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**BY EMAIL**

February 27, 2020

Christine E. Long  
Registrar and Board Secretary  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto ON M4P 1E4  
[BoardSec@oeb.ca](mailto:BoardSec@oeb.ca)

Dear Ms. Long:

**Re: Tribute Energy Storage Inc.  
Application for De-designation of the Bayfield and Stanley Reservoirs  
OEB Staff Interrogatories  
OEB File Number: EB-2019-0287**

In accordance with Procedural Order No. 1, please find attached the OEB Staff Interrogatories in the above noted proceeding. The attached document has been sent to the applicant and to all other registered parties to this proceeding.

Yours truly,

*Original Signed By*

Judith Fernandes  
Project Advisor, Natural Gas Applications

Encl.



## **OEB Staff Interrogatories**

### **Application for De-designation of the Bayfield and Stanley Reservoirs**

**Tribute Energy Storage Inc.**

**EB-2019-0287**

**February 27, 2020**

### **1-Staff-1**

#### **Ref: Application, p. 2**

Tribute Energy Storage Inc. (TESI) states that in 2017 it purchased the rights and intellectual information pertaining to the Bayfield and Stanley reservoirs (Pools) from Tribute Resources Inc. (Tribute).

- a) Please provide evidence confirming the execution of the transaction described above to demonstrate that all of the rights pertaining to the Pools now belong to TESI.
- b) Please describe the relationship between TESI and Tribute. Do they have the same officers/directors?
- c) Please provide evidence to demonstrate that Tribute is aware of TESI's application to the OEB.
- d) Please explain how the designation was transferred from Tribute to TESI.

### **1-Staff-2**

#### **Ref: Application, p. 2**

The application states:

*The core reason for the seven (7) year development hiatus, which now appears to be permanent, was simply due to ongoing unprofitable project economics and poor financial model outcomes, which are directly attributable to the sustained gas price decrease across all North American natural gas markets...*

*...New gas storage has since remained uneconomic to develop and deliver gas into and the Dawn Hub regional market. The evidence is clear that no new natural gas storage projects are being proposed and no applications have been filed with the OEB since the Bayfield and Stanley applications were prepared in 2008.*

From these statements, OEB staff understands that the envisaged development of the Pools did not occur primarily because it was not economical to do so given persistent depressed gas market prices. OEB staff also understands that it is TESI's position that development of the Pools as natural gas reservoirs is still not economical.

The application cites various links, but it would be helpful if more specific references (excerpts, graphs, tables, specific pages etc.) within those documents can be provided to clarify the statements made in the application:

- a) Please provide excerpts or specific references from the referenced website links to demonstrate that persistent depressed gas prices made it uneconomic to develop the Pools and that it is still uneconomic to develop the Pools as natural gas reservoirs.
- b) Please explain why the Pools were sold by Tribute to TESI at a significant discount. Does TESI know whether Tribute attempted to sell the Pools to any other party?
- c) Has TESI attempted to sell the Pools to a third party? If so, were there any expressions of interest received?

### **1-Staff-3**

#### **Ref: Application, pp. 3-4**

The application makes the following statements:

*Ontario has approximately 248 billion cubic feet (BCF) of developed natural gas storage...*

*...Demand for natural gas in Ontario is forecast to grow only about 60% between 2019 and 2035, from 45 to 120 Petajoules, or 3.75% per year according to one forecast. Aiken and Associates suggests that the growth forecast would be about 1% per year, with the exception of new greenhouse demand.*

The application cites various links, but it would be helpful if more specific references (excerpts, graphs, tables, specific pages etc.) within those documents can be provided to clarify the statements made in the application:

- a) Please file excerpts or specific pages from the referenced website link to support the statement made above regarding the existence of approximately 248 BCF of developed natural gas storage.
- b) TESI stated that 193 BCF is used to supply the annual needs of in-franchise Ontario gas customers. Please provide the exact references (excerpts, specific pages) to support this statement.
- c) TESI stated that natural gas demand in Ontario is forecast to grow 3.75% per year. OEB staff has viewed the link provided but is not able to see this number. Please explain. Please provide specific references (an excerpt, specific pages) from the referenced website link to support this statement.
- d) TESI stated that according to one forecast, demand for natural gas is expected to grow by 1% per year. Please provide the specific reference (excerpt, specific pages) for this information.
- e) Is there any other information that TESI can provide to explain why the de-designation of the Pools does not result in harm to Ontario customers in terms of

reducing the future availability of natural gas storage to meet the needs of Ontario customers.

#### **1-Staff-4**

**Ref: Application, p. 3**

TESI's application states that in 2010, Union Gas joined Tribute as a development partner with the hopes and expectations that the Pools would be developed together. It is stated that Union withdrew from the joint venture partnership and requested its deposit back when Union concluded that it was not possible to develop the Pools on a positive economic basis.

- a) Please provide evidence to support the statement that Union Gas withdrew from the joint venture partnership for the reasons stated in the application.

#### **1-Staff-5**

**Ref: Application, p. 4**

TESI asserts that it is in the public interest for the Pools to become useable and useful with another purpose. TESI has applied to revoke the designation of the Pools as natural gas storage reservoirs in order to be able to develop the Pools as compressed air energy storage (CAES) facilities.

TESI indicates that the proposed use of the Pools will require a new regulation to be passed permitting the use of the Pools for CAES.

- a) Has TESI initiated any discussions with the relevant authorities regarding a new regulation?
- b) Assuming that the OEB grants TESI's application for de-designation, what does TESI plan to do with the Pools if the required regulation is not eventually passed?

#### **1-Staff-6**

**Ref: Application, p. 5**

The application states the following:

*TESI would like to ensure that its application to request removal of the natural gas DSA be coordinated with and be effective conditional on the TESI request for and approval of a MNRF regulation for the injection and withdrawal of air in the Bayfield and Stanley porous rock reservoirs, the application process for which is currently underway.*

- a) Does this mean that TESI does not want the OEB to make a decision on the application until a new regulation is passed? Please explain.

**1-Staff-7**

**Ref: Application, p. 5 and Landowner letter**

The application contains a letter dated December 12, 2017 from the landowners on whose land the reservoirs are located to the Ministry of Natural Resources and Forestry. This letter supports the development of the reservoirs as CAES facilities.

- a) Has there been further consultation with the landowners since 2017?  
b) Please provide any further information on feedback received from landowners since 2017 with respect to TESI's proposed plans for the reservoirs.