

November 13, 2012

VIA RESS AND COURIER

Ms. Kirsten Walli
ONTARIO ENERGY BOARD
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Dear Ms. Walli:

Re: EB-2012-0226 – Union Gas Limited (Union) Application for Leave to Construct.

Suspension of the Thunder Bay Generating Station (TBGS) Conversion.

On Thursday, November 1st, Ontario Power Generation announced a suspension of its project to convert the Thunder Bay Generating Station from coal firing to natural gas firing. Press reports from November 2nd quoted both the Ontario Minister of Energy - who confirmed the suspension - and a representative from Union Gas - who also effectively confirmed the suspension (and reportedly expressed Union's disappointment with the decision to suspend).

In their September 20th submissions on Union's Application for Leave to Construct the gas pipeline to connect the converted TBGS, Board Staff addressed the pre-requisite of need for the pipeline project as follows [pages 3 to 4]:

The need for the proposed pipeline is based on the requirement to provide a dedicated gas supply to the Thunder Bay Station. Union filed in its evidence a Directive by the Minister of Energy, dated August 17, 2011, to the Ontario Power Authority ("OPA") to negotiate with OPG regarding the electric power purchase agreement for the Thunder Bay Generating Station ("Power Purchase Agreement") and directed that the Power Purchase Agreement be executed by December 31, 2011. Board staff note that, at the time of filing this submission, there is no finalized Power Purchase Agreement between OPG and the OPA which would underpin the long-term economic feasibility of the gas fired generation plant.

Board staff submit that the need for the pipeline is contingent on the conversion and operation of the existing coal fired generation facility and as such the Board's approval should, in Board staff's submission, be dependent on the finalization of the Power Purchase Agreement. Board staff submit that the execution of the Power Purchase Agreement be ordered by the Board as a prerequisite to construction commencement. [Emphasis added.]

In its September 21, 2012 submissions herein [page 3], TBTL noted, and supported, Staff's recommendation that the leave to construct approval be made contingent on the economic justification of an executed power purchase agreement between Union and the OPA. TBTL further submitted:

TBTL would amplify this condition, in recognition of the recent history in Ontario of OPA agreements being suspended or cancelled. Should that happen in respect of the proposed Thunder Bay plant conversion, the leave to construct should be similarly suspended or cancelled (as the economic justification supporting that leave would be negated).

In light of the recent announcement by OPG of suspension of the conversion project, and apparent acknowledgement of that suspension by both the Ontario Minister of Energy and Union Gas, TBTL hereby requests that Union provide an update to the Board. Union should indicate its intentions with respect to the instant leave to construct application, in light of the apparent fact that the need for the subject pipeline project no longer exists.

Yours truly,



for: Ian A. Mondrow

- c. John Kepes, TBTL
Mark Murray, Union
Dan Jones, Union Counsel
Zora Crnojacki, OEB Staff