



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 Submission for the above noted proceeding.

Respectfully submitted on behalf of Equinor Natural Gas.

Original signed by

Elizabeth Perreca

Elizabeth Perreca
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October 21, 2019

Ontario Energy Board
2300 Yonge Street
Toronto, ON
M4P 1E4



**Attention: Kirsten Walli
Board Secretary**

Dear Ms. Walli:

Re: Ontario Energy Board: EB-2019-0137 - 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"), and the more recent correspondence of the OEB dated September 27, 2019, the following comments and questions are submitted by Equinor Natural Gas LLC ("Equinor") (as an intervener in this proceeding) to be addressed by EGI.

As stated previously, Equinor has intervened as it is a shipper on TransCanada's Mainline and delivers from TCPL Mainline to Enbridge central deliver areas ("CDA"). Equinor holds approximately 30% of the firm contracted transportation into the Enbridge CDA on TCPL. As a producer, Equinor also has supply to fill its firm transportation to Enbridge CDA. Equinor continues to stand ready and willing to supply Enbridge with firm delivered low-cost, reliable, and diverse supply at CDA with significant flexibility in its terms and conditions. Equinor submits that EGI did not properly address Delivered Service supply in the Plan and as a result the New Capacity Open Season 2021 ("NCOS") was analyzed incorrectly. The Plan does not provide evidence or analysis to determine whether Delivered Service is a viable alternative for long term gas supply needs. Equinor submits that, EGI should amend its Gas Supply Plan to consider Delivered Service as a supply alternative.

Equinor respectfully submits the following comments and questions regarding the treatment of Delivered Service under the Plan for EGI's response:

- 1. Delivered Service is considered a Third-Party Service. As a result, EGI should present it as an alternative for long term gas supply purposes with the appropriate analysis.**

Equinor notes that EGI was inconsistent with the categorization of Third-Party Services throughout its Plan and subsequent presentation. The Plan did not make it clear whether "Delivered Service" was considered a Third-Party Service. During EGI's presentation, it became clear that EGI considered Delivered Service and Peaking at the location of Enbridge CDA to be Third-Party Service. Equinor contends that because EGI considers Delivered Service to be Third-Party Service, Delivered Service should have been presented as an alternative for gas supply with the appropriate analysis. EGI did not provide any information or analysis to support its conclusion that Delivered Service not be considered as a viable alternative for long term gas supply purposes. The Plan focused its analysis only on Peaking Service and all but ignores Delivered Service supply.

EGI does not provide analysis of the cost of Delivered Services in its analysis of the NCOS. Specifically, Appendix D of the Plan sets out the Landed Cost Analysis for the NCOS. EGI outlines the cost analysis for various service types such as Peaking, M12, SHFT, LFHT, C1, and Purchase.

As stated above, EGI does consider Delivered Service to be a Third-Party Service and as such it should have been analyzed in the Landed Cost Analysis for the NCOS.

EGI created a "Scorecard / Metric Development" slide for the presentation of its Plan. This Scorecard claims EGI's plan as having reliability, diversity, and flexibility. Equinor is concerned that EGI's plan does not accurately analyze reliability, diversity, and flexibility because the Plan virtually ignores Delivered Services as a viable long-term gas supply option and provides no evidence that it is unreliable or inflexible.

- 2. EGI states NCOS capacity is preferred over Delivered Services on the basis of reliability and flexibility. EGI should provide an analysis regarding the alleged unreliability of Delivered Service.**

EGI claims it is replacing Third-Party Service with NCOS capacity to increase reliability and flexibility. However, EGI does not provide any analysis reviewing reliability and flexibility of Delivered Service, only Peaking. Equinor requests examples of how Delivered Services are unreliable or inflexible. If EGI cannot provide such analysis, please provide additional analysis supporting the preference for NCOS capacity versus Third-Party Service, specifically Delivered Service. Further, EGI should elaborate on the statement that NCOS bids are the most economical FT option. There should be a cost-effective analysis of NCOS bids versus Delivered Service at Enbridge CDA. The Plan should specifically address the appropriateness of cost consequences.

- 3. It is requested that EGI clarify steps taken to reduce Dawn exposure and reconcile that goal with the proposed NCOS capacity.**

EGI stated it is concerned with increased reliance and exposure to Dawn gas and that it evaluated 6 alternatives to reduce Dawn exposure. Simultaneously, EGI took out capacity between Dawn and CDA through the NCOS 2021, with the explicit goal of reducing Third Party Services listed on Slide 37 of their presentation. Acquiring NCOS transportation decreases Delivered Service supply thereby increasing Dawn exposure, decreasing supply diversity, and increasing the cost for ratepayers. Further, EGI has not provided any evidence to support the argument that the NCOS transportation would increase reliability or flexibility. EGI needs to clarify steps it has taken to reduce Dawn exposure and reconcile that goal with the proposed NCOS capacity in lieu of Delivered Service supply.

- 4. EGI should provide in-depth analysis of why the NCOS 2012 was chosen versus existing capacity.**

Equinor does not believe EGI provided enough evidence to support the construction of new capacity from Dawn-Parkway-CDA. There is accessible capacity that is cost-effective using Third-Party Services. As stated above, EGI did not provide enough evidence that Third-Party Service is unreliable or inflexible. Equinor is concerned that EGI is not considering the cost of the NCOS to the ratepayers. Further, EGI stated that its gas supply group is not in control of whether new NCOS builds are necessary, suggesting it has no control over analyzing the costs of those NCOS builds and the resulting impact on the ratepayers. Equinor is concerned that this structure may not allow for appropriate evaluation of all available viable alternatives.

- 5. More quantitative metrics should be used and detailed explanations should be provided by EGI when using qualitative measures to make decisions.**

EGI should create more quantifiable metrics for its qualitative guiding principles in the Scorecard and ensure during applications and submissions it provides explicit reasoning behind using the

qualitative measure. This is especially true when it is opting to contract based on qualitative measures over lower cost options.

Sincerely yours,



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cc: Enbridge Gas Inc.