

- 4) What is required under current system planning process in connection with the identification and assessment of need?
- 5) Going forward, what does EGI propose, if anything, to involve stakeholders and/or the OEB during the need assessment process?
- 6) In connection with the “need” assessment calculation please provide the following information related to EGI’s ability to manage a “shortfall” of different magnitudes ranging between 28,602 GJ/d to 72,624 GJ/d as described in the evidence in EB 2019-0159 at Exhibit A, Tab 7, page 14-16 by responding to the following “shortfall management questions:
  - a) How does EGI intend to manage these forecasted shortfalls?
  - b) What are some of the most effective approaches?
  - c) Please describe and provide the economics associated with each approach.
- 7) What is the largest shortfall forecasted by the utility in the last 5 years?
- 8) How was that shortfall managed? Please provide both from a planned and operational perspective.
- 9) What were the costs incurred in prior contracting or short-term adjustments and/or contracts?
- 10) In connection with the “need” assessment, please explain on what basis EGI discontinues Non-Facility Supply Side alternatives in order to replace them with service from an infrastructure build by reference to the elimination of third-party services of 40 TJ/d referenced in the EB-2019-0159 case.
- 11) Please respond to the following additional questions about this Non-Facility Supply Side discontinuance transaction:
  - a) Please confirm the biggest contributor to the increase in shortfall is the elimination of third-party services (40 TJ/day).
  - b) Please describe the nature of these services (e.g., peaking service, exchange service, etc).
  - c) Was an RFP performed in prior years and for the year 2020?
  - d) Please provide copies of the RFPs made in prior years, copies of the ensuing contracts and details on the cost of service for the 2019 year including:
    - i) Amount contracted
    - ii) Location of delivery area
    - iii) Number of days of call

- iv) Cost of the contract.
  - v) If EGI believes any of the above items are confidential, please file them as appropriate but please provide the total cost of the demand portion of contract for 2019 publicly as it ought to be something that has been reported in gas costs previously.
  - e) Please provide all internal analysis, memos and other communications which contributed to the decision to eliminate these services.
- 12) What is currently required under the current system planning process in connection with the identification, screening, and assessment of alternatives?
- 13) Going forward, what does EGI propose, if anything, to involve stakeholders and/or the OEB during the identification and assessment of alternatives?
- 14) Please flag the timing requirements that are currently specified in these manuals related to identifying need; identifying, screening, assessing and evaluating alternatives; and selecting the alternative that EGI prefers.
- 15) What market solicitations, if any, do the current manual(s) require before identified alternatives are compared and assessed?
- 16) What are the current requirements, if any, in EGI's System Planning process, related to the costing methodologies that are to be applied to a Non-Facility Supply Side Alternative to an infrastructure build such as the Parkway Delivery Obligation Non-Facility Alternative identified in the EB-2019-0159 proceeding?
- 17) What costing and assessment criteria are currently applied to compare an alternative that uses existing utility and interconnected infrastructure in a way that defers a facility addition by a period of 3 years or more?
- 18) Going forward, is EGI proposing any changes to the current cost comparison approach that is applied in this type of scenario?

REF: Exhibit C, page 3

Preamble: EGI evidence states: *“Enbridge Gas supports the concept of adding costs and benefits to the Board’s E.B.O. 134 guidelines to create a modified E.B.O. 134 or staged Discounted Cash Flow (“DCF”) Plus (DCF+) standard for the purposes of assessing IRPAs in Ontario. There is benefit to a staged approach that enables clear and transparent conclusions to be drawn at each stage of analysis and which is based foremost on an economic (DCF) analysis.”*

19) How does the availability of a Non-Facility Supply Side Alternative for a term of 5 years influence the cost comparison calculations?

20) Please illustrate by providing the following calculation:

- a) Using the cost of and any other factors from the applied for 2021 expansion of the Dawn Parkway system, please perform staged DCF+ calculation.
- b) This section of pipe was to provide 92,174 GJ/day of capacity to the Dawn-Parkway system. As an IRPA, we ask that you provide a DCF+ calculation for increasing PDO commitments by the same 92,174 GJ/day using the Parkway Delivery Commitment Incentive (PDCI) using a simplifying assumption that the quantity of commitment stays constant at 92,174 GJ/day for the term analyzed and no additional facilities are added to the Dawn-Parkway system.

21) What, if anything, do the existing planning processes require for addressing perceived conflict of interest situations that might arise, for example, when EGI expresses a preference for constructing incremental capacity instead of preferring a more cost-effective alternative to respond to a need attributable to in franchise demands served by EGI’s gas distribution systems?

22) In such perceived conflict of interest situations, is there any process requirement for EGI to have the appropriate response determined by the OEB or some other independent assessor or adjudicator?

23) Are there any provisions in EGI’s existing planning requirements that relates to a consideration of the reliability of a Non-Facility Supply Side alternative to an infrastructure build based on contractual obligations from a third party to EGI (such as the PDO) compared to an alternative based on EGI’s ownership and operation of incremental facilities? If so, then please direct our attention to these provisions of the planning manual(s).

### ISSUE 3. REQUIRED OEB APPROVALS

Question Re: Issue 3

24) What is EGI's response to the question whether any OEB approvals are "required" under the IRP Framework that it envisages?

### ISSUE 4. IRP FRAMEWORK IMPACT ON OTHER OEB POLICIES, RULES OR GUIDELINES

Question Re: Issue 4

25) What is EGI's response to the question whether the IRP Framework that it envisages will necessitate changes to other policies rules, or guidelines.

### ISSUES 5. IRP INDUSTRY BEST PRACTICES AND THE ONTARIO CONTEXT.

Preamble: IRP best practices will likely vary from utility to utility depending upon the attributes of the particular utility system and its interconnection with other systems under consideration and the proposed comparator. Such "best practices" will likely be limited those with a system configuration similar to that of the utility under consideration

For example, the Parkway Delivery Obligation (PDO), that EGI identified in its EB 2019-0159 evidence as a Non-Facility SUPPLY SIDE Alternative to a proposed expansion of its Dawn to Parkway transmission system, is the type of IRP Alternative that is likely to be limited to systems that are similar in their configuration and design to the transmission systems of EGI and its transmission interconnections.

On the other hand, best practices in relation to other IRP measures such as DSM are likely applicable to a broad universe of utilities regardless of their differing locations and system configurations.

The specific delivery/receipt point PDO Alternative, as a means of avoiding transmission system expansion on EGI's transmission system, is an example of a Non-Facility Supply Side Alternative "best practice" because it was introduced and has been adhered to for that purpose for decades.

The PDO is described in Exhibit A, Tab 7, page 13, of EGI's EB 2019-0159 evidence as follows:

*"Enbridge Gas considers the PDO in the design day analysis of the Dawn Parkway system to reduce physical transportation needs from Dawn to Parkway. Overall, this reduction of Dawn to Parkway transportation has reduced the amount of facilities required. This is achieved because volumes delivered at Parkway, directly offset the need for Dawn to Parkway transportation."*

An open and transparent IRP Framework is necessary to ensure that cost-effective IRP Alternatives to system expansion will be fairly and reasonably considered by EGI's regulator when considering the how best to respond, in the public interest, to an established need.

FRPO's needs evidence of a concrete example of a Non-Facility Supply Side alternative to a pipeline infrastructure build to support the proposals that it wishes the Board to consider for evaluation of criteria for supply side alternatives and suggestions for the timing to assess these alternatives.

The questions that follow about PDO and features of some of the other identified by EGI in its EB-2019-0159 evidence as Non-Facility Supply Side options are intended to obtain evidence of this nature. The need for these questions is prompted, in part, by the absence of evidence on Non-Facility SUPPLY SIDE Alternatives in EGI's Additional and Reply evidence as described above in paragraphs 4 and 5 of the section entitled "PREFACE AND CONTEXT".

We understand that Direct Purchase customers' obligation to deliver daily quantities of gas at Parkway (now known as the Parkway Delivery Obligation (PDO)) has been in place for many years. We believe that there is an opportunity to enhance this a variant of this mechanism as an IRPA.

Before filing requirements related to the full range of mechanisms that can avoid or defer the construction of incremental infrastructure can be finalized, the Board needs to understand how contracting to transport gas to a particular Delivery Point on the EGI transmission system is a very cost effective IRPA that is well established as a "best practice."

Questions RE: Issue 5

26) Please confirm that the PDO is counted on to meet EGI's design criteria for the Dawn-Parkway system.

- 27) Please confirm that the PDO existence has been and is currently utilized as a substitute for additional infrastructure (pipe, compression, etc.).
- 28) When did the Board first approve the required commitment of DP customers to deliver at Parkway as part of obligation in providing DP supply?
- i. When was the first financial incentive provided and what was the value?
  - ii. How was that value determined?
  - iii. Has the valuation process changed over time? If so, how?
  - iv. Please provide the incentive available (\$/GJ) to the parties who delivered provided committed deliveries at Parkway for each of the last 10 years.
- 29) When did the Board first approve a design of the Dawn-Parkway system that included committed deliveries as part of the design criteria of Union Gas?
- 30) What was the level of PDO in GJ/day and percentage of the daily design day demand of the Dawn-Parkway system in each of 2000, 2013 and 2020?
- 31) Please confirm that the Parkway Delivery Obligation (PDO) is not part of the Gas Supply Plan for utility gas procurement as the PDO is provided by suppliers to Direct Purchase Customers. If not confirmed, then please explain.
- 32) If confirmed, please confirm that PDO is, in fact, a contracted mechanism to reduce facilities or said differently, a non-facility, supply-side solution.
- 33) If PDO is not as described above, please clarify and categorize how it is viewed by EGI.
- 34) Does EGI accept obligated deliveries at other locations besides Parkway and Dawn?
- a) If so, where (e.g., Ojibway, St. Clair, Kirkwall)?
- 35) Does EGI provide a financial incentive to deliver at these other location(s) of obligated delivery?

REF: Exhibit C, page 8

Preamble: EGI's evidence states: *"Once Enbridge Gas identifies the need for infrastructure expansion/reinforcement driven by increased peak period demands, facility alternatives (traditionally pipelines, compressors and ancillary facilities but could also include CNG / LNG options), non-facility alternatives (such as winter peaking service and supply options) and IRPAs with the potential to reduce peak period demand will be investigated."*

Our focus is getting confirmation or clarification on aspects this process of non-facility supply-side options that can be considered.

We have asked questions above about the use of Delivery Point commitments, but we understand that Receipt Point commitments can also contribute to the ability of an LDC or pipeline to meet its obligations. We understand that TransCanada Pipelines (TCPL) used receipt point commitments in combination with its facilities to meet its customer receipt and delivery obligations.

36) Please describe the Dawn Overrun Service - Must Nominate that TCPL put in place as a contracted, non-facility solution to meet a shortfall in facilities in meeting its customer obligations.

37) From the EGI/Union Gas experience with that service, were there any supply interruptions that occurred as a result of that service being used.

Preamble: We are also interested in EGI's use of peaking service as a Non-Facility, Supply-Side solution. We define a peaking service as a utility contracts with a counter-party for a certain quantity of gas to be delivered to a specific location up to a certain number of days in a certain period by paying a demand charge upfront for the right to call on that gas to be delivered with a specific amount of due notice.

38) If the above definition is deficient, please provide EGI's concise definition.

39) Was an RFP performed for peaking service in any of the prior 5 years?

40) Please provide copies of the Requests for Expression of Interest sent out by EGI in the most recent request for Interest in providing this service.

41) How many parties did EGI send the Request to?

42) In the most recent year of contracting, please provide:

- i. Amount contracted
- ii. Location of delivery area
- iii. Maximum number of days of call
- iv. The notice required to make the call

43) Please file the resulting contract(s) appropriately redacted for the counter-party name and any other financial matters EGI deems confidential. To be clear, we do expect that the description of the type of relief for non-performance would be evident to the reader.

Preamble: We understand that the design standards include assumptions regarding temperature conditions measured in Heating Degree Days (HDD) and status of interruptible contracts.

44) Please confirm the EGI/Union Gas South system has had criteria has two design conditions over time: 43.1 HDD, interruptibles off and 35 HDD, interruptibles on. If not, then please clarify.

45) What are the current design conditions for the Dawn-Parkway system including status of ex-franchise customers?

46) Did Union Gas historically use a condition of interruptibles off for the purposes of planning the Dawn-Parkway system?

47) Does EGI have design conditions contingent on the status of interruptible customers in any other rate zone? If so, then please specify the rate zone and the applicable design conditions.

Preamble: EGI's evidence at Exhibit C, page 3, states: "*Beyond its safety record, Enbridge Gas has also: (i) been a leader in North America and dominant force in Ontario in achieving demand side management ("DSM") energy and bill savings for the past two and a half decades; (ii) long optimized its rate design in order to offer interruptible services to its customers and reflected utilization of those services for system planning purposes;...*" (emphasis added)

We are interested in understanding the design and utilization of Interruptible Service in both legacy EGD and Union South rate zone systems.

- 48) For the Union South rate zone, please provide a brief description, the year, and the applicable Board approval of the last re-design of interruptible rates.
- 49) Please provide the total amount of hourly and daily load that could be shed on the Union Gas system:
  - i. In the year of that latest change
  - ii. In 2013 (last year of rebasing)
  - iii. Forecast for 2021
- 50) When evaluating the impact of an interruptible contract on peak day load, did Union Gas/EGI deduct the entire interruptible contract in its system design or was the load derated? Please explain.
- 51) Please provide the responses to the above questions in relation to the EGD rate zone.

Preamble: EGI's EB-2019-0159 evidence at Exhibit A, Tab 7, page 21, states: "*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.*"

We understand that the Dawn LTFP service has significantly increased daily deliveries to Ontario since its inception in November 2017. We believe these volumes, if secured financially, could provide opportunity for IRP solutions and that it warrants further examination. We would like the Board to understand more about this service and EGI's dismissal of its potential.

52) Please describe the attributes of the Dawn LTFP Service that TCPL provides. In particular:

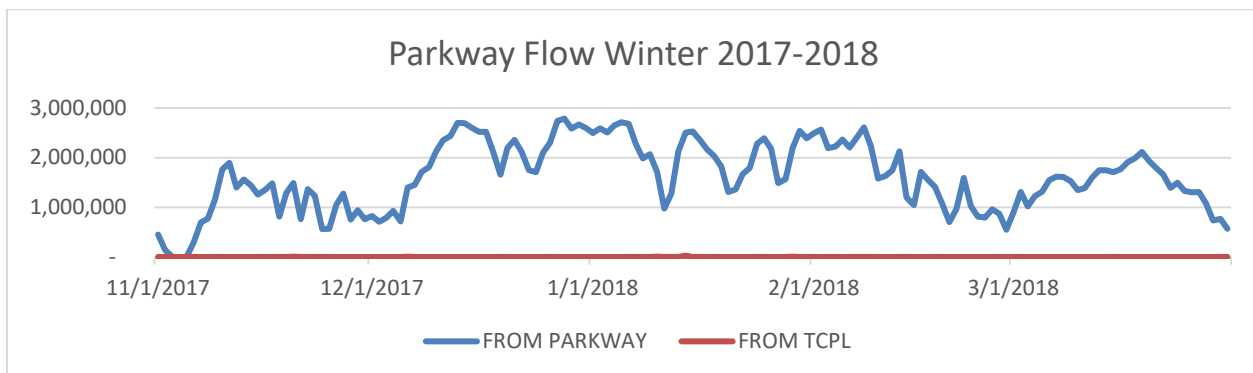
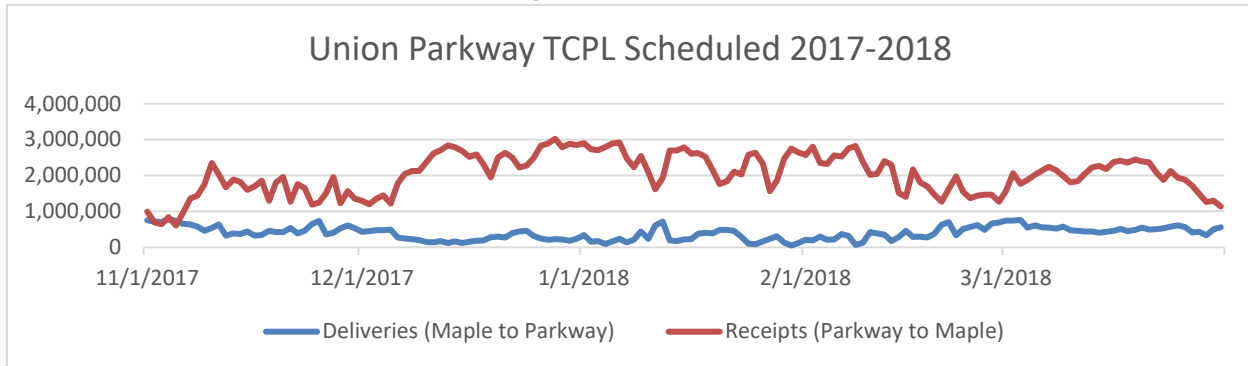
- a) Please provide the amount of firm contracting from Empress to Dawn that was contracted for through the Dawn LTFP service?
- b) Have all Dawn LTFP shippers made a 10-year fixed price demand charge commitment to TCPL (subject to early termination rate escalation)?
  - i. Please describe what a shipper must do to terminate earlier than 10 years.
- c) Using publicly available information, please confirm that there has only been a very small reduction in the contracting of Dawn LTFP over the three years of initial service.
- d) Can all Dawn LTFP shippers nominate and is TCPL obliged to deliver their firm transport quantity on each and every day of a contract year?

53) What paths can TCPL select to carry Dawn LTFP shipper nominated volumes?

54) Please confirm that no party holds capacity from Empress to Parkway or Dawn on TCPL except Dawn LTFP shippers.

- a) If not, please indicate the quantity of daily delivery in GJ/day.

Preamble: As outlined above, we understand that since late 2017, incremental deliveries of gas have been contracted to be transported from Empress to Dawn using Dawn LTFP contracts through two paths, one of which is through Parkway. However, the scheduled flows to Parkway from TCPL do not show this stream of deliveries getting to Parkway in the winter as shown in the inserted figures.



Source: <http://www.tccustomerexpress.com/gasdaysummaryreport.html>

We understand this effect is a result of displacement<sup>1</sup>.

55) Please confirm that subsequent to early November no gas molecules physically arrived at Parkway from TCPL during the above period.

56) Please confirm that displacement services in this situation resulting in less actual flow requirements on the Dawn-Parkway system.

- a) For the period shown, please provide a graph that represents the amount scheduled to flow from Parkway to TCPL vs. actual flow to TCPL
- b) Please confirm that this reduced requirement can allow EGI to schedule additional transportation through its short-term and interruptible contracts.

<sup>1</sup> Displacement transactions permit the lateral movement of gas through a transportation network. The configuration of many pipelines is such that it may not be apparent whether a given movement of gas is forward or backward from the point of receipt. It can be argued that all transportation service is performed by displacement as the physical delivery of the same molecules of gas is impossible. Source: [www.aga.org/natural-gas/glossary](http://www.aga.org/natural-gas/glossary)

- 57) Please elaborate on what constitutes an “exchange service” as described in the above reference?
- a) Please clarify if there was custody transfer of the natural gas in the exchange service or would the service be considered a displacement in terms of American Gas Association terminology ( [www.aga.org/natural-gas/glossary/](http://www.aga.org/natural-gas/glossary/) )
  - b) Please describe how EGI uses displacement to reduce costs at inter-connection points with other pipelines.
- 58) Please produce all records and documents related to EGI’s identification and examination of the Dawn LTFP exchange service described in its evidence, including all e-mail exchanges, power point presentations and any other written records pertaining to this topic.
- 59) Please identify the EGI representative(s) who conducted and are responsible for the identification of and the examination of this potential non-facility alternative.
- 60) Please describe the essential features of the potential exchange service that EGI identified and examined including:
- a) The parties to the arrangements (for e.g. Was a three-party agreement between EGI, a Dawn LTFP shipper and TCPL as the owner of the Mainline, envisaged); and
  - b) The obligations on each of these parties considered by EGI to be essential to make the agreement feasible.
- 61) Please identify all of the resources external to EGI who were consulted in connection with the identification and examination of this non-facility alternative.
- 62) Did EGI consider the Dawn LTFP “exchange” arrangement in the context of:
- a) The ability of Dawn LTFP shippers to voluntarily agree to commit to daily deliveries at Parkway as a term of the “exchange” arrangement
  - b) The ability of Dawn LTFP shippers to voluntarily agree to refrain from exercising their termination rights under LTFP service for the duration of the exchange arrangement; and
  - c) The ability of TCPL to voluntarily agree to use the Northern Ontario line to carry all volumes covered by the exchange arrangement?
- 63) What estimated incentive amount would EGI consider to be appropriate to prompt a Dawn LTFP shipper to voluntarily commit to deliver exchange volumes to Parkway for the 151 days of the winter.

- 64) From what market information would an estimate of this incentive amount be derived?
- 65) Please provide the approximate number of such shippers who contract for Dawn LTFP service.
- 66) What benefits, if any, does a Dawn LTFP gas producer and/or marketer shipper relinquish by committing to ship contracted quantity on TCPL's Northern Ontario line; and what benefits does that shipper realize by having its volumes at Dawn under the exchange transaction for each of the 151 winter days?
- 67) Please provide particulars of and quantify the incremental costs, if any, is TCPL likely incur by committing to carry the Dawn LTFP shipper volumes on its Northern Ontario line under the auspices of the exchange transaction?
- 68) In its RH-003-2017 Letter Decision on the Dawn LTFP service at pages 26 and 30, did the NEB direct TCPL to maximize the benefits to the Mainline from the availability of Dawn LTFP service?
- 69) What further incentive amount for TCPL, if any, would EGI consider to be appropriate to compensate TCPL for any incremental costs that it is likely to occur to carry the Dawn LTFP shipper volumes under the auspices of the exchange or displacement transaction? What information would EGI propose to use to determine the amount of this incentive?
- 70) In its "identification" of an "exchange" using the Dawn LTFP as a potential non-facility alternative to the Project, did EGI draft an RFP to LTFP shippers and TCPL containing the elements of the service that EGI would consider as feasible.

## ISSUE 6 SCREENING AND EVALUATION

Preamble: Without responses to the information requested herein about EGI's current approach to Non-Facility Supply-Side Alternatives to an infrastructure build, FRPO cannot formulate anything more than a preliminary outline of its proposal for evaluation for such alternatives and its suggested timing to assess these alternatives.

By way of a preliminary overview FRPO expects that these proposals will include matters related to:

- (i) The assessment of ‘need” in a manner that excludes “shortfall management” capacity above a materiality threshold.
- (ii) EGI’s creation and updates, as necessary of its comprehensive list of all Non-Facility Alternatives (Supply side and Non-Supply) that could possibly be adopted.
- (iii) The ranking of those Alternatives on the basis of Costs/Economic criteria or methodologies with the results of supporting market solicitations in the case of alternatives that are market based. An example of the type of market solicitation that should be used in the case of an assessment of the PDO Alternative is attached.
- (iv) The “track record” related to the actual implementation of the Alternatives and whether they are well established best practices or novel and untested
- (v) Other matters related to the timely “availability’ of the alternative.
- (vi) Other matters related to the “reliability of such alternatives
- (vii) The degree of timely stakeholder involvement in the Need Assessment and Alternatives selection process.
- (viii) Alternative selection process and the involvement of the regulator therein.

71) Please provide EGI’s comments, if any, on the foregoing preliminary list of topics that are expected to form part of FRPO’s final proposals in this proceeding.

The market circumstances related to a PDO have materially changed with the availability of 365 days of Empress to Dawn transportation under the auspices of Long-Term Fixed Price (“LTFP”); in conjunction with the capacity available on the Northern Ontario line and the actual use of that line to carry some of the Empress to Dawn volumes under this service.

The extremely cost effective PDO Alternative, in conjunction with companion displacement transaction (that for years have been facilitated by market operators) could operate to avoid or defer future expansions of the Dawn Parkway system well into the future.

At a high level, the Parkway Delivery Commitment Incentive (PDCI) can be used as a ballpark surrogate for the amount to be paid to commit to deliver volumes at Parkway. TCPL’s charges for making case specific commitment to use the Northern Line for a fixed level of demand should be nominal (related to incremental fuel gas and associated carbon taxes).

Like other utilities TCPL has an obligation to support the cost-effective use of all interconnected transmission facilities in a manner that serves the public interest. The

actual costs that it incurs to make use the Northern line to support a transaction of this nature will be negligible.

Timely market solicitations by EGI in relation to market-based Non Facility Supply Side alternatives to an infrastructure build are essential to a fair and reasonable comparison of those alternative to the incremental facilities option and to other IRPAs. This is particularly so when conducting an evaluation of market based PDO alternatives and peaking services options.

The provisions of the IRP Framework that the OEB is considering should require EGI to conduct timely market solicitations in cases where these types of market- based alternatives are relevant.

By way of example, the provisions of the Framework should oblige EGI solicit PDO related solutions from the market in cases where the determination of need gives rise to a consideration of alternatives to an expansion of EGI's Dawn Parkway system.

FRPO's position is that, having regard to the existence of long-term commitments by Dawn LTFP shippers for a large volume of gas to be transported on TCPL facilities between Empress and Dawn under the auspices of the 365 day fixed price LTFP service, there is an opportunity for EGI to acquire a very cost competitive type of PDO service from a market constituency consisting of TCPL and the Dawn LTFP shippers.

The timely market solicitations that EGI should be required to make in relation to PDO related options to a Dawn Parkway system expansion should reflect the changes in market circumstances that have taken place as a consequence of the extent to which shippers have made long term commitments for Dawn LTFP service.

FRPO has drafted, for discussion purposes, a concept outline pertaining to the content of a market solicitation such as an "Expression of Interest" in these types of cases. This is the type of solicitation that EGI should be required to present to TCE and the Dawn LTFP shippers for a PDO type of arrangement that is far more cost effective than an expansion of the Dawn Parkway transmission system. The elements of this draft Concept Outline are presented below.

To be clear, this obligation does not constitute a purchase of gas by EGI only a commitment by the successful bidders to ensure that they either provide firm delivery to Parkway daily in the winter or, for Dawn LTFP shippers, that they provide firm delivery to Empress coupled with TCPL's cooperation in committing these quantities through Parkway. It would be the cooperation of EGI and TCPL to move the gas through the Northern Ontario Line and through displacement, meet the needs at Parkway.

**PARKWAY OBLIGATED DELIVERIES - CONCEPT APPROACH****RFP**

- EGI performs RFP for winter-only obligated deliveries to Parkway (or Empress)
  - Open to all Shippers holding firm capacity to Parkway
  - Existing delivery commitments currently receiving the Parkway Delivery Commitment Incentive do not qualify as those obligations are already contractually committed
  - Preference given to those holding firm capacity to Parkway or Dawn using Dawn LTFP service (commitment is to nominate daily at Empress)
  - Term 5 years
  - Start Nov. 1, 2021 (or date dictated by need)
  - EGI to offer annual extensions beyond the initial term starting in a notice period in the fall three years in advance of the expiry of the contract.
  - Up to 200 TJ (minimum 20 TJ) depending upon need of EGI

**Dawn LTFP Contracts**

- Shipper enters into contract with EGI to nominate their commitment quantity at Empress each day of the winter
  - Financial Assurances – EGI standard
  - Non-Performance – EGI General Terms & Conditions
  - Duty to Mitigate – Contract Law
- EGI enters contract with TCE to commit to provide any firm, obligated Empress receipts via the Northern Ontario Line and through Union Parkway (contractually not physically)

**Mechanism for Funding**

- Shipper paid accepted bid price for service
- EGI recovers cost from ratepayers in same methodology as PDCI is currently recovered

72) Please provide EGI's comments on FRPO's concept outline described above and its supporting rationale.