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January 18, 2011

**VIA RESS AND COURIER**

Kirsten Walli, Board Secretary  
Ontario Energy Board  
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Dear :

**Re: EB-2010-0300 - Union Gas Limited (Union) Application for Pre-approval of 3 Long-Term Transportation Contracts**

**EB-2010-0333 – Enbridge Gas Distribution (EGD) Application for Pre-approval of a Long-Term Transportation Contract.**

**Industrial Gas Users Association (IGUA) Letter of Comment.**

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We write as counsel herein to IGUA.

The Board has convened a one day hearing of this matter scheduled for this Thursday, January 20<sup>th</sup>. By e-mail circulated to the parties on January 11<sup>th</sup> Board Staff has indicated its proposal that the evidentiary record in these matters be closed, and the argument phase of the proceeding proceed and also be closed, all on the one scheduled hearing day.

We will be unable to attend the recently scheduled hearing day, but are instructed to file this letter setting out IGUA's overriding policy concern related to these applications, as well as IGUA's concern with the apparent rush to conclusion of the matters. In providing these comments, and particularly the comments relating to the rush to conclusion, we note that Union has, as of yesterday, given notice of its intention to amend its application by withdrawing two of the three approvals sought, and retaining only the proposed Niagara to Kirkwall proposed long-term contract.

IGUA is, and has for some time, been actively engaged at the national regulatory level in respect of tolls and tariffs matters on TransCanada Pipelines (TCPL) mainline. The situation of the mainline, the shipping volumes on which are steadily declining and the tolls on which have been markedly increasing, is of significant concern to IGUA's members. At the same time, IGUA is supportive of infrastructure development that will enhance security and diversity of supply and competitive gas supply costs for Ontario gas consumers.

These applications arise in a complex and evolving eastern Canadian gas market. The advent of new supply sources and the exacerbating impact that those new sources will have on the mainline problem, and the Ontario gas consumers captive to that line, must figure prominently in considerations of applications such as those before the Board herein. The Board has highlighted this topic in its Procedural Order No. 2 recently issued, alerting EGD and Union of the expectation for an overall assessment of the impacts and potential impacts of the proposed contracts on existing transportation pipeline facilities in the market (in terms of Ontario customers).

**IGUA is of the strong view that EGD and Union owe an obligation to their distribution customers to do all that they can protect their customers' interests in respect of future gas supply and transportation availability and landed cost. These applications by EGD and Union, which would result in further displacement of mainline volumes, must be considered in that context.**

In light of the still evolving record in this proceeding, the amendment yesterday by Union of its application, and the complexity and importance of the overall market issues engaged, IGUA respectfully submits that the Board should allow interested parties more time, following close of the oral examinations scheduled for later this week, to consider the evidence and its implications and provide arguments.

IGUA urges the Board to consider setting a written argument schedule for these proceedings. IGUA suggests that intervenors be given until at least February 11<sup>th</sup> to file written argument on these matters.

We would appreciate it if you could place copies of this letter before the Hearing Panel in advance of Thursday's scheduled hearing.

Yours truly,

**GOWLING LAFLEUR HENDERSON LLP**



Ian Mondrow

cc: Karen Hockin (Union Gas)  
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