equinor

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

Re: EB-2019-0137 Consultation to Review Natural Gas Supply Plans – Equinor Natural Gas LLC Interrogatories

Dear Ms. Walli,

Please find enclosed Equinor Natural Gas LLC's Interrogatories for the above noted proceed.

Respectfully submitted on behalf of Equinor Natural Gas.

Original signed by

EPerreca

Elizabeth Perreca

Elizabeth Perreca
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September 6, 2019

Enbridge Gas Distribution
500 Consumers Road
North York, ON M2J 1P8

equinor

Attention: Brandon Ott
Technical Manager, Regulatory Applications

Dear Sir:

Re: Ontario Energy Board: EB-2019-01 - Consultation to Review Enbridge Gas Inc. - 5 Year Gas Supply Plan

Further to the correspondence of the Ontario Energy Board ("**OEB**") dated July 25, 2019 setting forth a consultation process for the five year natural gas supply plan (the "**Plan**") of Enbridge Gas Inc. ("**EGI**"), the following questions are submitted by Equinor Natural Gas LLC ("**Equinor**") (as an intervener in this proceeding) to be addressed by EGI.

In order to facilitate the questions and answers, Equinor has made reference to specific sections, tables or pages of the Plan. The specific questions are generally referenced by bullets below.

1. EGI states at page 7 of the Plan that, "Based on the above, EGI understands the Board's assessment of the Plan will not be an assessment of prudency, or an assessment of the appropriateness of the cost consequences of the Plan.

   Equinor notes that the OEB in its Framework for the Assessment of Distribution Gas Supply Plans (EB-2017-0129) (the "**Framework**") has identified the guiding principles of a Plan to include the following considerations:

   (i) Cost-effectiveness;
   (ii) Reliability and security of supply; and
   (iii) Public policy.

   - Given the intent of the Framework described above, why does the Plan not more specifically address the appropriateness of cost consequences?

2. At page 11 of the Plan, under the heading "Delivered Service", EGI states, "Delivered Service refers to term contracts with third party providers typically contracted for the winter season to balance increased seasonal demand and diversity purchases".

   - Why is "Delivered Service" "typically contracted" for balancing of winter seasons and short term requirements?

   - Is it considered and evaluated as a long-term solution?

   - Further, why is there no reference to "Delivered Service" in the future sections of the Plan?

3. On pages 20 and 26 of the Plan, reference is made to the "Dawn Parkway System" and "Access to Dawn".

- How does EGI ensure that there is no conflict of interest and avoid the occurrence of self-serving contracting (by choosing-Dawn-Parkway services as a supply solution) now that one of EGI's supply options (Dawn-Parkway) is owned by EGI?

4. The Plan references various terminology throughout.

   - In order to understand the usage and consistency of this terminology, what is meant by Rate 1 and Rate 6 customers under the heading, "General Service Market" in section 4.1, page 30 of the Plan?

   - What is the difference between "General Service Market" and "Customer Market" Segments?

5. In section 5.1, page 38 of the Plan, Table 5 depicts the EGD Rate Zone Sources of Supply.

   - What is the basis for combining "Peaking" and "Seasonal"?

   - Why is there no reference to the "Delivered Service" options?

   - Why do these headings differ from the "Gas Supply Options" sections?

6. Section 5.3, page 41 of the Plan makes reference to "Rationale for NCOS 2021". More specifically, the Plan states at page 42 that, "If the EGD rate zone has a forecasted design day asset shortfall of less then 2%, EGI will plan to balance design day demand with short-term market based solutions, such as peaking supply. These solutions are cost-effective and do not require long-term commitments, but are less reliable and lack the diversity and flexibility of service attributes associated with firm transportation".

   The Plan further states,

   The benefits of the NCOS 2021 bids are:

   ...

   (iii) Provides flexibility of service attributes associated with firm transportation that are not available with marked-based services such as peaking supply.

   - Given these statements in the Plan, why are short term market-based solutions such as Peaking Supply deemed to be less reliable and less flexible?

   - Why is there no consideration to the "Delivered Service" option from page 11 which differs from "Peaking"?

   - Were Delivered Service or Third Party Service options evaluated as a possible solution?

   - Were other alternatives presented to EGI and considered?

7. At page 44 of the Plan, EGI states that, "When evaluating options for portfolio decisions, EGI balances its supply planning principles of reliability, flexibility, diversity and cost-effectiveness".

   - How are these factors weighted for importance? Are there more concrete decision parameters or tools utilized?

   - How does EGI ensure that there are no self-serving decisions being made in this context?

8. At page 45 of the Plan, EGI states, "In the event there are no viable alternatives to serve a delivery area, or if disclosing sensitive information will impact the market, EGI will not publicly file an analysis as part of the Plan or its "Annual Updates".

- While Equinor appreciates the need for withholding information that may be commercially sensitive, how has EGI engaged with the OEB or what mechanism, if any, has been established to ensure that viable alternatives that do have commercial sensitivity have still been properly analyzed?
- In Table 8, the percentage of "Third Party Services" is a very small percentage of the total. Why is it not greater in order to increase diversity?
- What is the basis for the coding of reliability as yellow (or neutral) on Peaking in Table 10?
- Is Delivered Service (short, medium, or long-term firm baseload supplies at the delivered areas) being considered at all?
- If a Delivered Service is not referenced because of commercial sensitivity, could the cost portion be redacted, in order that this can still be analyzed?

9. Reference is made at pages 46 and 47 of the Plan to Tables 8, 9 and 10. In reviewing these tables, Equinor has the following questions:

- Table 8 makes reference to "Third Party Services". In order to understand the consistency of terminology used by EGI, what is meant by "Third Party Services" versus "Delivered Service" and "Peaking" as previously defined?
- Why do the headings in Table 8 not match those in Tables 9 and 10?
- Why is "Peaking" only considered as a "Supply Option" and not "Delivered Service"?
- Why is there no analysis of "Delivered Service" in any of the three tables?
- As "Delivered Service" and "Peaking" differ significantly, what is the rationale in bucketing them together?

10. Tables 15 and 16 are referenced at pages 52 and 53 of the Plan. In reviewing these tables, Equinor has the following questions:

- Where is Delivered Service as a Supply Option?
- Specifically, where is Enbridge CDA as a Supply Option?
- Is there room in the Supply Plan process for evaluating other viable alternatives not listed above, that may be presented by market participants or that may develop due to unforeseen changes in market conditions? How can this be better reflected in the Plan?

11. Page 54 of the Plan states the following "Given that EGI's design day plans for the Enbridge CDA and Enbridge EDA, as shown above, already contain adequate levels of third-party services (e.g. peaking), EGI is not contemplating replacing firm contracts with third-party services. As of today, the viable alternatives available to replace the expiring contracts listed in Table 17 are restricted to the firm transportation options found in Table 8 and Table 11 for the Enbridge CDA and Enbridge EDA, respectively".

Equinor seeks clarity on this statement and has the following questions:

- When reference is made to "as shown above", what specifically is being referenced?
- How/Where is it described that there are adequate levels of "third-party-services"?
- What is "third party services" vs "delivered service"?
- Why is only Peaking seeming to be listed/considered?
- Was Delivered Service as a Firm Baseload gas supply option considered and analyzed as a possible solution?

12. In your summary discussed at pages 57 and 58, was "Delivered Service" analyzed, apart from "Peaking"?

13. In the table contained in section 9.3 of the Plan, where is "Delivered Service" referenced?

14. As is evident from the above, certain of our questions stem from the terminology used.

    - More specifically, "Third Party Services", "Peaking" and "Delivered Services" do not appear to be used consistently and we seek to understand whether there is a basis for any distinctions or inconsistent usage?
    - In addition, "Delivered Service" is considered as a Strong Option in the introduction of options but not analyzed or discussed in detail in the remainder of the Plan? Why not?
    - Is Delivered Service considered a "viable alternative"? If not, why not?

15. Does EGI consider securing Existing Capacity through third parties prior to securing long-term fixed commitments through New Capacity Open Seasons as a supply option? Why or why not?

Sincerely yours,

EPerreca

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cc: Ontario Energy Board