VIA RESS and EMAIL

June 13, 2024

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

Dear Nancy Marconi:

Re: Enbridge Gas Inc. (Enbridge Gas) – 2024 Annual Update to Gas Supply Plan
Consumers Council of Canada (CCC) Written Questions
OEB File No. EB-2024-0067

In accordance with the OEB's letter dated April 22, 2024, please find attached CCC's written questions with respect to Enbridge Gas's 2024 Annual Update to its Gas Supply Plan in advance of the July 2-3, 2024, Stakeholder Conference.

Please note that CCC is only able to attend the Stakeholder Conference on July 2, 2024, and respectfully asks that its questions be responded to on that date.

Yours truly,

Lawrie Gluck

Lawrie Gluck
Consultant for the Consumers Council of Canada

cc: Enbridge Gas Inc.

Enbridge Gas Inc. – 2024 Annual Update to Gas Supply Plan

Consumers Council of Canada

Written Questions

June 13, 2024

CCC-1

Ref: Updated GSP, p. 4 and pp. 32-33

Preamble:

Enbridge Gas filed its 2024 rebasing application on October 31, 2022, and received an OEB decision on December 21, 2023. The outcomes of the Phase 1 decision, where applicable, will be included in the next 5-Year GSP. Given the timing of Phase 2, it is expected that the outcomes of the Phase 2 decision will be captured in the next applicable Annual Update.

Question(s):

a) With respect to the transportation portfolio changes (summarized at pages 32 to 33 of the GSP), please discuss whether Enbridge Gas may have made different contracting decisions if the Phase 1 approvals (i.e., changes to 2024 volume forecast, introduction of a harmonized design day demand methodology, and changes to UFG volumes) were reflected in the current Annual Update.

CCC-2

Ref: Updated GSP, pp. 30-33

Preamble:

Enbridge Gas noted that available upstream transportation capacity delivering supply to its delivery areas is currently scarce, with minimal availability or known relevant planned expansions. Enbridge Gas expects this to become an important factor in decision making in future contracting considerations.

Question(s):

a) With respect to the 8 categories of transportation portfolio changes (summarized at pages 32 to 33 of the GSP), please discuss which of these contracts were signed, at least in part, because of capacity scarcity risk in the future.

b) At a more general level, please describe how future upstream transportation capacity scarcity risk is reflected in Enbridge Gas's decision-making process for transportation contracting.

<u>CCC-3</u>

Ref: Updated GSP, Appendices C, D, E, H and K (Attachment 1)

Question(s):

a) Please confirm that the contract term average landed costs shown in Appendices C, D, E and H reconcile to the average of the annual landed costs shown in Appendix K (Attachment 1)

<u>CCC-4</u>

Ref: Updated GSP, pp. 32, 34-35 and Appendix C

Preamble:

Enbridge Gas contracted with NEXUS Pipeline (NEXUS):

a. Effective November 1, 2023, for 25,000 GJ/d of incremental capacity from Clarington to Kensington for a 2-year term.

b. Effective November 1, 2024, for the extension of 40,000 GJ/d of existing capacity on NEXUS from Clarington to Kensington for a 2-year term.

Enbridge Gas noted that the incremental and renewed NEXUS capacity from Clarington to Kensington does not change the contracted deliveries from NEXUS to Enbridge Gas's system, but rather continues and expands Enbridge Gas's access to the Clarington supply point which is located in the NEXUS supply zone at the junction of NEXUS and Texas Eastern Pipeline.

Question(s):

a) Please further explain the statement that incremental NEXUS capacity from Clarington to Kensington does not change the contracted deliveries from NEXUS to Enbridge Gas's system. Does the gas flowing on this incremental NEXUS capacity make its way to Enbridge Gas's system via a different route?

b) Please provide further rationale specifically supporting the decision for incremental NEXUS capacity (25,000 GJ/d) from Clarington to Kensington.

c) Please explain why the landed cost analysis (Appendix C) compares only Clarington to Dawn and Kensington to Dawn and does not consider other potential alternatives to the selected transportation contract.

<u>CCC-5</u>

Ref: Updated GSP, pp. 32, 35-36

Preamble:

Enbridge Gas contracted with Great Lakes Gas Transmission (GLGT):

a. Effective November 1, 2024, for the renewal of 20,000 Dth/d (21,101 GJ/d) of existing capacity from Emerson to St. Clair on GLGT for a 5-year term.

b. Effective November 1, 2024, for the renewal 21,101 GJ/d of existing capacity from St. Clair to Dawn on Great Lakes Pipeline Canada Ltd. for a 5-year term.

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. Recognizing this risk Enbridge Gas accepted the offer and renewed its capacity for a 5-year term beginning November 1, 2024.

Question(s):

a) Please describe whether the process by which GLGT offered the contract extension allowed for Enbridge Gas to negotiate a discount to the maximum Tariff rate. If so, please describe what actions Enbridge Gas took to attempt to reduce the rate. If not, please advise whether the ROFR process would have allowed such negotiations to occur.

CCC-6

Ref: Updated GSP, pp. 32, 36 and Appendix E

Preamble:

Enbridge Gas contracted with Nova Gas Transmission Limited Pipeline (NGTL):

a. Effective November 1, 2024, for the renewal of 50,000 GJ/d of existing capacity from Nova Inventory Transfer (NIT) to Empress on NGTL for a 3-year term.

Enbridge Gas noted that it has contracts to flow up to 260,000 GJ/d on the TCPL Mainline from Empress for the EGD rate zone until December 31, 2030.

Enbridge Gas noted that contracting for a term of three years qualifies Enbridge Gas to continue to take advantage of a 5% reduction to the regulated toll. Landed cost analysis indicates that NOVA capacity provides an economic benefit to ratepayers when this toll reduction and liquids extraction savings are considered.

Question(s):

a) Please explain why the landed cost analysis (Appendix E) only compares different contract lengths for AECO to Empress relative to Empress supply and does not consider other potential alternatives to the selected transportation contract.

b) Please explain how the liquids extraction savings ($0.015/GJ) is calculated.

c) Please explain how the liquids extraction savings are passed on to ratepayers. More specifically, do the extraction-related savings form part of the commodity price paid by Enbridge Gas for the relevant supply that is passed on to ratepayers or are the savings transferred to ratepayers using some other mechanism.

d) Please advise whether three years is the minimum term required to receive the 5% discount to the regulated toll.

e) The AECO to Empress comparator with a five-year term has a lower landed cost than the three-year term (Appendix E). Please advise whether the five-year term includes a larger discount to the regulated toll. Please also explain why the three-year term was selected instead of the five-year term.

CCC-7

Ref: Updated GSP, Appendix F

Question(s):

a) Please explain why the landed cost analysis (Appendix F) compares only Empress to Enbridge CDA and Dawn to Enbridge CDA and does not consider other potential alternatives to the selected transportation contract.

CCC-8

Ref: Updated GSP, pp. 33, 38-41 and Appendices G, H

Preamble:

Enbridge Gas contracted with Vector Pipeline:

a. Effective November 1, 2024, for the renewal of 65,000 Dth/d (68,578 GJ/d) of existing capacity from Chicago to the US/Canadian border for a 3-year term.

b. Effective November 1, 2024, for the renewal of 68,578 GJ/d of existing capacity from the US/Canadian border to Dawn for a 3-year term.

c. Effective November 1, 2024, for 84,404 GJ/d of incremental capacity from Dawn-Vector to St. Clair for a 3-year term.

Question(s):

a) Please advise whether the renewal of 68,578 GJ/d of Vector capacity is a renewal of the same contract that was at issue in the Vector Contracting proceeding[1] or is the renewal of a different contract on the same path.

b) In the context of potential future market volatility (and high winter pricing) on the day-ahead market for gas supply at Chicago, please describe the strategies/options that Enbridge Gas can utilize when implementing its overall GSP to minimize the purchase of Chicago supply at a cost premium relative to other supply options. Does Enbridge Gas need to purchase supply from Chicago (and ship it on the Vector pipeline) even when market prices are significantly higher than other supply options contained in its portfolio during potential periods of market volatility at Chicago?

c) Please further describe the purpose of the backhaul contract in terms of how it operates to replace third-party supply deliveries. Please further describe how the backhaul capacity operates to meet design day demand for the SIL.

d) Please further explain the statement that, "should future design day requirements on the SIL decline or the future cost of contracted supplies on Vector, GLGT, or St. Clair Pipelines become uneconomic, the backhaul Vector contract will support Enbridge Gas's ability to decontract on more expensive upstream supply paths while maintaining security of supply to the SIL."

CCC-9

Ref: Updated GSP, pp. 33, 41-42

Preamble:

Enbridge Gas contracted with St. Clair Pipelines:

a. Effective November 1, 2024, for the renewal of 127,000 GJ/d of existing capacity connecting the Bluewater Gas system in Michigan to the Enbridge Gas system near Sarnia for a 1-year term.

b. Effective November 1, 2024, for the renewal of 214,000 GJ/d capacity connecting the MichCon/DTE system in Michigan to the Enbridge Gas system near Courtright for a 1-year term.

[1] EB-2023-0326

Enbridge Gas noted that the Bluewater River Crossing is the only direct link between Bluewater Gas Storage and the Enbridge Gas system. Enbridge Gas has no supplies reliant upon this path, so no landed cost analysis has been prepared.

Question(s):

a) Please advise whether the Bluewater River Crossing is only used as a backup supply option for the Sarnia market.

b) Please discuss historical instances of the use of the Bluewater River Crossing to supply Enbridge Gas's system. As part of this response, please explain how this historical usage supports the $1.3 million annual cost of maintaining access to this capacity.

CCC-10

Ref: Updated GSP, Tables 8, 13 and 22

Question(s):

a) Does Enbridge Gas agree that when the forecast shortfall in the design day position is approximately 2% (or less) in a given year, then it does not seek to contract for longer-term upstream transportation capacity and will seek to manage the shortfall with third-party services?