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VIA RESS and EMAIL

January 25, 2024

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

Dear Nancy Marconi:

**Re: EB-2023-0326 – Ontario Energy Board (OEB)
Hearing on the OEB's own Motion regarding Enbridge Gas Inc.'s
(Enbridge Gas) 2021 Vector Contracting Decision
Enbridge Gas – Reply Argument**

In accordance with the OEB's Notice of Hearing and Procedural Order No. 1 for the above noted proceeding, enclosed please find the Reply Argument filed by Enbridge Gas.

Should you have any questions on this matter please contact the undersigned.

Sincerely,

Richard Wathy
Technical Manager, Regulatory Applications

cc: David Stevens, Aird & Berlis LLP
All Interested Parties EB-2023-0072 (2023 Annual Update to 5 Year Gas Supply Plan)

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O.
1998, c. 15, Sched. B, as amended;

AND IN THE MATTER OF a Hearing on the Ontario Energy Board's
own Motion regarding Enbridge Gas Inc.'s 2021 Vector Contracting
Decision.

ENBRIDGE GAS INC.

REPLY ARGUMENT

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A. OVERVIEW

1. The question of the prudence of the 2021 Vector contracting decision has been addressed in detail over several proceedings. In each case, Enbridge Gas has explained why the 2021 Vector contracting decision is prudent. In each case (including the 2022 Gas Supply Plan review, the 2023 Gas Supply Plan review and this current proceeding), OEB staff has filed submissions setting out their view that the 2021 Vector contracting decision was prudent.
2. Enbridge Gas set out its position in detail in its Argument in Chief (AIC), making reference to previously filed evidence and submissions. Enbridge Gas repeats and relies on the Argument in Chief and previously filed materials.
3. Submissions were filed in this proceeding by OEB staff, Energy Probe, FRPO, IGUA and SEC.
4. FRPO is the only party that directly questions the prudence of the 2021 Vector contracting decision.¹
5. Both OEB staff and Energy Probe agree that the Vector contracting decision is prudent. Neither of the other parties filing submissions (IGUA and SEC) take a strong position on prudence – of these two parties, SEC goes furthest when it states that “FRPO has put forward a position that raises some doubt about the 2021 Vector contracting decision”. SEC, which as the OEB knows is very capable of raising its own concerns, does not submit that the OEB should make a finding of imprudence.
6. FRPO’s submissions largely attach and rely upon the submissions that had been made in prior proceedings, especially FRPO’s August 14, 2023 submission in the EB-2023-0072 proceeding to consider Enbridge Gas’s 2023 Gas Supply Plan. Enbridge Gas has already responded to those FRPO submissions in its detailed August 28, 2023 Reply Submission.² In that filing, Enbridge Gas explained the errors and mischaracterizations advanced by

¹ Contrary to FRPO’s continued assertions (FRPO Submission, page 14), the record of this motion as well as the earlier EB-2023-0072 proceeding to consider Enbridge Gas’s 2023 Gas Supply Plan and the 2021 Vector contracting decision make clear that FRPO is the only party concerned with the 2021 Vector contracting decision.

² EB-2023-0072, Reply Submission of Enbridge Gas Inc., August 28, 2023, filed at <https://www.rds.oeb.ca/CMWebDrawer/Record/813075/File/document>.

FRPO. Enbridge Gas will not repeat what is in its earlier Reply Submission, but does rely on that submission to respond to FRPO.

7. FRPO addresses five additional items in its submissions: (i) the application of the OEB's "Guiding Principles for the Assessment of Gas Supply Plans" to the 2021 Vector contracting decision; (ii) why the Vector contracts are not needed to support the Sarnia Industrial Line System (SIL)³ and why Enbridge Gas should have picked Bluewater pipeline instead; (iii) there should be no presumption of prudence around Enbridge Gas's 2021 Vector contracting decision; (iv) the OEB should expand the Incremental Transportation Contracting Analysis to include forward market pricing data; and (iv) how the OEB should determine the cost consequences if there is a decision that the 2021 Vector contracting decision was imprudent.
8. In its AIC, Enbridge Gas has already provided detailed submissions about how the Company's decision to purchase and renew Vector supply is entirely consistent with the OEB's gas supply planning principles from the Gas Supply Framework⁴, and how it meets Enbridge Gas's gas supply planning goals of diversity, reliability, flexibility, and cost-effectiveness.⁵ FRPO does not respond to those submissions. Instead, FRPO simply argues that diversity, flexibility and reliability for the supply secured through the Vector contracts are better met by additional supply at Dawn. Enbridge Gas already has a very substantial amount of its gas supply plan sourced from Dawn. FRPO's position gives little meaning to the different guiding principles that the OEB directs must be considered for gas supply decisions.
9. Enbridge Gas observes that other parties may be making too much of the Company's submission that an additional benefit of the Vector capacity is that it can provide supply to the SIL, reducing the potential need for additional facilities to serve this system. To be clear, Enbridge Gas has not said, and does not mean to leave the impression, that this was the driving factor supporting the 2021 Vector contracting decision. The 2021 Vector contracting decision was primarily aimed at supply diversity. That being said, Enbridge Gas's system

³ SEC and IGUA also note Enbridge Gas's submission that the Vector contracts support supply to the SIL and ask Enbridge Gas to provide more information.

⁴ Report of the Ontario Energy Board: Framework for the Assessment of Distributor Gas Supply Plans (EB-2017-0129) (referred to as the GSP Framework).

⁵ Enbridge Gas AIC, December 7, 2023.

design takes all the Company's gas supply contracts into account for system design for design day and operation purposes. In cases like this, strategic use of upstream transportation contracts to deliver supply to the Enbridge Gas service areas can prevent constraints that would otherwise occur.

10. Enbridge Gas disputes FRPO's new allegation that the Company should have contracted for Bluewater Gas Storage LLC (Bluewater) pipeline capacity rather than Vector pipeline capacity in order to address potential SIL system constraints. This allegation has not previously been advanced by FRPO in any of the many proceedings where it has challenged the 2021 Vector contracting decision. The 2021 Vector contracting decision was aimed at maintaining or increasing the diversity, reliability and flexibility of the Company's gas supply plan. Contracting with Bluewater would not accomplish those goals, because Bluewater is not a liquid or transparent source of gas supply. The point of connection is a Michigan storage location that must be filled with supply from upstream sources, all of which were contemplated as alternatives in the Vector contracting analysis with more direct and economic routes than through Bluewater.
11. In summary, for all the reasons set out in the AIC and the evidence and prior submissions referenced therein, Enbridge Gas submits that the 2021 Vector contracting decision was reasonable. It is a contract for the purposes of obtaining supply diversity that also gives other important benefits, such as SIL design day reliability. The forecast premium paid for the diversity was very low; the lowest cost of any available option at the time, and lower than other contracts signed by Enbridge Gas over the past 5 to 10 years. Chicago (the place where supply is purchased for Vector capacity) is a diverse and liquid market, one of the most liquid in North America. Given these facts, there is no reasonable basis to deem these contracts imprudent. In making this submission, Enbridge Gas does not ask the OEB to apply a "presumption of prudence", but rather to look at all of the evidence that was available at the time that the 2021 Vector contracting decision was made and conclude that Enbridge Gas has established the reasonableness of the decision.
12. As stated in AIC, a finding that the 2021 Vector contracting decision was imprudent would have a chilling impact on future gas supply contracting. This outcome would lead Enbridge Gas to focus its future contracting only on lowest cost options, rather than striking the

appropriate balance between the gas supply planning principles of diversity, reliability, and flexibility, all of which are in the best interest of ratepayers.

13. Finally, in response to the OEB's request to set out the consequences of a finding of imprudence, Enbridge Gas notes that OEB staff agrees that any determination should be prospective, starting from November 2023. Reaching backwards would amount to impermissible ratemaking. FRPO does not address that point at all.

B. THE 2021 VECTOR CONTRACTING DECISION WAS PRUDENT

14. The sole issue in this proceeding is whether Enbridge Gas's 2021 Vector contracting decision was prudent.⁶
15. In the Overview section of the AIC (see paragraph 3), Enbridge Gas summarized the ways that the 2021 Vector contracting decision fits with the relevant gas supply planning principles. Taking all the relevant information into account, it is clear that Enbridge Gas's 2021 Vector contracting decision was prudent/reasonable. Enbridge Gas made the contracting decision after having completed the OEB-approved incremental contracting analysis that has been used for many years. The 2021 Vector contracting decision is consistent with past practice and with the direction and guidance of the OEB set out in the GSP Framework. The resulting additional Vector capacity is a useful and necessary addition to the Company's gas supply plan.
16. In the 2023 GSP Update process, OEB staff reviewed the submissions from Enbridge Gas (and from FRPO) and agreed with Enbridge Gas that the 2021 Vector contracting decision was prudent, taking into account the relevant gas supply planning principles. This is the same conclusion that OEB staff reached in the 2022 GSP Update process. It is notable that OEB staff's conclusions from the 2023 GSP Update process directly address the argument being made by FRPO in this motion that Enbridge Gas should have chosen Dawn supply over the Vector contracts:

As set out in OEB staff's report with respect to the Review of Enbridge Gas's 2022 Annual update to the GSP, OEB staff believes that the Vector contracting decision may result in higher costs relative to purchases at Dawn. However, the Vector pipeline contracting decision results in incremental supply diversity relative to Dawn purchased gas. The OEB's Gas Supply Framework is clear that there are multiple objectives that a

⁶ Notice of Hearing and Procedural Order No. 1, November 15, 2023, page 2.

*GSP must balance and purchasing more gas at Dawn will impact diversity of supply. Accordingly, OEB staff's view is that the Vector contracting decision was prudent, based on information available to Enbridge Gas at the time that the decision was made.*⁷

17. In its submissions on this motion, OEB staff indicate that its position that Enbridge Gas's 2021 Vector contracting decision was prudent is unchanged from its report on the 2023 GSP Update.⁸
18. Intervenor submissions raise the question of how prudence should be evaluated, arguing that there should be no "presumption of prudence".⁹
19. Enbridge Gas does not assert that there needs to be a "presumption of prudence" in relation to the 2021 Vector contracting decision. The AIC does not state otherwise.
20. In this case, one party has challenged the prudence of the 2021 Vector contracting decision. Enbridge Gas has provided evidence and explanation establishing why the decision was prudent. If the burden of proof is on Enbridge Gas, that burden has been met.

C. THE VECTOR CONTRACTS PROVIDE SECONDARY BENEFITS TO THE SIL

21. In AIC, Enbridge Gas noted that an additional reliability benefit the Vector contracts provide is the ability to deliver gas at points along its path, including Enbridge Gas's Sarnia Industrial Line System (SIL). Enbridge Gas noted that this could be looked at as a supply-side IRPA that reduces the need for facilities that would otherwise be required to transport gas from Dawn to Sarnia.¹⁰ Contrary to FRPO's insinuation¹¹, this is not a new justification now being presented. Enbridge Gas presented this explanation in its 2022 GSP Update filing when the 2021 Vector contracting decision was first presented¹², and also included this item within evidence in the 2023 GSP Update¹³.

⁷ 2023 GSP Update (EB-2023-0072), OEB Staff Report to the Ontario Energy Board, Review of 2023 Annual Update to Enbridge Gas Inc. Natural Gas Supply Plan, page 12.

⁸ OEB staff Submission, page 2.

⁹ SEC Submission, pages 1-2; and FRPO Submission, page 15.

¹⁰ AIC, paragraph 3(b).

¹¹ FRPO Submission, pages 6 and 7.

¹² 2022 GSP Update (EB-2022-0072), pages 38-39 and Appendix D and Enbridge Gas Reply Submission, pages 15-20. This was noted in the OEB Staff Report in EB-2022-0072, page 38.

¹³ See Appendix F (updated) to the 2023 GSP Update (EB-2023-0072).

22. In their Submissions, IGUA and SEC agree that using gas supply contracts as a supply-side IRPA is a good practice. They note, though, that the avoided SIL infrastructure costs arising from the Vector contracts are not quantified. SEC asks the Company to speak to that in Reply.¹⁴ FRPO goes much further and asserts two things: (i) Enbridge Gas does not need the Vector contracts to support the SIL¹⁵; and (ii) Enbridge Gas should have addressed any SIL supply shortfall by acquiring capacity from Bluewater¹⁶.
23. Enbridge Gas will respond to each of these items.
24. As stated in the Overview, Enbridge Gas did not and does not rely on support for the SIL as a primary justification for holding Vector contracts. The 2021 Vector contracting decision was primarily aimed at supply diversity, as well as reliability and flexibility. However, a secondary benefit is that the Vector capacity can be used to supply the firm design day demands of the SIL. The new Vector capacity mitigates against the potential need for facilities between Dawn and Sarnia, and the renewed capacity has been contributing to supply the firm design day demand requirements of the system for many years.
25. Examples of where Enbridge Gas has previously discussed using Vector capacity to supplement supply into the SIL are in the EB-2014-0333¹⁷ and EB-2019-0218¹⁸ proceedings. In the Company's 5 Year Gas Supply Plan, Enbridge Gas included a section of evidence discussing "Sarnia Integrity". This evidence described how Enbridge Gas makes use of Vector capacity to serve demands in Sarnia, above what is served by the SIL. The evidence described alternatives to Vector capacity and confirm that Bluewater is not appropriate for that purpose (more on this topic is included below, at paragraph 30):

Alternatives to Vector Pipeline capacity include NEXUS, Rover, GLGT, Michcon/St.Clair River Crossing and the Bluewater River Crossing. All options, except for the Bluewater River Crossing could offer firm transportation service consistent with the Board's guiding principles of ensuring secure and reliable gas supply to EGI's service territory at a reasonable cost. Both the NEXUS and Rover pipelines have made contractual arrangements to bring supply to Dawn on the Vector pipeline.

¹⁴ SEC Submission, page 1.

¹⁵ FRPO Submission, pages 6-11.

¹⁶ FRPO Submission, pages 11-12.

¹⁷ Sarnia Expansion Pipeline Project – see Section 12, page 12:

<https://www.rds.oeb.ca/CMWebDrawer/Record/454807/File/document>.

¹⁸ Sarnia Industrial Line Replacement Project, see Exhibit B, Tab 1, Schedule 2, pages 11 -12:

<https://www.rds.oeb.ca/CMWebDrawer/Record/654624/File/document>.

As a result, transportation contracts on NEXUS and Rover that utilize Vector effectively provide the same benefit to the Sarnia market as Vector transportation.

26. Enbridge Gas has confirmed its continued use of Vector capacity to serve the Sarnia market in the recent 2022 and 2023 GSP proceedings.¹⁹
27. Enbridge Gas is not able to quantify the value of SIL expansion projects avoided by using Vector capacity. These projects have not been developed as the Vector contracted capacity reduces and prevents system supply shortfalls from being identified in the first place.
28. FRPO presents lengthy new analysis, referring to evidence from a large number of OEB proceedings, apparently aimed at establishing that Enbridge Gas does not need the Vector capacity to meet supply shortfalls to the SIL. Enbridge Gas does not agree with much of this analysis. Many of the assumptions or statements of fact proffered by FRPO are simply not correct.²⁰ Enbridge Gas accepts, though, that it would be very difficult for the OEB to make findings on this topic based on the complex set of tables, maps, evidence references and inferences presented by FRPO. Enbridge Gas instead urges the OEB to simply conclude, based on Enbridge Gas's evidence, that the Company does in fact make use of Vector capacity to serve firm design day demands of the SIL, and that contracted upstream capacity is considered in the design of this system.
29. After indicating its view that there is little or no need for the Vector contracts to serve demands on the SIL, FRPO continues and says that this need would better be met by capacity on Bluewater.²¹ FRPO goes so far as to say that the lack of consideration of Bluewater is a "glaring and notable omission" in Enbridge Gas's GSP reviews considering

¹⁹ See, for example, 2023 GSP evidence (EB-2023-0072), Appendix F, page 5.

²⁰ For example, FRPO's analysis resulting in a calculated SIL design day surplus (as found on page 11 of their Submission) includes interruptible demand. However, interruptible demands on the SIL system are curtailed for Gas Supply planning purposes. FRPO also significantly overstates the capability of "EGI Storage" to supply firm design day requirements. On a winter design day, the Enbridge Gas facilities can supply up to 0.094 PJ/d to the SIL. Enbridge Gas suspects that FRPO has misunderstood the capability of the NPS 20 Payne Pool Line to meet winter design day. As outlined in EB-2019-0218, Exhibit B, Tab 1, Schedule 2, paragraph 50 and 51, "[t]he NPS 20 Payne Pool pipeline is not available to supply the system on very cold winter days as this pipeline is required to deliver storage gas to Dawn. This gas cannot be diverted into the Sarnia market because there are no dehydration facilities to dry the moisture laden gas withdrawn from storage which could freeze-off customer stations." Correction of FRPO's errors would result in a design day supply shortfall of 0.05 PJ/d. Finally, it is important to note that FRPO's references are to a historic design day demand forecast of the SIL which was filed in EB-2019-0218. Firm design day demand on this system has increased since this time.

²¹ FRPO Submission, page 12.

the 2021 Vector contracting decision.²² That is a very strong statement given that this is at least the third time FRPO has made lengthy submissions on this very topic of whether Enbridge Gas made a prudent contracting decision to acquire more Vector capacity, yet it's the first time FRPO has mentioned this item at all.

30. This is the first time that questions about Bluewater have arisen, so there is no evidence about that pipeline option. In Enbridge Gas's view, Bluewater capacity would not serve the same purposes as Vector capacity. The 2021 Vector contracting decision was aimed at maintaining or increasing the diversity, reliability and flexibility of the Company's gas supply plan. Contracting with Bluewater would not accomplish those goals, largely because Bluewater is not a liquid supply point like Chicago (the end point of the Vector capacity). Instead, the end point for Bluewater is a storage facility that must be filled from upstream supply sources.²³ Bluewater itself is not liquid and there are few counterparties with whom to contract for supply. Ensuring supply at Bluewater would require transacting at Dawn, Chicago, Michcon, or Marcellus to fill Bluewater storage, all of which would require upstream transport to Bluewater. These sources of supply are all covered in Enbridge Gas's landed cost analysis through more direct and economic routes as compared to Bluewater.
31. As a final point on this topic, Enbridge Gas again emphasizes that support to supply the SIL system firm design day needs is an important, but secondary benefit from Vector capacity. It is not the main reason why Enbridge Gas made the 2021 Vector contracting decision. Therefore, even if FRPO's arguments (which Enbridge Gas strongly disputes) were accepted, and it was found that there is limited need to support the SIL or that support for the SIL would be better accomplished with Bluewater capacity, that does not establish that the Vector contracting decision was imprudent. The 2021 Vector contracting decision was aimed at maintaining or increasing the diversity, reliability, and flexibility of the Company's

²² FRPO Submission, page 3.

²³ As outlined in prior proceedings related to design day operation of the SIL (see for example EB-2019-0218, Exhibit B, Tab 1, Schedule 2, page 13 and EB-2014-0333, Section 2, page 10), Enbridge Gas understands that Bluewater does not offer a firm transportation service to the Sarnia market from upstream interconnected pipelines such as Vector. Instead, Bluewater offers an interruptible wheeling service that does not provide the reliability required to serve the Sarnia market. Therefore, in order for Bluewater to be a reliable upstream connection to meet SIL design day requirements, Enbridge Gas must contract and fill Bluewater storage to ensure supply to the SIL.

gas supply plan. That aim is accomplished whether or not the Vector capacity is also essential to support the SIL.

D. INCREMENTAL TRANSPORTATION CONTRACTING ANALYSIS

32. In Procedural Order No. 1, the OEB asked parties to address whether the Incremental Transportation Analysis approved in EB-2005-0520 is informative in the assessment of the prudence of Enbridge Gas's 2021 Vector contracting decision.²⁴
33. Enbridge Gas explained in AIC that its 2021 Vector contracting decision made use of the long-standing landed cost analysis approach established and approved in EB-2005-0520.²⁵ In this prudence review, it is relevant to take account of the fact the Company supported the 2021 Vector contracting decision through the application of OEB-approved and long-established evaluation tools.
34. FRPO submits that analysis of gas supply options should include "forward market data" such as forward market prices.²⁶ Enbridge Gas has previously explained that forward market pricing is not used for contracting decisions with terms of one year or more, because the data is not sufficiently robust or reliable.²⁷ This is explained in detail in Appendix F to the 2023 GSP filing, where Enbridge Gas notes that forward market data is highly unreliable for longer terms, and represents transaction prices rather than forecasts of future prices.²⁸ OEB staff supports Enbridge Gas's position on this item.²⁹
35. FRPO provides an example of another utility (Dominion Energy) that FRPO says uses forward market prices in commodity price forecasts.³⁰ This example has not been provided previously, so Enbridge Gas has done some brief review to try to understand its context. Based on this review, Enbridge Gas submits that this example does not establish that FRPO's proposal is appropriate. FRPO's example relates to a 15-year Integrated Resource Plan (IRP) from 2018 that was completed in the context of Virginia Electric and Power

²⁴ Notice of Hearing and Procedural Order No. 1, November 15, 2023, page 2.

²⁵ AIC, paragraph 18.

²⁶ FRPO Submission, page 16.

²⁷ AIC, paragraph 37.

²⁸ 2023 GSP Update (EB-2023-0072), Appendix F, pages 3-4.

²⁹ EB-2023-0072 OEB Staff Report to the OEB – Review of 2023 Annual Update to EGI Natural Gas Supply Plan, page 13.

³⁰ FRPO Submission, page 16.

Company, which is not a gas utility and likely not even a gas buyer. The forecast that FRPO is pointing at is a general forecast of commodity costs for natural gas, coal and power to perform electricity supply and demand scenario analysis in the Integrated Resource Plan for the electric utility. Furthermore, the gas forecasts include only two locations, one of which is NYMEX Henry Hub, which is the most significantly traded financial product in the North American natural gas industry.³¹ The price forecasting methodology used by Virginia Electric and Power Company for the purposes of electricity supply and demand modelling cannot be compared to point-specific gas price forecasts produced by natural gas market experts for use by large gas purchasers for the purposes of executing long term gas contracts.

36. In any event, Enbridge Gas submits that this motion (which addresses the prudence of a single contracting decision) is not the proper forum to determine whether changes should be made to the longstanding approach to Incremental Transportation Contracting Analysis. That is better addressed in the context of an update to the Gas Supply Planning Framework, or as part of the Company's next 5-year Gas Supply Plan. Any changes made in one of those proceedings would be applied on a go-forward basis.

E. IMPACT OF A FINDING OF IMPRUDENCE

37. For all the reasons set out above and in AIC, Enbridge Gas submits that there is no basis to determine that the 2021 Vector contracting decision was unreasonable/imprudent.
38. However, the OEB has asked the parties to address how any cost consequences should be determined and addressed if the 2021 Vector contracting decision is found to be imprudent.³²
39. As explained in AIC, if the OEB decides that the 2021 Vector contracting decision was imprudent, then any cost consequences should be prospective only, and limited to the net transportation costs for the incremental Vector capacity (not for the pre-existing and renewed capacity).³³ OEB staff agrees with this position, stating that any cost

³¹ Unlike liquid physical natural gas trading points such as Dawn and Chicago, the NYMEX Henry Hub futures contracts are used as the North American natural gas price benchmark and are significantly traded on financial markets. Therefore, NYMEX Henry Hub futures have far greater trading activity for delivery periods beyond one year. For more information about forward market prices and their predictive value, see EB-2023-0072, Appendix F Updated, pages 3 – 4.

³² Notice of Hearing and Procedural Order No. 1, November 15, 2023, page 2.

³³ AIC, paragraphs 50-55.

consequences should be prospective starting from November 2023.³⁴ FRPO does not address this point at all, and instead simply assumes that the cost consequences would reach backwards to adjust rates that have already been approved, charged and paid on a final basis.³⁵

40. In AIC, Enbridge Gas set out its view that if there is a disallowance (which is not appropriate), the measure of the costs that could be credited to ratepayers should be limited to the transportation costs for the incremental Vector capacity, which amounts to approximately \$3 million annually (not the renewed capacity, which resulted in a cost reduction to ratepayers relative to status quo).³⁶ As explained, this should not include gas commodity costs. Additionally, the measure of the costs that could be credited to ratepayers must take into account any revenues or benefits achieved by Enbridge Gas from optimizing the new Vector capacity.
41. OEB staff presented an alternate approach, suggesting that any disallowance be based on the premium assumed to be paid for the landed cost of the Vector supply for the new contracts, based on the ICF landed cost analysis (\$0.09 CAD/GJ).³⁷ OEB staff asked Enbridge Gas to quantify this amount, starting from November 2023 through to October 31, 2026. The total cost disallowance under this approach would be approximately \$4.159 million CAD³⁸.
42. FRPO also proposes that any disallowance be premised on a cost of \$0.09 CAD/GJ, but asserts that this should be applied to both the new and the renewed Vector contracts, and that the disallowance should run from November 1, 2021.³⁹ As already explained, any disallowance should be prospective only. Moreover, any disallowance should relate only to the new Vector contract capacity. The existing Vector capacity has been part of the gas supply plan for many years at a higher toll and renewal of this contract resulted in a permanent toll reduction for ratepayers relative to status quo.

³⁴ OEB staff Submission, page 5.

³⁵ FRPO Submission, page 17.

³⁶ AIC, paragraphs 56-58.

³⁷ OEB staff Submission, page 5.

³⁸ \$0.09 CAD/GJ x 42,202 GJ/d x 365 days per year x 3 years = \$4.159 million.

³⁹ FRPO Submission, page 17.

F. RELIEF SOUGHT

43. Enbridge Gas respectfully requests that the OEB determine that the 2021 Vector contracting decision was prudent, and that no further review or financial consequences or adjustment is appropriate or necessary.

All of which is respectfully submitted this 25th day of January 2024.

A handwritten signature in blue ink, appearing to read "David Stevens", with a stylized flourish at the end.

David Stevens, Aird & Berlis LLP
Counsel to Enbridge Gas