

EB-2022-0222

Phase 1

Oral Hearing

EGI 2024 Rates Rebasing

Panel 5 – EGI

DP Capacity Turnback Risk / Historical PDO/PDCI

FRPO Compendium

July 23, 2023

4.2. Capacity Used for PDO Shift

37. In Enbridge Gas's MAADs hearing, certain parties claimed that ratepayers were paying twice for the same Dawn Parkway System capacity.¹⁴ This claim is centered on the premise that Union had 210 TJ/d of excess Dawn Parkway System capacity at the time of its 2013 Cost of Service and has recovered the cost of 200 TJ/d¹⁵ of Dawn Parkway System capacity used to facilitate a PDO shift. The Company notes, however, that subsequent to Union's 2013 Cost of Service, Union and parties agreed to reduce the PDO in the manner established in the PDO Settlement Framework,¹⁶ which provided the Company with recovery of the annual demand cost of the capacity used to facilitate the PDO reduction on a revenue neutral basis.¹⁷

38. At the time of Union's 2013 Cost of Service proceeding, 210 TJ/d of excess Dawn Parkway capacity existed relative to the forecast demands of the Dawn Parkway System. The full cost of the Dawn Parkway System was included in the Company's revenue requirement and allocated based on the forecast demands, consistent with a cost of service treatment. At the time, certain parties submitted that a deferral account should have been established to capture variances related to the long-term transportation revenue forecast, both positive and negative, because it was possible that the excess capacity could be contracted in 2013. In its Decision, the OEB accepted Union's forecast and did not require Union to adjust estimated revenues as was suggested by some parties and rejected the request to establish a

¹⁴ EB-2017-0305/0306, OEB Decision and Order, August 30, 2018, p.49.

¹⁵ 200 TJ/d is the PDO shift that had occurred at the time of the MAADs hearing for customers without M12 service.

¹⁶ EB-2013-0365, Settlement Framework, Appendix B, June 3, 2014.

¹⁷ Ibid.

deferral account. The OEB noted that it believed Union should continue to bear this forecast risk.¹⁸

39. As part of its 2014 Rates proceeding, parties agreed to the PDO Settlement Framework, which was based on the guiding principle to keep Union whole rather than to enhance or reduce its earnings during the IR term.¹⁹ The context of keeping Union whole in the PDO Settlement Framework was relative to the IR in place at the time and did contemplate revisiting the OEB-approved Dawn Parkway forecast set in Union's 2013 Cost of Service proceeding from the year prior. The PDO Settlement Framework acknowledged this by including the demand revenue for Dawn Parkway System turnback used to facilitate a PDO reduction in rates during the 2014 to 2018 IR term. The PDO Settlement Framework was extended through the 2019 to 2023 deferred rebasing term on the same basis.

40. If the Company adjusts for the excess capacity incorporated in base rates during Union's 2014 to 2018 IR term and/or Enbridge Gas's 2019 to 2023 deferred rebasing term as part of the current Application, the Company will not be kept whole as agreed to by parties in the PDO Settlement Framework and subsequently approved by the OEB. The PDO Settlement Framework will instead reduce the utility's earnings during the IR term(s), as the excess capacity would have otherwise been available to sell. As such, adjusting for the excess capacity as part of this Application is contrary to the guiding principle of the PDO Settlement Framework.

¹⁸ EB-2011-0210, Decision and Order, October 24, 2012, p.22.

¹⁹ EB-2013-0365, Settlement Framework, Appendix B, June 3, 2014, p.1.

4.3. Summary

41. The excess capacity that existed with the 2013 Cost of Service forecast was to the risk and benefit of the Company during its 2014 to 2018 IR term. It is not appropriate at this time to change the intent of the PDO Settlement Framework that was established in 2014 nor to change the OEB-approved cost of service forecast that underpins rates that was approved the year prior in 2013.
42. Enbridge Gas has adhered to the past OEB Decisions and, accordingly, incorporated the excess Dawn Parkway System capacity in base rates in 2013. Enbridge Gas subsequently implemented the PDO Settlement Framework in 2014 during the IR term as agreed to by all parties and accepted by the OEB. Both, the Dawn Parkway System costs and the PDO costs for Dawn Parkway System capacity, have been included in rates consistent with the regulatory mechanisms approved by the OEB at the time, namely the 2013 Cost of Service and the PDO Settlement Framework. As such, Enbridge Gas believes that all aspects of the prior OEB Decisions have been adhered to and no further action is required.

Dawn Parkway System Capacity and Demand, PDO Shift Details, and PDO Demand Revenue Difference

LINE #	Particulars (TJ/d)	2013 Forecast <u>W2013/2014</u> (a)	<u>W/2014/2015</u> (b)	<u>W2015/2016</u> (c)	<u>W2016/2017</u> (d)	<u>W2017/2018</u> (e)	<u>W2018/2019</u> (f)	<u>W2019/2020</u> (g)	<u>W2020/2021</u> (h)	<u>W2021/2022</u> (i)	<u>W2022/2023</u> (j)
	<u>Dawn Parkway System</u>										
	Included in Rates										
1	2013 Cost of Service (EB-2011-0210) Capacity	6803	6803	6803	6803	6803	6803	6803	6803	6803	6803
2	Incremental Dawn Parkway System Capacity (1)	-	-	433	876	1332	1332	1332	1332	1332	1332
3	Total	6803	6803	7236	7679	8135	8135	8135	8135	8135	8135
	Other Changes (No Impact to Rates)										
4	Other Dawn Parkway System Capacity Changes	-	(2)	(222)	(170)	(246)	(262)	(256)	(219)	(169)	(160)
	Annual Forecast										
5	Total Forecasted Dawn Parkway System Capacity (line 3 + line 4)	6803	6801	7014	7509	7889	7873	7879	7916	7966	7975
6	Total Forecasted Dawn Parkway System Demands	6593	6643	7049	7443	7783	7759	7905	7911	8038	7992
7	Forecast Dawn Parkway System Excess/(Shortfall) (line 5 - line 6) (2)	210	(3)	158	66	106	114	-26	5	-72	-17
	<u>PDO Shift</u>										
	Customers without M12 service										
8	Temporarily Available Capacity	-	146	23	13	-	-	-	-	-	-
9	Permanent Capacity (from Dawn-Kirkwall Turnback) (5)	-	0	123	133	200	200	200	200	200	200
10	Temporary Capacity (from exchange service)	-	-	-	-	-	-	-	-	-	27
11	Total	-	146	146	146	200	200	200	200	200	227
	Customers with M12 service - Permanent Capacity - Revenues of 2013										
12	All Customers excluding TCE Halton Hills	-	19	19	19	19	19	19	19	19	19
13	TCE Halton Hills	-	48	48	48	62	132	132	132	132	132
14	Total	-	67	67	67	81	151	151	151	151	151
15	Total PDO Shift (line 11 + line 14)	-	213	213	213	281	351	351	351	351	378
	PDO Shift cost in Rates		<u>2015 Rates</u>	<u>2016 Rates</u>	<u>2017 Rates</u>	<u>2018 Rates</u>	<u>2019 Rates</u>	<u>2020 Rates</u>	<u>2021 Rates</u>	<u>2022 Rates</u>	<u>2023 Rates</u>
16	Dawn-Parkway Demand Costs (\$000s)		5143	5694	6720	9726	10956	11117	11273	11391	11630
17	Incremental Compressor Fuel Costs (\$000s)		1900	1797	1707	1705	1640	1404	1517	2067	4017
18	Firm Exchange Service (\$000s)		-	-	-	-	-	-	-	-	1067
19	Total		7043	7491	8427	11431	12596	12521	12790	13458	16714
	Foregone Demand Revenue of M12 Dawn-Kirkwall Turnback										
20	Used for PDO Shift (\$000s) (7)		580	4669	5937	9993	11217	11379	11535	11654	11896
21	Demand Revenue from Temporarily Available Capacity (line 8 x M12 D-P Rate x 12)		4563	796	531	0	0	0	0	0	0
22	Total		5143	5465	6468	9993	11217	11379	11535	11654	11896
23	Demand Revenue Difference (\$000s) (line 16 - line 22)		0	229	252	-267	-261	-262	-262	-263	-266

SOURCE: EX. I.4.7-FRPO-169

Notes

- (1) W2015/2016 - Incremental capacity resulting from the Brantford-Kirkwall / Parkway D Project of 433 TJ/d. W2016/2017 - Incremental capacity resulting from the Dawn Parkway 2016 System Expansion Project of 443 TJ/d/. W2017/2018 - Incremental capacity resulting from the 2017 Dawn Parkway Project of 457 TJ/d.
- (2) The PDO shift was reflected in Dawn Parkway excess/(shortfall) beginning W2015/2016.
- (3) The W2013/2014 forecast filed in Union's 2013 Cost of Service proceeding (EB-2010-0210) included 210 TJ/d of excess Dawn Parkway capacity. In the EB-2011-0210 Decision, the OEB accepted Union's forecast and regulatory treatment. Union's 2013 Cost Allocation Study allocates Dawn Parkway demand costs in proportion to distance weighted design day demands. The 2013 allocation resulted in approximately 84% of costs allocated to Union's ex- franchise rate classes and 16% to Union's in-franchise rate classes.
- (4) In accordance with the Settlement Framework for Reduction of Parkway Delivery Obligation ("PDO Framework") (EB-2013-0365) effective April 1, 2014, Union had temporarily available Dawn Parkway capacity which was used to facilitate 146 TJ/d of PDO shift. Parties agreed Union would include the demand and fuel costs associated with the 146 TJ/d of capacity in delivery rates. (PDO Framework, paragraph B1)
- (5) Consistent with the PDO Framework, effective November 1, 2015 the temporarily available capacity was forecast to be used for other purposes leaving Parkway in a delivery shortfall position. Parties agreed that the demand and fuel costs associated with the temporarily available capacity would remain in delivery rates for Union to manage the Parkway delivery shortfall through the acquisition of incremental resources. M12 Dawn to Kirkwall turnback was to be used to first reduce the Parkway delivery shortfall and then to further reduce the remaining PDO. All incremental costs associated with the incremental PDO reduction were recovered by Union in rates (or deferral account due to timing differences). (PDO Framework, Paragraph B2)
- (6) As part of the 2017 Dawn-Parkway Expansion Project (EB-2015-0200), Union had forecast a surplus of 30,393 GJ/d on the Dawn Parkway System following the completion of the project. As part of the EB-2015-0200 Settlement Agreement, Union agreed to market the surplus capacity in accordance with the Storage and Transportation Access Rule ("STAR") and credit the revenues to the project deferral account.
- (7) Exhibit I.4.7-FRPO-16 Attachment 2, line 7.

DAWN-PARKWAY CAPACITY IN COSTS VS. CAPACITY GENERATING REVENUE

LINE #	Particulars (TJ/d) from Exhibit I.4.7-FRPO-16 Attachment 2, line 7.	<u>W13/14</u> (a)	<u>W14/15</u> (b)	<u>W15/16</u> (c)	<u>W16/17</u> (d)	<u>W17/18</u> (e)	<u>W18/19</u> (f)	<u>W19/20</u> (g)	<u>W20/21</u> (h)	<u>W21/22</u> (i)	<u>W22/23</u> (j)
	<u>Dawn Parkway System</u> Included in Rates										
1	2013 Cost of Service (EB-2011-0210) Capacity	6803	6803	6803	6803	6803	6803	6803	6803	6803	6803
2	Incremental Dawn Parkway System Capacity	-	-	433	876	1332	1332	1332	1332	1332	1332
3	Total Capacity Costs in Rate Base plus Capital Flow Through	6803	6803	7236	7679	8135	8135	8135	8135	8135	8135
8	Temporarily Available Capacity	-	146	23	13	-	-	-	-	-	-
9	Permanent Capacity (from Dawn-Kirkwall Turnback) (5)	-	0	123	133	200	200	200	200	200	200
NEW 24	Capacity Generating Revenue at M12 Rate (NEW 24= Line 3+Line 8+ Line 9)	6803	6949	7382	7825	8335	8335	8335	8335	8335	8335
NEW 25	Incremental Capacity Generating Revenue above Capacity Costs (LINE 24- LINE 3)	0	146	146	146	200	200	200	200	200	200

ILLUSTRATIVE ALLOCATION OF DAWN PARKWAY COSTS

LINE #		PERCENTAGE ALLOCATION ¹	<u>W13/14</u>	<u>W14/15</u>	<u>W15/16</u>	<u>W16/17</u>	<u>W17/18</u>	<u>W18/19</u>	<u>W19/20</u>	<u>W20/21</u>	<u>W21/22</u>	<u>W22/23</u>
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
1	Initial Capacity		6803	6803	6803	6803	6803	6803	6803	6803	6803	6803
2	New Capacity		-	-	433	876	1332	1332	1332	1332	1332	1332
3	Total Capacity		6803	6803	7236	7679	8135	8135	8135	8135	8135	8135
7	Surplus Capacity		210				New Surplus	114				
	UNION GAS						EGI CAPACITY					
	Ex-franchise	84%	176				Ex-franchise	x				
	South	11%	23				UGL South	x				
	North	5%	11				UGL North	x				
							EGD Zone	x				
							PDO	x				

Notes

1 Rounded Allocations from 2013 UGL Rebasing
Confirmed in EB-2014-0261 Exhibit B.Staff.5

UNION GAS LIMITED

Answer to Interrogatory from
Board Staff

Reference: Exhibit A, Tab 10, Page 6

Preamble: Union has indicated that as a result of the allocation of the Dawn-Parkway expansion revenue requirement, the ex-franchise rate classes will experience the largest increase. However, re-allocation of the existing Dawn-Parkway System results in a decrease to the allocation of Dawn-Parkway costs to the M12 rate class.

Please explain the reasons for the divergent shift in the cost allocation with respect to the Dawn-Parkway expansion costs and the existing Dawn-Parkway system costs for the ex-franchise rate classes

Response:

There is a shift of \$2.5 million in existing Dawn to Parkway costs from ex-franchise rate classes to Union North and Union South in-franchise rate classes as a result of the Project-related Dawn Parkway demands.

To determine the impact of the Project demands on existing Dawn to Parkway costs, Union updated the 2013 Board-approved Dawn to Parkway allocation factor (based on distance weighted design day demands) to include the 474,949 GJ/d of Project demands, as shown at Exhibit A, Tab 10, page 5, Table 10-1.

As per Table 10-1, line 8, the increase in distance weighted demand day demands for Union North is 29%, 14% for Union South in-franchise and 6% for ex-franchise customers. As a result, the 2013 Board-approved allocation of Dawn to Parkway costs increased from approximately 16% to 18% for in-franchise rate classes and decreased from 84% to 82% for ex-franchise rate classes. Accordingly, there is a shift in existing Dawn to Parkway costs from ex-franchise to in-franchise rate classes of \$2.5 million.

The total cost allocation impact on ex-franchise rate classes is a rate increase as a result of the increase in Project costs and the shift in indirect costs.

Ex-franchise customers will bear 82% (or \$35.2 million) of the costs directly attributable to the Project, including the shift in indirect costs. These costs are partially offset by the reduction in the allocation of existing costs (\$2.5 million), as described above, and the shift of indirect costs and Project-related taxes (\$0.4 million). Please see Exhibit A, Tab 10, Schedule 2, line 17.

ENBRIDGE GAS INC.

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

Interrogatory

Reference:

Ex. 4, Tab 7, Schedule 1, pg. 14
AND EB-2017-0306/EB-2017-0307 Exhibit J2.5 Attachments 1 & 2

Preamble:

EGI evidence states: *At the time of Union's 2013 Cost of Service proceeding, 210 TJ/d of excess Dawn Parkway capacity existed relative to the forecast demands of the Dawn Parkway System. The full cost of the Dawn Parkway System was included in the Company's revenue requirement and allocated based on the forecast demands, consistent with a cost of service treatment.*

Question(s):

Over what forecasted utilization was the full cost including the 210 TJ/d of excess Dawn Parkway capacity recovered?

- a) What was the revenue requirement of the full Dawn-Parkway system including the excess 210 TJ/d for 2015 prior to any additional recoveries as a result of the 2015 expansion?
- b) Please provide the actual revenue generated in 2015 from:
 - i. In-franchise rates
 - ii. Ex-franchise M12 rates
 - iii. PDO revenue from in-franchise customers

Response:

The forecast used in Union's 2013 Cost of Service proceeding¹ included Dawn Parkway System capacity of 6,803 TJ/d and Dawn Parkway System demands of 6,593 GJ/d for total excess capacity of 210 TJ/d. Please see response at Exhibit I.4.7-FRPO-169,

¹ EB-2011-0210.

Attachment 1, column (a) for the annual forecast approved in Union's 2013 Cost of Service proceeding².

- a) Enbridge Gas does not prepare a cost allocation study to determine the allocation of costs to the Dawn Parkway System on an annual basis. In Union's 2013 Cost Allocation Study, the revenue requirement for the Dawn Parkway System was approximately \$165 million.³
- b) Enbridge Gas cannot provide the 2015 actual revenue associated with Dawn Parkway, as the costs for the Dawn Parkway System are embedded in rates. Please see response at Exhibit I.4.7-STAFF-187 for additional discussion on the 210 TJ/d of excess Dawn Parkway capacity.
 - i. For 2015 actual in-franchise total revenue, please see Exhibit 3, Tab 1, Schedule 1, Table 1, column (d), lines 1 and 8.
 - ii. For 2015 actual Rate M12 total revenue, please see Exhibit 3, Tab 4, Schedule 1, Attachment 1, page 2, column (d), lines 13 and 14.
 - iii. For PDO revenue included in rates, please see response at Exhibit I.4.7-FRPO.169 Attachment 1.

² Ibid.

³ 2013 Dawn Parkway System revenue requirement from the 2013 Cost Allocation Study. Includes the allocated demand costs of the Dawn Station and Dawn Trafalgar Easterly functional classifications.

ENBRIDGE GAS INC.

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

Interrogatory

Reference:

Ex. 4, Tab 7, Schedule 1, pg. 14
AND EB-2017-0306/EB-2017-0307 Exhibit J2.5 Attachments 1 & 2

Preamble:

EGI evidence states: *At the time of Union's 2013 Cost of Service proceeding, 210 TJ/d of excess Dawn Parkway capacity existed relative to the forecast demands of the Dawn Parkway System. The full cost of the Dawn Parkway System was included in the Company's revenue requirement and allocated based on the forecast demands, consistent with a cost of service treatment.*

Question(s):

Using the presentation of J2.5 Attachments 1 & 2 from the merger proceeding, please show the period from W18/19 through W22/23.

- a) For any year in which there was a shortfall of capacity, please provide the costs of resources to overcome the shortfall.

Response:

Please see Attachment 1 and Attachment 2.

- a) Enbridge Gas has not acquired incremental resources or employed additional measures to manage a forecast Dawn Parkway System shortfall in any year.

Dawn Parkway System Capacity and Demand, PDO Shift Details, and PDO Demand Revenue Difference

Line No.	Particulars (TJ/d)	2013 Forecast W2013/2014 (a)	W2014/2015 (b)	W2015/2016 (c)	W2016/2017 (d)	W2017/2018 (e)	W2018/2019 (f)	W2019/2020 (g)	W2020/2021 (h)	W2021/2022 (i)	W2022/2023 (j)
<u>Dawn Parkway System</u>											
Included in Rates											
1	2013 Cost of Service (EB-2011-0210) Capacity	6,803	6,803	6,803	6,803	6,803	6,803	6,803	6,803	6,803	6,803
2	Incremental Dawn Parkway System Capacity (1)	-	-	433	876	1,332	1,332	1,332	1,332	1,332	1,332
3	Total	6,803	6,803	7,236	7,678	8,135	8,135	8,135	8,135	8,135	8,135
Other Changes (No Impact to Rates)											
4	Other Dawn Parkway System Capacity Changes	-	(2)	(222)	(170)	(246)	(262)	(256)	(219)	(169)	(160)
Annual Forecast											
5	Total Forecasted Dawn Parkway System Capacity (line 3 + line 4)	6,803	6,801	7,014	7,508	7,889	7,873	7,878	7,915	7,966	7,975
6	Total Forecasted Dawn Parkway System Demands	6,593	6,643	7,049	7,443	7,783	7,759	7,905	7,911	8,038	7,992
7	Forecast Dawn Parkway System Excess/(Shortfall) (line 5 - line 6) (2)	210	(3)	158	(35)	(5)	65	106	(6)	114	(27)
<u>PDO Shift</u>											
Customers without M12 service											
8	Temporarily Available Capacity	-	146	23	13	-	-	-	-	-	-
9	Permanent Capacity (from Dawn-Kirkwall Turnback) (5)	-	0	123	133	200	200	200	200	200	200
10	Temporary Capacity (from exchange service)	-	-	-	-	-	-	-	-	-	27
11	Total	-	146	(4)	146	200	200	200	200	200	226
Customers with M12 service - Permanent Capacity											
12	All Customers excluding TCE Halton Hills	-	19	19	19	19	19	19	19	19	19
13	TCE Halton Hills	-	48	48	48	62	132	132	132	132	132
14	Total	-	66	66	66	81	151	151	151	151	151
15	Total PDO Shift (line 11 + line 14)	-	212	212	212	280	350	350	350	350	377
PDO Shift cost in Rates											
16	Dawn-Parkway Demand Costs (\$000s)		2015 Rates 5,143	2016 Rates 5,694	2017 Rates 6,720	2018 Rates 9,726	2019 Rates 10,956	2020 Rates 11,117	2021 Rates 11,273	2022 Rates 11,391	2023 Rates 11,630
17	Incremental Compressor Fuel Costs (\$000s)		1,900	1,797	1,707	1,705	1,640	1,404	1,517	2,067	4,017
18	Firm Exchange Service (\$000s)		-	-	-	-	-	-	-	-	1,067
19	Total		7,043	7,491	8,426	11,431	12,596	12,521	12,790	13,459	16,713
Foregone Demand Revenue of M12 Dawn-Kirkwall Turnback											
20	Used for PDO Shift (\$000s) (7)		580	4,669	5,937	9,993	11,217	11,379	11,535	11,654	11,896
21	Demand Revenue from Temporarily Available Capacity (line 8 x M12 D-P Rate x 12)		4563	796	531	0	0	0	0	0	0
22	Total		5,143	5,465	6,468	9,993	11,217	11,379	11,535	11,654	11,896
23	Demand Revenue Difference (\$000s) (line 16 - line 22)		-	229	252	(267)	(261)	(262)	(261)	(263)	(266)

Notes:

- (1) W2015/2016 - Incremental capacity resulting from the Brantford-Kirkwall / Parkway D Project of 433 TJ/d.
W2016/2017 - Incremental capacity resulting from the Dawn Parkway 2016 System Expansion Project of 443 TJ/d.
W2017/2018 - Incremental capacity resulting from the 2017 Dawn Parkway Project of 457 TJ/d.
- (2) The PDO shift was reflected in Dawn Parkway excess/(shortfall) beginning W2015/2016.
- (3) The W2013/2014 forecast filed in Union's 2013 Cost of Service proceeding (EB-2010-0210) included 210 TJ/d of excess Dawn Parkway capacity. In the EB-2011-0210 Decision, the OEB accepted Union's forecast and regulatory treatment. Union's 2013 Cost Allocation Study allocates Dawn Parkway demand costs in proportion to distance weighted design day demands. The 2013 allocation resulted in approximately 84% of costs allocated to Union's ex-franchise rate classes and 16% to Union's in-franchise rate classes.
- (4) In accordance with the Settlement Framework for Reduction of Parkway Delivery Obligation ("PDO Framework") (EB-2013-0365) effective April 1, 2014, Union had temporarily available Dawn Parkway capacity which was used to facilitate 146 TJ/d of PDO shift. Parties agreed Union would include the demand and fuel costs associated with the 146 TJ/d of capacity in delivery rates. (PDO Framework, paragraph B1)
- (5) Consistent with the PDO Framework, effective November 1, 2015 the temporarily available capacity was forecast to be used for other purposes leaving Parkway in a delivery shortfall position. Parties agreed that the demand and fuel costs associated with the temporarily available capacity would remain in delivery rates for Union to manage the Parkway delivery shortfall through the acquisition of incremental resources. M12 Dawn to Kirkwall turnback was to be used to first reduce the Parkway delivery shortfall and then to further reduce the remaining PDO. All incremental costs associated with the incremental PDO reduction were recovered by Union in rates (or deferral account due to timing differences). (PDO Framework, Paragraph B2)
- (6) As part of the 2017 Dawn-Parkway Expansion Project (EB-2015-0200), Union had forecast a surplus of 30,393 GJ/d on the Dawn Parkway System following the completion of the project. As part of the EB-2015-0200 Settlement Agreement, Union agreed to market the surplus capacity in accordance with the Storage and Transportation Access Rule ("STAR") and credit the revenues to the project deferral account.
- (7) Exhibit I.4.7-FRPO-16 Attachment 2, line 7.

Calculation of Foregone Demand Revenue from Turnback Used for PDO Shift

Line No.	Particulars	2015 Rates W2014/2015 (a)	2016 Rates W2015/2016 (b)	2017 Rates W2016/2017 (c)	2018 Rates W2017/2018 (d)	2019 Rates W2018/2019 (e)	2020 Rates W2019/2020 (f)	2021 Rates W2020/2021 (g)	2022 Rates W2021/2022 (h)	2023 Rates W2022/2023 (i)
	Turnback Used For PDO Shift (TJ/d)									
1	Dawn-Kirkwall turnback - customers without M12 service (1)	-	139	151	242	242	242	242	242	242
2	Dawn-Parkway turnback - customers with M12 service (2)	19	19	19	19	19	19	19	19	19
	Rate M12 Demand Rates (\$/GJ/mo) (3)									
3	Dawn to Kirkwall	2	2	3	3	3	3	3	3	3
4	Dawn to Parkway	3	3	3	4	4	4	4	4	4
	Foregone Demand Revenue from M12 Turnback Used for PDO Shift (\$000s)									
5	Dawn-Kirkwall (line 1 x line 3 x 12)	-	4,027	5,179	9,165	8,886	8,959	9,037	9,096	9,270
6	Dawn-Parkway (line 2 x line 4 x 12)	580	643	758	828	803	809	817	822	838
7	Dawn-Parkway Rate T2 BCD Revenue Credit Shortfall	-	0	0	0	1,528	1,611	1,681	1,736	1,788
8	Total Foregone Revenue (line 5 + line 6 + line 7)	580	4,669	5,937	9,993	11,217	11,379	11,535	11,654	11,896

Notes:

- (1) Dawn to Kirkwall contract turnback used to create permanent Dawn to Parkway capacity shown at Attachment 1, line 9 to facilitate PDO shift.
- (2) Attachment 1, line 12.
- (3) Demand rates from the Company's annual rates filings: 2015 Rates (EB-2014-0271), 2016 Rates (EB-2015-0116), 2017 Rates (EB-2016-0245), 2018 Rates (EB-2017-0087), 2019 Rates (EB-2018-0305), 2020 Rates (EB-2019-0194), 2021 Rates (EB-2020-0181), 2022 Rates (EB-2021-0147), and 2023 Rates (EB-2022-0133).

ENBRIDGE GAS DISTRIBUTION INC. AND UNION GAS LIMITED

Answer to Interrogatory from
Vulnerable Energy Consumers Coalition ("VECC")

MAADs Issues List – Issue No. 6

Reference: 301/B/T1/STAR December 2009

Question:

- a) For each Utility please provide a snapshot showing most current reporting requirements as required under section 4 of STAR.
- b) Please show how this reporting would differ if Amalco were reporting the information (as opposed to Union and Enbridge).

Response:

- a) The most recent STAR reports for each Utility are attached to this response as Attachment 1. They can also be found on each Utility's website at the following links:

Union Gas:

<https://www.uniongas.com/storage-and-transportation/informational-postings>

EGD:

<https://www.enbridgegas.com/about/gas-storage/storage-reporting.aspx>

<https://www.enbridgegas.com/businesses/accounts-billing/gas-rates/large-volume-rates/rate-332.aspx>

- b) The Utilities have not yet conducted any detailed analysis of how STAR reporting would be harmonized or integrated. Below is a preliminary description of how STAR reporting may be provided by Amalco, subject to further consideration:

Transportation

- Operationally Available Capacity Report: Amalco would report what is operationally available for each capacity segment.
- Index of Customers: The Union and EGD Index of Customers would be combined in one Amalco report. The EGD transportation contracts with Union would be removed and the Amalco Design Day requirements would be posted as described in the response to TCPL Interrogatory #3(f) found at Exhibit C.TCPL.3.

Storage

- Design Capacity: Union and EGD design capacity would be combined in one Amalco report.
- Storage Inventory: Union and EGD storage inventories would be combined in one Amalco report.
- Index of Customers: All contracts for non-rate regulated storage would be listed in one Index of Customers. Any non-rate regulated storage secured for utility use by Amalco (and from Amalco) will be listed in the Index of Customers. Storage capacity reserved for utility use would be listed separately in the Index of Customers.

Customer Name	Contract Identifier	Receipt Point	Delivery Point	Quantity (GJ)	Start Date	End Date	Negotiated Rate	Affiliate
Enbridge Gas Distribution Inc.	C10059	Parkway	Dawn	236,586	01-Apr-06	31-Mar-19	N	Y
St. Lawrence Gas Company, Inc.	C10076	Parkway	Dawn	10,785	01-Apr-07	31-Mar-20	N	Y
Greenfield Energy Centre LP	C10083	Dawn	Dawn-Vector	92,845	01-Mar-08	31-Oct-20	N	N
Energir, L.P.	C10087	Parkway	Dawn	100,000	01-Apr-11	31-Mar-19	N	N
TransCanada PipeLines Limited	C10097	Dawn	Dawn (TCPL)	500,000	01-Nov-10	31-Oct-20	N	N
York Energy Centre LP	C10102	Dawn	Parkway	11,654	01-Apr-12	31-Dec-18	N	N
Bluewater Gas Storage, LLC	C10105	Bluewater	Dawn	123,000	01-Nov-13	31-Oct-23	N	N
Emera Energy Limited Partnership	C10106	Ojibway	Dawn	21,016	01-Nov-15	31-Oct-20	N	N
Emera Energy Limited Partnership	C10107	Kirkwall	Dawn	73,745	01-Nov-15	31-Oct-20	N	N
Emera Energy Limited Partnership	C10108	Kirkwall	Dawn	26,335	01-Apr-15	31-Mar-20	N	N
Seneca Resources Corporation	C10109	Kirkwall	Dawn	388,261	01-Nov-16	31-Mar-23	Y	N
Rover Pipeline LLC	C10113	Ojibway	Dawn	36,927	01-Nov-17	31-Oct-25	N	N
TransCanada PipeLines Limited	C10114	Parkway	Dawn	516,787	01-Nov-17	31-Oct-20	N	N
TransCanada PipeLines Limited	C10115	Parkway	Dawn	42,202	01-Nov-17	31-Mar-20	N	N
BP Canada Energy Group ULC	HUB040E57	Dawn	Parkway	1,277	01-Nov-17	31-Oct-18	N	N
BP Canada Energy Group ULC	HUB040E58	Dawn	Parkway	3,053	01-Nov-17	31-Oct-18	N	N
BP Canada Energy Group ULC	HUB040E59	Dawn	Parkway	10,789	01-Nov-17	31-Oct-18	N	N
Tenaska Marketing Canada - a division of TMV Corp.	HUB078E109	Dawn	Dawn-Vector	31,652	01-Nov-17	31-Oct-18	Y	N
Tenaska Marketing Canada - a division of TMV Corp.	HUB078E111	Ojibway	Dawn	19,519	01-Nov-17	31-Mar-18	Y	N
Shell Energy North America (Canada) Inc.	HUB164T121	Dawn	Ojibway	20,000	01-Dec-17	31-Mar-18	Y	N
Just Energy Ontario L.P.	HUB250T002	Dawn	Parkway	5,275	01-Nov-17	31-Mar-18	Y	N
Just Energy Ontario L.P.	HUB250T003	Dawn	Parkway	2,638	01-Nov-17	31-Mar-18	Y	N
Tidal Energy Marketing Inc.	HUB305T136	Dawn	Parkway	10,551	01-Nov-17	31-Mar-18	Y	Y
Ontario Power Generation Inc.	HUB335T013	Parkway	Dawn	2,650	01-Nov-17	31-Oct-18	Y	N
Castleton Commodities Merchant Trading L.P.	HUB623T091	Dawn	Parkway	11	01-Dec-17	31-Mar-18	Y	N
Wisconsin Gas LLC.	HUB769T001	Bluewater	Dawn	31,652	01-Dec-17	31-Mar-18	Y	N
Wisconsin Gas LLC.	HUB769T002	Dawn	Dawn-Vector	31,652	01-Dec-17	31-Mar-18	Y	N
Wisconsin Public Service Corporation	HUB770T001	Bluewater	Dawn	21,101	01-Dec-17	31-Mar-18	Y	N
Wisconsin Public Service Corporation	HUB770T002	Dawn	Dawn-Vector	21,101	01-Dec-17	31-Mar-18	Y	N
Wisconsin Electric Power Company	HUB771T001	Bluewater	Dawn	21,101	01-Dec-17	31-Mar-18	Y	N
Wisconsin Electric Power Company	HUB771T002	Dawn	Dawn-Vector	21,101	01-Dec-17	31-Mar-18	Y	N
Energir, L.P.	M12007D	Dawn	Parkway	21,021	01-Nov-91	31-Oct-19	N	N
1425445 Ontario Limited o/a Utilities Kingston	M12077	Dawn	Parkway	6,322	01-Apr-04	31-Mar-20	N	N
Enbridge Gas Distribution Inc.	M12079A	Dawn	Kirkwall	32,123	01-Apr-14	31-Oct-20	N	Y
Enbridge Gas Distribution Inc.	M12079B	Dawn	Parkway	1,364,678	01-Apr-14	31-Oct-23	N	Y
Enbridge Gas Distribution Inc.	M12079B	Dawn	Parkway (EGT)	400,000	01-Apr-14	31-Oct-23	N	Y
Enbridge Gas Distribution Inc.	M12080	Dawn	Parkway	106,000	01-Nov-06	31-Oct-20	N	Y
Stelco Inc.	M12085	Dawn	Parkway	11,087	16-Sep-14	31-Oct-20	N	N
Energir, L.P.	M12092	Dawn	Parkway	35,000	01-Nov-06	31-Oct-19	N	N
Enbridge Gas Distribution Inc.	M12108	Dawn	Parkway	57,100	01-Nov-07	31-Oct-20	N	Y
Energir, L.P.	M12109	Dawn	Parkway	65,000	01-Nov-07	31-Oct-27	N	N
Goreway Station Partnership by its managing partner Goreway Power Station Holdings ULC	M12110	Dawn	Parkway	140,000	01-Nov-07	31-Oct-28	N	N
Vermont Gas Systems, Inc.	M12119	Dawn	Parkway	20,000	01-Nov-07	31-Oct-20	N	N
Greater Toronto Airports Authority	M12120	Dawn	Parkway	7,500	01-Nov-07	31-Oct-20	N	N
Enbridge Gas Distribution Inc.	M12125	Dawn	Parkway	10,692	01-Nov-08	31-Oct-20	N	Y
St. Lawrence Gas Company, Inc.	M12126	Dawn	Parkway	10,785	01-Nov-08	31-Oct-20	N	Y
1425445 Ontario Limited o/a Utilities Kingston	M12127	Dawn	Parkway	2,113	01-Nov-08	31-Oct-18	N	N
Thorold CoGen L.P. by its General Partner Northland Power Thorold Cogen GP Inc.	M12129	Dawn	Kirkwall	49,500	01-Sep-09	31-Aug-29	N	N
Portlands Energy Centre L.P. by its General Partner, Portlands Energy Centre Inc.	M12130	Dawn	Parkway	100,000	13-Jan-09	31-Oct-28	N	N
TransCanada Power, a Division of TransCanada Energy Ltd.	M12131	Dawn	Parkway	70,009	01-Nov-09	31-Oct-18	N	N

Customer Name	Contract Identifier	Receipt Point	Delivery Point	Quantity (GJ)	Start Date	End Date	Negotiated Rate	Affiliate
Energir, L.P.	M12132	Dawn	Parkway	52,343	01-Apr-09	31-Mar-20	N	N
Ag Energy Co-operative Ltd.	M12151	Dawn	Parkway	1,247	01-Nov-08	31-Oct-20	N	N
The Narragansett Electric Company d/b/a National Grid	M12164	Dawn	Parkway	1,081	01-Nov-11	31-Oct-20	N	N
Connecticut Natural Gas Corporation	M12166	Dawn	Parkway	6,410	01-Nov-11	31-Oct-20	N	N
Ag Energy Co-operative Ltd.	M12167	Dawn	Parkway	1,900	01-Nov-11	31-Oct-21	N	N
Consolidated Edison Company of New York, Inc. and Orange and Rockland Utilities, Inc.	M12171	Dawn	Parkway	21,825	01-Nov-11	31-Oct-20	N	N
Energir, L.P.	M12172	Dawn	Parkway	22,908	01-Apr-10	31-Mar-20	N	N
Enbridge Gas Distribution Inc.	M12175	Dawn	Kirkwall	35,806	01-Nov-10	31-Oct-20	N	Y
Energir, L.P.	M12176	Dawn	Parkway	88,728	01-Apr-11	31-Mar-20	N	N
Central Hudson Gas & Electric Corporation (a subsidiary of CH Energy Group, Inc.)	M12182	Dawn	Parkway	5,467	01-Nov-11	31-Oct-20	N	N
York Energy Centre LP	M12184	Dawn	Parkway	76,000	01-Apr-12	31-Oct-22	N	N
Niagara Mohawk Power Corporation d/b/a National Grid	M12186	Dawn	Parkway	55,123	01-Nov-11	31-Oct-20	N	N
Enbridge Gas Distribution Inc.	M12188	Dawn	Parkway	18,703	01-Nov-11	31-Oct-20	N	Y
Vermont Gas Systems, Inc.	M12190	Dawn	Parkway	500	01-Nov-10	31-Oct-20	N	N
The Brooklyn Union Gas Company d/b/a National Grid NY	M12193	Dawn	Parkway	12,953	01-Nov-10	31-Oct-20	N	N
KeySpan Gas East Corporation d/b/a National Grid	M12194	Dawn	Parkway	17,162	01-Nov-10	31-Oct-20	N	N
Central Hudson Gas & Electric Corporation (a subsidiary of CH Energy Group, Inc.)	M12195	Dawn	Parkway	10,792	01-Nov-10	31-Oct-20	N	N
Boston Gas Company d/b/a National Grid	M12197	Dawn	Parkway	9,282	01-Nov-10	31-Oct-20	N	N
Colonial Gas Company d/b/a National Grid	M12198	Dawn	Parkway	6,475	01-Nov-10	31-Oct-20	N	N
Boston Gas Company d/b/a National Grid	M12199	Dawn	Parkway	2,158	01-Nov-10	31-Oct-20	N	N
Liberty Utilities (EnergyNorth Natural Gas) Corp.	M12200	Dawn	Parkway	4,317	01-Nov-10	31-Oct-22	N	N
Connecticut Natural Gas Corporation	M12201	Dawn	Parkway	18,077	01-Nov-10	31-Oct-20	N	N
The Southern Connecticut Gas Company	M12202	Dawn	Parkway	34,950	01-Nov-10	31-Oct-20	N	N
Yankee Gas Services Company	M12203	Dawn	Parkway	43,116	01-Nov-10	31-Oct-20	N	N
Bay State Gas Company dba Columbia Gas of Massachusetts	M12204	Dawn	Parkway	27,803	01-Nov-10	31-Oct-22	N	N
Connecticut Natural Gas Corporation	M12206	Dawn	Parkway	9,170	01-Nov-10	31-Oct-20	N	N
The Southern Connecticut Gas Company	M12207	Dawn	Parkway	13,970	01-Nov-10	31-Oct-20	N	N
The Brooklyn Union Gas Company d/b/a National Grid NY	M12208	Dawn	Parkway	30,217	01-Nov-10	31-Oct-20	N	N
KeySpan Gas East Corporation d/b/a National Grid	M12209	Dawn	Parkway	22,772	01-Nov-10	31-Oct-20	N	N
Yankee Gas Services Company	M12210	Dawn	Parkway	20,560	01-Nov-10	31-Oct-20	N	N
Yankee Gas Services Company	M12212	Dawn	Parkway	5,380	01-Nov-10	31-Oct-20	N	N
The Southern Connecticut Gas Company	M12213	Dawn	Parkway	9,735	01-Nov-10	31-Oct-20	N	N
Connecticut Natural Gas Corporation	M12214	Dawn	Parkway	6,489	01-Nov-10	31-Oct-20	N	N
Suncor Energy Products Partnership Produits Suncor Energie, S.E.N.C.	M12217	Dawn	Parkway	9,585	01-Nov-11	31-Oct-20	N	N
TransCanada PipeLines Limited	M12219	Kirkwall	Parkway	88,497	01-Nov-12	31-Oct-22	N	N
TransCanada PipeLines Limited	M12220	Kirkwall	Parkway	174,752	01-Nov-13	31-Oct-23	N	N
Emera Energy Limited Partnership	M12221	Kirkwall	Parkway	36,751	01-Nov-12	31-Oct-22	N	N
Energir, L.P.	M12222	Dawn	Parkway	257,784	01-Nov-15	31-Oct-25	N	N
Vermont Gas Systems, Inc.	M12224	Dawn	Parkway	8,100	01-Nov-14	31-Oct-24	N	N
Enbridge Gas Distribution Inc.	M12225	Dawn	Parkway (EGT)	400,000	01-Nov-15	31-Oct-25	N	Y
TransCanada PipeLines Limited	M12230	Kirkwall	Parkway	36,301	01-Nov-16	31-Oct-31	N	N
Energir, L.P.	M12232	Dawn	Parkway	39,507	01-Nov-16	31-Oct-31	N	N
Energir, L.P.	M12233	Dawn	Parkway	19,754	01-Nov-16	31-Oct-31	N	N
Enbridge Gas Distribution Inc.	M12234	Dawn	Parkway	170,000	01-Nov-16	31-Oct-31	N	Y
Energir, L.P.	M12237	Dawn	Parkway	85,680	01-Nov-16	31-Oct-31	N	N
Energir, L.P.	M12244	Dawn	Parkway	36,670	01-Nov-17	31-Oct-32	N	N
TransCanada Energy Ltd.	M12246	Dawn	Parkway	143,775	01-Nov-17	31-Oct-32	N	N
St. Lawrence Gas Company, Inc.	M12249	Dawn	Parkway	10,412	01-Nov-17	31-Oct-32	N	Y
Enbridge Gas Distribution Inc.	M12250	Dawn	Parkway (EGT)	18,934	01-Nov-17	31-Oct-32	N	Y

Customer Name	Contract Identifier	Receipt Point	Delivery Point	Quantity (GJ)	Start Date	End Date	Negotiated Rate	Affiliate
Enbridge Gas Distribution Inc.	M12250	Dawn	Parkway	171,066	01-Nov-17	31-Oct-32	N	Y
1425445 Ontario Limited o/a Utilities Kingston	M12251	Dawn	Parkway	5,000	01-Nov-17	31-Oct-32	N	N
1425445 Ontario Limited o/a Utilities Kingston	M12252	Kirkwall	Parkway	1,000	01-Nov-17	31-Oct-32	N	N
The Corporation of the City of Kitchener	M12253	Kirkwall	Parkway	10,000	01-Nov-17	31-Oct-32	N	N
DTE Energy Trading, Inc.	M12255	Kirkwall	Parkway	73,854	01-Nov-17	31-Oct-31	N	N
Northern Utilities, Inc.	M12256	Dawn	Parkway	6,440	01-Nov-17	31-Oct-33	N	N
TransCanada PipeLines Limited	M12258	Dawn	Parkway	35,872	01-Nov-15	31-Mar-18	N	N
Mercuria Commodities Canada Corporation	M12262	Dawn	Parkway	44,019	01-Nov-16	31-Oct-18	N	N
Mercuria Commodities Canada Corporation	M12263	Dawn	Parkway	43,837	01-Nov-16	31-Oct-18	N	N
TransCanada PipeLines Limited	M12X004	Dawn	Parkway	50,000	01-Sep-11	31-Aug-21	N	N
TransCanada PipeLines Limited	M12X005	Dawn	Parkway	78,316	01-Sep-11	31-Aug-21	N	N
Enbridge Gas Distribution Inc.	M12X006	Dawn	Parkway	200,000	01-Nov-12	31-Oct-22	N	Y
TransCanada PipeLines Limited	M12X013	Dawn	Parkway	62,695	01-Nov-12	31-Oct-23	N	N
1425445 Ontario Limited o/a Utilities Kingston	M12X015	Dawn	Parkway	5,000	01-Apr-14	31-Mar-24	N	N
Market Hub Partners Canada L.P.	M16004	Dawn	Market Hub Partners St. Clair Pool	9,000	01-Jun-07	31-May-20	N	Y
Market Hub Partners Canada L.P.	M16004	Market Hub Partners St. Clair Pool	Dawn	5,000	01-Jun-07	31-May-20	N	Y



Assessment of the Future Utilization of the Enbridge Gas Dawn to Parkway System

Submitted to:
Max Hagerman
Enbridge Gas Inc.

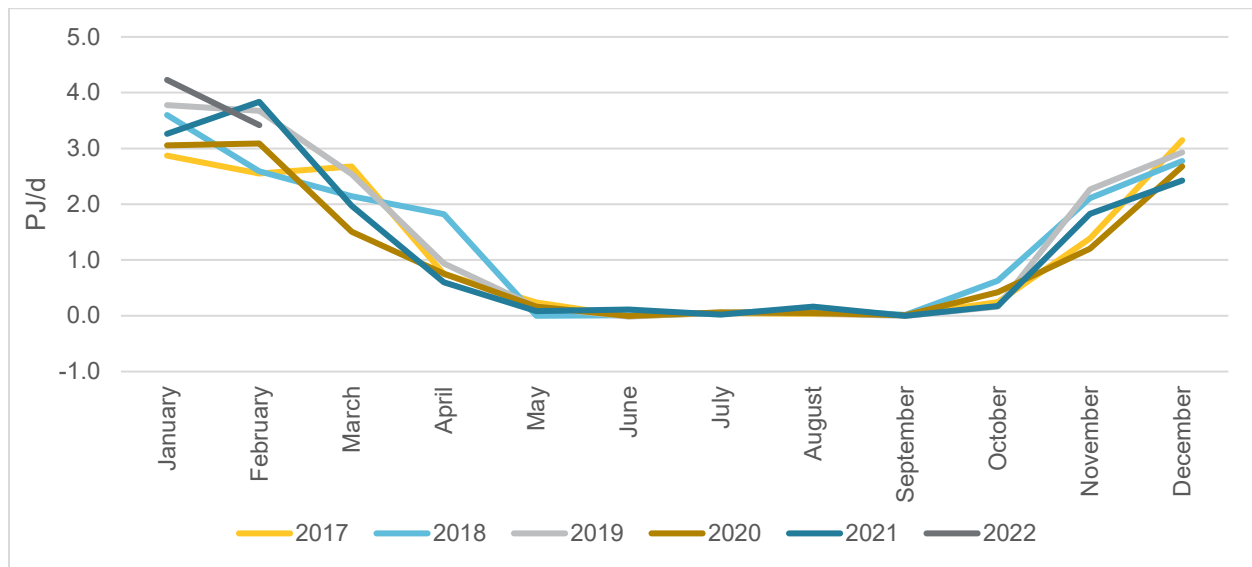
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October 11, 2022

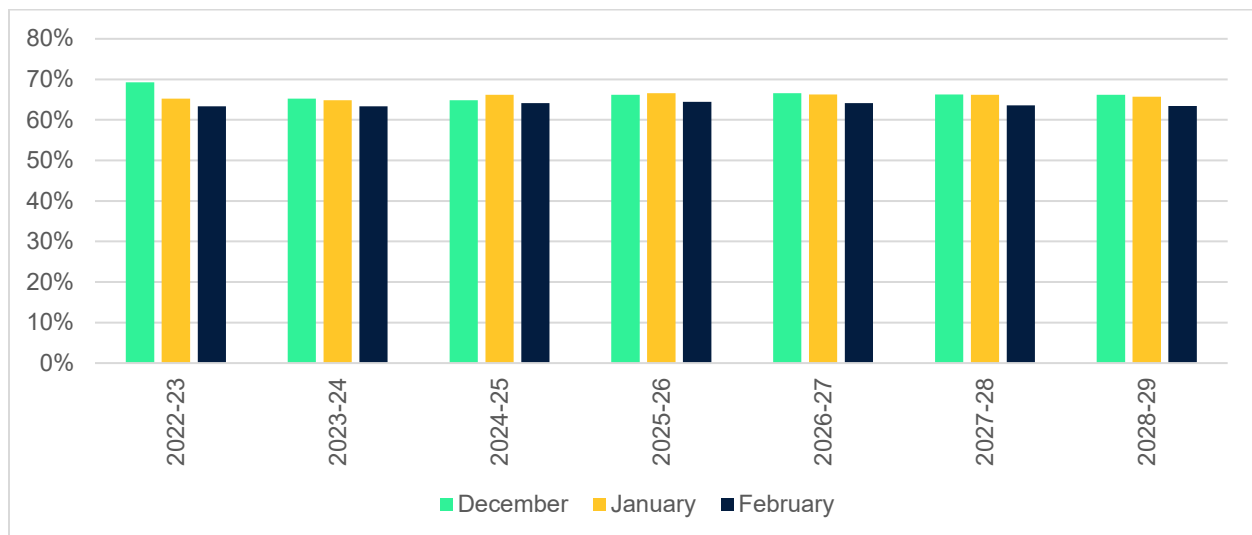
Exhibit 3-12 Historical Monthly Dawn to Parkway Flows



Source: ABB Velocity Suite

As shown in Exhibit 3-12, out of the total gas flowing on the Dawn-Parkway system, more than half is being consumed within Ontario to serve the local demand during the peak winter months.

Exhibit 3-13 ICF Q2 2022 Dawn Parkway Winter Utilization (%)



Source: ICF Q2 2022

4 Conclusion

ICF concludes that the Enbridge Gas Dawn to Parkway system likely will remain contracted through 2028 at levels similar to today's levels for three primary reasons:

1. The system is highly utilized today, recently setting a record daily south to north flow volume record. This is due in part because of the recent expansion of the Portland Natural Gas Transmission System and subsequent flow volume record on that pipeline. The region's reliance on the Dawn to Parkway system is increasing as LDCs meet their growing winter and peak day demand requirements.
2. Per ICF's Q2 2022 base case, the U.S. and Canada domestic natural gas demand is expected grow while residential, commercial, and industrial demand in Ontario, New York, and New England is sustained or grows slightly. Driven by the need to ensure reliable access to natural gas supply and storage to meet winter and peak day demand, utilities serving residential, commercial, and industrial demand will continue to contract for service on the system. With this sustained demand, contracting on the Dawn to Parkway system **will remain near today's levels.** And with limited alternative infrastructure options in Eastern Canada and in the Northeast U.S., the Dawn to Parkway system will remain a reliable way for LDCs and marketers to source natural gas from Dawn storage.
3. Over the past two decades, many of the existing customers have exercised their right of first refusal and have renewed their contracts on the Dawn to Parkway system. **Even though the current contracted capacity decreases significantly between now and 2024, ICF expects most of the customers will recontract the capacity as they have done in the past.**

Enbridge Gas application to change its natural gas rates beginning January 1, 2024

Ontario Energy Board Case No. EB-2022-0200

REPORT ON DAWN PARKWAY SYSTEM CAPACITY TURNBACK RISK

Prepared for the Federation of Rental-housing Providers of Ontario

**John A. Rosenkranz
North Side Energy, LLC**

April 21, 2023

In cases where the LDC forecasts of future gas use are high relative to the results of the longer-term planning studies, this may be intentional. Because the timing and impact of building electrification and new energy efficiency programs on future gas use is uncertain, some LDCs have chosen not to factor these into their current forecasts.²⁸ As a result, the LDC forecasts may not be reliable indicators of these companies' future decisions to renew or terminate long-term contracts for transportation and storage services.

VI. Findings and Recommendations

There is some risk that existing ex-franchise transportation customers could turn back Dawn Parkway System capacity. Turnback risk is likely to be higher for the IGTS path than for the PNGTS path because these customers have shorter remaining contract terms and tend to be less reliant on Dawn storage. The potential for capacity turnback would be expected to increase over time as more gas infrastructure alternatives become available, and as state and local initiatives to reduce natural gas use and encourage the use of non-pipeline alternatives expand.

Even if the near-term risk is low, it would be prudent for EGI to implement measures to (1) limit cost shifting between ex-franchise and in-franchise services if turnback occurs, and (2) reduce exposure to capacity turnback by making it less likely that the Dawn Parkway System will become overbuilt. Two proposed measures are described here.

1. Add “guardrails” to the proposed cost allocation methodology.

EGI allocates Dawn Parkway System demand costs between in-franchise and ex-franchise services based on the Company's forecast of design day requirements. For ex-franchise services, the design day requirement is the projected contract demand.

Dawn Parkway System costs are classified as Dawn Station, Kirkwall Station, Parkway System, or Dawn Parkway. Dawn Station, Kirkwall Station, and Parkway Station demand costs are allocated between in-franchise and ex-franchise rate classes based on the design day demands at each location. Dawn Parkway includes the costs of transmission mains and other compressor station costs. The Dawn Parkway demand costs are allocated in proportion to the distance-weighted design day demands (commodity-kilometres).²⁹ For 2024, approximately

²⁸ For example, Berkshire Gas states that its most recent five-year forecast does not include new decarbonization measures (“...at this time, the Company's forecasts do not include any adjustments for any decarbonization measures that may affect gas demand, other than the existing energy efficiency measures already approved by the Department). The Berkshire Gas Company, “Long Range Forecast and Supply Plan”, Docket DPU 22-148, November 2022, page 7.

²⁹ Exhibit 7, Tab 1, Schedule 2, pages 19-20.

one-third of the total Dawn Parkway System demand costs are allocated to ex-franchise services (see Table 7).

Under EGI’s proposed cost allocation methodology, if there is no change in the design day requirements of in-franchise customers, but the amount of Dawn Parkway System capacity under contract to ex-franchise customers becomes smaller, a larger share of Dawn Parkway System demand costs is allocated to in-franchise services. In-franchise customers would pay more, even though their demand for Dawn Parkway System transmission facilities is unchanged.

Table 7: Dawn Parkway System Demand Cost Allocation (\$000)

	Classification	Revenue Requirement	Ex-Franchise Rate Classes	Ex-Franchise Share
		(A)	(B)	(C)
1	Dawn Station	32,257	11,720	36.3%
2	Kirkwall Station	1,436	1,221	85.0%
3	Parkway Station	47,006	24,151	51.4%
4	Dawn Parkway	222,298	64,406	29.0%
5	Total	302,997	101,498	33.5%

SOURCE: Exhibit 7, Tab 3, Schedule 1, Attachment 8

To reduce the risk of undue cost shifting, EGI should put limits on the ex-franchise demands that will be used to allocate Dawn Parkway System costs at the next rate rebasing, based the requirements forecast that EGI uses to obtain Board approval for a Dawn Parkway System expansion. The objective would be to allocate Dawn Parkway System costs based on the demands for which the transmission facilities were constructed, not just the actual demands in effect at the time of rebasing.

For example, assume that the in-franchise and ex-franchise demands projected for the rebasing year at the time EGI files a leave of construct application are 70 units and 30 units, respectively, for a total demand of 100 units (see Table 8). If, at the time of the next rebasing, the total projected demand for Dawn Parkway System capacity is less than 100 units because of unexpected ex-franchise turnback, the ex-franchise demand units used for cost allocation would be adjusted upward to reduce or eliminate the shortfall, up to the original forecast of 70 units.

Table 8: Dawn Parkway Cost Allocation Example

		Forecast	Actual	Adjusted
		(A)	(B)	(C)
1	In-Franchise	70	71	71

2	Ex-Franchise	30	27	29
3	Total	100	98	100

2. Allow buy-out payments in reverse open seasons.

The Storage and Transportation Access Rule (STAR) requires EGI to hold a reverse open season to allow existing customers to permanently turn back capacity before undertaking an expansion in order to avoid unnecessary investments.³⁰ One shortcoming of EGI's reverse open seasons is that in a situation where the cost to expand facilities is higher than the average embedded cost that EGI uses to set rates, an existing customer may be unwilling to turn back capacity, even though the value that the customer places on the capacity is lower than EGI's cost to build. However, the same customer may be willing to relinquish capacity in return for a buyout payment that would still allow EGI to meet its projected requirement at a lower total cost.

Including a buyout option in reverse open seasons would be consistent with the Integrated Resource Planning (IRP) framework, which requires EGI to consider demand side IRP Alternatives to meet system needs. Reducing ex-franchise customer demand for Dawn Parkway System capacity by buying out an existing contract would be similar to other targeted demand-side management measures in which customers are compensated for reducing gas use during periods of high demand. Allowing customers to submit a buyout offer in a reverse open season is not explicitly addressed by STAR, but this change would support the objective of avoiding unnecessary expansions.

³⁰ STAR Section 2.2.1(iii) states: "A transmitter offering new capacity shall offer a reverse open season to allow existing firm transportation service shippers the opportunity to permanently turn back existing firm transportation capacity to avoid unnecessary expansions."