

**ONTARIO ENERGY BOARD**

**Enbridge Gas Inc.**

**Application for leave to construct natural gas pipeline and associated facilities in the Municipality of Chatham Kent and Municipality of Lakeshore**

**INTERROGATORIES**

**from**

**INDUSTRIAL GAS USERS ASSOCIATION (IGUA)**

**IGUA.1**

**Reference:**

Exhibit A, Tab 3, Schedule 1, page 5, paragraph 12.

The revised estimated cost for PREP is \$358.0 million.

**Questions:**

- (a) Please provide the forecast rate base for the Panhandle system as of the proposed in-service date for PREP and before addition of the PREP costs.
- (b) Please explain the current basis for allocation of Panhandle costs to customers (confirming that such costs are allocated in aggregate with the costs of the St. Clair system and indicating the allocator(s) used).
- (c) Please provide the forecast rate base for the St. Clair system as of the proposed in-service date for PREP.

**IGUA.2**

**References:**

Exhibit A, Tab 3, Schedule 1, page 5, paragraph 13.

*Enbridge Gas expects that, as part of its 2024 rebasing application, the recovery of costs associated with this project will be addressed. Enbridge Gas will allocate Project costs to*

rate classes according to the cost allocation methodology approved as part of that proceeding, or as otherwise approved by the OEB.

EB-2022-0200, Exhibit J13.2, part b).

*The ratemaking implications of the largest projects to be implemented in 2023 and 2024 (Dawn to Corunna and PREP) will be determined by a subsequent regulatory process, Phase 2 for Dawn to Corunna and the LTC for PREP.*

**Question:**

Based on the current approved cost allocation methodology for the Panhandle system, please provide the forecast PREP costs that would be allocated to each EGI rate class and the rate impact ( $\text{¢}/\text{m}^3$  and % impact) of such allocation.

**IGUA.3**

**Reference:**

Exhibit A, Tab 3, Schedule 1, page 6, paragraph 17

*In summary, it is critical that Enbridge Gas provide additional capacity on the Panhandle System to meet the forecasted firm demand of customers in the Panhandle Market. The proposed Project will cost-effectively provide the required incremental capacity within the necessary timeframe. In doing so the Project will provide a continuing source of affordable energy for residential customers while offering a competitive advantage to commercial and industrial customers, thereby helping to ensure economic growth not only in the Panhandle Market, but across the Southwestern Ontario region.*

**Questions:**

- (a) Please provide a map of the referenced Southwestern Ontario region, indicating thereon the referenced Panhandle Market.
- (b) Please confirm that the phrase “*helping to ensure economic growth...across the Southwestern Ontario region*” is a reference to the same benefits from the Project articulated at paragraph 23 of the same exhibit, and paragraphs 44 and 45 (page 14) of Exhibit B/T1/S1. If not confirmed, please explain what additional benefits the Project will provide outside of the Panhandle Market.

**IGUA.4**

**References:**

EB-2020-0094 (November 5, 2020 *Decision and Order* on Application by EGI for approval of a System Expansion Surcharge, a Temporary Connection Surcharge and an Hourly Allocation Factor), page 13, 3<sup>rd</sup> paragraph.

*The Area of Benefit is determined by hydraulically modelling the pipeline network in the region around the proposed Development Project to determine the geographic extent of the area that will benefit from the incremental capacity of the project.*

Exhibit B, Tab 1, Schedule 1, page 3, paragraph 12 and page 4 Figure 1, describing the Area of Benefit for the Project.

**Question:**

Please confirm that the Area of Benefit for PREP complies with the definition of “Area of Benefit” as set out in the referenced excerpt from the OEB’s 2020 Decision approving the Hourly Allocation Factor (HAF) mechanism.

If not confirmed, please explain the difference in the two uses of the term.

**IGUA.5**

**Reference:**

Exhibit B, Tab 1, Schedule 1, page 7, paragraph 26.

The evidence indicates that;

- a. In response to the 2023 Expression of Interest Process (EOI) EGI received 42 bids for capacity for the Project from 39 entities totalling 197 TJ/day of interest.
- b. This 197 TJ/day is incremental to capacity already contracted by customers via the 2021 EOI and in the normal course of business since the close of that process.

**Questions:**

- (a) Please indicate how many of the 39 entities who responded to the 2023 EOI are customers whose forecast hourly gas consumption demand is equal to or greater than 50 m<sup>3</sup>/hour, and the percentage of PREP’s capacity represented by these customers.
- (b) Please indicate the capacity already contracted via the 2021 EOI and in the normal course of business since the close of that process by customers whose forecast hourly gas consumption demand is equal to or greater than 50 m<sup>3</sup>/hour, the number of such customers and the percentage of PREP’s capacity represented by these customers.
- (c) Please indicate additional capacity demand not included in parts (a) and (b) of this interrogatory forecasted for the 10 year period commencing with the proposed PREP in service date for customers whose forecast hourly gas consumption demand is equal to or greater than 50 m<sup>3</sup>/hour, the number of such forecast customers and the percentage of PREP’s capacity represented by those forecast customers.
- (d) Please provide the percentage of forecast peak hourly demand represented by the customers included in the responses to each of parts (a), (b) and (c) of this interrogatory.

- (e) Based on the information provided in response to earlier parts of this interrogatory, please calculate the HAF that would be applicable to PREP were the HAF framework to be applied to PREP, and show the calculations.
- (f) Based on the calculations provided in response to part (e) of this interrogatory, please indicate the total CIACs that would be applicable to PREP.

## **IGUA.6**

### **Reference:**

EB-2020-0094 (November 5, 2020 *Decision and Order* on Application by EGI for approval of a System Expansion Surcharge, and Temporary Connection Surcharge and an Hourly Allocation Factor), page 20, last paragraph.

*The OEB recognizes the concern of some parties about the use of HAF in transmission projects and finds Enbridge Gas's commitment to continue to explore alternatives to be acceptable. The OEB approves the use of HAF for projects that are primarily distribution and if there is a minor component of transmission then the OEB would still accept the use of HAF. For exclusively transmission projects, the OEB has not agreed to the application of HAF.*

### **Questions:**

- (a) Please discuss alternatives for application of the HAF to transmission projects explored by EGI in accord with its commitment as acknowledged by the OEB in the EB-2020-0094 excerpt referenced.
- (b) If the Commission were to direct application of the HAF to PREP, please confirm that the HAF could be applied on the basis of the information included in EGI's Application. If not confirmed please particularize any impediments to doing so.

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