PURPOSE, NEED, PROPOSED FACILITIES & TIMING

Purpose and Need for Additional Capacity

1. The proposed pipeline addresses the need identified by Enbridge Gas Distribution Inc. ('Enbridge") to increase capacity of the Alliston System to meet existing and forecast loads beyond October 2012. The Alliston System supplies a number of district stations throughout various communities including the Town of Alliston, Cookstown, Nottawasaga, Everett, Beeton and the Town of Tottenham.

2. Alliston and the surrounding communities are experiencing continuing economic and population growth. The maximum peak hour load is forecasted to grow from 28,790 m3/hr in the winter of 2011/2012 to 52,000 m3/hr in the winter of 2019/2020. (Please see Exhibit A, Tab 3, Schedule 3)

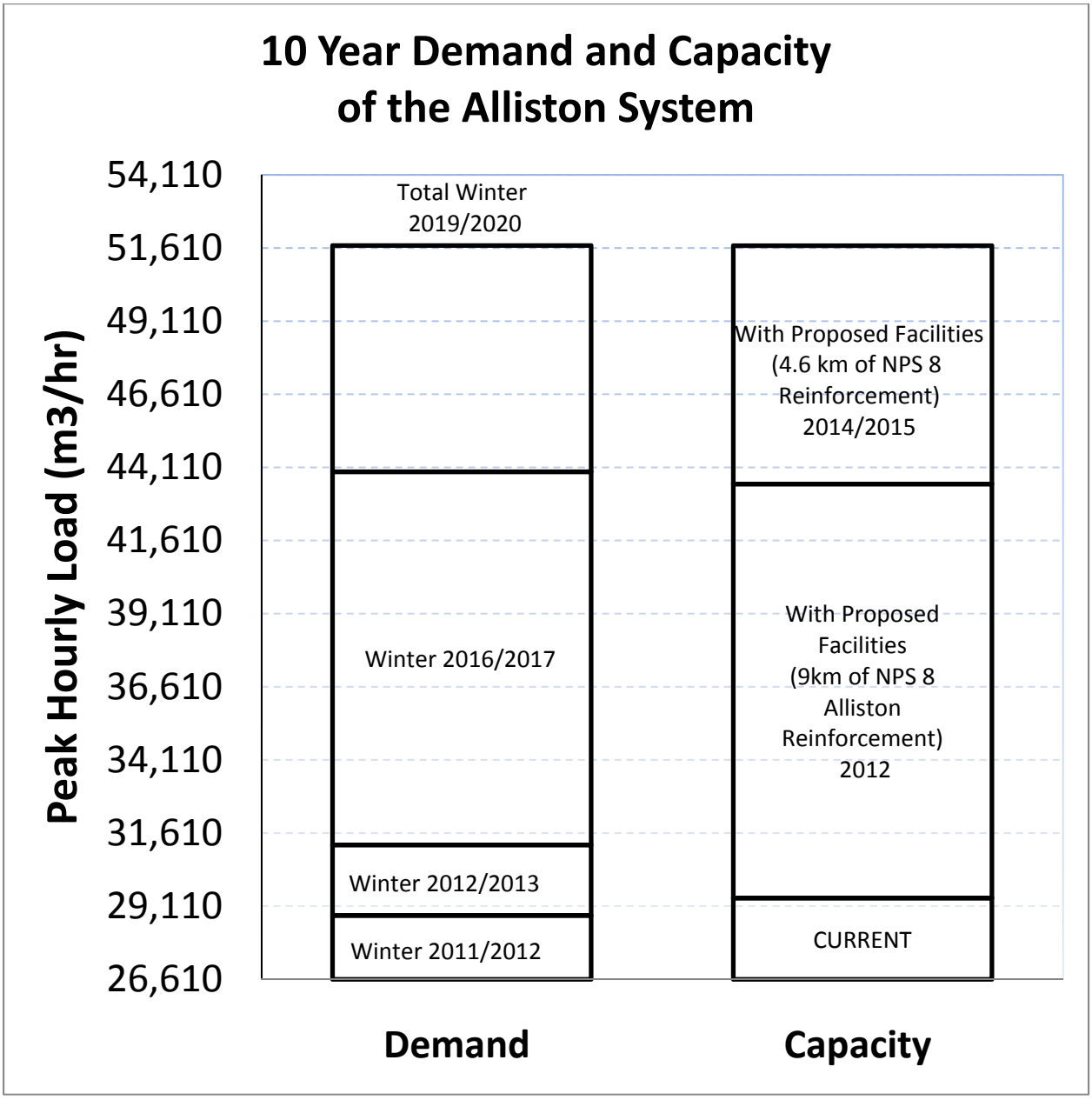
3. Without the proposed pipeline reinforcement, the forecasted winter pressures for the Alliston System are as follows:
    - 2011-2012 system low point is: 1223 kPa (177 psi)
    - 2012/2013 system low point is: Below Minimum System Pressure ("MSP") (700 kPa (100 psi))

4. The forecasted pressures listed above are sufficient for the winter of 2011/12 and will drop below the MSP by the winter of 2012/13. If the system drops below MSP, there is a risk of not being able to supply firm customers. In order to accommodate the forecasted demands, reinforcement is necessary. A NPS 6 will not provide sufficient supply for the ten year growth, a NPS 8 Extra High Pressure ("XHP") reinforcement is therefore proposed, to be installed in 2012.

5. In addition to the 9 km reinforcement, there are three other phases of construction that need to be completed in order to reliably meet the gas demand in Alliston over the next ten years. These projects are not part of the leave to construct but form part of the overall economic analysis. The three phases consist of:
    - 1.8 km of NPS 8 XHP in 2014
    - 2.8 km of NPS 8 XHP (including an XHP station) in 2015
    - 3 km of NPS 6 XHP in 2019

6. Theses phases have been timed to ensure that the capacity of the system is expanded to meet the increasing demand and can be accelerated or deferred as appropriate. Figure 1 on the following page, illustrates the projected system demand and capacity over the planning horizon.

FIGURE 1: 10 YEAR DEMAND AND CAPACITY OF THE ALLISTON SYSTEM



Proposed Facilities

7. Enbridge proposes to construct 9 km of NPS 8 XHP hydrocarbon natural gas steel pipeline in order to increase capacity in the existing Alliston system. The proposed pipeline will originate at the Cookstown Gate station and end in the vicinity of Hwy 89 and Sideroad 10 with the majority of the pipeline being installed on Hwy 89. A map of the proposed pipeline can be found in Exhibit B, Tab 1, Schedule 1, Attachment.

8. The design and pipe specifications are outlined at Exhibit C, Tab 1, Schedule 1. All the design specifications are in accordance with the Ontario Regulations 210/01 under the *Technical Standards and Safety Act 2000*, Oil and Gas Pipeline Systems. This is the regulation governing the installation of pipelines in the Province of Ontario.

9. The proposed pipeline is located entirely within the expected road allowances of Victoria Street East, Victoria Street West, Dufferin Street and Hwy 89. Temporary working easements may be required at the time of construction. In consideration for current and future potential development along the route, the proposed pipeline is designed to meet Class 4 location requirements.

10. The route and location for the proposed facilities were selected by Dillon Consulting Limited ("Dillon"), an independent environmental consultant, through the process outlined in the Ontario Energy Board's *"Environmental Guidelines for Locating, Constructing, and Operation Hydrocarbon Pipelines in Ontario" (Sixth Edition, 2011).* Input from the public and area stakeholders was sought during the route selection process and was incorporated into the final alignment decision. Details on the route selection and the Environmental and Socio-Economic Impact Assessment ("EA") of the proposed facility are included at Exhibit B, Tab 2, Schedule 2. The

proposed measures outlined in the EA, will be used to mitigate any potential environmental impacts. A Stage II Archaeological Study was recommended in the EA. The Stage II Archaeological Study was completed and did not identify any archaeological sites requiring further assessment or mitigation of impacts and that no further archaeological assessment is required. A Stage II Archaeological Study is included at Exhibit B, Tab 2, Schedule 3.

Timing

11. In order to meet the commitment to serve the Alliston area, reinforcement will be required by Winter 2012/2013. Construction of the proposed NPS 8 XHP pipeline is scheduled to commence no later than April 2012. Exhibit C, Tab 2, Schedule 2 indicates the proposed construction schedule. The proposed in-service date for the project is Fall 2012.