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November 13, 2008

VIA EMAIL and COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street,
Suite 2700
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Enbridge Gas Distribution Inc. ("Enbridge")
EB-2008-0275 ARC Exemption

In accordance with the Ontario Energy Board's Procedural Order No. 1, enclosed please find two copies of the Argument-In-Chief of Enbridge Gas Distribution.

The Argument has been filed through RESS and will be available on EGDI's website at www.enbridge.com/ratecase on November 14, 2008.

Yours truly,

A handwritten signature in cursive script that reads 'L Chiasson'.

Lorraine Chiasson
Regulatory Coordinator

Encl.

cc: Mr. F. Cass, Aird & Berlis
EB-2008-0275 Interested Parties (via email)

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 an application by Enbridge
Gas Distribution Inc., for an exemption from sections 2.2.2
and 2.2.4 of the *Affiliate Relationships Code for Gas
Utilities*.

ARGUMENT-IN-CHIEF

1. The Board's Procedural Order No. 1 invited Enbridge Gas Distribution Inc. ("Enbridge") to file written argument-in-chief no later than Thursday, November 13, 2008. Enbridge takes this opportunity to summarize, without undue repetition, the information filed in the application and to re-state its request for an exemption from sections 2.2.2 and 2.2.4 of the *Affiliate Relationships Code for Gas Utilities* (the "Code"). The requests for each of Gazifère Inc. ("Gazifère") and Enbridge Ontario Wind Power LP ("Wind Power") are discussed separately below.
2. Before commenting on specific items, Enbridge makes the general observation that only two parties, the Consumers Council of Canada ("CCC") and the Canadian Manufacturer's and Exporters ("CME"), have chosen to actively intervene, and those interventions have filed interrogatories only in respect of the Wind Power portion of the application. The record therefore consists only of the application and Enbridge's responses to the 14 interrogatories filed.
3. No intervenor has expressly objected to the application in the filed materials. With limited information, Enbridge can only make a general assumption that the intervenors' concerns are, as stated in CME's intervention notice, to ensure that the requested relief will not have any adverse impact on ratepayers. Enbridge submits that the filed materials demonstrate there will be no adverse impact either on ratepayers or the competitive market if the Board grants the requested relief.

Provision of Control Services to Wind Power

4. Enbridge notes in Exhibit I-2-4 that the services that Enbridge proposes to provide to Wind Power (the "Control Services") are limited in scope, even more now than in the application, to critical/emergency SCADA monitoring; that is, receiving electronically the SCADA information from Wind Power, manning a dedicated phone line and email account for Wind Power, and having the ability to shut

down switches connecting the wind farm to the transmission grid when requested by Wind Power, the IESO or Hydro One, all on a 24 hours per day, 7 days a week basis.

5. Wind Power requires the Control Services in order to comply with IESO requirements, and currently has no other options for receiving these critical services. The application, at para. 6, identifies the difficulties with contracting such services from a third party. Further, because Wind Power has committed to the Ontario Power Authority to commence commercial operations by the end of 2008, the Control Services must be implemented as soon as possible.
6. Enbridge submits there is no basis for concern about adverse effects on ratepayers because Enbridge would be kept whole with recovery of its fully allocated costs, estimated to be \$71,747 annually, for providing the Control Services (see Exhibit I-3-3). This additional utility revenue, to be credited to utility operations & maintenance, will be treated as any other non-extraordinary revenue item during the incentive regulation term. Ratepayers are protected by the incentive regulation formula itself, and are eligible to share in additional revenues achieved by Enbridge through the earnings sharing mechanism.
7. The application, at para. 7, explains the reasons why granting the requested exemption would not raise the potential for any harm to competitive markets. Briefly, Wind Power cannot submit offers for its generating capacity, and so cannot influence the Hourly Ontario Energy Price, due to the wind dependent nature of its operations.

Information Services Shared with Gazifère

8. As no formal interrogatories were filed in respect of the Gazifère portion of the application, the rationale for the requested relief described in the application remains unchanged and is not repeated here. The Industrial Gas Users Association ("IGUA") did make one observation, however, about which it invited the Board to enquire – i.e., the nature of the emergency on-call services shared by Enbridge and Gazifère that would necessitate an on-going sharing of Enbridge customer information with on-call Gazifère personnel.
9. Enbridge has asked for a continuing exemption for these shared emergency services because Enbridge and Gazifère operations personnel rotate on-call duties for the Ottawa region, given the limited number of personnel to call on to do this work. By sharing the load of on-call duties, Enbridge and Gazifère achieve cost and operational efficiencies.
10. Even for these shared emergency services, Gazifère personnel would have no need or ability to access Enbridge customer information directly after the new Gazifère CIS system is functional, and full separation of customer data is achieved. However, on-call Gazifère personnel would receive Enbridge customer

information from Enbridge dispatch personnel for the purpose of responding to after hours emergencies. Enbridge submits that this limited sharing of customer information is in the customer's best interest, and seeks to strike an appropriate balance between operational efficiency and protection of customer information.

11. As noted in the application, Enbridge submits there is no cross-subsidization potential with the way in which services are provided to Gazifère because Enbridge is fully compensated for its work in accordance with the services agreement, and no competitive market effect because Gazifère is a regulated gas distribution utility that does not offer any competitive energy services in Ontario.
12. Enbridge respectfully concludes this argument-in-chief by reiterating its request that the Board grant it a temporary exemption from section 2.2.2 of the Code to permit Gazifère to continue its access to the current CIS, EnMar and EnVision in the manner described in the application, and a continuing exemption for limited sharing of customer information for on-call emergency services. Respecting Wind Power, Enbridge requests an exemption from section 2.2.4 of the Code to allow Enbridge to provide the Control Services to Wind Power.

All of which is respectfully submitted November 13, 2008

per: Tania Persad
Tania Persad
Senior Legal Counsel, Regulatory