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BY E-MAIL

June 13, 2024

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

Dear Ms. Marconi:

Re: Enbridge Gas Inc. (Enbridge Gas)
Consultation to Review 2024 Annual Update to Five-Year Natural Gas Supply Plan of Enbridge Gas Inc.
Ontario Energy Board File No.: EB-2024-0067

In accordance with the Ontario Energy Board (OEB) letter dated April 22, 2024, please see attached OEB staff questions pertaining to the above-noted matter.

Any questions relating to this letter should be directed to Arturo Lau at Arturo.Lau@oeb.ca.

Yours truly,

Arturo Lau Digitally signed by Arturo Lau Date: 2024.06.13 09:08:42 -04'00'

Arturo Lau
Advisor, Natural Gas Applications

Encl.

ONTARIO ENERGY BOARD STAFF QUESTIONS

JUNE 13, 2024

Please note, Enbridge Gas is responsible for ensuring that all documents it files with the OEB, including responses to OEB staff interrogatories and any other supporting documentation, do not include personal information (as that phrase is defined in the *Freedom of Information and Protection of Privacy Act*), unless filed in accordance with rule 9A of the OEB's *Rules of Practice and Procedure*.

Staff.1- Vector Pipeline

Ref: Vector pipeline, pg 16

Enbridge Gas stated that the Vector pipeline has been sold-out of eastbound capacity to Dawn for several years and has also seen high utilization of westbound capacity to Chicago and it was expected that Vector will hold an open season in Q1 2024 to solicit interest from shippers for both projects.

Questions:

1. Please provide an update on Vector's open season in Q1 2024.
2. Does Enbridge Gas expect to take part in procuring additional capacity for Vector?
    a. If so, is Enbridge Gas looking to backfill expiring contracts with Vector? If so which ones?

Staff.2- TransCanada Pipelines Limited

Ref: TransCanada Pipelines Limited, pg 17

Enbridge Gas noted that a risk associated with TCPL new capacity open seasons is the ability for TCPL to request term extensions to all contracted capacity that could be used to support a new capacity expansion to a date not less than five years after the expected in-service date of the expansion facilities (term-up provision). If a customer does not elect to extend the term of their contract, the contract renewal rights are forfeited. For example, Enbridge Gas could be required to extend the terms of all of its contracted TCPL capacity to a date up to five years beyond the date expansion facilities are built along a specific path, regardless of whether Enbridge Gas has requested any of the new capacity for itself. As of the date of this filing, Enbridge Gas does not expect to be impacted by a term-up provision associated with the 2023 TCPL new capacity open season.

Questions:

1. Why are the terms of the TCPL contract different or more onerous when Enbridge Gas itself requires capacity expansion to be underwritten by long-term contracts?

2. Does Enbridge Gas not require the capacity for 5 years and even if extension notice is required in advance?
    a. Why is the company concerned about such provisions?

Staff.3- Public Policy Updates

Ref: Federal Clean Fuel Regulation (CFR), pg 20

Enbridge Gas stated it anticipates that Renewable Natural Gas (RNG) or hydrogen procured as part of its supply portfolio may include CFR credits which would lower the cost of these fuels for ratepayers where the CFR credits are sold to entities with a CFR compliance obligation. The potential availability and value of CFR credits for existing RNG and hydrogen procurement is uncertain, and CFR credit prices have not been reported publicly. As such, the impacts of the CFR have not been considered in this Annual Update.

Questions:
1. Why does Enbridge Gas believe that RNG and hydrogen procured may include CFR credits?
2. Does Enbridge Gas currently procure RNG at a premium to market rates for natural gas? If yes, who pays the premium?

Staff.4- Energy Transition in the Gas Supply Portfolio

Ref: Voluntary Renewable Natural Gas (VRNG) Program, pg 29

Enbridge Gas launched a VRNG program on April 1, 2021 and as of October 31, 2023, 3,559 customers have enrolled in the program. This program has had lower than forecast enrollment from customers. However, to secure Ontario's access to RNG, Enbridge Gas has proposed to evolve the VRNG program into a low carbon energy program starting in 2025 to be addressed in Phase 2 of Enbridge Gas's Rebasing Application.

Questions:
1. Please provide the customer types, and delivery areas of the customers who enrolled into the VRNG.
2. Is there a fee associated with the current program? Is there a fee for the evolved program?
    a. If there is no fee who bears the cost of the program?
3. Please provide a discussion of the current VRNG program, the proposed VRNG program, and what the difference is between the two.
4. Please give any anticipated cost of transitioning from the current to the proposed VRNG program.
    a. Who will bear these cost?

Staff.5- Energy Transition in the Gas Supply Portfolio

Ref: Rationale for Great Lakes Gas Transmission (GLGT) Capacity, pg 35
Appendix D, GLGT Renewal, 2024-2029 Transportation Analysis

Enbridge Gas's existing GLGT capacity had an initial term of five years and was set to expire on October 31, 2024. The GLGT Tariff contains a provision for pipeline and shipper to mutually agree upon contract extension terms prior to the invocation of a Right of First Refusal (ROFR) process. Accordingly, GLGT offered Enbridge Gas a 5- year contract extension at the maximum Tariff rate.

GLGT capacity into Dawn is currently sold out and if Enbridge Gas were to reduce its contract levels on GLGT, it would be unlikely to be able to recontract in the foreseeable future. As noted in Section 2.1, the scarcity of available pipeline capacity to Dawn on GLGT and many other alternative upstream pipelines results in a higher risk of the ROFR process requiring a commitment beyond a 5-year term. Recognizing this risk, Enbridge Gas accepted the offer and renewed its capacity for a 5-year term beginning November 1, 2024.

In Appendix D, the landed cost ($CND/GJ) for Great Lakes to Dawn is $5.60 and for Niagara to Dawn is $5.48.

Questions

1. GLGT offered Enbridge Gas a 5-year contract extension at the maximum Tariff rate, which Enbridge Gas accepted. In Appendix D, the analysis on the landed cost for Niagara to Dawn is lower than Great Lakes to Dawn. Please discuss why Great Lakes to Dawn was selected over Niagara to Dawn.
    a. Was Niagara to Dawn available to Enbridge Gas as a transportation option and would it have fulfilled the same requirements as Great Lakes to Dawn?

Staff.6- Demand Forecast Analysis

Ref: Transportation Market Overview, pg 14
Annual Demand, pg 23
Design Day Analysis, pg 54
EB-2023-0072, EGI 2023 Annual Update Gas Supply Plan, Design Day, pg 37

Enbridge Gas's filing stated that the Canada Energy Regulator (CER) demand forecast was discussed and Enbridge Gas acknowledges that the energy transition is expected to result in lower annual demands for natural gas in the future. However, the extent and timing of the impacts on both annual and design day needs of Enbridge Gas's customers remain uncertain. These impacts will also not likely occur uniformly across the Enbridge Gas franchise area. Enbridge Gas continues to see strong demands from its customer base in Ontario, particularly during cold periods in the winter.

As outlined in Table 2, the current annual demand forecast is showing approximately 1.0% lower demand compared to the 2023 Annual Update as a result of lower general service and contract market demand.

In Table 13 (below), OEB staff notes that the Demand (line 1) for Union North Rate zones have increased compared to Enbridge Gas's 2023 GSP for the same forecasted periods. OEB staff calculated the increase to be roughly 3-6% compared to the previous year.

Table 1: Table 13 from 2024 GSP

Table 13
Union North Rate Zones Design Day Position

Line No.	Particulars (TJ/d)	North West 2023/24 (a)	North West 2024/25 (b)	North West 2025/26 (c)	North West 2026/27 (d)	North West 2027/28 (e)	North East 2023/24 (f)	North East 2024/25 (g)	North East 2025/26 (h)	North East 2026/27 (i)	North East 2027/28 (j)
	Demand										
1	Union North(1)	138	140	141	141	142	460	453	456	457	461
	Supply Asset										
2	TCPL Long-Haul	81	81	81	81	81	8	8	8	8	8
3	TCPL Short-Haul	-	-	-	-	-	120	120	120	120	120
4	North Dawn T-Service	-	-	-	-	-	33	33	33	33	33
5	LNG	-	-	-	-	-	33	31	32	33	35
6	Redelivery from Storage										
7	*From Parkway*										
8	STS Withdrawals	31	31	31	31	31	88	88	88	88	88
	STS Pooled										
9	Withdrawals	-	-	-	-	-	17	17	17	17	16
10	Short-haul Firm	-	-	-	-	-	119	119	119	119	119
	Enhanced Market										
11	Balancing	-	-	-	-	-	25	25	25	25	25
12	*From Dawn*										
13	STS Withdrawals	18	18	18	18	19	-	-	-	-	-
14	Third-Party Services	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
15	Total Supply	131	131	131	131	132	443	441	442	443	444
16	Excess(Shortfall)	(7)	(9)	(9)	(10)	(10)	(17)	(12)	(14)	(15)	(16)
17	*Shortfall % of Demand*	*5.2%*	*6.5%*	*6.7%*	*6.8%*	*7.4%*	*3.7%*	*2.7%*	*3.1%*	*3.2%*	*3.6%*

Note:
(1) Includes Sales Service, Bundled DP, North Dawn T-Service.

Table 2: Table 13 from 2023 GSP

Table 13 - Union North Design Day Position

Line No.	Particulars (TJ/d)	North West 2022/23	North West 2023/24	North West 2024/25	North West 2025/26	North West 2026/27	North East 2022/23	North East 2023/24	North East 2024/25	North East 2025/26	North East 2026/27
	Demand										
1	Union North(1)	133	136	135	135	135	429	433	432	432	433
	Supply Asset										
2	TCPL Long-Haul	78	81	81	81	81	8	8	8	8	8
3	TCPL Short-Haul	-	-	-	-	-	120	120	120	120	120
4	North Dawn T-Service	-	-	-	-	-	33	33	33	33	33
5	LNG	-	-	-	-	-	18	23	22	22	22
6	Redelivery from Storage										
7	*From Parkway*										
8	STS Withdrawals	31	31	31	31	31	88	88	88	88	88
9	STS Pooled Withdrawals	-	-	-	-	-	15	13	14	14	14
10	Short-haul Firm	-	-	-	-	-	119	119	119	119	119
11	Enhanced Market Balancing	-	-	-	-	-	25	25	25	25	25
12	*From Dawn*										
13	STS Withdrawals	20	22	21	21	21	-	-	-	-	-
14	Third-Party Services	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
15	Total Supply	130	135	134	134	134	426	429	429	429	430
16	Excess(Shortfall)	-3	-1	-1	-1	-1	-4	-4	-3	-3	-3
17	*Shortfall % of Demand*	*2.5%*	*1.0%*	*0.9%*	*0.9%*	*1.0%*	*0.8%*	*0.9%*	*0.6%*	*0.6%*	*0.8%*

Notes:
(1) includes Sales Service, Bundled DP, North Dawn T-Service

Question:

1. In Table 2, the Annual Demand forecast for Union North East has decreased, however, OEB staff notes above that Demand for Union North rate zones has increased compared to the same period in the 2023 GSP. Why is there an increase in demand days but a decrease in forecast demand?

Staff.7- Supply Option Analysis

Ref: Design Day Analysis, pg 46-67

Questions:

1. The Enbridge Gas Eastern Delivery Area (EDA) Valuation Matrix from the 2023 and 2024 GSPs are found below:

From 2023 GSP

Table 12 - Enbridge EDA Evaluation Matrix

Option	Reliability	Flexibility	Diversity	Costs ($/yr)	Average Cost/Customer Impact	Available Capacity
Long-haul	↑	↑	→	6.19	<1%	No
Short-haul: D-P	↑	→	→	2.58	<1%	No
Short-haul: Niagara	→	→	↑	2.38	<1%	No
Short-haul: Iroquois	→	→	↑	1.32	<1%	No
Third Party	→	↓	↑	0.69	<1%	Unknown

From 2024 GSP

Table 12
Enbridge EDA Evaluation Matrix

Option	Reliability	Flexibility	Diversity	Costs ($ million/yr)	Average Cost/Customer Impact	Available Capacity
Long-haul	↑	→	→	12.99	<1%	No
Short-haul: D-P	↑	→	→	6.22	<1%	No
Short-haul: Niagara	→	→	↑	5.72	<1%	No
Short-haul: Iroquois	→	→	→	3.25	<1%	No
Third-Party	→	↓	↑	1.75	<1%	Unknown

a. OEB staff notes that the cost has on average increased 138% from its 2023 GSP.[1] Please explain.
b. Please explain why the flexibility for the long haul option decreased from the 2023 GSP.

[1] Average was calculated by taking the average of each option. Long Haul had an increase of 109%,;D-P: 141%; Niagara: 140%; Iroquois: 146%; and Third Party: 153%. The average is a 138% increase.

2. The Union Eastern Delivery Area (EDA) Valuation Matrix from the 2023 and 2024 GSPs are found below:

From 2023 GSP

Table 15 - Union EDA Evaluation Matrix

Option	Reliability	Flexibility	Diversity	Costs ($/yr)	Average Cost/Customer Impact	Available Capacity
Long-haul	↑	↑	↑	2.88	<1%	No
Short-haul: D-P	↑	→	→	1.01	<1%	No
Short-haul: Iroquois	→	→	↑	0.63	<1%	No
Third Party	→	↓	↑	0.31	<1%	Unknown

From 2024 GSP

Table 15
Union EDA Evaluation Matrix

Option	Reliability	Flexibility	Diversity	Costs ($ million/yr)	Average Cost/Customer Impact	Available Capacity
Long-haul	↑	↑	↑	7.51	>1%	No
Short-haul: D-P	↑	→	→	3.02	<1%	No
Short-haul: Niagara	→	→	↑	3.18	<1%	No
Short-haul: Iroquois	→	→	↑	1.90	<1%	No
Third-Party	→	↓	↑	0.97	<1%	Unknown

a. OEB staff notes that the cost has on average increased by 193% from its 2023 GSP.[2] Please explain.
b. There is a new Niagara Short Haul Option. Is this a new contract with TCPL?
   i. How does this change the plans for EDA and the energy mix going into the area?

3. The Union Northern Delivery Area (NDA) Valuation Matrix from the 2023 and 2024 GSPs are found below:

From 2023 GSP

Table 17 - Union NDA Evaluation Matrix

Option	Reliability	Flexibility	Diversity	Costs ($/yr)	Average Cost/Customer Impact	Available Capacity
Long-haul	↑	↑	→	6.82	1%	No
Short-haul: D-P	↑	→	→	4.31	<1%	No
LNG	↑	↑	↑	0.40	<1%	Yes
Third Party	↓	↓	↑	1.06	<1%	Unknown

From 2024 GSP

Table 17
Union NDA Evaluation Matrix

Option	Reliability	Flexibility	Diversity	Costs ($ million/yr)	Average Cost/Customer Impact	Available Capacity
Long-haul	↑	↑	→	9.46	>1%	No
Short-haul: D-P	↑	→	→	6.87	>1%	No
LNG	→	↑	↑	0.71	<1%	Yes
Third-Party	↓	↓	↑	2.56	<1%	Unknown

[2] Average was calculated by taking the average of each option. Long Haul had an increase of 160%; D-F: 199%; Iroquois: 201%; and Third Party: 213%. Niagara was no includes as it is a new option. The average is a 193% increase.

a. OEB staff notes that the cost has on average increased by 79% from its 2023 GSP.[3] Please explain.
b. Pg 58 states, “It should be noted that the table includes increased peak-day reliance on LNG in the Union NDA, which allows Enbridge Gas to shift STS withdrawals to manage peak day requirements in the Union NCDA.” OEB staff also noted that the LNG reliability is now a neutral impact. Please explain why LNG’s reliability rating has gone down?

4. The Union Western Delivery Area (WDA) Valuation Matrix from the 2023 and 2024 GSPs are found below:

From 2023 GSP

Table 21 - Union WDA Evaluation Matrix

Option	Reliability	Flexibility	Diversity	Costs ($/yr)	Average Cost/Customer Impact	Available Capacity
Long-haul	➡	➡	➡	0.45	<1%	No
Short-haul: D-P	➡	➡	⬆	0.66	<1%	No
Great Lakes	➡	➡	⬆	0.53	<1%	No
Third Party	⬇	⬇	⬆	0.09	<1%	Unknown

From 2024 GSP

Table 21
Union WDA Evaluation Matrix

Option	Reliability	Flexibility	Diversity	Costs ($ million/yr)	Average Cost/Customer Impact	Available Capacity
Long-haul	➡	➡	➡	1.65	<1%	No
Short-haul: D-P	➡	➡	⬆	3.36	>1%	No
Great Lakes	➡	➡	⬆	2.04	~1%	No
Third-Party	➡	⬇	⬆	0.71	<1%	Unknown

a. OEB staff notes that the cost has on average increased by 412% from its 2023 GSP. Please explain.[4]

[3] Average was calculated by taking the average of each option. Long Haul had an increase of 39%; D-P: 59%; LNG: 77%; and Third Party: 141%. The average is a 79% increase.
[4] Average was calculated by taking the average of each option. Long Haul had an increase of 267%; D-P: 409%; Great Lakes: 284%; and Third Party: 689%. The average is a 412% increase.

Staff.8- Vector Contract

Ref: Appendix H
Appendix K

In Appendix H, the landed cost using Vector is $5.35/GJ and the landed cost using TC: Niagara to Dawn is $5.17/GJ.

Enbridge Gas provided the following in Appendix K:

Table 1
Summary of Forecasted Premium/(Discount) Resulting from Transportation Purchases ($000s)

Line No.	Contract Change (1)	2023/24 (a)	2024/25 (b)	2025/26 (c)	2026/27 (d)	2027/28 (e)	2028/29 (f)
1	NEXUS (2)	(1,706.4)	(4,365.4)	(2,642.6)			
2	GLGT Renewal (3)		770.2	616.1	(231.1)	(924.2)	(693.2)
3	NGTL Renewal (4)		103.1	50.4	(111.3)		
4	Vector Renewal (5)		2,753.4	2,252.8	2,503.1		

Table 1 indicates the following:

- the Vector forecasted premium of roughly $7.5 million from 2024/25-2026/27
- NEXUS has a forecasted discount of $8.7 million over the 2023/24-2025/26
- GLGT Renewal has a forecasted discount of $0.46 million over 2024/25-2028/29

Questions:

1. What other transportation options does Enbridge Gas have between Chicago and Dawn?
    a. Have these options been analyzed? Please provide the analysis, if any.
2. How does Enbridge Gas balance the diversity of supply with cost considering the Vector Renewal is forecasted to be at a premium to Dawn Supply, whereas other contracts are at break even or at a discount?
3. In Appendix H, Vector has a $0.18/GJ premium compared to TC: Niagara to Dawn. Please provide a discussion as to why Vector was chosen over TC: Niagara to Dawn.