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January 24, 2011

VIA RESS AND COURIER

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Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, ON
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Dear Walli:

Re: EB-2010-0300/EB2010-0333: Applications by Union Gas Limited (Union) and Enbridge Gas Distribution Inc. (EGD) for Pre-approval of certain Long Term Transportation Contracts

Submissions of the Industrial Gas Users Association (IGUA).

As the Board is aware from our earlier correspondence in this matter, IGUA was unable to be in attendance at the oral hearing held last week. We have, however, reviewed the transcripts from the hearing, and the balance of the record herein as it has developed, and write to provide IGUA's submission on the approvals sought.

In general, IGUA supports the arguments made orally on behalf of CCC and CME. IGUA submits that the Board should deny preapproval of the (now) two contracts in issue. IGUA basis its position on the following arguments:

1. As noted in IGUA's earlier written submission herein, the current state and development of the gas transportation market in North America, and particularly in Canada given issues with the TCPL Mainline, is complex and uncertain. The record herein was developing, substantively, as late as the morning of the oral hearing, when new calculations were filed by parties and reviewed in examinations. The veracity of the calculations and the forecasts underlying them is by no means certain. This is not a sufficiently robust record to ground long term contract approvals which saddle ratepayers with tens of millions of dollars of risk.
2. By way of specific example of the foregoing assertion, the applicants herein placed much stock in the position that the new contracted paths would not result in any decontracting by either Union or EGD on TCPL's Mainline, but would lead to incremental contracting on TCPL's short haul routes, resulting in net benefits to Ontario gas consumers. As was developed somewhat during the oral examinations, decontracting and displacement are two separate issues. IGUA, like its fellow

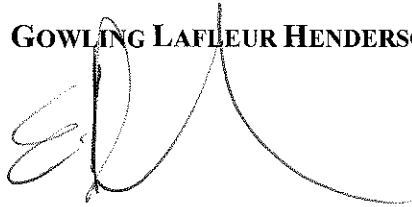
ratepayer intervenors, supports supply diversity, but at reasonable cost. The future overall ratepayer costs and benefits associated with the two contracts are not sufficiently clear on the record before the Board to conclude that the proposed contracting at this time is in the best interests of Ontario ratepayers.

3. Much is currently in flux in respect of TCPL rate design and cost allocation. Discussions between TCPL and its Mainline stakeholders are ongoing and these discussions, and a possible public hearing before the NEB, may have significant impacts on the pricing of TCPL Mainline firm transport long haul and short haul services. Therefore, it is not possible to today fully consider the appropriateness of approving these long term transportation contracts and the prudence of the associated costs which will be borne by Ontario gas consumers. IGUA views this as an inopportune and premature time to commit ratepayers to the two proposed contracts of marginal positive impact, for the long-term.
4. IGUA has, in its earlier submissions, noted its discomfort with the “rush to decision” in this matter. IGUA is aware of the contractual dates involved. However, IGUA submits that those exigencies should not trump careful consideration by this Board of applications seeking a long-term shifting of risks from shareholders to Ontario gas consumers. Applicants in these sorts of proceedings have a responsibility to manage and time their applications, and their associated contractual commitments, in such a way as to leave sufficient time for full regulatory review.
5. IGUA also agrees with CCC and CME that the types of contracts at issue in these applications, which do not involve material infrastructure development, associated with “frontier” supply or otherwise, are not of the type envisioned by the Board’s policy on pre-approval of long-term gas transportation contracts. Rather these gas supply and transportation arrangements can, and should, be subject to review and inclusion, as appropriate, in cost of service in the normal course of the regulatory process associated with such arrangements.

IGUA therefore submits that the Board should deny the applications herein.

Yours truly,

GOWLING LAFLEUR HENDERSON LLP

A handwritten signature in black ink, appearing to read 'Ian Mondrow', written over the firm name.

for Ian Mondrow

IM:eb

cc: Karen Hockin (Union Gas)
Emily Kirkpatrick (Torys)
Norm Ryckman (EGD)
David Stevens (Aird & Berlis)
Hima Desai (OEB Staff)
Maureen Helt (OEB Staff Counsel)
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Intervenors of Record