EXECUTIVE SUMMARY

EGI filed its updated Application for the Panhandle Regional Expansion Project (PHREP) June 16, 2023. This expansion represented the most recent project of a series of 6 facilities projects in this region that Union/EGI have submitted in just over a decade. However, in our view, while this application tries to rely on the approaches of the past, the Ontario market has evolved since the last major project and, therefore, must be evaluated differently. Energy transition has resulted in Integrated Resource Planning (IRP) processing being decided.[1] Even EGI acknowledged in its rebasing proceeding, that consideration of changes to planning horizons for long-term revenue generation may be favoured by Commissioners and other parties in light of energy transition.[2]

In this proceeding, EGI has steadfastly clung to past methodologies and, in some cases, decades old rulings of the Board to try to justify increasing its rate base to serve contract customers whose generous revenue forecasts would only support approximately half of the cost of project, thus leaving current ratepayers to foot the bill for the shortfall. In our respectful submission, this approach is not only inequitable but also short-sighted. In the following submissions, we will address these issues by addressing:

1) EGI's insufficient attempts to ensure firm gas deliveries at Ojibway as Integrated Resource Planning Alternative.
2) Artificial limits on maximum deliveries to Ojibway through arithmetic methodologies that do not consider other alternatives to increase these caps.
3) Selective determination of economic test that increases their opportunity to increase rate base without assurance that the investments will not be stranded.

As our submissions will support, we respectfully request the Board to deny the request to build the entire proposed length and direct EGI to :

A) Provide reporting on efforts to work with Energy Transfer as a pipeline operator to secure additional firm deliveries at Ojibway through combination of measures.

[1] EB-2020-0091 Decision and Order, July 22, 2021
[2] EB-2022-0200 Argument in-Chief of Enbridge Gas, pg. 99-101

B) Provide the Board with a reduced proposed length of new pipe determined in conjunction with increased firm deliveries at Ojibway.

C) Propose an equitable approach to the allocation of capacity costs to customers with new or increased load requests generated from the updated cost of the project based upon the HAF allocation methodology.[3]

D) Review FRPO's submissions evolving the assessment of the summer market to increase the potential for annual Ojibway contracting to feed increasing Panhandle demands.

INTEGRATED RESOURCE PLANNING ALTERNATIVES

Integrated Resource Planning (IRP) has been increasingly emphasized over the last 5 years as ratepayers have called for EGI to consider demand-side and supply-side options in lieu of traditional infrastructure with long-term cost consequences. The Board's consideration and determination of the assessment process was concluded over two years ago. In spite of the Board's directive on the timing of the implementation of the initial pilots by the end of 2022,[4] only one IRP alternative (IRPA) has been implemented[5] and the pilots' application is still awaiting a technical conference.

While the IRP proceeding explored the process required to evaluate demand-side and supply-side peak shaving initiatives, supply-side IRP is not a new concept. Union Gas has used firm Parkway deliveries as a means of reducing the Dawn-Parkway facilities required to meet peak day obligations of the system for decades. At the dawning of the availability of Direct Purchase, Union Gas implemented the Parkway Delivery Obligation (and predecessor names) decades ago as a requirement for customers who sought direct purchase as a means of controlling their gas costs. As part of the Bundled-Transportation agreement, these direct purchase customers would be required to make firm, obligated daily deliveries to Parkway for some or all of their annual demand

[3] EB-2020-0094
[4] EB-2020-0091 Decision and Order, July 22, 2021, pg. 94
[5] po3_IRP Pilot Projects_20231117_signed

forecast. These delivery requirements were established to ensure that firm Parkway deliveries were maintained consistently with historic efforts to reduce the size and cost of the Dawn-Parkway transmission system

The importance of IRP has increased with the growing realization of the need for energy transition. In fact, in the recent Phase 1 of the rebasing proceeding, the Board provided some areas of particular interest in advance of the oral hearing. First among them was:

> *The risks that have been identified in relation to the energy transition, including the risk that assets may be stranded, and the regulatory options to mitigate those risks in relation to system access and system renewal investments.*[6]

In our respectful submission, IRP provides one of the most important regulatory options or set of tools available to avoid, reduce or defer the installation of assets which may not see full utilization for the term of their available life. As such, it ought to be incumbent on the utility to work diligently toward understanding and exhausting all forms of IRP prior to bringing forth applications for facilities that bear a price tag in the hundreds of millions of dollars.

<u>Panhandle Reinforcement Project (2017) Explored Ojibway Deliveries as an IRPA</u>

While IRP was not prevalent in the last major Panhandle Reinforcement Project, FRPO among other intervenors explored and recommended that Union Gas implement firm, obligated deliveries at Ojibway during the Panhandle Reinforcement Proceeding as a means of reducing the investment required. While the Board did not accept intervenors' requests that Union pursue more firm, obligated deliveries at Ojibway, the decision with reasons cited a number of factors (*in italics below)* that, in our view, have changed:

- *As of November 1, 2017, Union needs to meet an additional 106 TJ/day in design day demand. The OEB finds it appropriate for Union to meet this firm service demand with a firm supply solution.*[7] While the amount of total demand that EGI is seeking is greater than the 106 TJ, consideration of the long-term

[6] EB-2022-0200
[7] EB-2016-0186 Decision and Order, February 23, 2017, pg. 14

risks of stranded assets drives the consideration of a hybrid solution that would reduce, not necessarily eliminate, the length of pipeline reinforcement required.

- *The question is not whether Union can obtain additional supply of 106 TJ/day. The operational considerations of the Panhandle System must be considered given that the increase in demand is in Leamington-Kingsville, and not in the Windsor area.*[8] In the current application, the load growth is not only in Leamington-Kingsville, but also, in Windsor with both power production and industrial load. Therefore, the cited reduced efficiency in meeting load that is only in Leamington-Kingsville is not an issue.

- *The OEB agrees that Union could accept more gas at Ojibway. In fact, Union had accepted volumes in excess of 140 TJ/day on multiple, consistent days over the past three years. However, that historical supply met the historical demand in the Windsor area... The OEB accepts Union's evidence that the annual maximum supply capacity at Ojibway is now 115 TJ/day given the design day forecast, forecast Windsor demand, pressure requirements and other operational considerations of the Panhandle System.*[9] The Board accepted Union's evidence without a testing of the methodology.[10] As noted above with demand increasing from the power plants and industrial load, this summer maximum should be increasing but instead, the EGI "assessment" indicates that the maximum is lowered to 108 TJ/d.[11] However, as identified in the referenced IRR, the assessment is completely retrospective looking at consumption from 2017 and 2021. EGI does not attempt to consider what the additional Windsor load for which this project is meant to address would do to increase this maximum.[12] We will address this "maximum" in greater detail later in these submissions.

[8] Ibid
[9] EB-2016-0186 Decision and Order, February 23, 2017, pg. 15
[10] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 71
[11] Exhibit I.FRPO.9
[12] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, pages 72-77

EGI's Evidence in this Proceeding Does Not Reconcile with Evidence from 2016

One of the important aspects that was explored in the Panhandle Reinforcement Project was the prospect for establishing firm deliveries to Ojibway from the Panhandle Eastern pipeline which provides gas through Michigan to the Detroit River where the river crossing enters Ontario at Ojibway. From FRPO's involvement in that proceeding, we recalled that Energy Transfer ("ET") who owns and operates the Panhandle Eastern pipeline had been in discussions with the then Union Gas to increase deliveries into Ontario through Ojibway. As a result, we asked EGI to file the communications that ET exchanged with Union subsequent to the communications filed[13] as a result of our motion after the Technical Conference in that proceeding.[14] EGI disagreed with FRPO's interpretation and citing relevance to this proceeding, declined to provide the document.[15] Given the importance to our position, we filed it as part of our compendium marked as Exhibit K2.1 in this proceeding.

The importance of that document lies in the fact that it chronicles numerous attempts by ET to negotiate incremental deliveries from 57,000 to 95,000 Dth/d.[16] Further, it documents ET's concern that "Union has not been dealing in good faith with us (ET) and the Union is misleading the Ontario Energy Board". While FRPO did not want to drag EGI and the Board through all of communications between ET and Union, we wanted to ensure that we established the fact that ET stood willing to work with Union to increase deliveries including the potential that "*Rover could obligate deliveries through Ojibway… and Rover would then route gas first through Ojibway (up to 75 mmcfd Rover contract)*.[17]

In filing the communications as part of our compendium, we sought EGI's confirmation of these facts. Instead, what we received was revisionist history for lack of a better

[13] EB-2016-0186 UNION_ResponsetoRequestforInfo_FRPO_20161028
https://www.rds.oeb.ca/CMWebDrawer/Record/548911/File/document
[14] Exhibit I.FRPO.7
[15] Ibid.
[16] Exhibit K2.1 page 22
[17] Exhibit K2.1 page 22-23, and the specific reference on page 27

term.[18] Due to the erroneous nature of the statements made by the EGI witness, we provide some of their assertions followed by a clearer evidentiary perspective on the matters.

ET was <u>not</u> Negotiating for "Free Capacity"[19]

In providing testimony on the negotiations, the witness stated that ET was seeking to "get as much capacity, free capacity, to Dawn as possible through Ojibway." A thorough examination of the correspondence contained in the 33 pages of communication contained in what was Attachment 1 filed 2016-11-22, yields no indication of ET requesting transportation free or at no cost.[20] In fact, in the original package of communication between ET and Union, filed in response to the FRPO motion, the proposal to maximize the potential deliveries contains a comment:

> *ET would be interested in purchasing capacity that would support a build, as long as it made economic sense. Union has not provided the estimate of what would be required.*[21]

ET did not Initiate the Quoted Statement of Agreement

In attempting to characterize ET's stated concerns about Union's statements at the Technical Conference as being taken out of context, the witness read a statement that was attributed to the ET Vice-President.[22] However, a precise reading of the document reveals that the statement read was in response to a specific request authored by the Union initiator asking for the ET's Vice President's willingness to agree to that statement upon the conclusion of eleventh hour negotiations which finished hours ahead of the oral hearing. While the Vice President advanced a subsequent email the next day - a few hours before the package of correspondence that was ordered by Board earlier in the day was filed - the original agreement to the Union-authored statement specifically read:

[18] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, pages 53-56
[19] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 53, line 26-28
[20] Exhibit K2.1 pages 22-55
[21] EB-2016-0186 Union Responses to Motion Requests, filed Oct. 28, 2016, Attachment 2, page 28
[22] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 54, lines 9-15

> *I agree with your statement in the attached email below.*
>
> *Nothing in this email shall deem to waive ETP's rights in this matter or future matters.*[23]

This initial response is an agreement to a prepared statement in what appears to be quid pro quo in the context of contracting between the two parties while expressly limiting the bounds of the ETP[24] agreement. While EGI may quibble in their reply argument with the difference being highlighted here, it bears noting that the ET Vice-President acknowledges conversations that are not documented, and the fact that, as confirmed by the EGI witness, ET did not testify in 2016 proceeding.[25] More pointedly, ET's Vice-President is explicit in her request stating in an email less than 24 hours prior to agreeing to the statement prepared by Union "*We would have an agreement and would agree to rescind our letter if you can get to a 10 yr term on your pepl portfolio.*"

ET had Interest in Increasing Capacity Across the River

In attempting to limit the scope of ET's interest in moving gas through Ojibway to Dawn, EGI's witness stated "They (ET) had no interest in increasing the capacity across the river…". But that statement contradicts the evidence in the quoted statement above wherein ET explicitly states that they would be interested in buying capacity as long as it made economic sense but did not know what would be required.[26] In addition, on the same reference page, ET recognizes the limitation of the river crossing in providing more pressure and speculates that "*a new river crossing may be required.*" Again, without going through all of the detail, most of the 53 pages in Attachment 2 of the filed package pertain to numerous approaches to increasing capacity on the Union side including several alternatives to increase the capacity across the river.

We provide these clarifying perspectives to allow the Board to understand that ET did, in evidentiary fact, desire to increase deliveries through Ojibway to Dawn, contrary to

[23] Exhibit K2.1 page 54
[24] Energy Transfer Partners (ETP) became Energy Transfer LP (ET) in October of 2018, https://www.energytransfer.com/history/#:~:text=In%20October%202018%2C%20ETE%20completed,the%20ticker%20symbol%20%E2%80%9CET.%E2%80%9D
[25] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 57, lines 1-3
[26] EB-2016-0186 Union Responses to Motion Requests, filed Oct. 28, 2016, Attachment 2, page 28

EGI's assertions. Further, they were willing to work with Union to obligate deliveries by giving priority to gas getting to Dawn through Ojibway.[27] In our respectful submission, EGI's positioning on this issue does not represent an ardent pursuit of Ojibway deliveries as a means to reduce the scope of the project and the risk of stranded assets. As such, in our view, they have not discharged their onus to evaluate IRPA's prior to a substantial build.[28]

EGI has Alternatives to Secure Obligated Deliveries

EGI presented its assessment of alternatives in Exhibit C of its updated application. Of course, the result of their assessment was that no alternative was superior to their pipe solution deeming the proposed Project as optimal.[29] With due respect, their scope of alternatives considered were not comprehensive and their supply exchange RFP provided only results that were easily dismissed. Instead of "checking the boxes" to say that supply-side IRPA was tested by their single scenario, we provide alternatives that ought to have been tested and, in our view, completed ahead of the pipeline application.

Contract for Long-term Transportation from Rover & Panhandle Eastern

Given the ingoing and expected development of the demand in the Panhandle market, EGI ignores the most obvious IRPA opportunity to meet the demand through Ojibway deliveries and that is to enter into long-term contracts with Rover and Panhandle Eastern to secure gas delivery from the Rover Supply Zone.[30] The amount available, at this time, to flow to Ojibway, may be constrained by the Panhandle Eastern capacity to the 21TJ/day for year-round contracting as defined by EGI testimony.[31] However, as

[27] Exhibit K2.1 page 27
[28] EB-2020-0091 Decision and Order, July 22, 2021, page 38
[29] Exhibit C, Tab 1, Schedule 1, page 21,
[30] Exhibit K2.1 page 4 shows the Rover pipeline and its Supply Zone. This is the same area broadly priced as Dominion South from which Nexus supply is sourced.
[31] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 57, lines 25-27

pointed out by the EGI witness, there can be more capacity available in the winter - for this winter, 32 TJ/day – which is even better for the winter peaking Panhandle system.

This option has been available since 2019[32] and yet, EGI has not entered into a contract that would obviate the need for some length of facility build. While EGI has produced a qualitative matrix of risk, the fact is that this Landed Cost of gas would be less than their contracting on the Nexus path as evidenced in the EGI 2022 Annual Gas Supply Plan Update's 2022-2025 Transportation Contract Analysis.[33]

In trying to obtain EGI's response as to why they have not contracted for the 21,000 GJ/day of available capacity,[34] we were not able to obtain a straight answer as EGI wanted to go back to the frame that they created about the exchange service.[35] When the EGI witness comprehended that we were asking about purchasing through the Gas Supply plan, initially we received answers about how that was already done for 60,000 TJ/d.[36] But when we asked why EGI had not increased it,[37] knowing of course that we were referring to a Gas Supply purchase that also carried a facilities benefit,[38] we were deflected back to another witness who spoke about the exchange service which, in the way it was structured, had limited potential to work.[39]

Contracting for these two pipelines on a long-term basis would provide EGI with the right of first refusal (ROFR) to manage the potential risk better than their RFP for an exchange service.[40] We bring this up because EGI made it sound like a major risk on the exchange service. While there would still be a risk of future escalation, it would be limited as it would be capped not by market prices but by the maximum toll as allowed for by FERC. This risk is similar to their risk on Nexus but would likely be smaller due

[32] Ibid
[33] EB-2022-0072 Appendix G
[34] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 82, lines 22-25
[35] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 82, lines 26-27
[36] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 83, line 4 to page 84, line 15
[37] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 84, lines 16-24
[38] We use the term "facilities benefit" to describe the ability of firm deliveries either obligated to or controlled by the utility contributing to the ability of pipeline system to meet peak demand requirements e.g., the Parkway Delivery Obligation contributes to the ability of the Dawn-Parkway system to meet peak demand requirements
[39] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 84, line 25 to page 85, line 16
[40] Exhibit C, Tab 1, Schedule 1, page 16 and Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 86, lines 7-19

to the fact that the path from the Supply Zone to Ojibway is shorter and less costly than the path from the same Supply Zone through Nexus to Dawn.[41] However, more compelling is that EGI cites the concern of potential escalation on the exchange service while ignoring ratepayer risk over time if the pipe becomes under-utilized through energy transition.

From an economic perspective, sourcing the gas from Rover and Panhandle would meet a gas supply diversity interest, as EGI does not hold a contract with Rover and that path. Moreover, creating additional firm deliveries controlled by EGI would bring a facilities benefit by reducing the need for new, additional Panhandle pipeline. Given that EGI promotes diversity while meeting system supply needs, there is no allocation of cost from the gas supply portfolio to the transmission or delivery rates for any premium above the lowest cost option. While we could not elicit a straight answer,[42] it is a fact that premium associated with Gas Supply paths that provide system benefit are not allocated to separate the pure commodity and transport cost from the facilities benefit portion. FRPO will have more to elaborate on this topic in the Vector contracting proceeding but for the purposes of the Panhandle proceeding, it is a fact that volumes that are contracted from the Panhandle Field Zone come at a premium to other alternatives but cost recovery is contained in gas costs.

With no separation of cost between gas supply and facilities benefit, an easy way to view the implication for the proposed project is to view the reduction in cost associated with a 21 TJ firm delivery at Ojibway. The economics can be found in Table 1 of the undertaking labelled as FRPO Additional Request on page 3.[43] Using Hybrid Alternative #1 to provide the same capacity of the proposed project and removing the O&M cost associated with exchange service of 21 TJ/d, the NPV becomes $(145.9M). The resulting NPV is superior to the NPV of the project at $(153.5M) as the capital cost of the project goes down. Perhaps more importantly, over time as energy transition evolves the demand for natural gas and transportation costs change, EGI can manage

[41] EB-2022-0072 Appendix G
[42] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 83, line 4 to page 84, line 24
[43] EGI_SUB_Response to Additional Requests_20231130, page 3

the ratepayer cost by evolving its gas supply portfolio better than it can the revenue requirement associated with the fixed cost of an installed pipeline.

In our view, EGI's ignoring of this simple alternative speaks to their interests in the choices that they are recommending on behalf of ratepayers. We respectfully request the Board direct EGI to include additional gas supply to Ojibway in their Gas Supply plan or explain why it does not make economic sense for ratepayers.

Negotiate with Energy Transfer to Obligate Deliveries to Ojibway

EGI points to Rover not bidding on the exchange service as it cannot obligate its shippers to nominate.[44] FRPO understands that because the pipeline does not hold title to the gas; the shipper does. EGI understands that also.[45] [46] But, in knowing that, EGI constructs an RFP for an exchange service that was destined to fail unless a tri-party agreement with Rover and one or more of its shippers could be arranged.[47] The crux of the issue is the design of the RFP as a "Firm and Obligated Call Option Exchange Service."[48] Instead of working directly with ET, who ultimately owns the only transportation pipeline that connects to Ojibway, they put out this RFP, in our view, to check the box of supply-side IRPA consideration.[49]

ET did not bid because they could not as they do not hold title to the gas which is foundational to the exchange service.[50] However, we do not have the benefit of understanding the full communication which prompted the Sept. 21, 2021 meeting between ET and EGI.[51] We only know that it was prompted to "*Respond to questions from Energy Transfer Partners re: RFP for Ojibway deliveries launched on Sept 16th*."

[44] Exhibit I.FRPO.7
[45] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 81, lines 3-6
[46] Exhibit I.FRPO.7, pg.2, footnote 1 provides testimony from the EB-2016-0186 that clearly articulates Union's knowledge of the limitation of a pipeline operator that does not hold title to the gas
[47] Rover does not include Ojibway as a delivery point for its shippers so a Rover shipper could not use its Rover contract to provide the exchange service
[48] Exhibit C, Tab 1, Schedule 1, Attachment 1, Page 1
[49] Exhibit C, Tab 1, Schedule 1, pg. 15-19 describes the one bid received and how it is summarily rejected for a host of reasons
[50] Exhibit I.FRPO.7, Attachment 1, Page 3
[51] Ibid.

If ET and its pipeline Rover knew they could not bid but did not have other ideas of how EGI's needs could be met, what would be the purpose of the meeting?

This inability to respond to an RFP for an exchange service does not preclude Energy Transfer, as pipeline operator, from being incentivized to ensure that a small portion of Rover volumes that are contracted to move from the Supply Zone to Dawn move through Ojibway. As noted in the hearing, Rover has daily contract capacity to move approximately 1,000,000 GJ/day from the Supply Zone to Dawn. Of that, over 95% of the amount contracted moves past the Panhandle Eastern line to Vector where Rover holds capacity on Vector to Dawn.[52] As pipeline operator, ET has discretion over which paths to move the gas as long as it meets the contractual commitments that Rover has for deliveries to its shippers. This is analogous to how TC Energy chooses the path for shipments from Empress at the start of the Mainline to Dawn.[53] [54] We were unable to get direct confirmation from the EGI witness in asking about this ability that ET would have as pipeline operator to facilitate firm deliveries as we were diverted back to the RFP which EGI knew ET could not obligate.[55]

As opposed to taking FRPO's view of the capabilities that ET would have as pipeline operator to facilitate firm supply needs, we refer back to the correspondence package from EB-2016-0186 in our compendium. In that correspondence, ET does not use the term obligated but, instead, states: "*Further, if a delivery commitment is required for the supply on the 75,000 Dth/d, Rover would be happy to pursue such, including by providing the avenue for Union to work with Rover shippers to accommodate that.*[56]

If, for whatever reason, shipper(s) for whom Rover is contractually committed to moving their gas through Ojibway do not nominate on a given day, Rover/ET have choices in how they use their pipeline capacity. Giving priority to ensuring that the full 37,000 GJ/d moves through Ojibway actually would save Rover fuel gas and open up capacity on its pipeline in the market zone and Vector, as the EGI witness states.

[52] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 78, lines 14-28
[53] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 81, lines 15-23
[54] As it is not on the record in this proceeding, for the benefit of the reader, we have attached the TCPL IR response from the Dawn LTFP proceeding highlighting TCPL confirmation of their discretion
[55] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 81, line 24 to page 82, line 21
[56] Exhibit K2.1 page 22-23

However, because delivery commitments reduce optionality for pipelines, ET as pipeline operator may want an incentive to forgo that optionality. That incentive could come in the form of a longer-term contract with Rover for gas supply as described above or some other form of compensation.

In our respectful submission, we would ask the Board to direct EGI to enter into good faith discussions to determine how the pipelines could work together for mutual interest to create a delivery commitment to Ojibway by ET for the existing 37,000 GJ/d that utilizes the C1 contract. This arrangement, coupled with EGI purchasing 21,000 TJ/d of Rover supply would facilitate the reduction in the length of reinforcement required along the lines of alternatives #3 and #4 of Table 1 on page 3 of the FRPO Additional Request.[57]

EGI SUMMER MARKET ASSESSMENT LIMITS FLEXIBILITY

EGI should be Directed to Develop a More Robust Assessment of the Summer Market

In our above submissions, we have advocated for EGI to secure more firm committed deliveries to Ojibway as a cost effective and flexible tool to offset the pipeline costs and stranded asset risks. At the same time, EGI has relied on its historic approach of reviewing the historic demand of the Windsor market.[58] However, in their stated estimation of the minimum summer market, only historic consumption west of Grand Marais and Sandwich are included for the purposes of customer consumption.[59] To this calculation, EGI adds 80 TJ of compressed gas through Sandwich which is either consumed in the Leamington-Kingsville or flows on to Dawn. This approach determines a Summer capacity of 108 TJ [60] which EGI uses to limit the amount of gas that can be contracted on an annual basis through Ojibway.

Given EGI's role as the system operator, it is our view that there are reasonable adjustments that can be made both to the operation of the system and to the ultimate

[57] EGI_SUB_Response to Additional Requests_20231130, page 3
[58] Exhibit B, Tab 2, Schedule 1. page 8
[59] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 61, lines 6-7
[60] Exhibit I.FRPO.9

determination of the minimum summer market. However, in trying to walk the witnesses through these operating steps, we were frustrated by the continued reliance on the "approved methodology" and the difference between simulating summer conditions and testing the capability of the system to be optimized to accept more gas.[61]

The resulting undertaking[62] provides the summer operation of the Panhandle system while the next two undertakings confirm that there is valving to operate the lines separately[63] and the Sarnia South line can be fed by the Panhandle system.[64] But with these acknowledgements from EGI, what we do have is what additional "summer market" can easily be created by optimizing the Panhandle and connecting systems. The latter undertaking[65] states that the system is optimized but does not report on how much additional volume may be consumed by these lines in the summer.

Further and very importantly, EGI is adding customers to the Windsor market for which they do not have history.[66] It is our contention that EGI ought to be able to estimate the summer consumption for these customers through dialogue to build the customer station and enter into gas supply contracts[67], however, the result of our inquiry is that we do not have a number that the Board can rely upon. And, unfortunately, due to lack of time, we did not get to ask about the linepack effects that can and do occur in the summer when supply exceeds demand that also could be quantified.

Taken in total, it is FRPO's submission that there are a number of factors between operating and emerging history which will increase the amount of summer market available to Ojibway. As a result, the historic approach of calculating the amount of available annual contracting through Ojibway should be able to be increased.

At the same time, we respect that, as we laid out in our IRP section above, discussions, negotiations and potential contracting would need to occur to increase the amount of gas that may be available across the river from Ojibway. Further, it is clear that while

[61] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 64, line 11 to page 66, line 25
[62] Exhibit J2.2
[63] Exhibit J2.3
[64] Exhibit J2.4
[65] Ibid.
[66] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 73, lines 4-12
[67] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 74, line 13 to page 75, line 16

much of this application is premised on preceding as soon as possible, negotiations may need to occur with customers to get firm contracts in place especially if a CIAC is ordered.

As a result, FRPO respectfully requests the Board direct Enbridge to take the above Summer Market concerns into account and report back with an updated assessment of the market available. This assessment could identify any remaining limitations on using firm, committed Ojibway deliveries as a tool to meet increasing load requirements to reduce the required length of reinforcement of the Panhandle system. Recognizing the technical challenges of this assessment, we would propose that the IRP Technical Working Group or a subset of that group could work with EGI to develop approaches and methodologies that could be used on this and future systems to allow supply-side IRPA's to be a tool to reduce the need for substantial capital investment in assets which may become stranded in the decades to come. In our view, this type of approach is where IRP can become a more effective tool to meet customer growth in a manner that respects energy transition.

ECONOMIC TEST AND COST RESPONSIBILITY

EBO 188 Test Combined with HAF Should Determine Cost Responsibility

In our opening statement in the Oral Hearing, we alluded to leaving the economic test and cost responsibility to our colleagues so that we could focus on the technical opportunities of IRP.[68] However, after hearing the selective approaches by EGI to promote a distribution or socialization of the costs of an uneconomic project in response to questions from our colleagues, we could not help but explore some of the perspectives by the proposed approach. It appeared like EGI could adjust its definitions to suit its purposes and that they had discretion to decide.[69] Just as it was with their definition of hydraulic, it is FRPO's strongly held view that just because EGI defines something, it

[68] Final Transcript EB-2022-0157 Enbridge LTC Vol 1, page 29, line 4 to page 30, line 12
[69] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 90, lines 3-10 and page 90 line 20 to page 91, line 11

does not make it so.[70] [71] As applied to the economic test, we respectfully submit that it is the Board's discretion to establish just and reasonable rates including Contributions-in-Aid-of-Construction (CIAC) that is paramount.

Given the importance of the issues of economics and cost responsibility, we strived to get a clarification of facts on the record that would hopefully benefit our colleagues and, more importantly, the Board.[72] But we did want to explore the notion that CIAC's would result in a lack of investment and poor economic outcomes. So, we tried to quantify, in round numbers at a high level, what a $150 million CIAC would have on investment decisions of $6 billion.[73] We understood that EGI could not provide a concrete answer on the respective decisions of the potential customers who would make a business decision. On the other hand, given the orders of magnitude difference between the potential CIAC relative to their potential investment, these customers could make a decision on moving forward with that investment if the Board decided that CIAC's were appropriately. Conversely, we were and are concerned for the many customers who don't have choice to whom EGI is recommending rate increases to pay for an uneconomic project which would improve revenue and profit generation opportunity for the utility and its shareholders. In our respectful submission, with very simple logic, we would urge the Board to determine the application of an EBO 188 test with an equitable allocation based upon the HAF approach approved in EB_202-0094.

As noted earlier, it was FRPO's intent to rely on our colleagues for more refined discovery and argument in this area. Our ongoing collaboration with IGUA and SEC allowed us to preview their respective arguments in these areas prior to their submission to the Board. We are pleased to say that each, through different approaches, the well articulated submissions provide a more sophisticated and compelling argument for CIAC's allocated by the HAF methodology. FRPO and our members that we represent

[70] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 89, lines 15-28
[71] While not a material issue, Commissioner Sword asked about the term "hydraulics". Our preferred term would be "network capability" as the ability of the combined facilities to deliver natural gas at the required flows to meet required pressures at locations along the pipes.
[72] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 91, line 12 to page 94, line 13
[73] Final Transcript EB-2022-0157 Enbridge LTC Vol 2, page 94, line 13 to page 97, line 23

are grateful for the efforts of IGUA and SEC and adopt their respective submissions on the issues of economics and cost responsibility.

CONCLUSION

As laid out above, we respectfully request the Board to deny the request to build the entire proposed length and direct EGI to provide:

A) Reporting on efforts to work with Energy Transfer as a pipeline operator to secure additional firm deliveries at Ojibway through combination of measures.
B) Provide the Board with a reduced proposed length of new pipe determined in conjunction with increased firm deliveries at Ojibway.
C) Propose an equitable approach to the allocation of capacity costs to customers with new or increased load requests generated from the updated cost of the project based upon the HAF allocation methodology.[74]
D) Review FRPO's submissions evolving the assessment of the summer market to increase the potential for annual Ojibway contracting to feed increasing Panhandle demands.

ALL OF WHICH IS RESPECTFULLY SUBMITTED ON BEHALF OF FRPO,

Dwayne Q

Digitally signed by R. Dwayne Quinn
DN: cn=R. Dwayne Quinn, o=DR QUINN & ASSOCIATES LTD., ou=PRINCIPAL, email=drquinn@rogers.com, c=CA
Date: 2023.12.14 18:17:25 -05'00'

Dwayne R. Quinn
Principal
DR QUINN & ASSOCIATES LTD.

[74] EB-2020-0094

IR Number: IGUA–TCPL-01

Topic: Appropriateness of proposed Dawn Long Term Fixed Price ("LTFP") service

Reference:

i) Ex. A82887-2, TransCanada PipeLines Limited ("TCPL" or "TransCanada") Dawn Long-Term Fixed Price Application (April 2017) (A5K7Y3) (the "Application"), para 9, pdf p 6 of 33.

ii) Application, paras 72-73, pdf p 24 of 33.

iii) Ex. A82887-5, Application, Appendix C – Dawn LTFP Open Season Document (A5K7Y6) (the "Open Season Document"), pdf p 2 of 9.

iv) Application, Table 8: Dawn LTFP Incremental Costs, pdf p 26.

Preamble:

i) Para 9 of the Application states:

The service will benefit the Mainline and its shippers by significantly increasing the level of long-term, long-haul contracts on the Mainline and attracting substantial incremental revenues over the long-term that would not otherwise be generated to the benefit of the Mainline and its shippers. As such, the service will enhance the long-term competitiveness and utilization of the Mainline and particularly the Western Mainline.

ii) Paras 72-73 of the Application state:

TransCanada considered the ability of the Northern Route to meet the Dawn LTFP service obligations on a firm basis. The Barrie Line (from NBJ to Parkway) is the limiting section for this route in light of existing contractual obligations through to Parkway. Given the Barrie Line summer capacity limitations, the Northern Route is currently limited to approximately 750 TJ/d, which is 50% of the Dawn LTFP contract level.

Through the above assessment, TransCanada determined that contracting for 750 TJ/d (711,000 Dth/d) on the Southern Route (GLGT / GLC TBO) effective November 1, 2017 along with 750 TJ/d on the Northern Route (Union TBO) is the optimal combination to meet the Dawn LTFP service obligations.

iii) The Open Season Document at pdf p 2 states:

Provision of the Service is conditional on, among other things, receiving sufficient subscriptions of approximately 1.5 PJ/day ("Minimum Acceptable Level") and any required approvals on terms and conditions satisfactory to TransCanada. TransCanada intends to file an application with the National Energy Board (NEB) for approval of the Service as soon as reasonably possible, following a successful Open Season.

iv) Table 8 of the Application provides as follows:

Table 8: Dawn LTFP Incremental Costs [1]

Year	GLGT TBO Costs [2]	GLC TBO Costs	Union TBO Costs	Compressor Overhaul Costs [3]	Carbon Levy Costs	Fuel Tax	Total [4]
2017	17.2	-0.3	1.1	-1.0	1.4	0.2	**18.6**
2018	104.9	2.9	6.3	-4.2	10.9	1.0	**121.7**
2019	104.9	2.5	6.3	-1.0	15.6	1.2	**129.9**
2020	104.9	2.5	6.3	2.9	25.6	1.4	**143.6**
2021	104.9	2.5	6.9	6.4	40.3	1.4	**162.3**
2022-2029	612.2	14.7	50.6	179.6	154.3	6.7	**1,017.6**
Total over the Term[4]	**1,049.0**	**24.9**	**77.5**	**182.6**	**248.1**	**11.8**	**1,593.9**

Note:
1. Costs shown in millions.
2. Converted from $US based on an exchange rate of $0.75 US per Canadian dollar.
3. Return, depreciation and income tax associated with capitalized compressor overhaul costs.
4. Due to rounding, numbers may not add up precisely to the totals provided.

Request:

1.1 Can TransCanada explain the reasons for setting a minimum quantity of 1500 TJ/d (reference iii) for the Dawn LTFP service, given that an initial 750 TJ/d could flow through the Northern route[1] (the “Northern Route”) according to Table 8 - Dawn LTFP Incremental Costs with an incremental Transportation by Others (“TBO”) cost of $6.9 M to Union (in 2021)?

1.2 Is there a maximum quantity of TJ/d flow from Empress receipt point in Alberta (“Empress”) to the Dawn hub in Southern Ontario (“Dawn”)? If so, under what terms of transportation would any quantities over 1500 TJ/day be available for volumes flowing from Empress to Dawn?

1.3 Can Dawn LTFP Shippers choose to nominate their volumes to flow over the Southern route[2] via Great Lakes Gas Transmission (“GLGT”) (the “Southern Route”) or over the Northern Route via the Barrie Line?

1.4 Does TransCanada expect to contract for the full GLGT TBO capacity of 750,000 GJ/d for November 1, 2017? If not, please explain.

1.5 Can TransCanada confirm that the GLGT TBO capacity required on November 1, 2017 will be 606,893 GJ/d? If not, please explain.

1.6 The Barrie Line constraint is identified as having a summer capacity limitation of 750 TJ/d. Can TransCanada advise what the Barrie Line capacity limit is during winter ambient conditions?

1.7 What were the alternatives TransCanada considered to address limitations caused by the Barrie Line summer limit constraint of 750 TJ/d? If alternatives were considered, why were they rejected?

1.8 TransCanada states that the Barrie Line is currently limited to 750 TJ/d. Please provide, if any and why, incremental volumes would become available through the Northern Route on:

(a) November 1, 2019; and
(b) November 1, 2020

[1] The Application, at para 70, defines the Northern Route as the Prairies Line and Northern Ontario Line from Empress to North Bay Junction (NBJ), the Barrie Line from NBJ to Parkway, and TBO capacity on Union from Parkway to Dawn

[2] The Application, at para 70, defines the Southern Route as the Prairies Line and Emerson Extension from Empress to Emerson 2, and TBO capacity on GLGT and Great Lakes Pipeline Canada Ltd. ("**GLC**") from Emerson 2 to Dawn.

Response:

1.1 Refer to the response to NEB 1.1 d) and e).

1.2 Empress to Dawn firm contracts in excess of the 1,500 TJ/d quantity associated with Dawn LTFP service would require additional TBO capacity, subject to availability on reasonable terms and conditions. Also see the response to NEB 1.4.

1.3 No. Shippers may only nominate a request for transportation which is comprised of a receipt and delivery point making up its transportation path. Due to the integrated nature of the Mainline system, TransCanada will choose to utilize its physical capacity, contracted capacity on another pipeline, or a combination of both to satisfy the requirement of the requested nomination.

1.4 Yes, as shown in the term sheet provided as Appendix F to the Application.

1.5 Not confirmed. TransCanada does not expect that the negotiated rate of \$8.89/Dth/month along with the acceptable terms and conditions, could have been achieved without the minimum of 750,000 GJ/d contract quantity. Also see the responses to Centra-TCPL 1.10j and Centra-TCPL 1.45.

1.6. See the response to NEB 1.2a.

1.7 See the response to NEB 1.4.

1.8 At this point in time, there are no material changes forecast to the existing contracting level, or available capacity, through the Barrie Line for November 1, 2019 or November 1, 2020. Also see the response to Centra-TCPL 1.42d).