GAS MARKETER GROUP (GMG) (DIRECT ENERGY MARKETING LIMITED, ONTARIO ENERGY SAVINGS L.P., SUMMITT ENERGY MANAGEMENT INC., and SUPERIOR ENERGY MANAGEMENT GAS L.P.)

Information Requests of Enbridge Gas Distribution Inc. re: Commodity Pricing, Load Balancing, and Cost Allocation Methodologies for Natural Gas Distributors

GMG/EGDI #1

Reference: Page 1, Paragraph 1.

Please provide the documentation in which the Ontario Energy Board determined that stakeholders were "largely satisfied with the existing regulatory system and that the natural gas sector would benefit more from specific improvements than from a transformative change". Please provide the document name, section, and quote.

GMG/EGDI #2

Reference: Page 3, Paragraphs 9-11.

Please provide in the form of a formula the method by which the QRAM process takes place. In so doing, please explain how the QRAM reference price is calculated, what sub-components are involved, over what time period and on what triggers, if any, the sub-accounts are cleared; and what, if any, additional factors affect the QRAM process. In this explanation, please also indicate if there are any additional accounting or procedural rules which effect the reference price or any sub-components.

GMG/EGDI #3

Reference: Page 3, Paragraphs 9-11.

For each of the subcomponents which form the quarterly gas charge, including riders, please provide a full listing of what the price or account balances were on a monthly basis for the last three years. Please also indicate whether any portion of the monthly price or account balance was partly formed by a carry over from previous time periods.

GMG/EGDI #4

Reference: Page 3, Paragraph 10

Enbridge currently adjusts its annualized revenue requirement on the reference price resulting from the QRAM. What impacts on the revenue requirement would there be if Enbridge moved to a monthly price for gas? In responding, please indicate all analysis and assumptions.

Has Enbridge considered using any other methods to set adjust its revenue requirement? Please provide the details of the forecasted revenue requirement versus actual revenue for the past three years.

GMG/EGDI #5

Reference: Page 9, Paragraph 31.

By looking at the 12 month cost of gas for QRAM setting, there seems to be an implied cost/ benefit of storage. Does EGD agree that this is the case? If not, why not?

GMG/EGDI #6

Reference: Page 10, PGVA Variance Graph.

a) Please provide the source for the data used in this graph, and advise if historical average actual consumption and pricing were used, and for what time period.

b) Please also provide an example that illustrates conditions that would require a debit balance to be cleared from the PGVA.

c) Please advise how market conditions may effect the PGVA balance (E.g. breakout vs. choppy).

d) Please provide similar examples (using actual data including riders) to those provided by Union Gas on pages 16-19 of their submission.

e) Please confirm that the graph assumes that no gas is to provided to the customer from storage at the cost it would have been purchased at when injected into storage.

f) Please provide a new column to the graph illustrating what the net effect of billing the customer for gas purchased as well as gas used from storage.

GMG/EGDI #7

Reference: General

Please provide the percentage of Enbridge customers that partake in Enbridge's Equal Billing Plan. Please also comment on whether EBP is an effective bill smoothing mechanism with respect to rate volatility.

GMG/EGDI #8

Reference: Page 11, Paragraph 36.

Would EGD agree that shorter time frame setting of the regulated rate (i.e. MRAM) allows for more accurate matching of actual commodity and gas service costs (transportation and storage) to the actual customers receiving default service? If not, why not?

GMG/EGDI #9

Reference: Page 12, Paragraph 37.

Would regulatory and administration costs be reduced if transparent, mechanical processes were put in place for regulatory notification and approval, and if so, why? If not, why not? In order to put this information in context, please provide the administrative and regulatory costs associated with each of the QRAMs over the last three years.

GMG/EGDI #10

Reference: Page 12, Paragraph 37.

Please provide a detailed estimate of the costs alluded to in this section for EGDI to change from a Quarterly Rate Adjustment Mechanism (QRAM) to a Monthly Rate Adjustment Mechanism (MRAM). Please also indicate which specific changes would be necessary for each of the following: cost allocation methodology, rate design methodology, IT system billing and communication processes.

GMG/EGDI #11

Reference: Page 14, Paragraph 42.

Does Enbridge agree that any deviation from the Alberta price is due to decisions made by the utility, and that such decisions should be reviewed for prudency? If not, why not?

GMG/EGDI #12

Reference: Page 15, Paragraph 44.

a) Does Enbridge believe that an Ontario-wide reference price would allow for greater transparency into Utility procurement practices, and if so why? If not, why not?

b) How would an Ontario Reference Price create a disconnect between a distributor's procurement practice and pricing? Please identify the specific disconnects that Enbridge perceive and what impacts they would have.

c) What impacts would an Ontario Reference Price have on equity between service offerings? In responding to this question, please indicate what Enbridge meant in using the term 'service offerings'.

d) What impacts would an Ontario Reference Price have on retroactive billing? In responding to this question, please indicate all components of the customer's bill that would be impacted, including any subcomponents of the accounts that currently comprise the QRAM. In responding to this question, please clearly indicate how Enbridge is assuming an Ontario Reference Price would be defined and all assumptions of its makeup.

GMG/EGDI #13

Reference: Page 18, Paragraph 53.

Please provide any other evaluations done on alternate clearing frequencies for the PGVA. Please advise if EGD sees any merits in matching the clearing frequency to the rate setting frequency, and if so why? If not, why not?

GMG/EGDI #14

Reference: Page 21, Paragraph 62-64.

a) Would carrying costs be reduced for Enbridge if transportation and storage were to be unbundled, and retailers were allowed access to do there own balancing? If not, why not?

b) How are these carrying costs factored into the regulated rate?

c) Does EGD deem it appropriate to allow Retailers to manage these costs for themselves, given the large percentage of core customers they serve? If not, why not?

GMG/EGDI #15

Reference: Page 28, Paragraph 89.

Please elaborate on and provide a proposal for simplified application, timeline and communications processes that would facilitate more frequent rate changes than QRAM. Please include the specific actions that will need to be taken to expedite processes and decisions to modify the current QRAM process.

GMG/EGDI #16

Reference: Pages 29-30, Paragraphs 90-96.

a) Please explain the rationale for the lead time indicated (21 day strip ending 30 days prior to QRAM effective date), in light of recent volatility in the wholesale gas market.

b) Would EGD agree that a price reported closer to the delivery time period would most likely be more reflective of the value of physical gas delivered under the period in question? If not, why not?

c) Would EGD agree that Dawn is a liquid trading hub reflective of the cost of delivered gas (transportation adjusted to delivery in each utility franchise area)?

d) Does EGD believe there should be a mechanistic approach using NYMEX contract settlement as the marker price and take mid month basis marks to adjust for the utility supply mix? If not, why not?

e) Is it possible to report the NYMEX settles as the prompt month expires (3 days) prior to flow?

f) Would Enbridge agree that the primary drivers for using the current lead time are related to the timing of the regulatory approvals and notice periods in the current QRAM process?

GMG/EGDI #17

Reference: Page 36, Paragraph 118

Please explain how the tools provided by EGD are appropriate for Gas Vendors to manage the customer mobility impacts of GDAR, given that such tools are restricted during the peak winter demand months and the late storage injection season.

GMG/EGDI #18

Reference: Page 36, Paragraph 119

a) Please provide an approximate duration in hours or days that that defines the "short notice" reference to replace deliveries on interrupted Suspension as discussed in this paragraph.

b) Would Enbridge consider imposing financial penalties on Direct Purchase customers for failure to deliver on interrupted Suspension?

GMG/EGDI #19

Reference: Page 37, Paragraphs 122

Is it possible that more frequent balancing could result in reduced cost recovery from ratepayers? If not, why not?

GMG/EGDI #20

Reference: Page 37, Paragraphs 123

Considering the mobility impacts of GDAR, does EGD believe that more frequent balancing of the system would provide greater efficiency, matching supply more closely with demand and costs, by customer and retailer? If not, why not?

GMG/EGDI #21

Reference: Page 38, Paragraph 125

Please provide a detailed breakdown of the "large scale changes" to ENTRAC, contracts, processes, policies, and tariffs required for MDV re-establishment and multi-point balancing.

GMG/EGDI #22

Reference: Page 38, Paragraph 126

Please confirm/ deny that the $8.5M implementation costs alluded to in this paragraph include both weather normalized MDV re-establishment and multi-point BGA balancing.

GMG/EGDI #23

Reference: Page 38, Paragraph 126

Please provide a detailed breakdown of the $8.5M costs for the standardization of load balancing mechanisms between Union and Enbridge.

GMG/EGDI #24

Reference: Page 38, Paragraph 126

Please explain why $8.5M worth of costs are required to implement multi-point balancing when this process is already done on the anniversary of the contract? Why does facilitating this process at minimum 2 more times per year cause such costs to be incurred?

GMG/EGDI #25

Reference: Page 38, Paragraph 127

Please provide a detailed breakdown of the $3.7M cost for weather normalized MDV establishment/ re-establishment.

GMG/EGDI #26

Reference: Page 39, Paragraph 130

a) Considering that Direct Purchase (DP) customers deliver 60% of the supply volumes into the province, and Enbridge controls whether a DP customer can suspend deliveries, please advise if it is possible for Enbridge to draft DP supply.

b) Please advise if system customers, through EGD, experience a benefit/ cost by balancing all customers. If not, why not?

GMG/EGDI #27

Reference: Page 50, Paragraph 173

a) Please provide a detailed breakdown of the $3.18M direct purchase management costs referred to in this paragraph using the incremental accounting approach

b) Please also provide the calculation that translates these costs into the new recovery rates for DPAC charges proposed in paragraph 178.

c) Please explain why Enbridge's proposed monthly account fee of $0.26 is $0.07 higher than Union's fee.

d) Please provide the break down of all elements comprising cost of system gas of $0.88 million using the incremental accounting approach.

e) Please provide the break down of all elements comprising the 2009 estimated system gas fee of $1.14 million using the incremental accounting approach.

f) Please provide the break down of all elements comprising the direct purchase management costs of $1.56 million using the incremental accounting approach.

GMG/EGDI #28

Reference: Page 51, Paragraph 178

Please confirm that actual rate changes to DPAC fees will be addressed in a future Enbridge rate case, and not in these proceedings.

GMG/EGDI #29

Reference: Page 52, Issue 9.2

If DP customers were to be provided access to manage their own transportation and storage, could EGD costs related to load balancing decline? If not, why not?

GMG/EGDI #30

Reference: Page 56, General – Billing Terminology

Does Enbridge agree that harmonized billing terminology amongst natural gas distributors would provide customers province wide with a clearer understanding of materials presented to them from the OEB, Industry, or Media, in support of customer education?

GMG/EGDI #31

Reference: Page 56, Paragraph 195

Please explain why an ongoing mechanism to coordinate bill messaging between Enbridge and Union Gas would be required.

GMG/EGDI #32

Reference: Page 58, Paragraph 202

Please provide a detailed breakdown of the estimated $100, 000 to change the disposition of PGVA balances over a 12 month rolling period.

GMG/EGDI #33

Reference: Page 59, Paragraph 208

Please provide a detailed breakdown of the estimated $1.0 to $1.5 M per year cost increase to increase the price adjustment frequency.

GMG/EGDI #34

Reference: Page 60, Paragraph 212

Please provide estimated timelines and implementation dates for all system and operational changes alluded to in this section.

GMG/EGDI #35

Reference: Page 60, Paragraph 213-214

Please provide Enbridge's rationale as to why MDV Re-establishment could not be implemented until sometime in 2011, given that GDAR mobility and load balancing issues need to be addressed expeditiously.

GMG/EGDI #36

Reference: Technical Conference

a) EGD stated that they buy all (or virtually all) of their supply on a ratable basis and then use storage to balance their requirements on their system. Why does EGD deem this to be a preferred system as opposed to attempting to shape their supply and utilize excess pipeline capacity? Please provide the EGD injection and base volume guidelines that detail the rules that EGD must follow in setting daily or monthly injection volumes and monthly and annual storage totals.
b) EGD has stated they contract for some peaking supplies. Would Enbridge consider using more "real time" (Next day, ROM) shaping to account for the reality of available transportation out of the WCSB and other basins?

GMG/EGDI # 37

Reference: Technical Conference, November 28, 2008, Page 30

a) Please provide the breakdowns for all scenarios referred to above in IR GMG/EGDI #26 (a), (d), (e), and (f) using the fully-allocated costing methodology.
b) Please provide the fully-allocated accounting study conducted several years ago by Elenchus Research