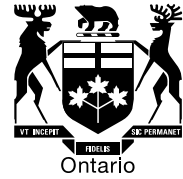


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BY E-MAIL

April 14, 2022

Nancy Marconi
Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Marconi:

**Re: Review of 2022 Annual Update to Gas Supply Plan of Enbridge Gas Inc.
OEB File Number: EB-2022-0072**

In accordance with the Ontario Energy Board (OEB) kick-off letter dated March 11, 2022, please find attached OEB staff questions in the above noted matter.

Yours truly,

K/Viraney

Khalil Viraney
Case Manager

Encl.

ONTARIO ENERGY BOARD STAFF QUESTIONS**April 14, 2022****Question 1: Gas Supply Harmonization, page 8**

Enbridge Gas is currently evaluating the alignment of the methodology for selecting design weather and estimating design day demand between the legacy utilities. In its rebasing application, Enbridge Gas intends to propose aligning the Enbridge Gas Distribution (EGD) rate zones to the set temperature approach used in the Union Gas rate zones. Harmonizing the weather and design day demand methodologies will impact the quantity of design day demand required. Assuming no other changes to processes upstream of the Gas Supply Plan (GSP), if Enbridge Gas were to align weather and design day demand methodologies to a set temperature approach, additional gas supplies in the range of 100-150 TJ per day would be required for the EGD delivery areas. In order to meet the potential increase in demand in the EGD rate zone, Enbridge Gas would be required to contract for incremental gas supply services. In your presentation, please include the following:

- a) Please confirm if the use of existing weather and design day demand methodologies have resulted in Enbridge Gas not being able to meet customer demands on cold days in the EGD rate zone during the last three years. If yes, please confirm if the shortfall has been in the range of 100-150 TJ per day.
- b) If the weather and design day demand methodologies are aligned to a set temperature approach, Enbridge Gas has stated that it would require to contract for incremental gas supply services to serve the EGD rate zone. Please confirm if the additional demand can be served using existing pipeline capacity or if it would require construction of new pipeline infrastructure.
- c) Based on the company's operational experience and growth forecasts, is there an actual requirement of 100-150 TJ per day to meet customer requirements in the EGD rate zone?

Question 2: Load Balancing, page 11

Enbridge Gas uses the aggregate excess methodology to estimate customers' storage requirements. Aggregate excess has been the approach for both legacy utilities (EGD and Union Gas) for calculating a standard amount of storage space to meet seasonal load balancing needs. Aggregate excess is an OEB approved methodology and has

been used in the Union Gas and EGD rate zones since 2000. In your presentation, please discuss the following:

- a) Has Enbridge Gas analyzed the outcomes of the aggregate excess methodology over the years to determine if it is the most appropriate approach to meet the seasonal load balancing needs of the EGD and Union Gas distribution systems?
- b) Does Enbridge Gas intend to propose an alternate methodology in the rebasing application in order to estimate customers' storage requirements?

Question 3: Demand Forecast Analysis, page 23

Enbridge Gas's general service and contract customers is further split by sales service and direct purchase customers. Direct purchase customers currently constitute 20% of general service customers. In your presentation, please discuss the following:

Considering the forecasted increase in natural gas prices, does Enbridge Gas expect the proportion of direct purchase customers within the general service market to remain at the current proportion for the planning period (up to 2025/2026)?

Question 4: Annual Demand, Table 3, page 25

In Table 3, Enbridge Gas has provided the variance between the 2021 and 2022 annual demand forecast. The 2022/23 contract demand forecast has increased from 69,784 TJ in the 2021 update to 72,767 TJ in the 2022 update for the EGD rate zone. Similarly, the 2022/23 contract demand forecast has decreased from 3,767 TJ in the 2021 update to 1,436 TJ in the 2022 update for Union North West. In your presentation, please discuss the following:

Please explain the reasons for the significant change in the contract demand forecast from the 2021 update to the 2022 update.

Question 5: Low Carbon Energy Project, page 37

In 2021, Enbridge Gas started blending up to 2% hydrogen by volume for 3,600 customers in Markham, Ontario. The pilot project was part of the Low Carbon Energy Project aimed at reducing greenhouse gas emissions. In December of 2021, the

Canadian Government released its hydrogen strategy for Canada. Within this strategy document, projections suggest that as much as 6% of Canada's energy end-use by 2030 will be accounted for by hydrogen. In your presentation, please address the following:

- a) Please discuss Enbridge Gas's experience with respect to the pilot project in Markham and the impact of blending hydrogen on the distribution system and end-use applications.
- b) Is it Enbridge Gas's understanding that as part of the Canadian Government's hydrogen strategy, Enbridge Gas will be required to blend a higher proportion of hydrogen into the distribution system (greater than 2%)? If yes, please confirm if Enbridge Gas has studied the impact of blending a higher proportion of hydrogen into the distribution system.

Question 6: Transportation Portfolio Changes, pages 40 and 49

In 2019, an industrial customer located in the Union Northern Delivery Area (NDA) notified Enbridge Gas that long-haul capacity assigned to them by Enbridge Gas would be returned effective November 1, 2021. At that time, Enbridge Gas elected to add this capacity into its transportation portfolio to meet the needs in the Union NDA as it was an economic option. Enbridge Gas has notified TCPL of its intention to turn back this capacity effective November 1, 2022 and will be evaluating its long-haul capacity requirements on an annual basis. In your presentation, please discuss the following:

- a) Please state the total capacity that will be turned back as of November 1, 2022.
- b) As part of the design day analysis, Enbridge Gas has forecasted a 4 TJ per day shortfall in the North East (Union EDA, Union NDA and Union NCDA) starting in 2021/22 which increases to 7 TJ per day by 2025/26. Please discuss the reasons for turning back capacity in the Union NDA when Enbridge Gas has forecasted a 4 TJ per day shortfall in 2021/22.

Question 7: Average Day Requirement, Table 26, page 58

The average annual demand for the EGD rate zone is expected to increase by approximately 10,449 TJ over the five years (2021-25), or roughly 29 TJ per day of average day demand. In your presentation, please discuss the following:

Please discuss the drivers of the increasing demand in the EGD rate zone and confirm if the growth is expected to be related to heat sensitive or other load.

Question 8: Storage Capacity Renewals, page 64

In 2020, Enbridge Gas retained ScottMadden Inc. to review and provide recommendations regarding the annual blind bid process used by Enbridge Gas to conduct and evaluate responses to a request for proposal (RFP) for natural gas storage capacity. In the current update, Enbridge Gas indicated that it held a blind RFP from November 10 to December 1, 2021 to replace 7 PJ of storage services that expire at the end of March 2022. Enbridge Gas used the blind RFP process discussed in the 2021 annual update and contracted for 7 PJ of new storage services starting April 1, 2022 with terms between 1 and 3 years.

In your presentation, please discuss the following:

- a) Please confirm if the blind RFP process for storage services starting April 1, 2022, was in line with ScottMadden's process recommendations. If there were any deviations, please identify and explain the reasons for the deviation.
- b) Please indicate the number of parties that responded to the RFP?
- c) Please confirm if the RFP manager provided Enbridge Gas with only the winning storage proposal in the current RFP process. Please explain the response if required.

Question 9: Unutilized Capacity, Table 34, pp. 69-70

On page 42 of the annual update, Enbridge Gas indicated that for the Union South rate zone, Enbridge Gas plans for upstream pipeline capacity to flow at 100% utilization each day of the year. During times when usage is less than upstream supply, the excess supply is injected into storage at Dawn. When demands are greater than upstream supply, gas is withdrawn from storage and transported to Union South in-franchise customers. Consequently, there is no planned unutilized capacity in Union South. Table 34 shows that the actual unutilized capacity was 16.7 PJ in 2019/20 and 19.6 PJ in 2020/21 for Union South. In your presentation, please address the following:

- a) Was the excess unutilized capacity identified above injected into storage in Union South? If not, please explain your response and confirm if ratepayers incurred unabsorbed demand charges.
- b) What steps did Enbridge Gas take to ensure that unutilized capacity is minimized?

Question 10: Building Understanding, Innovative Research, Appendix A

Enbridge Gas retained Innovative Research Group Inc. to assist in meeting its customer engagement requirements for its 2024 rate rebasing application requirement. In this annual update, Enbridge Gas has provided some of the findings related to the Fuel Choices section of the phase three survey. The survey gauged the acceptability of paying a premium for purchasing Responsibly Sourced Gas (RSG) and Renewable Natural Gas (RNG). In your presentation, please address the following:

Please discuss Enbridge Gas's interpretation of the findings with respect to acceptability of paying a premium for RSG and RNG by general service business customers.

Question 11: 2020/21 Performance Metrics, Appendix I, page 2

Enbridge Gas has provided the scores for performance metrics that reflect the criteria the OEB has established to monitor effectiveness of the GSP and how the guiding principles (cost effectiveness, reliability and security of supply, and public policy) have been achieved. For the performance measure of "Reliability", Enbridge Gas has provided the, "Number of days of failed delivery of supply". This metric has achieved a result of "61" in 2018/19, "74" in 2019/20 and "82" in 2020/21. In your presentation, please address the following:

- a) Please explain the measure and the drivers of failed delivery of supply.
- b) Please discuss the reasons for the consistent increase in this measure over the past three years.