

EB-2022-0222
Technical Conference

EGI 2024 Rates Rebasing
Panel 5

FRPO Compendium

March 29, 2023

ENBRIDGE GAS INC.Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)InterrogatoryReference:

Ex. 1, Tab 11, Schedule 1

Question(s):

Please provide the contract details for all new Transportation and Storage service agreements that EGI expects to go into effect between January 2023 and December 2028.

Response:

Exhibit 1, Tab 11, Schedule 1, paragraphs 10 to 15 set out Enbridge Gas's high-level expectations regarding potential turnback and re-contracting during the referenced period. Enbridge Gas does not currently have details, but as required by STAR¹ any new contract details will be posted as they come into effect.

¹ EB-2008-0052, Issuance of new Rule – Storage and Transportation Access Rule (STAR)

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Ex. 1, Tab 11, Schedule 1

Question(s):

Please provide the contract details for all existing Transportation and Storage service agreements that EGI expects will terminate, or be modified, between January 2023 and December 2028.

Response:

Enbridge Gas does not expect any contracts to be modified or terminated between January 2023 and December 2028.

ENBRIDGE GAS INC.Answer to Interrogatory from
Energy Probe Research Foundation (EP)InterrogatoryReference:

Exhibit 4, Tab 7. Schedule 1, Attachment 1, Page 2

Question(s):

- a) Please provide a Flow chart Showing deliveries at Parkway with and without the PDO. Show winter volumes at Dawn and at Parkway with a breakdown between former Union and former EGD DP customers.
- b) Please provide the 2024 forecasted turnback.
- c) How will System Gas be addressed? Do SG customers pay to have gas delivered to Parkway? Please provide the current winter SG volumes.
- d) Why should SG customers not receive a PDO and PDCI payment as they did historically?

Response:

- a) Table 1 details the deliveries on design day at Parkway with and without PDO. Table 2 details the design day demand at Dawn for the Dawn Parkway System with a breakdown of Union and EGD customers.

Table 1
Design Day Deliveries at Parkway with and without PDO

Line No.	Winter 2023/2024 (TJ/d)	With PDO (a)	Without PDO (b)
	<u>Parkway Suction</u>		
1	Union South	209	209
2	EGD	1,394	1,394
3	Total Suction Flow	1,603	1,603
	<u>Parkway Discharge</u>		
4	Union South	0	0
5	Union North	435	435
6	EGD	1,720	1,720
7	Ex-franchise	2,327	2,327
8	PDO (Union South)	(253)	0
9	Excess capacity	89	(164)
10	Total Discharge Flow	4318	4318

Table 2
Breakdown of Dawn Parkway Design Day Demand Served from Dawn

Line No.	Winter 2023/2024 (TJ/d)	With PDO (a)	Without PDO (b)
1	Union South	2,588	2,588
2	Union North	435	435
3	EGD	3,185	3,185
4	Ex-franchise	1,949	1,949
5	PDO	(253)	
6	Total Dawn Flow	7,904	8,157

b) 2024 turnback is comprised of:

- TransCanada Pipelines Limited M12X013 (13,182 GJ/d Dawn to Parkway capacity); and
- TransCanada Pipelines Limited M12219 (13,545 GJ/d Kirkwall to Parkway capacity).

There is no other turnback expected for 2024.

c) The cost of transportation capacity to Parkway or the Enbridge CDA is proposed to be included in the gas supply transportation charge paid for by sales service (system

gas) and bundled direct purchase customers as described at Exhibit 8, Tab 2, Schedule 2, page 13. Sales service customers are not solely responsible for the cost of transportation capacity to Parkway with the exception of transportation capacity from Niagara and Chippawa to the Enbridge CDA which is included in the derivation of the weighted average reference price. Furthermore, PDCI is only available to the discharge side of the Parkway compressors.

The 2024 forecast of sales service winter volumes is 234,468 10^3m^3 .

- d) Enbridge Gas proposes to no longer apply a PDCI credit to sales service customers because the cost of the transportation capacity to Parkway is no longer solely allocated to sales service customers as it was prior to 2024 for the Union South rate zone. Regarding the transportation capacity from Niagara to the Enbridge CDA referred to in part c), a PDCI payment is not warranted because there is no burden on sales service customers for the transportation cost. The landed cost of gas in the Enbridge CDA using the Niagara and Chippawa to the Enbridge CDA contract is not more expensive than purchasing gas at Dawn and transporting it to the Enbridge CDA using the Dawn Parkway System.

ENBRIDGE GAS INC.Answer to Interrogatory from
Environmental Defence (ED)InterrogatoryReference:

Exhibit 2, Tab 7, Schedule 1

Question(s):

- a) Please reproduce Table 1 on page 22, including ex-franchise demand.
- b) Please provide a breakdown of the forecast design day demand increases set out in Table 1.
- c) Please provide a table showing the demand on the Dawn Parkway System with rows for (i) the peak day from 2010 to today, (ii) the computed design day demand from 2010 to 2032, and the (iii) capacity

Response:

- a) Table 1 on page 22 includes ex-franchise demand. Please also see response at Exhibit I.2.7-FRPO-63.
- b) Please see Attachment 1.
- c) Please see Table 1.

Table 1

Dawn Parkway System Demands for Exhibit I.2.7-ED-113				
Line No.	Winter	Peak Day Demand (TJ/d)	Computed Design Day Demand (TJ/d)	Capacity (TJ/d)
		(i)	(ii)	(iii)
1	2009/2010	6,132	6,914	6,568
2	2010/2011	5,499	7,044	6,660
3	2011/2012	4,776	6,974	6,787
4	2012/2013	5,152	6,953	6,838
5	2013/2014	7,001(1)	6,877	6,960
6	2014/2015	5,875	6,651	6,842
7	2015/2016	4,756	6,998	7,018
8	2016/2017	5,316	7,416	7,482
9	2017/2018	6,311	7,762	7,888
10	2018/2019	6,228	7,760	7,873
11	2019/2020	5,507	7,905	7,878
12	2020/2021	6,032	7,911	7,915
13	2021/2022	6,458	8,038	7,966
14	2022/2023	-(2)	7,916	7,989
15	2023/2024	-	7,892	7,981
16	2024/2025	-	7,766	7,873
17	2025/2026	-	7,992	7,977
18	2026/2027	-	8,012	8,030
19	2027/2028	-	8,035	8,029
20	2028/2029	-	8,062	8,025
21	2029/2030	-	8,089	8,179
22	2030/2031	-	8,115	8,178
23	2031/2032	-	8,142	8,178
Notes				
(1)	<i>Actual Peak Day Demand exceeds Computed Design Day Demand on this date. This is the due to fuel and replenishing line pack. No additional mitigative measures or services were required on the day to meet demand.</i>			
(2)	<i>Data unavailable until Q3, 2023</i>			

Line No.	Winter	Total Union South Rate Zone (TJ/d)	Union South Increase (TJ/d)	Total Union North Rate Zone (TJ/d)	Union North Increase (TJ/d)	Total EGD Rate Zone (TJ/d)	EGD Increase (TJ/d)	Ex-Franchise Dawn to Kirkwall (TJ/d)	Ex-Franchise Increase D-K (TJ/d)	Ex-Franchise Dawn to Parkway (TJ/d)	Ex-Franchise Dawn to Parkway Increase (TJ/d)	Ex-Franchise Kirkwall to Parkway (TJ/d)	Ex-Franchise Kirkwall to Parkway Increase (TJ/d)	Ex-Franchise (M17) (TJ/d)	Ex-Franchise (M17) Increase (TJ/d)	Design Day Demand Total
1	W2023/24	1,915	-25	435	-4	3,185	0	50	0	1,891	-13	408	-14	9	0	7,892
2	W2024/25	1,923	8	435	0	3,203	18	50	0	1,883	-8	264	-143	9	0	7,766
3	W2025/26	2,048	125	434	0	3,217	14	50	0	1,969	86	264	0	9	0	7,992
4	W2026/27	2,056	8	436	1	3,228	11	50	0	1,969	0	264	0	9	0	8,012
5	W2027/28	2,065	8	437	1	3,241	13	50	0	1,969	0	264	0	9	0	8,035
6	W2028/29	2,073	8	438	1	3,258	17	50	0	1,969	0	264	0	9	0	8,062
7	W2029/30	2,082	9	439	1	3,275	17	50	0	1,969	0	264	0	9	0	8,089
8	W2030/31	2,091	9	441	1	3,291	16	50	0	1,969	0	264	0	9	0	8,115
9	W2031/32	2,100	9	442	1	3,308	16	50	0	1,969	0	264	0	9	0	8,142

NORTHERN UTILITIES, INC.
MAINE DIVISION
WINTER PERIOD 2022-2023
COST OF GAS FACTOR FILING

PREFILED TESTIMONY OF
FRANCIS X. WELLS

1 I. INTRODUCTION

2 Q. Please state your name and business address.

3 A. My name is Francis X. Wells. My business address is 6 Liberty Lane West, Hampton,
4 NH.

5 Q. What is your relationship with Northern Utilities, Inc.?

6 A. I am employed by Unitil Service Corp. (the "Service Company") as Manager of Energy
7 Planning. The Service Company provides professional services to Northern Utilities, Inc.

8 Q. Please briefly describe your educational and business experience.

9 A. I earned my Bachelor of Arts Degree in both Economics and History from the
10 University of Maine in 1995. I joined the Service Company in September 1996 and
11 have worked primarily in the Energy Contracts department. My primary
12 responsibilities involve gas supply planning and acquisition.

13 Q. Have you previously testified before the Maine Public Utilities Commission
14 ("Commission")?

15 A. Yes. I have testified as Northern's gas supply witness before the Commission in
16 Northern's Cost of Gas Factor ("CGF") proceedings.

17 Q. Please summarize your prepared direct testimony in this proceeding.

1 2022-2023 Winter Period. Addition of the WXP Dawn Hub capacity to the
2 portfolio provides Northern the ability to reduce these peaking supply purchases.

- 3 3. For the 2021-2022 Winter Period, Northern targeted protecting 70 percent of its
4 November through March projected sendout requirements from NYMEX volatility.
5 As discussed in Northern's Price Risk Mitigation Plan, filed with the Commission
6 on May 6, 2022 under Docket No. 2021-00249, Northern has updated this target
7 to 75 percent of its November through March projected sendout requirements. In
8 addition to normal underground storage inventory purchases, conversions of
9 pipeline purchases for November through March delivery from variable NYMEX
10 prices to fixed NYMEX prices will take place in four blocks from June through
11 September. As of the initial filing in this proceeding, Northern has completed the
12 first three fixed price blocks. The fourth and final fixed price block will be
13 completed prior to the update filing in this proceeding.

- 14 4. Effective April 1, 2023, Northern will increase the maximum storage balance of its
15 Enbridge Dawn Storage from 4,000,000 Dth to 6,000,000 Dth. The new storage
16 contract (Contract No. LST155) has a five year term. As discussed in my
17 testimony on the Price Risk Mitigation Plan, filed with the Commission, increased
18 storage capacity will allow the Company to rely less on baseload supplies to
19 meet its 75 percent target for supplies protected from increases in NYMEX prices
20 beginning the 2023-2024 Winter Period and beyond.

21 **Q. Please provide an update on the Atlantic Bridge Project.**

- 22 A. As noted in the 2021 Summer CGF, the AB project is currently subject to additional
23 process established by an Order Establishing Briefing issued by the FERC on February
24 19, 2021 in Docket No. CP16-9 ("Briefing Order"). FERC's Briefing Order stated that in
25 response to a request for rehearing of its September 24, 2020 order authorizing

ENBRIDGE GAS INC.Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)InterrogatoryReference:

Ex. 2, Tab 7, Schedule 1, pg. 5

Preamble:

EGL evidence states: *On design day, the flow of gas is easterly from Dawn towards Parkway. Additional supply is received at Kirkwall and Parkway which reduces the need for pipeline infrastructure and diversifies gas supply pathways.*

Question(s):

Can Bundled-T customers deliver at Kirkwall and deliver a prorated PDCI relative to their impact on making these facilities smaller?

- a) If not, why not?
- b) If so, what would need to be done to undertake this change? Please explain fully.

Response:

Currently Bundled-T customers cannot be obligated to deliver to Kirkwall, and as such there is no "PDCI like" payment available for deliveries to this point.

- a-b) There is no rate structure or OEB approval to offer a "PDCI like" payment for deliveries to this point. Obligated deliveries to Kirkwall are not required based on the currently installed facilities. In addition, system changes would be required to implement this option.

Enbridge Gas evaluates commercial alternatives including, but not limited to, upstream transportation services to enable the delivery of supply to a point on Enbridge Gas's system, peaking supply transactions, delivered supply transactions, exchanges, and third-party assignments of transportation capacity as part of an IRPA. The use of third-party commercial services introduces risks such as availability, term and price. The value of using Kirkwall as an alternate obligated receipt point to limit future expansion facilities would be considered and fully explored as part of an IRPA process if/when expansion facilities may be required.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Ex. 2, Tab 7, Sch. 1, pg. 22-26, Table 1 & EB-2019-0159 Ex. A, Tab 7, pg 17 & Sch 1

Question(s):

For Table 1, please break out the total Design Day Demand numbers in column (b) of Table 1 to show the projected design day demands for 2023/2024 through 2031/2032 for each of the following categories: (1) Total Union South Rate Zone, (2) Total Union North Rate Zone, (3) Total EGD Rate Zone, (4) Ex-Franchise Dawn-to-Kirkwall, (5) Ex-Franchise Dawn-to-Parkway, (6) Ex-Franchise Kirkwall-to-Parkway.

Response:

Please see Table 1. The growth in the Union South, Union North and EGD rate zones is assumed to be served from Dawn. However, the ability to serve those rate zones growth will be evaluated by Gas Supply when demand exceeds the capability in the Gas Supply Plan.

Table 1
 Dawn Parkway System Design Day Demands

Line No.	Winter	Total Union South Rate Zone (TJ/d)	Total Union North Rate Zone (TJ/d)	Total EGD Rate Zone (TJ/d)	Ex-Franchise Dawn to Kirkwall (TJ/d)	Ex-Franchise Dawn to Parkway (TJ/d)	Ex-Franchise Kirkwall to Parkway (TJ/d)	Ex-Franchise (M17) (TJ/d)	Design Day Demand Total (TJ/d)
1	W2023/24	1,915	435	3,185	50	1,891	408	9	7,892
2	W2024/25	1,923	435	3,203	50	1,883	264	9	7,766
3	W2025/26	2,048	434	3,217	50	1,969	264	9	7,992
4	W2026/27	2,056	436	3,228	50	1,969	264	9	8,012
5	W2027/28	2,065	437	3,241	50	1,969	264	9	8,035
6	W2028/29	2,073	438	3,258	50	1,969	264	9	8,062
7	W2029/30	2,082	439	3,275	50	1,969	264	9	8,089
8	W2030/31	2,091	441	3,291	50	1,969	264	9	8,115
9	W2031/32	2,100	442	3,308	50	1,969	264	9	8,142

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Ex. 2, Tab 7, Sch. 1, pg. 22-26, Table 1 & EB-2019-0159 Ex. A, Tab 7, pg 17 & Sch 1

Question(s):

From EB-2019-0159, please update Table 7-2 with annualized actuals and extend the information through January 1, 2024.

- a) Please provide the contract details for the Dawn to Parkway capacity of 12,334 GJ that was turned back in 2019/2020, and the 88,728 GJ that was turned back in 2020/21.

Response:

Please see Table 1.

Table 1
Dawn Parkway System Capacity Position (Shortfall/Surplus)

<u>Line No.</u>	<u>Forecast Shortfall Change</u>	<u>GJ/d¹</u>
1	2019/2020 System Surplus (Nov 1, 2019)	-26,544
	<u>2020/2021 In-franchise Capacity Requirements</u>	
2	Union South rate zone	16,535
3	Union North rate zone	9,563
4	EGD rate zone	-2,693
	<u>2020/2021 Ex-franchise Capacity Requirements</u>	
5	Dawn to Parkway	-15,015
6	M17	-4,792
7	Parkway Delivery Obligation Reduction	-14,440

Table 1 (Continued)*
Dawn Parkway System Capacity Position (Shortfall/Surplus)

Line No.	Forecast Shortfall Change	GJ/d ¹
8	SWAHV	41,534
9	2020/2021 System Shortfall (Nov 1, 2020)	4,147
	<u>2021/2022 In-franchise Capacity Requirements</u>	
10	Union South rate zone	-8,979
11	Union North rate zone	-12,711
12	EGD rate zone	-120,131
13	Parkway Delivery Obligation Reduction	24,119
	<u>2021/2022 Ex-franchise Capacity Requirements</u>	
14	Dawn to Parkway	-63,814
15	Dawn to Parkway turn back	100,213
16	SWAHV	5,514
17	2021/2022 System Shortfall (Nov 1, 2021)	-71,642
	<u>2022-2023 In-franchise Capacity Requirements</u>	
18	Union South rate zone	27,889
19	Union North rate zone	1,618
20	EGD rate zone	7,758
21	Parkway Delivery Obligation Reduction	5,497
	<u>2022/2023 Ex-franchise Capacity Requirements</u>	
22	Dawn to Parkway	-19,670
23	Dawn to Parkway turn back	128,317
24	SWAHV	-19,781
	2022/2023 System Shortfall (Nov 1, 2022)	59,986
	<u>2023/2024 In-franchise Capacity Requirements</u>	
25	Union South rate zone	-9,414
26	Union North rate zone	910
27	EGD rate zone	0
28	Parkway Delivery Obligation Reduction	-3,160

Table 1 (Continued)*
Dawn Parkway System Capacity Position (Shortfall/Surplus)

Line No.	Forecast Shortfall Change	GJ/d ¹
<u>2023/2024 Ex-franchise Capacity Requirements</u>		
29	Dawn to Parkway turn back	13,182
30	Kirkwall to Parkway turn back	3,325
31	Transition to Harmonized Method	23,735
32	2023/2024 System Shortfall (Nov 1, 2023) ²	88,564

Notes:

1 – Negative sign denotes an increased capacity need which creates a shortfall; positive sign denotes a reduced capacity need which creates a surplus.
 2 – Provided system shortfall information up to start of Winter 2023 (November 1st, 2023). The forecasted shortfall positions are recorded for the start of a winter (November 1st), so there is not an individual value for January 1st, 2024 (per the original request).

a) Please see Table 2.

Table 2
Contract Details of Turnback

Line No.	Shipper	Contract ID	Start Date	End Date	Path	Quantity (GJ)
1	Stelco Inc.	M12085	Sept. 16, 2014	Oct. 31, 2020	Dawn – Parkway	11,087
2	Ag Energy Co-operative Ltd.	M1215	Nov. 1, 2008	Oct. 31, 2020	Dawn – Parkway	1,247
3	Énergir, L.P. by its General Partner Énergir Inc.	M12176	Apr. 1, 2011	Mar. 31, 2021	Dawn – Parkway	88,728

Line	Capacity Requirement Section	Forecast Shortfall Change	GJ/d	Cumulative
1		2019/2020 System Surplus (Nov 1, 2019)	-26,544	
2	2020/2021 In-franchise Capacity Requirements	Union South rate zone	16,535	-10,009
3		Union North rate zone	9,563	26,098
4		EGD rate zone	-2,693	6,870
5	2020/2021 Ex-franchise Capacity Requirements	Dawn to Parkway	-15,015	-17,708
6		M17	-4,792	-19,807
7		Parkway Delivery Obligation Reduction	-14,440	-19,232
8		SWAHV	41,534	27,094
9		2020/2021 System Shortfall (Nov 1, 2020)	4,147	45,681
10	2021/2022 In-franchise Capacity Requirements	Union South rate zone	-8,979	-4,832
11		Union North rate zone	-12,711	-21,690
12		EGD rate zone	-120,131	-132,842
13		Parkway Delivery Obligation Reduction	24,119	-96,012
14	2021/2022 Ex-franchise Capacity Requirements	Dawn to Parkway	-63,814	-39,695
15		Dawn to Parkway turn back	100,213	36,399
16		SWAHV	5,514	105,727
17		2021/2022 System Shortfall (Nov 1, 2021)	-71,642	-66,128
18	2022-2023 In-franchise Capacity Requirements	Union South rate zone	27,889	-43,753
19		Union North rate zone	1,618	29,507
20		EGD rate zone	7,758	9,376
21		Parkway Delivery Obligation Reduction	5,497	13,255
22	2022/2023 Ex-franchise Capacity Requirements	Dawn to Parkway	-19,670	-14,173
23		Dawn to Parkway turn back	128,317	108,647
24		SWAHV	-19,781	108,536
		2022/2023 System Shortfall (Nov 1, 2022)	59,986	40,205
25	2023/2024 In-franchise Capacity Requirements	Union South rate zone	-9,414	50,572
26		Union North rate zone	910	-8,504
27		EGD rate zone	0	910
28		Parkway Delivery Obligation Reduction	-3,160	-3,160
29	2023/2024 Ex-franchise Capacity Requirements	Dawn to Parkway turn back	13,182	10,022
30		Kirkwall to Parkway turn back	3,325	16,507
31		Transition to Harmonized Method	23,735	27,060
32		2023/2024 System Shortfall (Nov 1, 2023)	88,564	112,299

ENBRIDGE GAS INC.Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)InterrogatoryReference:

Ex. 4, Tab 7, Schedule 1, pg. 7-8

Preamble:

EGL evidence states: *At its sole discretion, Enbridge Gas would consider the use of Dawn Parkway System turnback to reduce the PDO provided any quantities turned back were first offered to the market through an existing capacity open season. The priority for using excess Dawn Parkway System capacity is to serve contracted long-term demands.*

Question(s):

Does EGL consider its sole discretion to be subject to Board approval?

a) Please confirm the Board could also order EGL to implement such a use.

Response:

No. Enbridge Gas is requesting OEB approval to update the PDO Framework as part of this Application. The approval of the updated PDO Framework would allow Enbridge Gas to utilize excess Dawn Parkway System capacity to reduce the PDO at its sole discretion.

a) Confirmed.

Table 1
Total Proposed PDCI Costs

Line No.	Particulars	Quantity (GJ/d) (a)	Unit Rate (\$/GJ) (b)	Total PDCI Costs (\$) (1) (c)
<u>Current Approved PDCI Costs</u>				
1	Union South Parkway Obligation	226,333	0.173	14,331
2	Firm Exchange Service	26,514	0.110	1,067
3	Total Current Approved PDCI Costs	252,847		15,398
<u>Proposed PDO Framework Changes</u>				
4	Expand PDCI Payment	45,964	0.173	2,910
5	Seasonal DCQ PDCI Payment	-	-	-
6	Remove Sales Service PDCI Payment	(11,000)	0.173	(696)
7	Allocation of PDCI Payment Costs	-	-	-
8	Total Proposed PDO Framework Changes	34,964		2,214
9	Total Proposed PDCI Costs	287,811		17,612

Note:

(1) Calculated as column (a) x column (b) x 366 days.

PDCI cost, effective January 1, 2024. Currently, there are approximately 36 customers located in the EGD rate zone with 46 TJ/d of PDO.

Seasonal DCQ PDCI Payment

17. Enbridge Gas is proposing to provide PDCI payments for customers with a seasonal DCQ based on their winter DCQ. Enbridge Gas currently offers a seasonal DCQ option for seasonal service in the EGD rate zone and is proposing to offer a similar seasonal service across the franchise area, as part of the service harmonization proposals, provided at Exhibit 8, Tab 4, Schedule 2 and Exhibit 8, Tab 4, Schedule 3. If a bundled DP customer selects a seasonal DCQ and has a PDO, the customer will receive the PDCI payment for their winter Parkway DCQ quantity through the year, as the customer's higher summer Parkway DCQ is not providing the same peak day benefit as customers that have a PDO during the winter months from December to March.

Remove Sales Service PDCI Payment

18. Enbridge Gas is proposing to no longer apply a PDCI credit to sales service customers. Under the current rate design, the incremental transportation costs to deliver gas to Parkway are recovered from sales service customers located in the Union South rate zone and offset by the PDCI to recognize the benefit of gas supply arriving at Parkway. In the proposed rate design, the transportation costs to deliver gas to all delivery areas, including Parkway, are directly recovered from both sales service and DP customers through gas supply transportation charges, thus eliminating the need for the sales service PDCI. By including the incremental costs to transport gas to Parkway in gas supply transportation charges, there is no longer a need to credit sales service customers for these costs through the PDCI.

Allocation of PDCI Payment Costs

19. Enbridge Gas is proposing to change the allocation of the PDCI payment costs within the cost allocation study to ensure the allocation reflects the use of the Dawn Parkway System and the total system benefit provided by the PDO. In accordance with the PDO Settlement Framework, the cost of the PDCI payment is currently allocated to Union South in-franchise rate classes in proportion to firm design day demands on the Dawn Parkway System. Enbridge Gas is proposing to change the allocation of the PDCI payment costs to include both in-franchise and ex-franchise rate classes, consistent with the allocation of the Dawn Parkway transmission demand costs. A description of the proposed cost allocation methodology is provided at **Exhibit 7, Tab 1, Schedule 4.**

2.2. 2024 PDO Reduction

20. As part of the PDO Settlement Framework¹⁰, Union intended to use Dawn to Kirkwall turnback as the primary method to reduce the PDO. Although Dawn to Kirkwall turnback may still be used to facilitate a PDO reduction, there are insufficient Dawn to Kirkwall contracts remaining to provide a complete PDO reduction. As such, Enbridge Gas has implemented a market-based solution in 2022 and will consider other means to reduce the PDO.
21. Enbridge Gas is proposing to update the PDO Framework to include the other means available to facilitate a PDO reduction, which includes using capacity turned back on the Dawn Parkway System (in addition to Dawn to Kirkwall turnback), infrastructure construction, or by other market opportunities, provided the alternative is available, operational, and financially viable. **At its sole discretion,** Enbridge Gas would consider the use of Dawn Parkway System turnback to reduce

¹⁰ EB-2013-0365, Settlement Framework, Appendix B, June 3, 2014.

the PDO provided any quantities turned back were first offered to the market through an existing capacity open season. The priority for using excess Dawn Parkway System capacity is to serve contracted long-term demands.

22. Enbridge Gas will also continue to seek and implement market-based solutions to reduce the PDO, recognizing that market-based solutions can be difficult to contract due to the term and the required conditions of service. Market-based solutions can also be considered short-term as cost and availability can vary. There is currently one market-based solution in place for a firm exchange service between Dawn and Parkway, which allows Enbridge Gas to reduce the PDO, as described in Section 1. Enbridge Gas will annually review potential market-based solutions to reduce the PDO and report on alternatives considered in annual deferral and variance account proceedings.

2.3. Annual Updates and PDO Reporting

23. Enbridge Gas is proposing to no longer update base rates annually for changes in the PDO costs. Enbridge Gas will continue to update the PDCI rate to reflect the approved Rate M12 Dawn to Parkway toll including fuel costs as part of the annual rate case proceeding to ensure DP customers with a PDO receive the appropriate PDCI payment.
24. Any variances between the amount included in base rates and the actual costs will be recorded in a new deferral account and disposed of as part of the annual deferral and variance account proceeding. Enbridge Gas is proposing to update the purpose of the existing variance account (PORVA) and replace it with the Parkway Delivery Obligation Variance Account (PDOVA), a new Enbridge Gas variance account, effective January 1, 2024. The PDOVA will capture cost variances

ENBRIDGE GAS INC.Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)InterrogatoryReference:

Ex. 4, Tab 7, Schedule 1, Attachment 1

Preamble:

EGL evidence states: *Bundled and semi-unbundled direct purchase (DP) customers are contractually obligated to deliver gas to Enbridge Gas at various points of receipt upstream or on Enbridge Gas's system, including the interconnect with TransCanada at Parkway and with the Enbridge CDA.*

Question(s):

Please indicate all points of delivery embedded in DP contracts where the counterparty could be obligated to deliver their gas in the Enbridge CDA.

- a) Please provide all other points that EGL can require obligated deliveries from DP customers.
- b) If parties were willing to obligate deliveries to Kirkwall, would EGL consider providing an incentive comparable, but not necessarily equal, to the PDCI?
 - i. If not, why not? Please explain.

Response:

Bundled direct purchase customers in the EGD rate zone with an Enbridge CDA point of receipt nominate to deliver their daily supply to the Enbridge CDA.

- a) Table 1 provides the obligated points of receipt for the bundled direct purchase services in each of the current rate zones. The points of receipt in the Union South rate zone apply to semi-unbundled direct purchase as well.

Table 1
Obligated Points of Receipt

Line No.	Services	Points of Receipt
	EGD rate zone	
1	Dawn Transportation Service (DTS)	Dawn
	Ontario Transportation Service (OTS)	
2	Enbridge CDA	ECDA
3	Enbridge EDA	EEDA
4	Western Transportation Service (WTS)	Empress
	Union North rate zone	
5	North West	Empress
6	North East	Dawn
7	Union South rate zone	Dawn and/or Parkway

b) Please see response at Exhibit I.2.7-FRPO-60.

ENBRIDGE GAS INC.

Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)

Interrogatory

Reference:

Ex. 4, Tab 7, Schedule 1, Attachment 1

Preamble:

EGL evidence states: *Bundled and semi-unbundled direct purchase (DP) customers are contractually obligated to deliver gas to Enbridge Gas at various points of receipt upstream or on Enbridge Gas's system, including the interconnect with TransCanada at Parkway and with the Enbridge CDA.*

Question(s):

Using forward market pricing, in tabular form, please provide the annual Nov.1-Oct.31 basis differential at Dawn and Parkway for the five years starting the winter of 2023/24 and include the difference between the two.

a) Please provide a reference to the source of the forward prices.

Response:

a) Please see Table 1 sourced from Kiindex.

Table 1
February 10, 2022 Dawn and Parkway Basis Settlement Prices

<u>Line No.</u>	<u>Term (US\$/mmbtu)</u>	<u>Dawn Basis</u>	<u>Parkway Basis</u>	<u>Difference</u>
		(a)	(b)	(c) = (a - b)
1	Nov 23 - Oct 24	(0.160)	(0.083)	(0.077)
2	Nov 24 - Oct 25	(0.164)	(0.139)	(0.025)
3	Nov 25 - Oct 26	(0.148)	(0.120)	(0.028)
4	Nov 26 - Oct 27	(0.102)	(0.105)	0.002
5	Nov 27 - Oct 28	(0.091)	(0.104)	0.012

ENBRIDGE GAS INC.Answer to Interrogatory from
Federation of Rental-housing Providers of Ontario (FRPO)InterrogatoryReference:

Ex. 3, Tab 4, Schedule 1

Preamble:

Pg. 4 of the Schedule states: *As of 2024, the Dawn Parkway System will no longer be considered upstream to any Enbridge Gas customers and therefore, the benefit of the use of the Dawn Parkway System to transact these exchange sales, will not be shared 90/10 in the proposed Upstream Transportation Optimization deferral account.*

Question(s):

If EGI uses these assets, alone or in combination with other EGI transmission assets, how will the margins be tracked?

a) Is it EGI's proposal to share these margins 90/10 in favour of ratepayers?

Response:

The revenue associated with **using** transportation assets, such as the Dawn Parkway System, has been included in revenue used for establishing rates and is not subject to sharing via a deferral account. However, any variances in transportation revenue are subject to the Earnings Sharing mechanism.

a) Any revenue associated with the use of an Upstream Transportation asset to facilitate an exchange continues to be subject to sharing via a deferral account (179-201) and is proposed to be shared 90/10 rate payer/shareholder. Any revenues associated with the Dawn Parkway portion of the exchange will be included in regulated revenues.

deliverability until late January to early February in order to meet design day or near design demand requirements. As demand declined, so too would storage deliverability throughout the winter. To offset the decline in deliverability the Company would purchase additional delivered supplies if demand was above budget. Developing a gas supply plan in this fashion proved satisfactory during periods of budgeted or slightly colder than budget winters. This was not the case in the winter of 2014 and the Company was forced to purchase significantly higher volumes of gas at Dawn to serve the needs of its customers.

22. In 2015 the Company implemented a change with respect to how it planned to manage its storage balances and has assumed a similar practice for purposes of developing its 2016 gas supply plan. The Company is forecasting storage targets such that maximum deliverability from storage can be maintained until the end of February and that deliverability from storage is sufficient to meet March peak day demand as late as March 31.
23. Also during the April 2014 and October 2014 QRAM proceedings the Company explained its utilization of a seven day ahead forecast of degree days demand along with budgeted weather beyond seven days to make gas procurement decisions. Starting in 2015, the Company made a change in how it used forecasted weather demand to make procurement decisions. For 2016, the Company will continue to rely on a seven day ahead forecast of degree days as part of its decision making process for gas procurement for the upcoming week. In addition, the Company will continue to utilize medium term weather forecasts as a means of assessing medium term demand impacts. These forecasts will be used