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June 16, 2011

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2700
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited Submissions
Applications for Jacob Pool Storage Development
Board File Nos. EB-2011-0013; EB-2011-0014; EB-2011-0015**

Please find enclosed Union Gas Limited's submission with regard to the above noted applications.

Yours very truly,

McCarthy Tétrault LLP

Per:

Signed in the Original

Joanna Rosengarten

JR/lp

Encl.

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B (the "Act"; and in particular sections 36.1(1), 38(1), 40(1), 90(1), thereof;

AND IN THE MATTER OF an application by Union Gas Limited for an Order designating the area known as the Jacob Pool, in the Municipality of Chatham-Kent, as a gas storage area;

AND IN THE MATTER OF an application by Union Gas Limited for authority to inject gas into, store gas in and remove gas from the areas designated as the Jacob Pool and to enter into and upon the lands in the said areas and use the said lands for such purposes;

AND IN THE MATTER OF an application by Union Gas Limited to the Ministry of Natural Resources for a license to drill wells in the said areas;

AND IN THE MATTER OF an application by Union Gas Limited for an Order granting leave to construct natural gas pipelines in the Municipality of Chatham-Kent.

Union Gas Limited's Submissions

1. Union Gas Limited ("Union") has applied to the Ontario Energy Board (the "Board") for:
 - (a) Designation of the proposed Jacob Gas Storage Pool (the "Jacob Pool") and authority to operate the Jacob Pool pursuant to subsections 36.1(1) and 38(1) of the Act, respectively.
 - (b) Leave to construct a transmission line, pursuant to section 90 of the Act.
 - (c) Pursuant to subsection 40(1) of the Act, a favourable report from the Board to the Ministry of Natural Resources to which Union has applied for licenses to drill three (3) injection/withdrawal wells within the proposed Jacob Pool.

(together, the "Application")

2. With respect to the Application, Union submitted pre-filed evidence, responded to interrogatories from Board Staff and from interveners, presented information at the Technical Conference on June 2, 2011, and responded to an undertaking given at the Technical Conference (together, the "Evidence" of Union on this Application). The Evidence addresses all of the issues identified in the Issue List.
3. As submitted in its Evidence, Union submits that storage expansion is required in order to efficiently serve the growing natural gas demand in Ontario, eastern Canada and the U.S. Northeast markets, and that long term demand for storage exceeds the available supply. Union submits that its Evidence demonstrates that it would be in the public interest for the Board to grant the orders requested in Union's Application.
4. Submissions regarding Union's Application have been filed by Board Staff, the Ministry of Natural Resources ("MNR") as well as by the Kent Federation of Agriculture. Both Board Staff and MNR supported the Application and suggested various conditions.
5. Union accepts all except one of the proposed conditions as set out in the Board Staff's Submissions dated June 10, 2011. Union objects to condition 1.5 which requires Union to file a Post Construction Financial Report indicating the actual capital costs of the project and an explanation for any significant variances from the estimated costs. The Jacob Pool project is part of Union's unregulated storage facilities and, as previously submitted by Union in its response to the Board's Interrogatory #12 (filed May 25, 2011), condition 1.5 is inappropriate for unregulated projects. Union notes that no other unregulated storage facilities have been required to provide a post construction financial report. Alternatively, if the Board requires Union to file a Post Construction Financial Report, Union submits that the report should be kept confidential.

6. Union accepts the MNR's proposed changes to Board Staff's conditions, as set-out in the MNR's submissions dated June 10, 2011.
7. The Kent Federation of Agriculture ("KFA") filed submissions on June 13, 2011 that did not oppose the Application but added a number of comments. As part of these submissions, the KFA submits that an abandonment plan should be in place for the Jacob Pool and that such a plan should consider the rights of landowners. In response, in the event that wells that are part of the Jacob Storage Pool are abandoned, Union confirms that they will be abandoned in accordance with the latest version of the CSA Code (Z341) which will include the best practices for abandoning storage wells at the time the well is abandoned.
8. The KFA also submits that storage operators should contribute to a fund that would be used to plug or re-plug orphan production oil and gas wells. Union submits that the development of such a fund and the requirement for storage operators to contribute to such a fund which deals with production facilities are policy issues that are beyond the scope of this Application.
9. Further, the KFA submits that the landowner compensation procedure under the *Ontario Energy Board Act* is unfair and that the Board should not remain a passive overseer of compensation levels in storage operations but should define fair and just compensation. Again, the KFA's submissions largely raise policy issues which are beyond the scope of this Application. With respect to this Application, the Board stated in Procedural Order No. 3 that the KFA is not a landowner and as such cannot be deemed to have a direct interest in compensation matters that arise from the operation of a designated gas storage pool. Union confirms that its pre-filed evidence includes leases with all directly

affected landowners and that no landowner has claimed that it has not agreed to the lease or that the lease is unfair.

10. In conclusion, Union submits that its Evidence demonstrates that it would be in the public interest for the Board to grant the orders requested in Union's Application specifically, a designation of the Jacob Pool and authority to operate the pool, leave to construct the transmission line, and a favourable report to the MNR regarding licenses to drill the injection/withdrawal wells. Union requests that the Board grant the orders as applied for in Union's Application dated March 15, 2011.

All of Which is Respectfully Submitted

Date: June 16, 2011

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Attention: Board Secretary

TO:

All Parties