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EB-2015-0166/0175

OEB BOARD SECRETARY	
File No:	Sub File: 10
Panel	CS, C, M, R
Licensing	W, L, N
Other	
00/04	NS

August 11, 2015

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

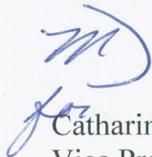
**Attention: Ms. Kirsten Walli
Board Secretary**

Dear Ms. Walli:

**Subject: Applications for pre-approval of the cost consequences of long-term natural gas transportation contracts with NEXUS Gas Transmission
OEB File Nos: EB-2015-0166 / EB-2015-0175
TransCanada PipeLines Limited (TCPL)
Interrogatories to Enbridge Gas Distribution Inc. (Enbridge)**

In accordance with the requirements in Procedural Order No. 1 dated July 31, 2015, please find attached TCPL's Interrogatories to Enbridge Gas Distribution.

Sincerely,
TransCanada PipeLines Limited


Catharine Davis
Vice President, Pipelines Law

cc: All Parties EB-2015-0166 / EB-2015-0175

Attached

Filed Electronically

**ONTARIO ENERGY BOARD
EB-2015-0166 / EB-2015-0175**

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, C. 15, (Schedule B);

AND IN THE MATTER OF Applications for pre-approval of the cost consequences of long-term natural gas transportation contracts with NEXUS Gas Transmission.

To: Ms. Kirsten Walli
Board Secretary
Ontario Energy Board

**TRANSCANADA PIPELINES LIMITED
INTERROGATORIES TO ENBRIDGE GAS DISTRIBUTION INC.**

T1.Enbridge.TransCanada.1:

Reference:

- i) Application, Exhibit A, Tab 3, Schedule 1, Page 14, Paragraphs 39 – 41
- ii) Application, Exhibit A, Tab 3, Schedule 1, Page 15, Paragraph 42

Preamble:

In Reference i), Enbridge notes NEXUS' supplemental open seasons and the expansion of the project's size and scope due to its popularity, occurring after Enbridge's participation in the initial NEXUS open season. Enbridge then states: "[...] without support from major shippers such as Enbridge, the new infrastructure build [...] would not proceed."

In Reference ii), Enbridge states that its participation in the NEXUS project "supports the development of new natural gas infrastructure that benefits its customers and the broader Ontario market."

Request:

- a) If the OEB does not approve the cost consequences of Enbridge's transportation contract, does Enbridge believe the NEXUS project will proceed? Please explain.
- b) Does Enbridge continue to believe that its participation in the initial NEXUS open season was critical to the viability of the proposed project, as stated in the application? If yes, why?
- c) Why does the NEXUS project benefit the "broader Ontario market" when major incremental capacity has also been planned or will be provided by alternative pipelines that will also connect incremental Marcellus and/or Utica supply to Ontario such as the Niagara / Chippawa expansions, the Rover Pipeline, and the Constitution Pipeline? Please explain.

T1.Enbridge.TransCanada.2:

Reference:

- i) Application, Exhibit A, Tab 3, Schedule 1, Page 17, Paragraph 46

Preamble:

In Reference i), Enbridge states that the service awarded to Enbridge consists of “110,000 Dth per day of firm transportation service [...]”

In the same paragraph, Enbridge notes their “option to increase contracted capacity to as much as 150,000 Dth per day, subject to certain conditions, on or before November 1, 2020.”

Enbridge is requesting pre-approval of the cost consequences of their commitment on NEXUS. TransCanada seeks to clarify the cost consequences for which Enbridge is seeking approval.

Request:

- a) Is Enbridge requesting pre-approval of the cost consequences of 110,000 Dth/d of firm transportation service, or 150,000 Dth/d of firm transportation service?
- b) Does Enbridge intend to utilize the option to increase its contractual commitment by November 1, 2020? Please explain.
- c) Please specify the specific circumstances or conditions necessary for Enbridge to utilize the 150,000 Dth/d option.

T1.Enbridge.TransCanada.3:

Reference:

- i) Application, Exhibit A, Tab 3, Schedule 1, Appendix C, Page 1 of 1

Preamble:

Enbridge's most recently filed (May 2015) Landed Cost Analysis assumed an average foreign exchange rate of \$1 US = \$1.248 CDN from 2017 - 2032.

In light of significant changes to the Canadian-US exchange rate since the filing of the original application, TransCanada seeks updated information.

Request:

- a) Please provide an updated Landed Cost Analysis utilizing the same format as in the reference above, and incorporating any changes that may have occurred since the most recent analysis, including - but not limited to - an updated foreign exchange assumption.

T2.Enbridge.TransCanada.4:

Reference:

- i) EB-2015-0010, letter written on behalf of Consumers Council of Canada ("CCC"), Canadian Manufacturers & Exporters ("CME"), the Building Owners and Managers Association, Greater Toronto ("BOMA"), the Federation of Rental-housing Providers of Ontario ("FRPO"), Vulnerable Energy Consumers Coalition ("VECC"), London Property Management Association ("LPMA") and School Energy Coalition ("SEC"), August 5, 2015

Preamble:

On August 5, 2015, several intervenors in the OEB EB-2015-0100 proceeding wrote a letter to the Board requesting that a comprehensive gas supply and transportation review for Union and Enbridge take place as soon as possible, or as part of the EB-2015-0166 / EB-2015-0175 proceeding.

Request:

- a) Considering the significant impacts of NEXUS to the overall supply portfolios of both Union and Enbridge, would Enbridge support undertaking a comprehensive gas supply and transportation review before the close of this proceeding?

T2.Enbridge.TransCanada.5:

Reference:

- i) Application, Exhibit A, Tab 3, Schedule 1, Page 36 of 46, Paragraphs 93 - 94

Preamble:

In Reference i), Enbridge states that should demand exceed forecasts, “Enbridge has the option to procure gas seasonally at other supply points including Kensington, the Dawn Hub, Niagara, Chicago and the WCSB.”

Request:

- a) In the event that the Board denies Enbridge’s application for NEXUS contract cost recovery, and assuming the NEXUS project is built regardless, how would Enbridge meet forecast demand no longer served by the applied-for NEXUS contract? Please provide any alternative supply plans and supporting documentation.
- b) In the event that the NEXUS project does not proceed, how would Enbridge meet forecast demand no longer served by NEXUS? Please provide any alternative supply plans for this scenario and supporting documentation.
- c) In either of the scenarios above (i.e. (1) the application in this proceeding is denied by NEXUS is constructed, and (2) NEXUS is not constructed), could incremental supply from Niagara / Chippawa be used to meet forecast supply requirements?

T4.Enbridge.TransCanada.6:

Reference:

- i) Application, Exhibit A, Tab 3, Schedule 1, Pages 21 - 22, Paragraph 57

Preamble:

In Reference i), Enbridge states that it negotiated a PA that included favourable terms as a result of its long-term commitment to the NEXUS pipeline. Enbridge then states that with respect to the Rover project, "the ability for Enbridge to negotiate similar conditions precedent as with NEXUS was a risk."

TransCanada seeks to understand the extent to which Enbridge attempted to secure alternatives to the NEXUS project.

Request:

- a) Did Enbridge enter into discussions with Rover regarding possible service? Please explain.
- b) Please provide all correspondence between Enbridge and Energy Transfer Partners / Rover Pipeline since October 15, 2012.

T4.Enbridge.TransCanada.7:

Reference:

- i) Application, Exhibit A, Tab 3, Schedule 1, Appendix C, Page 1 of 1
- ii) Application, Exhibit A, Tab 3, Schedule 1, Page 9, Paragraph 26

Preamble:

Enbridge's landed cost analysis shows that TCPL from Niagara to Kirkwall is a lower cost option relative to NEXUS.

In Reference ii), Enbridge states: "There is no current means for Enbridge to obtain direct supply of natural gas on a firm basis from the Marcellus and Utica basins to the Company's storage facilities at Dawn, nor to Enbridge's franchise area. This makes NEXUS a valuable new option for Enbridge to meet its gas supply requirements."

Request:

- a) Please provide all contract information for capacity held by Enbridge on the TransCanada Mainline with a receipt point of Niagara / Chippawa, including, delivery point, contract quantity, and contract term.
- b) Please explain why Enbridge has not contracted for more Niagara / Chippawa to Kirkwall Mainline capacity in TransCanada's 2015, 2016, or 2017 new capacity open seasons given its advantage from a landed cost perspective.
- c) Did Enbridge participate in the 2010 open season for Empire Pipeline Inc.'s Tioga County Extension Project which made available 350,000 Dth/d of incremental firm service from the Marcellus supply area to the Chippawa interconnect with the TransCanada Mainline? If not, why not?
- d) Did Union participate in the 2010 open season for Tennessee Gas Pipeline's Northeast Supply Diversification (NSD) project, which made available 150,000 Dth/d of incremental firm service from the Marcellus supply area to the Niagara interconnect with the TransCanada Mainline? If not, why not?
- e) Did Enbridge participate in the 2010 open season for National Fuel Gas Supply Corporation's Northern Access Project which made available 320,000 Dth/d of incremental firm service from the Marcellus supply area to the Niagara interconnect with the TransCanada Mainline? If not, why not?
- f) Did Enbridge participate in the 2013 open season for Tennessee Gas Pipeline's Niagara Expansion Project which made available 158,000 Dth/d of incremental firm service from the Marcellus supply area to the Niagara interconnect with the TransCanada Mainline? If not, why not?
- g) Did Enbridge participate in the 2014 open season for Empire Pipeline Inc.'s (in cooperation with National Fuel Gas Supply Corporation) Northern Access 2016 Project which made available 350,000 Dth/d of incremental firm service from the Marcellus supply area to the Chippawa interconnect with the TransCanada Mainline? If not, why not?

- h) Please confirm that recent open seasons for firm capacity with a delivery point of Niagara / Chippawa held by Tennessee Pipeline, National Fuel and Empire provide direct access to the Marcellus gas supply region. If not confirmed, why not?
- i) Please explain why exposing Enbridge's ratepayers to the risks associated with underpinning NEXUS is preferable to simply purchasing delivered gas supply at Dawn, Niagara / Chippawa, or Kirkwall.
- j) Please provide any presentations or other marketing material provided to Union with respect to any of the projects listed in c) through g) above.
- k) Please provide any presentations, meeting notes, e-mails or marketing materials from NEXUS to Enbridge, and any internal presentations with respect to NEXUS.
- l) Please provide any presentations, meeting notes, e-mails or other correspondence between Union and Enbridge regarding NEXUS.
- m) Please provide any presentations, meeting notes, or e-mails to Enbridge's Board of Directors or Senior Management regarding NEXUS.
- n) Did Enbridge pursue any delivered gas supply options at Niagara / Chippawa, or Kirkwall in lieu of NEXUS? If not, why not?

T4.Enbridge.TransCanada.8:

Reference:

- i) Application, Exhibit A, Tab 3, Schedule 1, Page 2 of 46, Paragraph 6

Preamble:

TransCanada seeks to understand details associated with the NEXUS project.

Request:

- a) Please confirm the initial proponents of the NEXUS project were DTE Energy, Enbridge Inc., and Spectra Energy Corp. Please provide the ownership stake of each proponent at that time. If not confirmed, please identify all of the initial proponents and their ownership stakes.
- b) Please list the proponents of the NEXUS project at the time Enbridge bid into the NEXUS Open Season. Please provide the ownership stake of each proponent at that time.
- c) Who are the current proponents of the NEXUS project? Please provide the ownership stake of each proponent.

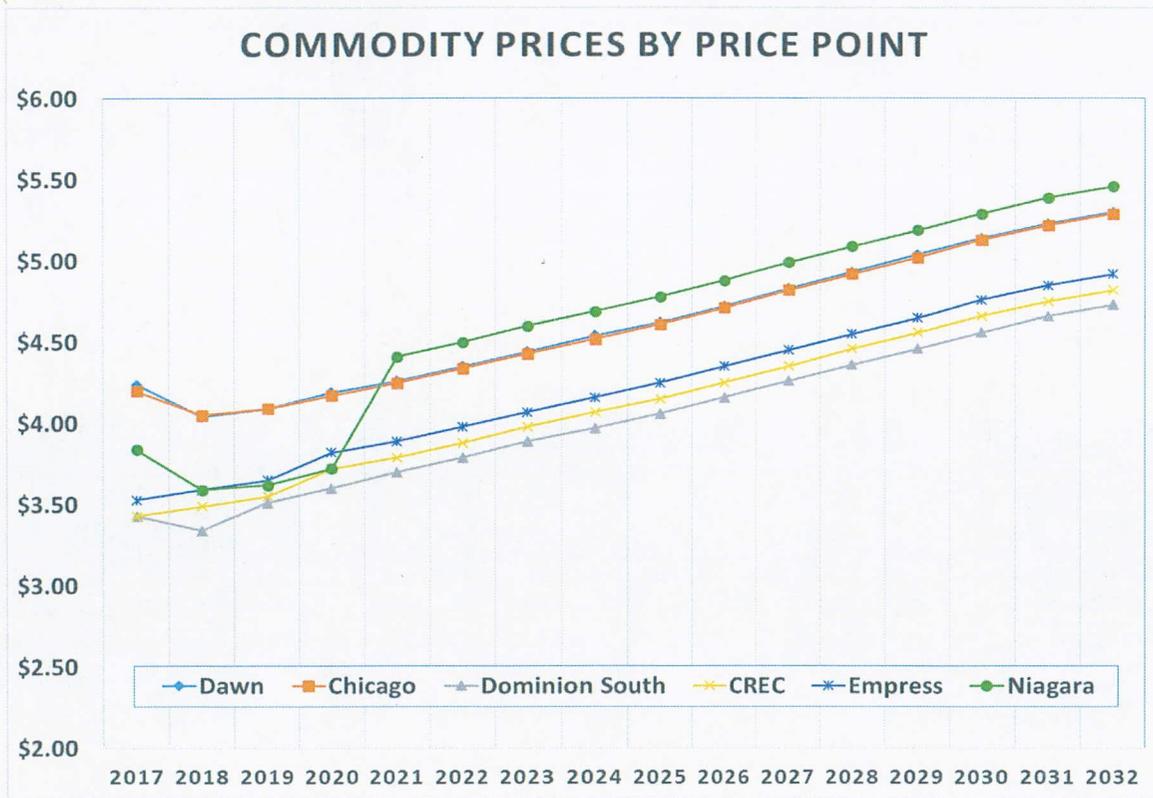
T4.Enbridge.TransCanada.9:

Reference:

- i) Application, Exhibit A, Tab 3, Schedule 1, Appendix C, Page 1 of 1

Preamble:

The above reference includes a table entitled: “May 2015 - Average Commodity Prices (\$CAD/GJ)” which tabulates prices for 6 pricing points used in the landed cost analysis to compare the NEXUS path to possible alternatives. Values from this table are charted in the figure below. Note that all price points with the exception of Niagara move in parallel for the majority of the forecast period.



Request:

- a) Please explain the market factors in terms of supply, demand and/or infrastructure that cause the Niagara pricing point to rise by about 60 cents in 2021 and beyond relative to its position amongst the other supply pricing points in the earlier 2017 – 2020 period. Why do these factors only affect the Niagara point?