If you could turn to page 7 of 9 and clause L?

MR. SMITH: I'm sorry, 7 of 9 of which?

MS. GIRIDHAR: Of attachment 5.

MR. SMITH: Yes.

MS. GIRIDHAR: There is explicit recognition in this amendment, and it is a surviving obligation for TransCanada. And it states that:

"TransCanada agrees to work with the eastern local distribution companies and the market in a cooperative and timely manner to establish terms and conditions to be brought to the NEB for approval, under which TransCanada could expand the TransCanada system for short-haul service requests on a commercially reasonable basis."

This is in recognition of the fact that the origin of the discussions between TransCanada and Enbridge were focused on meeting the incremental demands of Enbridge's customers, as well as TransCanada shippers.

MR. SMITH: But of course you agree with me this doesn't provide a firm obligation on them to build by any particular point?

MS. GIRIDHAR: Correct.

MR. SMITH: Can I ask you to return back to attachment 4? And I just have a couple of questions about the preamble, the recitals, and in particular -- some of what is set out there we've already covered off, so I won't belabour it.

Recital D refers to the fact the parties weren't able to agree on a term sheet and thus have reverted to the TBO agreement.

Recital C indicates that Enbridge had amended the GTA project to modify the size of the pipeline from NPS 36 to NPS 42; do you see that?

MS. GIRIDHAR: Yes.

MR. SMITH: Then in recital E, it indicates that the parties have now agreed, or have agreed that the Enbridge pipeline should remain sized at NPS 36; do you see that?

MS. GIRIDHAR: Correct.

MR. SMITH: Can you tell me on what basis the parties agreed that the pipeline should remain at NPS 36, as to put 42-inch or larger?

MS. GIRIDHAR: Sure. The intent of upsizing the Enbridge pipeline or -- segment A or the Bram West-to-Albion pipeline from NPS 36 to NPS 42 was directly an outcome of the discussions with TransCanada. And it was a requirement that the cost of the upsizing be paid for by TransCanada.

So both the amendment to the application as a result of the proposed upsizing, as well as sharing of the pipe as a result of the upsizing.

It is our understanding that the cost of the upsizing was ultimately to be borne by -- or to be recovered in TransCanada's tolls and borne through the process of construction in the precedent agreements that TransCanada would have had with its shippers.

As a result of TransCanada's decision to not meet the requirements of -- I believe it's Union and Gaz Métro from the May 2012 open season, there was no longer an ability to pay for the upsizing, and Enbridge did not believe it required a 42-inch pipeline to meet the needs of its customers, and therefore we were unable to maintain the NPS 42 scope.

MR. SMITH: I take it there is nothing physically -- or you wouldn't have amended your application -- there's nothing physically preventing Enbridge from constructing an NPS 42 pipeline?

MR. FERNANDES: Nothing that we're aware of.

MR. SMITH: And if you were -- this is perhaps beyond the obvious, but if you were to construct such a pipeline, the capacity on that pipeline would be greater?

MS. GIRIDHAR: Correct.

MR. SMITH: I take it you would agree with me that one of the benefits of holding an open season is that it gives you an indication of the market demand for transportation along a particular route?

MS. GIRIDHAR: I can agree to that.

MR. SMITH: And if Enbridge had conducted such an open season, it would have the benefit of the market intelligence obtained from that open season to guide it in the size of the pipe?

MS. GIRIDHAR: I should reiterate that the intent of the discussions with TransCanada were one of optimizing the scope of the Enbridge project, which is primarily for distribution purposes, and directly as a result of the

Board's directive to work together. And it certainly was presumed that the needs of the marketplace would be met by TransCanada.

MR. SMITH: I understand that, but of course you appreciate that Union wasn't part of those discussions?

MS. GIRIDHAR: Correct.

MR. SMITH: You refer to the pipeline --

MS. GIRIDHAR: Well, I should correct. I should add that Union was part of the discussions around optimizing the entire infrastructure, and the discussions included the design and the scope of the Parkway West projects and the Parkway D projects, which feed into the Enbridge pipeline, as well as TransCanada's intentions to expand the path.

MR. SMITH: But not this?

MS. GIRIDHAR: Correct.

MR. SMITH: Is it fair to say the first time Union saw the memorandum of understanding was when it was provided in answer to interrogatory?

MS. GIRIDHAR: Correct.

MR. SMITH: Now, you mentioned the pipeline being used by Enbridge to meet distribution need, but you describe the pipeline in evidence as a distribution and a transmission line; correct?

MS. GIRIDHAR: Correct.

MR. SMITH: There is no doubt that is it a transmission line?

MS. GIRIDHAR: The use of a portion of the line for transmission purposes for third-party shippers puts it into that category.

MR. SMITH: Thank you. Those are my questions.

MR. MILLAR: Thank you, Mr. Smith.

Do we have a volunteer to go next? Dr. Higgin?

QUESTIONS BY DR. HIGGIN:

DR. HIGGIN: I just have one follow-up question, and this is about the 42 NPS pipeline.

Just confirm what the capacity that was talked about for that pipeline, if it was built, what would be the capacity?

MR. FERNANDES: In our discussions, the ultimate capacity would be 2,000 tJs a day. That was originally expected to be 60 percent shared with TransCanada and 40 percent with Enbridge, giving our 800 tJ for the distribution purposes.

DR. HIGGIN: Thank you very much. That's my question.

MR. MILLAR: You have no further questions for this panel?

DR. HIGGIN: No.

MR. MILLAR: Thank you. Volunteers? Mr. Poch?

QUESTIONS BY MR. POCH:

MR. POCH: First of all, just a couple of quick follow-ups on that.

Panel, Mr. Millar asked you at the outset about segment A and segment B and whether they require any of the approvals Union is seeking to proceed, and you indicated that segment B was independent of -- didn't need these other facilities. I just want to clarify.

Does that -- I take it that it doesn't physically need any of those facilities, but would it be a project that Enbridge would pursue but for the added gas that is intended to be drawn through the Union facilities?

MR. FERNANDES: So segment B is independent in terms of actually having a requirement or dependency on other facilities in Union's applications or any other project.

However, in order for us to achieve the benefits that we're expecting from the project, it does require an additional supply source into the Enbridge system.

MR. POCH: So it...

MR. FERNANDES: It would substantially change the nature of the economics and also the -- particularly around the gas supply savings and the reliability benefits upstream.

MR. POCH: Can I take it from that, that would mean that there would be some likelihood that Enbridge would not wish to proceed with that at this time, in that scenario?

MR. FERNANDES: That's not what we're proposing at this time, is the complete project.

MR. POCH: No, I understand, but if you were advised that Union's facilities weren't being approved such that you would not build segment A, do I take it from what you've just said that you would then at least have to reconsider segment B, and that from what you've just told me it sounds like it would be unlikely you would want to proceed with segment B at this time?

MS. GIRIDHAR: That is incorrect. We would -- the point that was being made is that segment B is required for multiple reasons. The connection with the Union project is that segment B does need a supply source. In the event that the Union projects did not proceed, then Enbridge would still need a supply source. And under the current circumstances, with discretionary supply and so on, it is Enbridge's view we would have to contract for long haul FT in order the feed the pipeline, and that is the scenario in which the savings have been based from a gas supply perspective.

MR. POCH: But it's possible in that scenario you might take it, for example, through Victoria Square. You might run a reconfigured segment B, for example?

MR. FERNANDES: What we're really saying is, under that scenario, I think we would be looking for something like segment B, but there would probably be additional facilities over and above that. We haven't really defined what those are.

MR. POCH: Fair enough. As I listened to my friend, I promised I wouldn't get into cross, too, but we'll leave it. I'll move on.

Forgive me if this is already in the evidence, but you did refer to it earlier. You're assuming that TCPL will be building facilities between Albion and Maple; correct?

MR. FERNANDES: That's correct.

MR. POCH: Okay. I provided you, through your counsel, yesterday with a copy of my questions in the hope that would speed things along, and I think I interpreted the signal from you folks is I should simply pose them to you now, and hopefully some of them can be dealt with quickly, because you've had notice. If not, some of them you may want to just -- you may know now you need to give me a written undertaking. Please volunteer.

So starting at the top, then, these are all in the A1 category. GEC 3(d), and also there's reference to BOMA's 25(d) and the attachments. And the purpose of our question was to understand how the various GTA project facilities would contribute to meeting peak-day requirements in the downtown core.

When we looked at those attachments, apparently the segment A facilities appear to have no effect on peak-day flows through Martingrove or West Mall or Downsview stations, and that troubled my experts. Can you explain that for us?

MR. FERNANDES: I believe I can. It probably would be more -- depending on how deep you want to go into the explanation, more relevant for our system analysis panel, which is up as part of panel 2.

But for all intents and purposes, those stations that you are referring to are fed by lines that gas flow coming in from segment A doesn't impact, so they have appropriate pressure today. They will have appropriate pressure after the GTA project, and, therefore, the flow through them does not change.

The primary intent of most of the facilities are to be able to bring gas into the system and feed it around from breaking the east-west bottleneck, and then down the Don Valley line, so most of the volume is actually flowing across that path. It doesn't change other paths within the system.

MR. POCH: So that I take it what you are telling me is the stations I listed don't in fact -- at the lower pressure distributions after the stations don't serve what you are calling the downtown core?

MR. FERNANDES: No, that's not what I'm saying. What I'm saying is that the GTA project flows gas across the extra high pressure system. Those existing stations would still flow the same amount of gas from the extra high pressure to the high pressure system both before and after.

MR. POCH: Let's move on to GEC 5(d) and (e). We asked you some scenarios there, and your responses basically stopped by saying the scenario is not feasible, so results are not presented.

We weren't asking about feasibility. So I'm asking if you can answer these questions. How much would load need to decrease to attain minimum pressures without segment B or the north-south portion of segment B? Can we get an answer to those?

I appreciate you are saying there's other problems; there's other reasons why you would want to do this. You don't think you can get the load reduction, for example.

We're trying to pose some hypotheticals and get some answers.

MR. FERNANDES: So our system analysis folks are going to work on that. We don't have it.

MR. POCH: We will get an undertaking. And you can see there's -- in my written question, there was a sort of follow-up to that, clarifying it. Can I treat that written question as an undertaking, and I will provide the court reporter with a list of these questions? In fact, I might want to do that right now to make their life easier.

MR. MILLAR: This will be JT1.3. And which question is it, Mr. Poch?

MR. POCH: That was GEC 5 -- with respect to GEC 5(d) and (e).

MR. MILLAR: Thank you.

UNDERTAKING NO. JT3.1: TO PROVIDE A RESPONSE TO GEC 5(D), TO INDICATE HOW MUCH LOAD WOULD NEED TO DECREASE TO ATTAIN MINIMUM PRESSURE WITHOUT SEGMENT B OR THE NORTH-SOUTH PORTION OF SEGMENT B; AND GEC 5(E): TO RESPOND TO THE QUESTION UNDER A SCENARIO IN WHICH THE DON VALLEY LINE OPERATING PRESSURE IS NOT REDUCED FROM 450PSI TO 375PSI, SPECIFICALLY, IF SEGMENT A AND THE EAST-WEST PORTION OF SEGMENT B ARE CONSTRUCTED BUT THE NORTH-SOUTH PORTION OF SEGMENT B IS NOT CONSTRUCTED, WILL THE PEAK DAY PRESSURE AT STATION B FALL BELOW THE MINIMUM NUMBER UNDER 2015-16 DESIGN CONDITIONS

MR. POCH: Moving to GEC 7(d), in particular, this is all with respect to the Portlands Energy Centre. Are you aware that PEC operates its own on-site gas compressors?

MR. FERNANDES: Yes, we are.

MR. POCH: Is it correct that EGD system and design planning is based on the PEC contract parameters described in EB-2006-0305, not the actual operating experience?

MR. FERNANDES: My understanding, our system analysis is done to meet the contract demand.

MR. POCH: That's a yes, I take it?

So given that these peak hourly quantities and minimum pressures, and so on, were based on these engineering estimates developed before the plant was constructed, now that it's had a few years of operating history, have you discussed with PEC the possibility of modifying its contract to reduce the maximum hourly quantity and/or lower the minimum delivery pressure during peak winter period, either on a firm basis or an interruptible basis.

MR. FERNANDES: No, we have not.

MR. POCH: Okay. Turning to question 8, in particular, question 8(f), we asked you about whether you had evaluated -- whether additional load reductions from DSM would allow reductions in operating pressure on the NPS 26 and NPS 30 Don Valley pipelines, and your answer was simply that you don't think it's feasible.

Can you provide us the analysis or the rationale for that conclusion?

MR. FERNANDES: We can provide the rationale. When we looked at the capacity reduction within the system due solely to lowering the Don Valley line, as we're proposing, that was approximately 165 tJs a day. Now, our growth forecast annually is on the order of 18 or 19. I would have to double check the number. It's a much smaller increment. As a matter of fact, it is an order of magnitude lower. Our estimation of efficiency gains in those types of activities would be smaller than that.

So once that there is that large of a decrement in terms of looking at it, we chose to go no further.

MR. POCH: So you didn't actually conduct an analysis of possible load reductions beyond even offsetting load growth? You concluded that it was simply -- the scale of it suggested to you it was not feasible?

MR. FERNANDES: The question referred to the pressure reduction, and given that it's well beyond an order of magnitude away from what we thought was reasonable, we conducted no further study on that.

MR. POCH: I took it from your answer a minute ago that what you thought was reasonable was, at most, offsetting load growth; correct?

MR. FERNANDES: No, what I stated was that our load growth was almost an order of magnitude lower and we felt efficiency gains would account for some fraction of that.

MR. POCH: Did you study that specifically? Is there a study specifically looking at intensive load reduction DSM and related efforts in the particular target area?

MR. FERNANDES: I think I'll have to defer that to my counterpart on the DSM panel.

MR. POCH: Okay. Just on that, I am correct that these pipes have been running at the higher pressure -- I think it's 37 percent as opposed to 30 percent -- that you are now proposing?

MR. FERNANDES: Correct. The pipes were constructed in 1967 and 1971, and they have operated over 30 percent since that time.

MR. POCH: Right. That, I believe, is in the record. Do we know at what -- in fact, what percent pressure they have been running? Has it been consistent throughout at the 37, or has it fluctuated?

MR. THALASSINOS: So I'll refer to Interrogatory Response -- and just give me a sec here to find that.

So BOMA Interrogatory No. 8. Okay. So, sorry, which line were you specifically referring to?

MR. POCH: Well, in this case, we were talking about the Don Valley pipelines, NPS 26 and 30.

I was referring to the fact that you've indicated that, while you're targeting the 30 percent SMYS, they're currently at 37 percent and they have been over 30 percent throughout their life. I was just asking if they have been at 37 percent throughout their life, or has it changed over time.

MR. THALASSINOS: The percent of SMYS on that line has changed over time. I actually have to refer to a different interrogatory; I think I've referenced the wrong one. Just give me a moment, please.

Yes, so the Don Valley pipeline has been operating at different pressures over the years. The operating pressures can change over time, which is different than the maximum operating pressure. Those operating pressures can change due to things such as movement of gas, moving of gas supplies from one part of the network to another. And we also periodically change our operating pressures when we're running internal inspection pigs, when we're doing major work, and also sometimes when we have temporary restrictions when we find integrity issues on our pipelines.

MR. POCH: Obviously at times, you lower the pressure because you are doing work or you have concerns. Have they ever run at higher than 37 percent?

MR. THALASSINOS: For this particular line, my understanding, it's been operating only up to 37 percent.

MR. POCH: And the other lines that you're trying to lower the pressure on in this application?

MR. THALASSINOS: Just in --

MR. POCH: Perhaps there's an interrogatory that spells this out I've missed. Please direct me it to if there is.

MR. THALASSINOS: Hold on. So I'll refer to GEC Interrogatory 8(e).

MR. POCH: Yes, I have that in front of me.

MR. THALASSINOS: So the pressures on the -- as you see here, the pressure on the NPS 26 was lowered in 2005 due to the class location, and -- from a class 3 to a class 4. That, of course -- and you can see the percent of SMYS reduction that was caused by that.

MR. POCH: That's the 49.6 going to 39.8?

MR. THALASSINOS: That's correct, yes.

So when we did a class location study in 2005, we identified we were in a class 4, and we reduced that pressure in that particular line.

MR. POCH: And the rest are in the exhibit, as referenced in that paragraph?

MR. THALASSINOS: Yes.

MR. POCH: Thank you.

MR. THALASSINOS: I do want to point out that, directionally, we are looking to be operating our -- the lines to below 30 percent of SMYS, because from a safety perspective we feel that the consequences of a failure on these lines, if they were operating below 30 percent of SMYS -- which would be enabled by the GTA project, the 26- and 30-inch line -- would be less because they would be below a threshold value, which is a threshold value being 30 percent of SMYS, and that's the generally understood threshold value at which failures are considered both by code and by, more recently, the TSSA code adoption document as where the failure is more likely to result in a leak versus a rupture.

MR. POCH: So it's a gentler mishap?

MR. THALASSINOS: I wouldn't call it a "gentler mishap." There can be quite a big difference between a leak and a rupture.

MR. POCH: That's fine. Let's move on.

GEC 11, here we asked you about constraints that you had mentioned, and in response you referred us to an Environmental Defence interrogatory there, 36 -- and I think it's probably what you want to have in front of you -

- which unfortunately wasn't quite what we needed.

So first of all, starting with the Environmental Defence response, 36(a)(ii), can you just give us a little more detail on what the current constraints are from Parkway-to-Maple, your understanding of them?

First of all, I should clarify. I think there's two pipelines from Parkway-to-Maple?

MR. FERNANDES: From Parkway-to-Maple is actually part of TransCanada's system. My understanding is that it's partially twinned. They have been doing work as recently as 2012.

MR. POCH: I was just looking at your schematic, your maps or your drawings at Exhibit A, tab 3, schedule 1, attachment -- figure 1.

The TCPL line there is shown and labelled in black; they're either TCPL or TCPL and Union. And then there's a red line that parallels that, I gather maybe just sort of getting to Maple; is that correct? Am I reading that right?

MR. FERNANDES: That is correct.

MR. POCH: The red line is Enbridge's, or not?

MR. FERNANDES: That is part of the Enbridge system.

MR. POCH: So there are two pipes going up, but not quite all the way up to Maple?

MR. FERNANDES: Correct.

MR. POCH: If you can, could you just elaborate on what the constraints are there? Is it simply they're at capacity?

MS. GIRIDHAR: There is no incremental capacity to be had between Parkway and Maple on the TransCanada system at this point in time.

MR. POCH: What about on the Enbridge pipe there?

MS. GIRIDHAR: The Enbridge pipeline is not a transmission pipeline; it's integrated into our distribution network.

MR. POCH: And that's the NPS -- is that a 24 or 26?

MR. FERNANDES: 24.

MR. POCH: 24?

MR. FERNANDES: Correct.

MR. POCH: And I'm no engineer, gas engineer, but I take it the distinction there, other than the fact that you are not shipping to others, is it's run at a lower pressure, is it, than if it was run as a transmission pipeline?

MR. FERNANDES: Correct. That's one thing that is true. That line was, to my understanding, built in the 1950s and it's running at a much lower pressure.

MR. POCH: I'm sorry, I may have just asked this and missed the answer. Is there capacity on that line to push more gas towards its end?

MR. FERNANDES: It's utilized as part of our distribution network, and there would be -- to try and utilize that line to bring gas into the transmission system would require quite a bit of compression.

MR. POCH: No, I'm not suggesting you re-inject it into a compression, into a -- necessarily into a transmission system at the end.

MR. FERNANDES: So that line is utilized and feeds most of Brampton.

MR. POCH: I understand, and I'm just wondering, as a distribution line, is it at capacity?

MR. FERNANDES: I would have to check with our system analysis. I apologize. I don't know that for a fact.

MR. POCH: I'm just wondering if there has been a scenario that was looked at to utilize that line more fully to move gas from the east to the west -- from the west to the east. Can I get an undertaking, then, that you'll -- why don't we word it this way, for information on the NPS 24 line from --

MR. FERNANDES: The terminus of that line on the eastern edge is not near any infrastructure that we could tie into reasonably.

MR. POCH: Right. I guess what I was asking is if there was any investigation into whether extending that pipeline -- well, for example, given TCPL is thinking of building from Albion to Maple, it may be possible, I'm wondering, to configure things differently and utilize that line.

Has there been any study of utilizing that line more fully as a means of moving -- as part of an approach, to moving gas from the west to east side of the city?

MR. THALASSINOS: So the 24-inch line is currently operating just below the 30 percent SMYS threshold. So that is a threshold we wouldn't raise, if that is the nature of your question, in terms of capacity. So it's already at its highest pressure that we would operate at, and we would not go from a lower than 30 percent SMYS situation to above 30 percent of SMYS.

MR. POCH: That's a complete answer, as far as you're concerned, to my question, I take it?

MR. THALASSINOS: If that was -- correct, if that was what your question was intended --

MR. POCH: I think what you just said is that is your rationale for not considering utilizing that pipe at a higher capacity?

MR. THALASSINOS: That's correct. We would not consider raising that operating pressure and increasing risk.

MS. GIRIDHAR: Just to be clear, though, for that line to be utilized in any way to expand capacity on the Parkway-to-Maple path, it either has to operate at transmission pressures so it can tie into the TransCanada system, or it has to find its way into another part of the distribution system that could take it east, and I think Mr. Fernandes just mentioned that it's nowhere near any other infrastructure. So there is possibility of using that line differently than it's being used today.

MR. POCH: So if you go ahead and build the segment A and the facilities at Parkway West, and so on, and TCPL goes ahead and does as you expect, which is to connect Albion up to Maple, first, does that alleviate the Parkway-to-Maple constraint, the combination of those two things?

MS. GIRIDHAR: It has the potential to eliminate the Parkway-to-Maple constraint. It really is a function of how much demand there is for additional capacity.

MR. POCH: If there is no demand, there is no constraint, I take it?

MS. GIRIDHAR: Correct. And its ability to eliminate the constraint is a function of how much incremental demand there is.

MR. POCH: If you went that far and didn't build segment B, I want to know about the possibilities of then moving gas along segment A up to Maple with TCPL's proposed facilities, and then along to Victoria Square. Is that a possibility? I appreciate you still have concerns about the northern part of the NPS 30 Don Valley line, but I'm just going a step at a time here.

MR. FERNANDES: I certainly would be something that could be possible. However, it would not meet all of the objectives we're trying to achieve in the project.

MR. POCH: What objectives would it not meet?

MR. FERNANDES: So one of the objectives in the project was to eliminate the east-west bottleneck within our own distribution system.

MR. POCH: I see. This would alleviate east-west constraints, but would require reliance on TCPL transmission? That was the distinction you are drawing?

MR. FERNANDES: So it would alleviate access to short haul. However, it would not allow us all of the flexibility and capabilities for load balancing between our major supply points.

MR. POCH: Okay.

MR. FERNANDES: Nor would it allow us to lower pressure in some of our older critical supply lines. It also would not deal with our point of minimum system pressure.

MR. POCH: That's because of concern that the Don Valley line is at its limit?

MR. FERNANDES: Correct.

MR. POCH: Did you cost this approach, and including whatever improvements to the Don Valley line would be needed?

Let me put it this way. Obviously, the costs would involve the costs of segment A and the Parkway West facilities. Did you investigate what the tolling situation would be to move gas from Albion to Victoria Square on the TPCL system?

MS. GIRIDHAR: We did not.

MR. POCH: Okay. If you move on to GEC 15, we asked for the documentation on the review of the distribution system, which you had referred to in the evidence. And you provide a cross-reference to the evidence, and then to an interrogatory from Environmental Defence, their number 24.

In both instances what we see there is simply a map with a box drawn on it. We assume there's something more that was done in terms of analysis and documentation to define the GTA project influence area, and, therefore, the loads being served by the particular facilities. Can you help us with that?

MR. FERNANDES: That would probably be best, depending on the level of detail required, to speak with our system analysis on the next panel.

MR. POCH: That's the A2?

MR. FERNANDES: Two.

MR. POCH: A2.

MR. FERNANDES: Now, as part of our network modelling -- and it is shown in the evidence, as well. I believe it's figure 2 in A3.2. The model does have an influence area served by each of the gate stations, and effectively the map is another way to describe which portion of the system is fed by the gate stations that are actually influenced by infrastructure we're proposing.

So it's physical outcome of where the gas flows from the supply points and the extra high pressure network. For all intents and purposes, it excludes Markham Gate Station influence area.

MR. CASS: Just for clarity, Mr. Fernandes referred to panel A2. It's panel 2 dealing with issues A4 and A5, just so that is clear.

MR. POCH: My apologies. I guess my question was: To what extent is this influence area defined simply by physical -- the network ends, and so you can draw nice -- you know, a fence around things, and to what extent is the network the integrated network. Does it extend across these boundaries and you've had to exercise some judgment as to when you call it the GTA influence area and when you

say it is predominantly fed from some other gate station?
I'm assuming in a certain situation -- in a number of places, it's the later situation; correct?
MR. FERNANDES: Correct. So in terms of looking at the maps that are predominantly shown throughout the evidence showing the extra high pressure grid, it does not show the lower pressure networks that are underneath, and we are primarily referring to cold winter conditions.
And when -- if we can pull up Exhibit A3.2, figure --
MR. POCH: Do I need to pull that up?
MR. FERNANDES: We do have that in the evidence, but you are correct. It refers to the influence area under winter conditions. There is connectivity below, and under much lower loads on the system, there is some capability to move gas to those areas.
MR. POCH: I understand. I guess I assumed there were some judgments made, and maybe I'm venturing off into the next panel - tell me if I am - some judgments made about how to model this for the purpose of this application, how to define things.
MR. FERNANDES: Correct, that's for the next panel.
MR. POCH: Okay, we'll come back to that.
Here's an easy one for you, and it may in fact be for the next one. No, it's this panel, GEC 16.
In (g), you provide a table, and just breaking out your customers, and we just wanted to get a definition of what the distinction there between replacement and -- what does "residential ensuite" mean?

MS. SUAREZ: Certainly. For replacement customers, we are referring to conversions of non-gas customers on main. And for ensuite, we mean multi-residential dwellings with ensuite metering.

MR. POCH: Or with individual metering, as we sometimes call it?

MS. SUAREZ: Yes.

MR. POCH: Just on that conversion to gas, so that's just new customers that are converting from another fuel but it's not new construction; is that the distinction you're making?

MS. SUAREZ: That's correct, yes.

MR. POCH: Thank you. In 18(e), we ask just specifically in your -- in your looking at the impact of customer additions, how you dealt, modelled the increasingly stringent building codes, and I would assume that's particularly in the new construction and renovation situations.

And you did refer us to responses that -- I've seen responses that refer to the fact that you sort of have a declining average use trend that you've seen.

MS. SUAREZ: That's correct, for residential customers.

MR. POCH: Did you look specifically at the acceleration of that due to expected building code stringencies?

MS. SUAREZ: When you mean -- building code for which particular type of sector?

MR. POCH: Well, for any sector, but certainly in the new construction and renovation marketplaces.

MS. SUAREZ: Yes, I believe we captured that as a W variable in our models when we looked at average use consumption over time.

MR. POCH: Could you provide us with some detail on how did you that and what was assumed? I'm sure that would be an undertaking, I imagine.

MS. SUAREZ: Yes, I would rather take an undertaking.

MR. MILLAR: JT1.4.

UNDERTAKING NO. JT1.4: TO PROVIDE DETAIL ON HOW DECLINING AVERAGE USE TREND RELATES TO EXPECTED BUILDING CODE STRINGENCIES AND WHAT ASSUMPTIONS WERE USED IN THE MODELS.

MR. POCH: Thank you. GEC 29, you referred to earlier studies when you identified part of the project in 2002 and that was installed, and work done in 2006, as well, you've referred to. We asked -- we'd like to know how the peak day requirements forecasts done then compare with the peak day requirement forecasts in your more recent work for this application.

Is it possible to get a comparison of them?

MR. FERNANDES: I think that's for the second panel, as well.

MR. POCH: Okay. In 39, we asked you for some information about capital costs, and you did provide a table with escalated and non-escalated.

Can we just get the details of that calculation, how it was calculated and what the assumed inflation rate was?

MR. FERNANDES: We can certainly provide that. It would be for another panel that has the details. I believe it's panel 3.

MR. POCH: Okay. We'll come back to that, then.

I think that's all my questions for this panel. Thank you very much.

MR. MILLAR: Thank you, Mr. Poch.

QUESTIONS BY MR. DEROSE:

MR. DeROSE: I'll hop in. I'll be relatively short, panel. My questions are almost entirely focused on the MOU that Mr. Smith has already taken you through, and there have been a number of questions on it. I have some follow-up questions.

If I can have you turn to CME 6, attachment 3, page 22 of 27, this is the schedule B, which is election number 2 of the MOU.

First of all, panel, as I understand it, this is the election which TPCL has currently identified it is exercising; correct?

MS. GIRIDHAR: Correct.

MR. MILLAR: Microphone, please.

MR. DeROSE: And so I just want to take you through a few of the provisions in this election, just to ensure that we understand it correctly.

First of all, number 1, where TPCL has an option which is exercisable until November 1st, 2014 to -- and depending on the size of the pipe, purchase a certain percentage of the Enbridge pipeline, when you were referring earlier in the cross-examination of Mr. Smith to the inability to conclude a term sheet, is -- the term sheet referred to in number 1, is that what you were referring to, or is that a different term sheet?

MS. GIRIDHAR: Given that the words are capitalized and presuming it is the same term sheet, there's a definition, I believe.

MR. DeROSE: Perhaps I can cut to the chase this way. Does TPCL still have that option that can be exercised between now and November the 1st, 2014, or is that no longer available because you have not come -- because you've not agreed on a term sheet?

MS. GIRIDHAR: So if I could just explain, the option we are talking about is the option to take capacity on the Enbridge pipeline.

The term sheet is specifically referring to the terms and conditions under which that capacity would be taken, and that was contemplated as joint ownership.

Enbridge and TPCL were unable to come to terms on the term sheet. Therefore, the terms and conditions under which the capacity will be taken would be subject to schedule D, which is now a TBO arrangement.

MR. DeROSE: So I don't -- I'm sorry if my question has been confusing.

Does TransCanada still have an option which it can exercise between now and November the 1st, 2014?

MS. GIRIDHAR: Yes, and the option it can exercise is one where it takes capacity on the Enbridge pipeline.

MR. DeROSE: But it no longer has the option to contribute 50 percent of the Enbridge pipeline costs, thereby -- well, does it still have that option?

MS. GIRIDHAR: Yes. So the -- given that we have already agreed that it will be NPS 36-inch pipeline, the percentages we are talking about are 50/50. So in conjunction with exercising the option by November 1, 2014 to take 50 percent of the capacity of the pipeline, they will also be responsible for 50 percent of the revenue requirement associated with the pipeline.

MR. DeROSE: And what happens if they do not exercise that option?

MS. GIRIDHAR: If they do not exercise the option, the pipeline is available for Enbridge's sole use; the entire capacity on the pipeline is available to Enbridge.

MR. DeROSE: At which point you could offer it to any third parties?

MS. GIRIDHAR: Clause 15 of Schedule B states that:

> "The Enbridge pipeline will only be used to serve Enbridge's distribution franchise, including direct-purchase customers, and will not be used for the transportation of gas for any other persons."

MR. DeROSE: So is there a scenario whereby --

MS. GIRIDHAR: Unless -- sorry, go ahead.

MR. DeROSE: Is there a scenario whereby TransCanada does not contribute 50 percent, they do not elect the option, but you still cannot use the excess capacity for any non-TPCL parties?

MS. GIRIDHAR: I don't believe that the MOU allows for that under the election that's been made.

MR. DeROSE: Then if I can turn you to page 23 of 27, number 7 says that:

"TransCanada will construct, own, operate and maintain the TransCanada Maple line."

Throughout the evidence, there's a reference in the MOU to the TransCanada Maple pipeline. In some of the IR responses there's a Parkway-to-Maple expansion.

First of all, are we talking about the same thing?

MS. GIRIDHAR: This Maple pipeline is referring to a pipeline from Albion to Maple.

MR. DeROSE: So it's not -- when you talked to Board Staff this morning about no dependency between the Parkway-to-Maple expansion on the GTA project, that's referring to a broader expansion than the TransCanada Maple pipeline?

MS. GIRIDHAR: Correct. Excuse me. Sorry, could you just repeat that?

MR. DeROSE: When you referred to Board Staff No. 7 this morning --

MS. GIRIDHAR: Yes.

MR. DeROSE: -- Board Staff 7 reads as follows:

"The GTA project is not dependent on TransCanada expanding facilities from Parkway-to-Maple."

MS. GIRIDHAR: Correct.

MR. DeROSE: My question was: In the MOU, you refer to the TransCanada Maple pipeline. Is that something different? The TransCanada Maple pipeline, is that different than the Parkway-to-Maple expansion that you were referring to with Board Staff this morning in Board Staff No. 7?

MS. GIRIDHAR: So the GTA project is not dependent on either, whether it's an expansion on TransCanada's existing Parkway-to-Maple system or whether TransCanada does in fact build facilities downstream of Albion to Maple.

MR. DeROSE: If it wasn't in any way dependent on it, why is it in the MOU? Why would Enbridge care?

MS. GIRIDHAR: The MOU contemplates, as is explained in section 2.1, the coordinated use and planning of facilities. So the intent of the MOU certainly was to enable TransCanada to utilize capacity on segment A in order to serve the needs of its shippers, and to the extent that we were considering a 42-inch, NPS 42-inch pipeline, the scope of the GTA project was at that point dependent on TransCanada building the pipeline from Albion onto Maple.

In its current scope, the project is economic whether TransCanada participates or not.

MR. DeROSE: Okay. Then if I can take you to section 13, again, this is page 23 of 27. Section 13 reads:

> "Enbridge agrees that the Parkway Enbridge CDA service contract will not displace any existing TransCanada system firm transportation service contracts currently serving the Enbridge CDA."

I just want to understand how that operates. First of all, how many TransCanada system firm transportation service contracts are currently serving Enbridge CDA; do you know?

MS. GIRIDHAR: I believe we have an interrogatory response that lays out all of our transportation contracts, but I couldn't tell you how many at this point. Could I maybe do that at the break or something?

MR. DeROSE: Sure, even a ballpark. I'm sorry if I missed that.

MS. GIRIDHAR: Are you asking me what is the amount, or the number of contracts?

MR. DeROSE: I was actually going to ask for both.

MS. GIRIDHAR: Why don't I take some time to --

MR. DeROSE: That's fair. Let me perhaps ask a few other additional questions. Well, could we have an undertaking for --

MR. MILLAR: JT1.5.

UNDERTAKING NO. JT1.5: TO PROVIDE THE NUMBER OF TRANSCANADA SYSTEM FIRM TRANSPORTATION SERVICE CONTRACTS CURRENTLY SERVING ENBRIDGE CDA.

MR. DeROSE: If it's already in an IR response, if you just give us the IR response number, that would be fine.

Are some of the TransCanada system firm transportation service contract that are serving the Enbridge CDA -- are they all owned by Enbridge or are there other parties which own or have signed up for such contracts?

MS. GIRIDHAR: You are asking me if there are other parties that have contracts to the Enbridge CDA other than

Enbridge?

MR. DeROSE: Correct.

MS. GIRIDHAR: Is it quite possible from time to time that marketers serving customers take FT contracts. I'm aware of only one party at this point, other than Enbridge, that holds capacity to the Enbridge CDA.

MR. DeROSE: Under the MOU, is it your understanding that Enbridge's -- you are not trying to bind any other parties in the CDA; correct?

MS. GIRIDHAR: Correct.

MR. DeROSE: You are only saying that the Parkway Enbridge CDA service contract will not displace any of the existing -- any of Enbridge's existing FT contracts?

MS. GIRIDHAR: Correct. If I could just explain the intent of that? So we've made it very clear that the gas supply aspect of the GTA project is about reducing our reliance discretionary supply. So discretionary supply is not underpinned by firm transportation contracts. The intent is to increase the reliability of our contracts -- of our gas supply portfolio.

Therefore, what clause 13 says is that the Enbridge CDA service contract will not displace any existing firm transportation contracts; that is, it is intended to displace discretionary volumes.

MR. DeROSE: The term "displace", does that mean that you have an obligation to renew your existing FT contracts?

MS. GIRIDHAR: I don't believe -- I believe it says that --

MR. DeROSE: Because if you don't renew, then you are displacing; correct?

MS. GIRIDHAR: I have to just go back. I don't believe it binds us for all time. The intent is that it will not displace contracts currently serving the Enbridge CDA.

MR. DeROSE: Perhaps if you could give us some sort of an explanation on that, because when I read the term -- it doesn't say you won't terminate your existing contracts. It says you won't displace them.

To me, that could be interpreted to mean that in perpetuity you agree that you will maintain the same FT contract level that you currently have.

MS. GIRIDHAR: The FT contracts to the Enbridge CDA are almost all short haul contracts. We do not believe we can get rid of those short haul contracts in order to serve the franchise.

MR. DeROSE: Sorry, when you say you don't believe you can, that you are legally obligated to renew them or that for your gas supply --

MS. GIRIDHAR: Physically, our franchise is connected off the TransCanada system through several gate stations.

MR. DeROSE: What I'm interested in is the meaning of the MOU in that clause, and what I am -- and perhaps by way of an undertaking, what I would like to know is what Enbridge's position is on clause 13 and whether your inability or your agreement not to displace the current FT service contracts, whether that means that you have a positive obligation to renew those FT service contracts and maintain that same level of FT service contracts from now until, I guess, in perpetuity or beyond the current term of the contracts.

MS. GIRIDHAR: No, we do not, because in is not a surviving obligation under the MOU. So the MOU is intended to terminate once we have definitive agreements with TransCanada. And, therefore, given that clause 13 is not a surviving obligation under the MOU, it does not bind us in the future.

MR. DeROSE: Then on 15, section 15 of the MOU, which talks about that the Enbridge pipeline will be used to serve EGD's distribution franchise unless TransCanada exercises election option number 2, then the Enbridge pipeline may also be used to serve TransCanada.

My last question relates to the possibility of transactional services, or TS services. If Enbridge has TS opportunities to third parties other than TransCanada pipeline, which may include transportation outside of Enbridge's -- using it to move outside of your distribution system, is it Enbridge's position that clause 15 precludes that, that you are not permitted to undertake TS services with any parties other than TransCanada?

MS. GIRIDHAR: It does not preclude that.

MR. DeROSE: Why would that be? Do you not consider that TS services are serving a third party?

MS. GIRIDHAR: The receipt point for Enbridge's capacity is the Bram West interconnect with TransCanada.

MR. FERNANDES: We could probably come back with the answer tomorrow, if that's okay.

MS. GIRIDHAR: With another panel.

MR. FERNANDES: With panel 2.

MR. MILLAR: We'll mark it as an undertaking. If it gets responded to by another panel, that would be fine.

Anything else for this panel? Going once, twice? Okay, the panel is excused. Mr. Smith, are you prepared to call Union's panel?

MR. SMITH: When are we sitting until today?

MR. MILLAR: I would like to go till 5:00, if we can, see how much we can squeeze in.

UNION GAS DISTRIBUTION - PANEL 2

Mark Isherwood

Jim Redford

Paul Reitdyk

Chris Shorts

MR. MILLAR: Mr. Smith, would you like to introduce your panel?

MR. SMITH: I would. Maybe I'll just ask, starting at the far end with Mr. Paul Reitdyk, to introduce himself and for the members of the panel to provide their name and positions with Union.

MR. REITDYK: My name is Paul Reitdyk, and I'm the vice president of engineering, construction and storage and transmission operations.

MR. ISHERWOOD: Mark Isherwood. I'm the vice president of business development, storage and transportation.

MR. REDFORD: Jim Redford, director of business development and upstream regulation.

MR. SHORTS: Chris Shorts, director of gas supply.

MR. SMITH: Mr. Millar, before we begin, there are just two small matters that I just would like to clarify on the record, a couple of slight evidence updates. I gather Mr. Reitdyk has one, and that's in respect of BOMA question 61(c) under issue A1. Is that right?

MR. REITDYK: Yes, that's correct. The question stated -- asked it might be highly unlikely that Union could locate -- or stated that Union could locate a spare emission combustion engine, and please provide details. And does Union have a choice as to what type of engine it uses.

No, we don't for that particular unit, but do I have an update to that, that as of last week, we have entered an agreement with Rolls Royce to retain a leased engine in the event of a failure of that particular engine. So we now have that agreement in place, as of last week.

MR. SMITH: Thank you, Mr. Reitdyk.

And Mr. Shorts, I gather you had an update or correction to Energy Probe 55?

MR. SHORTS: Yes, Energy Probe 55(c)7, the number 2 footnote was omitted from the table, and that footnote 2 should read:

"Pre-approval guidelines issued April 23rd, 2009."

MR. SMITH: Thank you.

And then an update to figure 11-1 in EB-2013-0074; is that correct?

MR. SHORTS: Yes. In the map we provided, we have shown a value for the Panhandle Field zone of 28,486 gJs per day, and that number should be 39,037 gJs a day.

MR. SMITH: Thank you.

I have no further preliminary matters.

QUESTIONS BY MR. MILLAR:

MR. MILLAR: Thank you, Mr. Smith.

I'm prepared to start us off again. I have some questions. Mr. Viraney may have a couple of questions, though we're not certain if they're for this panel or not. I'll get us started.

Good afternoon, panel. My name is Michael Millar, Counsel to Board Staff.

I'll start with some late-breaking news that I know is of some concern to Union, and that relates of course to the Parkway-to-Milton project of TPCL.

MR. SMITH: Maple?

MR. MILLAR: I'll ask about that one, Parkway-to Maple. Thank you very much.

[Laughter]

MR. MILLAR: I have "P-to-M" written down. I should have written it out in full.

Why don't we start again? Parkway-to-Maple. I'm referring to Board Staff Interrogatory No. 7, and just to make sure, for those who may not have read this interrogatory response, this is where Board Staff heard about this, though doubtless it comes up in other areas, as well. I'm wondering if we can have that pulled up; it's Exhibit I, A1, Union, Staff No. 7.

If we could flip to page 2 of that response, please, you'll see at the top of page 2 on the third line it says:

"TransCanada did not receive its own board of directors' approval to construct a proposed expansion project downstream of Parkway as expected in 2015, and as a result TransCanada has suspended further work."

Now, I know this response was just prepared, or at least just filed, a few days ago. Do you have any further updates since the filing of this interrogatory? Has anything changed, as far as you're aware?

MR. ISHERWOOD: Nothing has changed in relation to TransCanada's election not to build.

MR. MILLAR: I know this isn't your project, but are you able to tell us if this is on hold, if it's suspended, if it's cancelled?

Do you have any information as to whether or not this will ever be built?

MR. ISHERWOOD: TransCanada in their notice to us used the word "suspend" so that's why we use the word "suspend" in the interrogatory.

In talking to TPCL, it is, I think, their election not to build for the Gaz Métropolitain and the Union Gas volumes.

I guess from the - it really stems from the NEB decision that was given to them back in the end of March. Their whole framework has changed, and their election is now not to build.

From a Union Gas point of view and a Gaz Métro point of view is that it's critical to open up that path between Dawn and Maple, to bring that Dawn-based gas into northern and eastern Ontario for customers, as well as into Quebec.

MR. MILLAR: So this is of great concern to you, no doubt?

MR. ISHERWOOD: We've been talking about it since about 2008 or 2009, about the constraint between Parkway and Maple.

And the evolution of the gas market in terms of western supply in decline and Marcellus and Utica growing is just for the betterment of Ontario -- and Quebec, I guess, both -- they need to get access to Dawn.

MR. MILLAR: So TPCL has used the word "suspended" but for your planning purposes, are you now acting on the assumption that this won't be built, at least in the near to medium term?

MR. ISHERWOOD: Union Gas and Gaz Métro have both initiated, jointly initiated, an environmental assessment to building from Albion to Maple, or near Maple.

MR. MILLAR: I'll get to that in just a moment.

To answer my question, at least for the time being you're assuming that Parkway-to-Maple isn't going to get build by TPCL?

MR. ISHERWOOD: I think to create certainty for our customers, we need to assume that we have to build, and in parallel will continue discussions with TransCanada, but we need to keep the option open and available for '15.

MR. MILLAR: You mentioned Albion-to-Maple, and I think you discussed that also in response to Staff 7 at (c), which is on page 4 of 4 of that response, if we could turn that up.

MR. ISHERWOOD: Yes.

MR. MILLAR: This is where you say:

> "Union is continuing discussions with TPCL and other market participants to determine if a build in 2015 is possible."

Did I did take it from your previous response you don't think that's likely?

MR. ISHERWOOD: I would say it's not likely at this point.

MR. MILLAR: Then you continue:

> "Given the significant risk that TPCL is not able or not prepared to build, Union and Gaz Métro have initiated an EA for a pipeline between Enbridge's Albion Road station..."

Which is at the end of segment A:

> "...to a point near Maple. If required, this will support an application for regulatory approval and preserve an expansion of the Parkway-Maple corridor in 2015."

So I wanted to ask you a few questions about that.

First of all, who would build that pipeline?

MR. ISHERWOOD: Still undecided, but at this point I would expect it to be a joint venture between Gaz Métro and Union Gas.

MR. MILLAR: Are you able to say who the applicant would be? Would it be a joint application?

Again, I know it's still --

MR. ISHERWOOD: It's really quite preliminary. This is all happening very quickly, but it would probably be a joint application.

MR. MILLAR: Albion is connected to Enbridge's system; is that right?

MR. ISHERWOOD: Yes.

MR. MILLAR: Do you anticipate Enbridge being a part of this?

MR. ISHERWOOD: I'll, again, not discuss that. I guess based on the premise of the MOU, it might not be possible, but we will certainly consider that, as well.

MR. MILLAR: Maple connects -- the Maple area is TPCL, right?

MR. ISHERWOOD: TransCanada. That's right.

MR. MILLAR: So you would be potentially looking at sort of a stub line that is not connected anywhere to Union's system; is that right?

MR. ISHERWOOD: That's correct, yes.

MR. MILLAR: Or to Gaz Métro, for that matter?

MR. ISHERWOOD: Gaz Métro definitely need to go from Maple on the TransCanada system, as we would, as well, to get eastern Ontario and northern Ontario.

And we would hopefully be depending upon the Enbridge line to go from, basically, Parkway to Albion.

MR. MILLAR: Would this project require approval of the OEB, or would this --

MR. ISHERWOOD: Of the OEB.

MR. MILLAR: Of the OEB?

And you say you've -- I forget the word you've used -- you have initiated an EA. Can you tell me more about that? What's the status of the EA?

MR. REITDYK: The environmental assessment is ongoing as we speak right now, and we expect it will take about six months to complete.

MR. MILLAR: I haven't looked at one of these in a while. Is this a class EA or is this a full EA?

MR. REITDYK: The full environment assessment.

MR. MILLAR: You've retained a consult, presumably, who is doing that work for you?

MR. REITDYK: That's correct.

MR. MILLAR: Has this gone to the Ontario Pipeline Coordinating Committee yet? Or does that come later in the process?

MR. ISHERWOOD: That would be later in the process.

MR. MILLAR: So, I'm sorry, you said approximately six months to complete the EA?

MR. REITDYK: Yes.

MR. MILLAR: I know it's probably still a ways in the future; what is the potential timing for an application to the Board?

MR. ISHERWOOD: I think with the EA complete or near complete, we would be applying in the fall.

MR. MILLAR: This fall? Fall of 2014?

MR. ISHERWOOD: Late fall. That would be our intent.

MR. MILLAR: And if everything went exactly according to plan, what type of schedule are you looking for to actually build it?

MR. ISHERWOOD: We would be in-service November 1 of '15.

MR. MILLAR: November 1 of 2015?

MR. ISHERWOOD: I should add -- and I guess the memorandum of understanding does create a bit of a concern, but this time last year Union Gas did have a project to actually build from Parkway to Maple. We actually did an open season last April, early May to build from Parkway to Maple.

So I wouldn't rule that out either, but our current expectation is we would have a source of getting onto the Enbridge line from Albion -- sorry, from Parkway to Albion, and the joint venture would build from Albion to Maple, or near Maple.

MR. MILLAR: I may follow up on that in a moment, but I just want to finish with the Albion first.

Are you able to provide -- the EA has commenced. Are you able to provide a map, or at least even an approximate map of the route that you are looking at for this pipeline?

MR. ISHERWOOD: Yes, we could do that.

MR. MILLAR: So that would be JT1.14.

UNDERTAKING NO. JT1.14: TO PROVIDE MAP OF ALBION TO MAPLE LINE

MR. MILLAR: Let's assume again that everything goes exactly according to plan. Would this Albion to Maple line completely replace the Parkway to Maple line, by which I mean would it serve all of the needs that currently you were previously anticipating receiving for Parkway to Maple?

MR. ISHERWOOD: It would for 2015. So in '15 the two folks that need capacity on that path are Gaz Métro and Union Gas. Our expectation we would be doing open season later in June or July, but that would more likely be for a '16 phase 2, if you want.

Based on the oil line conversion and the impacts it has in eastern Ontario and our customers there, it is likely we will need to flow additional volumes by '16.

MR. MILLAR: Which you wouldn't be able to accommodate on the Albion to Maple line? You would need something else?

MR. ISHERWOOD: We would hope to be able to use the same pipe.

MR. MILLAR: I'm sorry. So it would serve that function, as well?

MR. ISHERWOOD: We'll know more about that after we do the open season, obviously, in terms of the size and scope of that.

MR. MILLAR: Should I assume that -- obviously Albion is now at the far end -- or, pardon me, at the eastern end of the segment A of the GTA project. Should I assume that your plans for Albion to Maple are contingent on segment A being completed?

MR. ISHERWOOD: That would be the plan A, but as I mentioned, we did have a project last year to go from Parkway all the way to Maple. That path has to open up. In order to get that gas into Quebec and into eastern Ontario to benefit our customers, the path has to open up between Parkway and Maple.

MR. MILLAR: But if you're going Albion to Maple, you would need segment A to be completed; is that right?

MR. ISHERWOOD: Right.

MR. MILLAR: Thank you. To get to the discussion we just had on a potential Union route Parkway to Maple, I guess you held an open season, did I hear, or this is something you've been looking into, in any event?

MR. ISHERWOOD: Held an open season last year to go from Parkway to Maple. That was before the concept of the Albion line was on the table. So we were looking at building a complete pipeline from Parkway to Albion -- sorry, Parkway to Maple last year.

MR. MILLAR: Why did you reject that? Why didn't you go forward with that at that time?

MR. ISHERWOOD: As far as we did our open season to go from Parkway to Maple, TPCL launched their own open season in parallel with that. And as we've always said, our preference is to have TransCanada build. It's really their path, their -- part of their system. But if they can't or won't, then we or somebody needs to build a path.

So TransCanada did an open season in parallel with ours, and both Gaz Métro and Union Gas elected to go into the TransCanada open season. They were committing to a 2014 in-service date. In September of last year, the in-service date was changed to 2015, delayed a year, and then it was totally cancelled or suspended, depending on the term you want to use, in March of this year -- or April this year, I guess it was.

MR. MILLAR: It sounds to me like your current plan A to do Albion to Maple, and then the back-up plan to that appears to be your own Parkway to Maple; is that right?

MR. ISHERWOOD: Yeah. I think the most efficient thing is still use the Parkway to Albion line that Enbridge is building, and then build from there. That is the most efficient infrastructure for Ontario, and I think Ms. Giridhar talked to that probably.

MR. MILLAR: I would be curious as to why. You will still have to build Albion to Maple from there, so why is it preferable to go from Parkway to Albion to Maple, instead of just going Parkway to Maple?

MR. ISHERWOOD: They'd be on the same right of way. It would be two large pipes going side by side. It's just more efficient, more --

MR. MILLAR: The same right of way with TPCL, you mean?

MR. ISHERWOOD: It would be on the 407 corridor, which is primarily where the Albion line is going. It's more efficient to have one pipe than two.

MR. MILLAR: With respect to your -- I'm calling it plan B, but if you don't like that terminology, you can tell me. Your possible idea of going from Parkway to Maple yourself, that's not even at an EA stage yet, I take it?

MR. ISHERWOOD: It's not at an EA stage, no. Our focus now is to build from Albion to Maple. To the extent that Ontario needs an open access pipeline that goes down that corridor and goes from Parkway to Albion to Maple, we would be happy to build that and perhaps has a potential for future, as well.

MR. MILLAR: But it is only to the extent you can't get Albion to Maple, for whatever reason, that you would fall back to Parkway to Maple?

MR. ISHERWOOD: If we can't get Parkway to Albion.

MR. MILLAR: I'm sorry, Parkway to Albion.

Again, any potential Parkway to Maple project by Union is entirely theoretical at this point. There hasn't been any serious work done; would that be fair to say?

MR. ISHERWOOD: I'd say at this time last year, there was a bit of work done on it in terms of scoping it out, costing it out, kind of getting a sense for how big, how small. But it was all very, call it, tabletop or desktop.

MR. MILLAR: In terms of timing, you would be significantly past November 1st, 2015 if you had to go Parkway-Maple?

MR. ISHERWOOD: I would say more likely be '16, at this point in time.

MR. MILLAR: Again, assuming you get all the approvals and the EA goes fine?

MR. ISHERWOOD: I should ask my VP of engineering beside me here.

MR. REITDYK: 2016.

MR. ISHERWOOD: He confirmed '16.

MR. MILLAR: November 2016, or latter half of 2016?

MR. REITDYK: For us to complete a pipeline from Parkway to Maple, we would be into 2016 for an in-service date.

MR. MILLAR: And you can't be any more specific than that?

MR. REITDYK: Late 2016, so we haven't scoped out a construction schedule yet.

MR. ISHERWOOD: The gas year typically goes November 1, so you target for that. That's what the target would be.

MR. MILLAR: Again, that is assuming everything goes more or less according to plan?

MR. ISHERWOOD: Correct.

MR. MILLAR: Are there any other potential replacements you would be looking at? Those are the two that are on the table?

MR. ISHERWOOD: Yeah. Again, this is so critical for our customers to get that path opened up. So it is either tag on to the Albion line and make economic, efficient use of that pipeline, or build a parallel line to it.

MR. MILLAR: Nothing else is on the table at this point?

MR. ISHERWOOD: No.

MR. MILLAR: Let's assume for a moment that TPCL doesn't build Parkway to Maple, which looks likely now, and also assume with me that either your Albion to Maple project can't be done or is significantly delayed, and similarly your idea of going directly Parkway to Maple is unfeasible or significantly delayed.

I took it from your undertaking response that without some pathway being opened up there, the Brantford to Kirkwall project can't go forward; is that correct?

MR. ISHERWOOD: When we were looking at what the effect would be of not having access to that corridor for the Gaz Métro and Union Gas volumes, it would mean that the Brantford-Kirkwall line would be delayed -- that construction would delayed until we do get that path opened up.

MR. MILLAR: Until you have that path, you can't do Brantford to Kirkwall. Is that the simplest way to put it?

MR. ISHERWOOD: Yes, correct.

MR. MILLAR: If you don't -- if Brantford to Kirkwall is delayed or cancelled or what have you, the Parkway D compressor is part of that project; is that right?

MR. ISHERWOOD: Parkway D is required even to feed the Enbridge volumes they have requested. So that corridor not being opened up to us, but being opened up through the Enbridge build of the Albion line would still require

Parkway D.

MR. MILLAR: Ms. Giridhar I think pointed me to you for that question, so why don't I ask it right now. If Brantford to Kirkwall is delayed, should I take it that the Parkway D compressor will be delayed, as well? You wouldn't build Parkway D unless you were building Brantford to Kirkwall?

MR. ISHERWOOD: We would still build Parkway D.

MR. MILLAR: You would, okay. So that will go forward --

MR. ISHERWOOD: Absolutely.

MR. MILLAR: -- no matter what?

MR. ISHERWOOD: Unless the GTA project gets delayed or whatever, but if the GTA project goes ahead in 2015 as planned, Parkway D would be built. That would be the intent.

MR. MILLAR: Thank you. You would therefore be able to serve whatever needs Enbridge had from the GTA A or B lines?

MR. ISHERWOOD: That's the plan.

MR. MILLAR: And that's what Parkway D would do?

MR. ISHERWOOD: Correct.

MR. MILLAR: You don't need anything else on the Brantford to Kirkwall project to serve Enbridge's needs for GTA A and B?

MR. ISHERWOOD: We do not.

MR. MILLAR: I think technically this may be a question for another panel, but I think it relates to exactly what we were talking about.

We put a list of draft conditions to the company, and one of them is the typical one-year window within which they have to get a shovel in the ground.

And Union was fine with all the conditions except for that one. They said, No, actually we'd like to have until the end of 2016.

I assume that is to give you more time to sort out the pathway from Parkway to Maple?

MR. ISHERWOOD: That's correct.

MR. MILLAR: There's a discussion - again, I'm still with Interrogatory No. 7 - relating to gas savings, 7(b), I think. Yes, what impacts the delays would have.

And you'll see this is at page 3 of 4, the very first one, gas cost savings. You discuss that if there is a delay, it will result in 103 to 138 million in gas savings not being realized.

I was trying to formulate a question about how that would impact the rate impacts that your projects have anticipated that you show in your application. As I think about it more, I guess they don't. Until you get Parkway to Maple sorted out, you don't build the line, at all; right?

So these are not rate impacts that are related to the applications that are before the Board; these are just increased gas costs that will be visited upon customers if you doesn't have a Parkway-to-Maple route; is that --

MR. ISHERWOOD: It's probably a better question for

Mr. Tetreault on panel 2, but those gas cost savings are the commodity cost savings that result from Union Gas and Gaz Métro being able to get this cheaper gas from Dawn into their franchise areas for their system customers, and direct-purchase customers.

MR. MILLAR: That answers my question. Thank you.

MR. SMITH: They are -- so it's clear -- they are a part of the application, and they will not be realized, if the path isn't opened.

MR. MILLAR: I think those are my questions. Mr. Viraney, did you have a couple of questions for this panel?

QUESTIONS BY MR. VIRANEY:

MR. VIRANEY: Khalil Viraney, Board Staff. I have a question with respect to cost of compressors. I'm not sure if this is the appropriate panel.

MR. REITDYK: Yeah, I think that's panel 4 that can address the compressor costs.

MR. MILLAR: You have nothing else, Mr. Viraney?

Okay. That's it for Staff. Mr. DeRose, did you want to go?

QUESTIONS BY MR. DEROSE:

MR. DeROSE: I have just a couple of follow-up questions on Mr. Millar's questions, so perhaps it would be appropriate if I go.

Mr. Isherwood, when Michael was asking you questions about Board Staff No. 7, you made reference to concerns that you had about the MOU; that "we still have concerns about the MOU," was the phrase you used.

Which MOU? Was it the Enbridge TPCL MOU, or is there another MOU that you were referencing?

MR. ISHERWOOD: I can't recall my exact reference, but it's probably the Enbridge TCPL MOU, probably, subject to checking the transcript tonight.

MR. DeROSE: And perhaps I'll ask a couple questions that might lead to that. I just didn't know -- if you can check the transcript, I didn't know what MOU you were talking about.

In terms of if you were to go the route that you and GMI or GMI or some combination thereof were to build the Parkway-to-Maple yourself, would you require transportation on the GTA project or portions of the GTA project to get your gas into Quebec?

MR. ISHERWOOD: To the extent that we get access to the Enbridge Parkway-to-Albion line, then we would need to ship on that line, and then we would build from Albion to Maple to complete the path to the TPCL system.

MR. DeROSE: And is -- is my understanding, then, correct that Union's concern about the current MOU between Enbridge and TPCL is that if you were to build the line and TPCL didn't but the MOU remains binding, that TPCL has all of the access transportation on that line and that you would not have access to it?

MR. ISHERWOOD: It's our view that that pipeline should be an open-access pipeline, and the MOU keeps it very restricted to TCPL.

Enbridge, it's obvious that they're building the line, they need access to it, but the excess above the Enbridge needs are solely kept to the benefit of TPCL, and restricting our eastern customers and the customers in Quebec access to Dawn.

MR. DeROSE: Is that the case regardless of whether you have to build the Parkway-to-Maple line yourself?

So you would have those similar concerns even if TCPL build that line?

MR. ISHERWOOD: I think option B, as I described it, would be if somebody were to build a pipeline from Parkway to Maple directly, therefore not dependent upon the Albion pipeline. I do call that plan B.

The preference is still to use the efficient use of one set of assets, which would be the Albion line. It would not make a lot of sense for the Province of Ontario to have two large-diameter, high-pressure pipelines built within 50 feet of each other.

MR. DeROSE: Right, but if the Albion line is the only line that is available, if there is not a tandem line built next to the Albion line, under the current MOU Union may be excluded from use of that pipeline?

MR. ISHERWOOD: I think in the first read of it, I would say the market in general is restricted from access to that pipeline, but I think there's definitely a need to see if there is a way to get access to the pipeline.

MR. DeROSE: These concerns -- there's been a lot of reference in both Union's application and then Enbridge's application about the various conversations and communications and cooperation between TPCL, Union and Enbridge. Has this issue been an issue of debate between the three companies?

I've not seen it in any of the documents that were produced in the IRs.

MR. ISHERWOOD: I think, well, the MOU is -- we didn't see it until the interrogatories were answered, which was Friday night.

MR. DeROSE: Neither did I.

[Laughter]

MR. ISHERWOOD: So we're on the same page.

So I would say going back to a January, February time frame, I would say there was pretty strong alignment with Enbridge, Gaz Métro, TransCanada and Union in terms of building the path.

And where it kind of went sideways is when TransCanada elected not to build it because of the NEB decision, and that came out in sort of early April, I believe it was, and the next chapter of the story was the MOU.

We started working on the environmental assessment soon after the TPCL letter to us saying they were not planning on building.

MR. DeROSE: And can I take it -- I'm sorry, but just to clarify your last comment about not seeing the MOU until last Friday, I take it that you didn't know that you may be excluded from that particular piece of -- from access to that transportation piece until you saw the MOU?

MR. ISHERWOOD: What we knew was happening was

Enbridge and TransCanada were going to jointly develop that pipeline between Parkway and Albion, and the MOU was around that activity. So the consequences beyond that we weren't aware of.

MR. DeROSE: Thank you very much. Those are all my questions.

MR. MILLAR: Thank you, Mr. DeRose.

We have around 10 minutes. Is there anyone who can squeeze themselves into that time frame?

Randy doesn't want to come back tomorrow. He had his hand up first, so you're up.

[Laughter]

QUESTIONS BY MR. AIKEN:

MR. AIKEN: I'll be back tomorrow, but I've just got one follow-up question, and it's from some of Mr. Millar's questions.

You've indicated that you would build -- that you could build the Albion-to-Maple link if you had access to the Parkway-to-Albion transportation.

Which pipelines, Parkway-to-Albion, are you talking about? Are you talking about the current 36-inch proposed by Enbridge, or the originally proposed 42-inch? Which would you prefer?

MR. ISHERWOOD: I think as I understand the 36-inch pipeline, there's significant capacity there for Gaz Métro and for Union. There's enough capacity on that line.

My own two cents would be build as big as you can, because you have one chance to do it.

MR. AIKEN: That's my only question. Thanks.

QUESTIONS BY DR. HIGGIN:

DR. HIGGIN: I have a follow-up on the same topic, just a follow-up.

Going back to (a)1, Staff 7, you talked about the two options and your preferred option being the Albion-to-Maple. So the questions are as follows.

In terms of your partner in that venture, GMI, has GMI got Regis approval to enter into that JV, or has it only got at the moment Regis approval for services?

MR. ISHERWOOD: I would say neither Union nor Gaz Métro have gone that far. This is a two- or three-week-old project, so early days.

DR. HIGGIN: To be very precise, the Regis in principle approved the change of gas sourcing for GMI and the services that would go with that; am I -- I'm correct.

So the question is: They have not been back with the idea of this joint venture?

MR. ISHERWOOD: That's correct.

DR. HIGGIN: Thanks. And you don't have an MOU in motion for dealing with that pipeline at the moment?

MR. ISHERWOOD: Only in top of mind.

DR. HIGGIN: Top of mind? Okay. Now, just confirm the capacity requirement, would it be the same for the Albion-to-Maple for, in one case, GMI, and then in the other case, for Union? What would those capacities be?

MR. ISHERWOOD: The total capacities would be 110,000 GJs a day for Union, and then 258,000 GJs a day for Gaz

Métro.

MR. HIGGIN: So those are corresponding to your original needs, basically?

MR. ISHERWOOD: That's correct.

MR. HIGGIN: I see. Thank you very much. Those are my questions.

QUESTIONS BY MR. GARNER:

MR. GARNER: Just, again, a follow-up. I understand that TransCanada presumably didn't get approval to build that section because you are trying to encourage people to contract long-haul on their system, and if you build short-haul, then presumably you would look to contract on TransCanada from Maple to wherever.

What is your understanding of TransCanada's contracting policies down the road in order for you to get capacity from Maple to your franchise area?

MR. ISHERWOOD: Our understanding is there is capacity existing once you get to Maple. The constraint is really between Parkway and Maple.

MR. GARNER: Would they contract? I guess that is the question.

MR. ISHERWOOD: That would be a request to be made to TransCanada and/or the NEB.

MR. GARNER: Have you had those discussions as yet?

MR. ISHERWOOD: Have not.

MR. GARNER: Thanks.

QUESTIONS BY MS. GIRVAN:

MS. GIRVAN: Yes, just quickly. Just in terms of you saying that the Brantford to Kirkwall line cannot be done without the Albion to Maple, is Union amending its application, or does it plan to amend its application for that line?

MR. ISHERWOOD: No, our intent still to have the capacity flowing in 2015 either with TransCanada building or with ourselves building. And we have asked for an extension with the Board to have an in-service date as late at November 1 of 2016 in case we get delayed. Our intent is to still build to that path.

MS. GIRVAN: So the only thing you are changing, then, is the proposed in-service date?

MR. ISHERWOOD: Or potential date, that's right.

MS. GIRVAN: Then the other thing is I guess what we've heard today is that Union has concerns about the fact that Enbridge has changed its application and its arrangements with TPCL, and I think -- I guess the primarily objection to Union is the sort of exclusivity included in the MOU; is that correct?

MR. ISHERWOOD: Really the restriction to the path, not being able to get into the path.

MS. GIRVAN: Does Union have any other concerns, broadly or even specific details, with respect to changes to Enbridge's application?

MR. ISHERWOOD: When you say "changes" to the application, what are you referring to? The MOU itself?

MS. GIRVAN: Yes, the change to the 36 pipeline. I mean, basically they have said, We've changed our application.

MR. SMITH: Changed in what respect?

MS. GIRVAN: They have changed it from 42 to 36, and they have -- the change is also the ownership change with respect to TPCL originally being part of the ownership.

MR. ISHERWOOD: Yes, I'm not as concerned about the ownership. It's more about the access to the pipeline.

MS. GIRVAN: So that's your primary concern?

MR. ISHERWOOD: Yes.

QUESTIONS BY MR. GARNER:

MR. GARNER: Can I follow up? I just want to -- and I know you don't know, because you're not TCPL, but in the absence of TPCL building from Albion to Maple, what in your mind would be the reason for TPCL to contract for capacity on segment A of Enbridge's pipe? That would go nowhere for them, wouldn't it?

MR. ISHERWOOD: TransCanada currently has capacity that goes backhaul out of Dawn. So if you kind of picture a map of the Great Lakes region, they send gas backhaul out of Dawn - this is during winter primarily - onto the Great Lakes system, which is an affiliate.

It takes it back to Manitoba. It then does a right-hand turn, goes across northern Ontario and back to Toronto. We call that "around the horn", just kind of a term that Union Gas has been using for a number of years.

That's been going on since about 2004. It's about half a BCF or 500,000 gJs, roughly, a day of capacity. I would say for the first few years they had that capability, it wasn't used very frequently.

This last winter, it was used almost every day January through March. It's just really a function of the gas dynamics in North America changing. The supplies in from western Canada are in decline. TPCL pipe is flowing much lower volumes, 0.1 or 0.1 BCF a day last year, which is less than half of their total capacity.

And as that system has changed, to meet their contractual obligations at Parkway they have to actually go around the horn, so back to Manitoba and across the top.

So TPCL may have some interest in moving some or all of that volume, I'm going to say, on the path, but on Union Gas from Dawn to Parkway, on the Albion line to Albion, and then up to Maple and to the market, whether that be eastern Ontario or Quebec.

I need to be clear that those volumes have been flowing since 2004. There is nothing new flowing. What we're trying to do is get incremental volume to eastern Ontario and to Quebec that's economic and provides an economic benefit for the customers.

MR. GARNER: I think I understand that. Maybe I'm not being clear, or maybe you answered it. What I'm trying to grapple with is, if you were to build, for instance, the segment that goes from Albion to Maple, or you and your partners, in your mind would there still be a reason to take capacity to segment A Enbridge line?

MR. ISHERWOOD: So Gaz Métro and Union Gas were in their open season last year to flow the 371 -- 368,000 gJs.

So that is all incremental volume going back to Dawn to supply eastern Ontario and Quebec.

What I mentioned about around the horn is existing volumes that are getting to Parkway a different way, that they may change and put back on the Union system to Parkway, and then on the Albion line and the Maple, going up to Maple, to get into eastern Ontario and into Quebec.

But their existing volume is flowing a different path today around the horn.

So your question is -- yes, TPCL may still want access to the same path for using those existing volumes.

MR. GARNER: Even if you to own the other segment that goes from Albion to Maple?

MR. ISHERWOOD: Potentially.

MR. MILLAR: I think we will have to end it there for today. We have another full day tomorrow. We will remind people we are starting at 9:00 a.m., so I'll see you then. Thank you.

--- Whereupon the proceedings adjourned at 5:02 p.m.

TAB 19

Ontario

ONTARIO ENERGY BOARD

FILE NO.: EB-2012-0433
EB 2012-0451
EB-2013-0074

VOLUME: Technical Conference

DATE: June 13, 2013

EB-2012-0433
EB-2012-0451
EB-2013-0074

THE ONTARIO ENERGY BOARD

IN THE MATTER OF an application by Enbridge Gas Distribution Inc. for: an order or orders granting leave to construct a natural gas pipeline and ancillary facilities in the Town of Milton, City of Markham, Town of Richmond Hill, City of Brampton, City of Toronto, City of Vaughan and the Region of Halton, the Region of Peel and the Region of York; and an order or orders approving the methodology to establish a rate for transportation services for TransCanada Pipelines Limited;

AND IN THE MATTER OF an application by Union Gas Limited for: an Order or Orders for pre-approval of recovery of the cost consequences of all facilities associated with the development of the proposed Parkway West site; an Order or Orders granting leave to construct natural gas pipelines and ancillary facilities in the Town of Milton; an Order or Orders for pre-approval of recovery of the cost consequences of all facilities associated with the development of the proposed Brantford-Kirkwall/Parkway D Compressor Station project; an Order or Orders for preapproval of the cost consequences of two long term short haul transportation contracts; and an Order or Orders granting leave to construct natural gas pipelines and ancillary facilities in the City of Cambridge and City of Hamilton.

Technical Conference held at 2300 Yonge Street,
25th Floor, Toronto, Ontario,
on Thursday, June 13th, 2013,
commencing at 9:00 a.m.

TECHNICAL CONFERENCE

A P P E A R A N C E S

MICHAEL MILLAR	Board Counsel
COLIN SCHUCH PASCALE DUGAY KHALIL VIRANEY JOSH WASYLYK	Board Staff
FRED CASS SCOTT STOLL EDITH CHIN	Enbridge Gas Distribution Ltd.
CRAWFORD SMITH MARK KITCHEN KAREN HOCKIN	Union Gas
JOHN WOLNIK	Association of Power Producers of Ontario (APPrO)
TOM BRETT	Building Owners and Managers Association (BOMA)
JULIE GIRVAN MARK GARNER	Consumers Council of Canada (CCC)
VINCE DeROSE	Canadian Manufacturers & Exporters (CME)
ROGER HIGGIN	Energy Probe Research Foundation
KENT ELSON JACK GIBBONS	Environmental Defence
DWAYNE QUINN	Federation of Rental-housing Providers of Ontario (FRPO)
DAVE RHEAUME AUDRY BAZINET	Gaz Métropolitain

A P P E A R A N C E S

DAVID POCH	Green Energy Coalition (GEC)
RANDY AIKEN	London Property Management Association (LPMA)
ROGER BEAMAN	Markham Gateway
JAMES SIDLOFSKY	Metrolinx
MARK RUBENSTEIN	School Energy Coalition (SEC)
MURRAY ROSS LISA DeABREU	TransCanada Pipeline Ltd.
JAMES WIGHTMAN	Vulnerable Energy Consumers' Coalition (VECC)

INDEX OF PROCEEDINGS

I N D E X O F P R O C E E D I N G S

I N D E X   O F   P R O C E E D I N G S

Thursday, June 13, 2013

--- On commencing 9:00 a.m.

MR. MILLAR: Good morning everyone. Is it 9 o'clock, so I would like to get started again. We're going to reconvene panel Union 1, Union's first panel.

I remind everyone we did start a bit early today. We only have today, we're going to have to do our very best to get through everyone. We have a number of panels to follow, so I'll ask for your cooperation in the hope that we can plow through all of this.

Mr. Smith, you had a clarification matter to start us off.

UNION GAS DISTRIBUTION - PANEL 2, RESUMED

Mark Isherwood

Jim Redford

Paul Rietdyk

Chris Shorts

MR. SMITH: Thank you, Mr. Millar. I thought yesterday there was a discussion about the concept of "around the horn" and the capacity that TransCanada is transporting and will be transporting going forward, and I thought it might make some sense for the benefit of the record to just ask Mr. Isherwood to clarify that. So why don't I do that?

Mr. Isherwood, you were asked about the concept of around the horn and capacity that TransCanada will be transporting or may be transporting Albion to Maple. The question is: What is your expectation as to the gas that will or may be transported on that pipeline by TPCL; and then, secondly, how does that relate to the gas that Union and GazMét would like to transport?

MR. ISHERWOOD: The around the horn volumes are volumes that have been flowing since 2004 on the TransCanada system, essentially backhaul from Dawn through to Michigan into Manitoba, essentially, and then back around to Parkway.

Those volumes are existing volumes. They have been flowing, as I mentioned, since 2004. The capacity we're talking about in terms of Union Gas and Gaz Métro flowing on the Parkway to Albion, and then Albion to Maple build are new volumes bringing new access to Dawn for both Gaz Métro and for Union customers in eastern Ontario.

So to the extent that if TransCanada volumes were to flow on that same path, it would basically occupy the capacity that is being created and paid for by Ontario consumers, and it's existing volumes.

So the gas benefits we talked about for Union Gas and Gaz Métro would not be available for our customers in eastern Ontario and for the customers in Quebec.

MR. SMITH: Thank you. Those are the only questions I had.

MR. MILLAR: Thank you, Mr. Smith. Mr. Brett, are you prepared to proceed?

Your microphone is still off, but I am done. Maybe Mr. Rubenstein could go, if you need a moment.

QUESTIONS BY MR. RUBENSTEIN:

MR. RUBENSTEIN: Thank you very much. That clarified a number of things. I was wondering -- so, firstly, yesterday there was discussion - and I think Mr. Millar used the term "Union's plan B" - if it does not bring forward a leave to construct later on this year for a project between Albion and Maple, that it would consider what you had termed a Parkway to Maple project. Am I correct?

MR. ISHERWOOD: That's correct. And I think I referred to Union had a project that year that would go from Parkway to Maple, and we actually did open season on that project.

I should clarify that when we had proposal last year, we were actually at that point contemplating being able to use the Parkway to Albion pipeline that Enbridge is building, just to clarify that.

MR. RUBENSTEIN: That was going to be my question. The original plan was it would be Parkway to Albion to Maple. So the plan B would not be that path. It would be directly from Parkway to Maple?

MR. ISHERWOOD: To Maple. As I mentioned yesterday, I think everybody in the room would agree it makes most sense if you have one pipeline built down the 407 corridor, not two. But if it had to, we would look at plan B.

MR. RUBENSTEIN: Yesterday, Union seemed surprised by the MOU, the terms of the MOU between Enbridge and TransCanada for use of the segment A of its plan.

I was wondering if we could talk about what Union's expectations were before they saw the MOU. What was their understanding of the arrangement between TransCanada and Enbridge and specifically what type of access Union could potentially have?

MR. ISHERWOOD: What surprised us is really the option 2 in the MOU, primarily, the fact that there was contemplation of a delay, and in fact the provision in option 2 that talked about TPCL may terminate the volumes or reduce the volumes from their 2012 open season to allow for option 2 to happen.

Then as Ms. Giridhar mentioned yesterday, the amendment that was made -- a second amendment was made May 22nd, I believe. TPCL actually contemplated no longer using that path for the 2012 open season volumes, which were the new capacities for GMI, Gaz Métro, and Union but, rather, to use it for their own volumes on the same path, and essentially force out or fill the pipe before we can actually get access to it for our customers in eastern Ontario.

MR. RUBENSTEIN: From the evidence of this proceeding that was filed by Enbridge before the interrogatory responses, from my understanding, the proposed plan for segment A was it would be a shared use between TransCanada and Enbridge. And so my question is: What was Union's belief about its access, because some of the basic parameters are still -- or at least seem to me to be the same, that Enbridge would have access to a certain point, certain capacity, and then TransCanada would have the rest.

I think the split was 40/60.

MR. ISHERWOOD: I think our expectation was we would have open access to the capacity through the TransCanada open season. When they've elected unilaterally not to build that piece of pipe and essentially lock out the volumes of Gaz Métro and Union Gas, and, instead, try to put their own volumes on the path, that is what we find objectionable.

MR. RUBENSTEIN: Thank you very much. I was wondering if interrogatory A1.CCC.8 could be put up on the screen.

In this question, we were asking about the probability of failure of a number of things. The first question was on the Dawn-Parkway system. In answer (a), the second sentence says:

"Based on the last three years of operating, the probability of failure for a major component is 2.7 percent."

I just want to clarify. Is that 2.7 percent per year or in the life of any major component?

MR. RIETDYK: That's per year, so based on an average of 2,000 operating hours for a particular piece of equipment.

MR. RUBENSTEIN: But that wouldn't be a failure of the Dawn to Parkway system. That would just be one component?

MR. RIETDYK: That's correct. It would be a failure of a single compressor component within the Dawn to Parkway system.

MR. RUBENSTEIN: So what would be the probability of failure of the Dawn to Parkway system, or I should say - be more specific what I mean by failure - a failure that would not allow you to meet your demands at Parkway?

MR. RIETDYK: Maybe I'll phrase it in terms of the reliability of the system. So the loss of critical unit protection that we have on the Dawn to Parkway system, that provides us with a 99.9 percent reliability for the system itself.

MR. RUBENSTEIN: So in number (c) we asked the Dawn to Parkway system with the addition of the proposed Parkway facilities, and that would include the LCU unit?

MR. RIETDYK: That's correct. So I can clarify that. The 99.9 percent reliability is from Dawn to Parkway. Past Parkway, we don't have that sort of reliability in place right now, because we're wholly reliant upon two compressors that will be fully utilized, both Parkway A and Parkway B. We don't have LCU downstream of Parkway.

MR. RUBENSTEIN: Do you know what the reliability at Parkway is, then?

MR. RIETDYK: We know the reliability of the individual units are from that end. So we've looked at it a number of different ways. We looked at the reliability or the failure rate of Parkway A, which was 3.9 percent. We looked at the reliability or the failure rate of Parkway B, which was 6.5 percent.

And so that would seem to be in line; a little bit higher, but in line with the failure rates we've seen on similar type of equipment across the rest of our system.

MR. RUBENSTEIN: Okay. My last question - and you don't need to pull you have interrogatory - you were asked to provide certain material that's were provided to the board of directors, and the answer was essentially that it actually was going to the board of directors, but it hasn't yet?

MR. ISHERWOOD: That's correct.

MR. RUBENSTEIN: And so I was wondering if you could undertake to provide -- sorry, to back up, it was going to go to the board of directors in June?

MR. ISHERWOOD: It actually went Monday and Tuesday of this week.

MR. RUBENSTEIN: Can I ask that Interrogatory A1-CCC-4, by way of undertaking be responded to?

MR. ISHERWOOD: That was a copy of the presentation? That's correct? I'm trying to remember.

MR. SMITH: Should we pull up the interrogatory?

MR. RUBENSTEIN: Sure. That's probably helpful. A1, CC 4.

MR. ISHERWOOD: We can provide that presentation.

MR. MILLAR: JT2.1.

UNDERTAKING NO. JT2.1: TO PROVIDE RESPONSE TO EX1.A1.UGC.CCC.4. INCLUDE UPDATE TO EXTENT UNION BOARD IS AWARE OF TCPL UPDATES.

MR. RUBENSTEIN: Those are my questions.

MR. MILLAR: Thank you, Mr. Rubenstein.

Mr. Brett, you're prepared?

QUESTIONS BY MR. BRETT:

MR. BRETT: Good morning, panel. My first question is -- is it Mr. Elie (sic) on the right-hand side? I just want to make sure I have your name right. I think it's E-L-I-E?

MR. RIETDYK: Sorry, are you referring to me?

MR. BRETT: Yes.

MR. RIETDYK: My name is Paul Rietdyk.

MR. BRETT: I didn't have that right. Sorry. I want to make sure we've got the right man here.

You mentioned yesterday -- and I haven't looked at the transcript again this morning -- you mentioned yesterday before we started or as we were starting that you had arranged for a lease of a compressor from TransCanada, I believe.

And is that compressor that you have leased, arranged to lease, going to be your LCU compressor? Is that what you were telling us?

MR. RIETDYK: No. I can clarify that for you. What we've done is arranged for a spare unit in the case of a failure of one of the Parkway B units, from Rolls Royce, not from TransCanada.

MR. BRETT: I see. Where is that compressor going to be put?

MR. RIETDYK: That compressor sits in reserve in Rolls Royce's fleet. It's not in our fleet. Rolls Royce has a program that they offer spare compressors to its customers in case of these types of failures. We would be able to access that compressor within five working days.

MR. BRETT: Where is it now?

MR. RIETDYK: Sorry, it's the engine on the -- it's a spare engine, so it's not the actual compressor. There's a number of different components. So it's the RB 211 engine.

MR. BRETT: Where is that engine located at the moment?

MR. RIETDYK: It would be located in Mount Vernon.

MR. BRETT: Mount Vernon, Ontario?

MR. RIETDYK: No, no. In the United States.

MR. BRETT: Mount Vernon in DC, in other words, or Virginia?

MR. RIETDYK: Yeah, that's correct.

MR. BRETT: George Washington's home. So that's a piece of it. Is that the -- that's the key piece, then?

MR. RIETDYK: That is not equivalent to a loss of critical unit compressor. That simply provides the ability to recover from an actual engine failure.

But I should emphasize that we can access the compressor in five days. It would take another four to five days to install a compressor, so should there be a failure of the engine itself at Parkway B, the recovery time would be approximately eight to 10 days to install a new engine.

MR. BRETT: Okay. So it's a mitigation measure rather than a replacement? It's a --

MR. RIETDYK: That's correct. There's nothing that can replace LCU, because you really need the ability to respond very quickly to a loss of critical unit at Parkway.

MR. BRETT: Just maybe while we're on the subject of compressors -- because I don't want to lose my way here -- I would like -- you've answered if you turn up BOMA No. 3, most of my questions actually will be around this one IR. It's a lengthy one. It's nine pages. And part of it has to do with questions about the compressors, your Parkway compressors.

If you look first of all at page 3, what you have there, I just want to make sure I understand the terminology and what you're telling us or telling me there, telling BOMA there.

I want to look at each of these columns briefly.

The column, the first column on the left -- it's the table on page 3 I'm looking at -- the first column on the left is the year.

The second column, "Total volume required through Parkway compression," now, that is -- those are volumes are required to meet your commitments; is that the idea? Either yours or other people you are compressing gas for? When you say "total volume required," you mean that those are --

MR. ISHERWOOD: That would be the contracted volume or expected contracted volume.

MR. BRETT: Now, a couple of questions on that. You have -- there's a big jump there from '14/'15 to '15/'16 of about 600,000 tJs a day. That is -- what you're getting there is the additional contract, the contracted volumes that will come into play with -- that you were talking about yesterday, right? Your own volumes for your eastern and northern area, the GazMét volumes and some additional Enbridge volumes?

MR. ISHERWOOD: That's correct.

MR. BRETT: That also assumes that compressor D comes in what, in November 1, 2015?

MR. ISHERWOOD: That's correct.

MR. MILLAR: Then if you go above that, just a small point, but look at '13/'14, versus '14/'15. Why is there a decrease there of about 100,000 tJs a day? That seems a little counterintuitive to me. Do you know what that is about?

You could give me an undertaking if you wish.

MR. ISHERWOOD: We probably should on that one.

MR. MILLAR: JT2.2.

UNDERTAKING NO. JT2.2: TO PROVIDE RESPONSE AS TO WHY THE LOWER TOTAL VOLUME REQUIRED THROUGH PARKWAY IN 2013/2014 (2537 VS 2465).

MR. BRETT: If you look above in answer to (d), just above the table, on the second line you say:

"Please note forecast volumes assume any available surplus has been sold."

I just want to make sure I understand that. That's -- what do you mean by that? Are you saying there that the -- those volumes that you've listed for those days, I mean, they are very close to 100 percent, particularly for the -- let's take the first three years, '12/'13, '13/'14, '14/'15. What are you saying when you say "any available surplus has been sold"?

Like, what's the surplus and sold to whom, generically?

MR. REDFORD: So to the extent that we had surplus capacity on the Dawn-Parkway system and specifically through Parkway, we would assume that we were able to sell that. So this would be a fully utilized system.

MR. BRETT: Effectively you are saying -- that's what I wanted to get at. I mean, it's sort of -- not quite tautological, but you are saying it's always going to be full in those three years, or at least the last two years?

'12/'13, you have -- you show at a 93 percent utilization? That's why I'm...

MR. REDFORD: To the extent that there's surplus capacity, we'll look to sell that capacity.

MR. BRETT: Does that mean that the -- oh, I see. The '12/'13 is really an actual number, essentially, eh? Sorry, I didn't -- let me just repeat that.

I was looking at the 93 percent in '12/'13, and I guess the answer to that is that's an actual number? That's the experience you've had?

MR. ISHERWOOD: That's our current experience.

MR. BRETT: You didn't sell everything for '12/'13, but you would expect to sell everything for the next couple of years?

MR. ISHERWOOD: I believe when it says "utilization percent," that's really volumes going through Parkway, not necessarily the whole system.

So I think those numbers really refer to our capacity of gas going through the compression at Parkway.

MR. BRETT: The 93?

MR. ISHERWOOD: 93, the 185, 85, 86. It's not necessarily a number on the pipe size; it's really a number around how much gas is going through Parkway relative to the total design capability.

MR. BRETT: I want to make sure I get that. What I thought that was was you looked at how much gas -- you looked at the horsepower you had available to move gas through the Parkway compressors, and I'm assuming the horsepower and the volumes are related in some direct way?

MR. ISHERWOOD: Absolutely, yes.

MR. BRETT: You are saying in '12, '13 we used 93 percent of our available horsepower. We didn't use it all. In '13/14 and '14/15, we expect we're going to use it all, but in 2012, 2013, we used 93 percent. So we had some in reserve, so to speak; some we weren't using. Is that right?

MR. ISHERWOOD: That's exactly right. I think at one point you were asking about the total Dawn to Parkway system. These numbers are only just Parkway.

MR. BRETT: I'm sorry, okay. Then now I want to compare that with -- and this is maybe just my lack of knowledge of all of the ins and outs of compressors. If you go over to the next page, page 5 of 9, and here we had asked about actual peak average winter day, average summer day for 2010.

And you say Union has calculated the utilization to respond to this question, does not typically track this information, and then you went on to say Union does not track individual throughput of the compressors and can only provide utilization percentage.

So just looking at the table for a moment on page 5, I just want to make sure I have this table correct, and then I want to compare it to what we just discussed.

On the left-hand side, monthly peak export day, now that is the peak export day for Parkway compressor station as a whole; is that right? In other words, that represents the day -- what that day is is the day when each of these months when you have maximum volumes going through Parkway, not any individual compressor of Parkway, but the whole station.

MR. RIETDYK: I'm not sure I understand your question.

MR. BRETT: Let me go to the next question and maybe it will become clearer. You have -- in the next column, you have Parkway A. That's the earlier smaller computer, percentage of maximum horsepower utilization by month, and you show a lot of months when the maximum horsepower utilization is zero.

MR. RIETDYK: That's correct.

MR. BRETT: So that's saying to me -- am I right in concluding from that that the Parkway utilization -- the Parkway A station wasn't running at all in many of the months?

MR. RIETDYK: That's correct.

MR. BRETT: Okay. But then if you go along to Parkway B maximum horsepower utilization, the numbers are quite -- are quite substantial. They are not 100 percent, but they are in the 70s and 80s. So that's telling me Parkway B is the compressor that gets used first?

MR. RIETDYK: It gets used most often to meet the current demands at Parkway; correct.

MR. BRETT: And the -- what then is monthly peak export day?

MR. RIETDYK: So that would be the highest exports for any given month, and that would be the day of the month where you have the highest --

MR. BRETT: By exports, you mean through the compressors.

MR. RIETDYK: That's right, compressed volumes through the compressors.

MR. BRETT: Then if you go over to A, the next column, "Parkway A average utilization for the month", you get -- let's look at the entry fourth from the bottom, 23 January 2013. You have 6 percent average utilization. You have zero percentage of maximum horsepower utilization.

So how are those numbers reconciled?

MR. RIETDYK: Can you repeat the question again?

MR. BRETT: Yes. If you look at -- I'm looking at column 2 and column 4. Column 4 says "Parkway A", that's the smaller compressor, "average percentage utilization for the month." That's average for the month.

And if you look down -- and let's look along the line that is January 23rd, 2013. You show 6 percent as the average utilization of that month. I assume that's sort of a portion of a month.

MR. RIETDYK: I understand where you're going now. On January 23rd, the Parkway A compressor was not utilized, but for the month it was utilized 6 percent of the time.

MR. BRETT: Okay. And January 23rd happened to be the peak export day for the month of January.

MR. RIETDYK: That's correct.

MR. BRETT: But notwithstanding that, all of the necessary horsepower was supplied by B?

MR. RIETDYK: For January 23rd, that's correct.

MR. BRETT: On that day, yes. Okay. And then the Parkway B utilization, average utilization, is the same as we discussed, the same principles we discussed, and it shows higher utilization rates for most months -- rather, on most -- yes, most months, it has substantially higher. And that ties in with what we said a moment ago.

What I wanted to do, then, is ask you to compare those percentage utilizations, say, of Parkway B and Parkway A, and you can do kind of the mental arthritic to merge them, if you like, but compare that with the utilization number over on table -- on page 3, where you're looking at a number of like 93 percent in '13.

It seems that the number, the utilization figure in the table on page 3, is a lot high where than the utilization numbers on page 5. I just wondered why that is.

MR. RIETDYK: So the table on page 5 speaks to the actual utilization of the compressors for actual winter conditions for that period of time. On table -- on page 3 in part (d) the percent utilization, the question was answered as a percentage of utilization on a peak day flow.

So in the case of peak day flow, we would be required to use both Parkway A and Parkway B, and that would be the projected utilization for that period of time.

MR. BRETT: Okay, that's helpful. Now, just going back to yesterday again, Mr. Isherwood, you talked about the requirements that you would have to move gas beyond Parkway, and I believe -- I know these numbers are in evidence and I know they are in the transcript -- I think they are in the transcript from yesterday.

I just wanted to confirm. You said that you would have -- first of all, you would have your own demands for your eastern and northern area for going forward, and you said that was about $100,000 gJs a day?

MR. ISHERWOOD: 110.

MR. BRETT: 110. Then you said there was GazMét, a requirement that you had to -- or an interest expressed at least from GazMét, and perhaps a contract, an interest -- GazMét was going to require 268,000, was that -- or 278?

MR. REDFORD: 258,000 gJs, and that is contracted.

MR. BRETT: That's contracted between you and GazMét at this stage?

MR. REDFORD: Correct.

MR. BRETT: Contracted in the sense of contracted from

Dawn to Parkway?

MR. REDFORD: That's correct.

MR. BRETT: Okay. And then you said that the other -- Enbridge has asked, has requested, to move 400,000 of their current M12 -- move the delivery point from Parkway suction, which of course doesn't go through compression, to Parkway discharge, which means they are going to put it through compression.

Now my question is: What is your understanding of the reasons that Enbridge wished to make that switch?

MR. REDFORD: It is directly associated with the GTA project. Enbridge's GTA project one of the flexibilities that they were looking for was entry point flexibility into their system and the ability to diversify supply in the distribution system in the GTA.

So they were going to move the 400 a day that's contracted Dawn-Parkway, the incremental contracts on Dawn-Parkway, as well as shift 400 from suction to discharge, so to speak, so that they could move 800,000 gJs a day to the Albion point. It was part of their gas supply management.

MR. BRETT: Focusing for the moment on the existing 400 that they are buying or they're taking delivery of now at Enbridge suction, your understanding is they simply want to have that come in at Albion rather than Enbridge suction, because it diversifies their entry points? And I'm...

MR. REDFORD: That's correct. The reason that they were looking at taking the 400 a day of incremental, as well as the shift to Albion, was to --

MR. BRETT: No, I'm going to deal with the incremental just in a moment, but on the shift, now, in that case did you agree to change the delivery point?

MR. REDFORD: Yes.

MR. BRETT: And if you wish, could you have refused to change the delivery point?

MR. ISHERWOOD: I think the way our system operates, Mr. Brett, is the Dawn-to-Parkway toll or tariff is the same whether you go to the suction side or the discharge side. It's the same toll. The only customer that takes gas at the suction side is Enbridge, and they have a fairly large contract, actually, going into their system off the suction side, but to the extent the customer needs additional capacity on the discharge side to diversify, as Mr. Redford mentioned, we would accommodate that.

MR. BRETT: You are saying it's a good customer. They have a lot of -- the capacity is going to be on the Dawn-to-Parkway in any event, upstream, and so you would do what you could to accommodate them in that sense? You would have no reason to sort of not allow them, not permit the change?

MR. ISHERWOOD: We have no reason to do that, and in the context of them trying to reinforce the GTA, I think it's the thing that they have asked us to do.

MR. BRETT: Was it your understanding, as well, that they wished to move that gas to compression because they wished to either -- well, they wished to relieve the pressure, relieve the pressure on the lines -- the line leading away from Enbridge Parkway, into the central part of the operation?

MR. ISHERWOOD: Our understanding -- and I think some of this came out yesterday, as well, with the Enbridge panel, but 400 of it is going from suction side to discharge side. The 400 on the suction side that's shifting, part of that will be replaced by the 200,000 a day that Enbridge is contracting with TPCL from Niagara to Parkway.

MR. BRETT: That's my understanding, or that would be my inference, yes.

MR. ISHERWOOD: 200 is made up that way, and I understand the other 200 is for future growth within the GTA.

MR. BRETT: Right. It would be for -- well, it's existing gas; it's a gas they are already using. And the 200, as we understand it, or at least as I think is clear from the evidence, the Enbridge suction gate station is at capacity at the moment, right? So the 200, the other 200 of the 400 that's been shifting is existing gas that they are already using in their system, right?

MR. ISHERWOOD: The 200 they're shifting that is not being replaced, it's gas that's currently being used or its capacity is currently being used today.

MR. BRETT: So it's not for growth as such. Really it's for -- it's to reroute some of their existing gas in through another entry point, effectively?

MR. ISHERWOOD: It's the whole strategy of diversifying entry points, and again, Enbridge is probably in a better position to talk to that, but --

MR. BRETT: I understand that. Okay. Then, as you say, the 200,000, your understanding is the other 200,000 of the shift is the gas that they were going to bring up your -- bring in from Niagara and through TransCanada's domestic line, or Hamilton line?

MR. ISHERWOOD: Correct.

MR. BRETT: I just -- glad you raised the 400 new incremental, because I sort of lost that a little bit in the dust. That 400,000 is something -- is an amount they have already contracted for on Dawn-to-Parkway? The second 400,000?

MR. REDFORD: The 400,000 of incremental Dawn-Parkway transport, they have contracted for that.

MR. BRETT: When was that contracted for?

MR. REDFORD: For November 1st of 2015.

MR. BRETT: 2015?

MR. REDFORD: Yeah.

MR. BRETT: So they are basically --

MR. ISHERWOOD: That was actually contracted through the 2012 open season that Gaz Métro and Union also participated in. So it's all three companies participated in the same April, May 2012 open season.

MR. BRETT: So you sort of contract from each other, as part -- is that the idea?

MR. ISHERWOOD: No, the open season was held, and Gaz

Métro entered the open season. Enbridge entered the open season --

MR. BRETT: It's your open season?

MR. ISHERWOOD: It's our open season, yes. And Union, we can't contract ourselves, but we also required the capacity for ourselves, as well.

MR. BRETT: That was 2012 open season for delivery 2015 at Dawn, from Dawn-to-Parkway?

MR. ISHERWOOD: That's correct.

MR. BRETT: Now, just, if I may, going for a moment back, switching back to the discussion you had a little yesterday on the sort of new, fast-breaking event or whatever we want to call it, of TransCanada's situation, your situation, the open -- you referred to an open season a moment ago in talking with Mr. Smith, I guess. In any event, you were saying that what you sought with respect to the -- this was answering your question about your -- the question about your expectations. I guess it was Mr. -- it was the second questioner.

You said -- you were asked about your expectations for what sort of access you would have to the Albion, to the Albion pipeline, the joint pipeline, the pipeline that was originally conceived as a joint project between Enbridge and TPCL.

And you said that you would expect that -- as I paraphrase -- that you would be able to get access for the gas that you had -- the contract, essentially, or the commitment that you had made to TransCanada in their open season for -- to move gas along that route.

My question was: What open season was that? I just want to make sure I get these open seasons sequentially straight. That's...

MR. ISHERWOOD: Union Gas held an open season last spring, in April, and it ended early May, for both Dawn-to-Parkway as well as Dawn-to-Maple.

MR. BRETT: Dawn-to-Maple and Dawn-to-Parkway?

MR. ISHERWOOD: Right. And that was really to address the fact that there was a very large constraint that's blocking the ability of Ontario and Quebec customers to get back to Dawn.

And at that point, TPCL was not prepared to build, and we have already said that if they won't build, then Union will because that constraint is very important for Ontario and very important for Quebec customers, as well.

So we did the open season, and TPCL actually had their parallel open season. Shortly after we launched ours, they launched theirs, so it would have been in the April, May time frame, as well.

MR. BRETT: April, May of 2012?

MR. ISHERWOOD: Correct. And both Gaz Métro and Union agreed that to the extent that TPCL was willing to build and no longer block the path, that we would be prepared to enter the open season. And the advantage it actually offered was their capacity would be available in 2014, which meant the $100 million-plus that the two companies would be able to pass on to their customers would be available in 2014.

Mr. BRETT: That was 400,000 gJs a day?

MR. ISHERWOOD: I think the Gaz Métro and Union volumes combined would add to 368.

MR. BRETT: 368?

MR. ISHERWOOD: 368,000.

MR. BRETT: This is the same...

MR. ISHERWOOD: The same exact number.

We were notified in September that TransCanada would not be able to build in 2014; they delayed it to 2015, which meant that that $130 million of savings would not be available to our customers in eastern Ontario and Quebec.

MR. BRETT: The 130 million being the measure of?

MR. ISHERWOOD: It's both the Gaz Métro savings that they've calculated, as well as the savings that we've calculated for our customers.

MR. BRETT: Gas savings as a result of doing it this -- okay.

MR. ISHERWOOD: Natural gas savings. As I mentioned yesterday, we were further notified in April that the -- we will no longer be building.

MR. BRETT: So in this circumstance, then, is it your intent in this proceeding to essentially seek access to that Enbridge line?

In other words, without getting into all or the possible variations on the theme but to put it at a high level, to ask the Board to condition approval of that line on open access to you and GazMét, to at least the extent of the 368?

MR. SMITH: I think it's fair to say, Mr. Brett, that Union is in the position of evaluating its options, including the positions it will take in relation to the approvals that ought to be granted by the Board.

MR. BRETT: You are not saying -- really, at this stage you are saying you haven't really decided what you will do, but that you're not ruling out what I just said?

MR. SMITH: Not ruling anything out or in.

MR. BRETT: Okay. Those are my questions. Thank you.

MR. MILLAR: Thank you, Mr. Brett. Mr. Quinn, did you want to go next?

QUESTIONS BY MR. QUINN:

MR. QUINN: Yes, thank you, Mr. Millar. Before I proceed, I was interested in the discussion that you were having with Mr. Brett related to BOMA 3, and I don't know that we need to refer to it, but it should be fairly handy. If we can just bring that back up?

I'm speaking specifically to January 23rd, this past year. One of the nice things in -- for utilities to actually have a really cold day to see how its system operates on that cold day. What I didn't hear, and maybe it's embedded in here, so if it is, maybe you can tell me, but does Union know what the heating degree days were on January 23rd, 2013.

MR. RIETDYK: I don't have that information with me right now.

MR. QUINN: I respect that, and so maybe by way of undertaking, if Union could provide the heating degree days for January 23rd, and I'm just going to expand upon that, if I may, Mr. Millar, before we take an undertaking number, to provide whether the interruptibles were on or off that day, and then based upon projecting from whatever the heating degree days were on the day to whatever peak day would be, based upon Union's typical analysis, what percentage utilization Union would project for a peak day for the numbers that were provided in that table?

MR. ISHERWOOD: Just a point of clarification, Mr. Quinn, I guess. Volumes going through Parkway end up anywhere from Kapuskasing to Boston. Which heating degree days do you want us to use?

MR. QUINN: Good point. Union has submitted information on weather methodology, but current Board-approved weather methodology with expectations for what Union would plan for in its system going into the 2013 winter, so the peak days you would use when you were doing your system planning for that winter.

MR. RIETDYK: So what we've planned for is actually identified in the table in page 3 in (d). That would be the percent utilization of those plants, and even coming to this coming winter we're projecting that we'll need both Parkway A and Parkway B in order to compress volumes on a cold winter day; not just a peak day, but a cold winter day.

MR. QUINN: I can appreciate that there is some variability around it, but what we have here is actual degree heating days and actual utilization. So I would like if Union would, by way of undertaking, provide us the heating degree days, interruptibles on or off, and then project that to a 44 degree day interruptibles off in terms of what your analysis could project utilization to be.

Clearly, if you want to put some caveats on it in terms of the weather methodology used or assumptions that go into that, that would be respected, also.

MR. RIETDYK: We could certainly provide you with the actual conditions on January 23rd, Mr. Quinn. When it comes to actually doing system design, we're required to meet all of our firm obligations for those particular days. There's no direct correlation between what happened on January 23rd and what we would expect to see on a peak winter day.

MR. QUINN: Actually, you may have given us a helpful way of looking at this, Mr. Rietdyk. You know what your obligations were in terms of firm obligations. You also have information as to what was actually nominated.

So to the extent that there was an under-nomination relative to your expectation for those firm contracts, you can embed that also in the analysis and say, if all of those firm obligations had to be met, then this is what we would project as utilization.

MR. RIETDYK: We'll undertake to provide you with those conditions on that particular day.

MR. QUINN: Thank you, Mr. Rietdyk.

MR. MILLAR: JT2.3. Obviously it's a lengthy undertaking, at least in terms of words, so we may have to let the transcript speak for itself on that.

UNDERTAKING NO. JT2.3: TO ADVISE HEATING DEGREE DAYS ON JANUARY 23, 2013; WERE INTERRUPTIBLES ON OR OFF; AND WHAT PERCENTAGE UTILIZATION WOULD UNION PROJECT FOR THIS DAY.

MR. QUINN: I think Mr. Rietdyk and I understand one another. We had the pleasure of serving together some decades ago together at Union Gas, so I think we're on the same page here.

Just in that regard, I guess I'm going to start off with a high-level question, and then I don't know who may be on Union's later panel, so you can move me to the next panel that's appropriate.

I did want to ask about a FRPO interrogatory, ask our scoreboard operator to get up FRPO 22, if you would, please? It's Union.A1.FRPO.22.

Union had provided information for us, and I would appreciate that the printing is quite small, but if you can just turn it up, I'm not sure we're going to have to get into any of the detail here. I think that will be appreciated by most.

What I wanted to show in this picture I'll get to in a moment, first off, does Union use a transient or steady-state simulation for its transmission needs?

MR. RIETDYK: For the Dawn-Parkway system, I assume that is what you are referring to, we use the transient state simulation.

MR. QUINN: Do you use also that for any of the other transmission laterals that come off the Dawn-Parkway system?

MR. RIETDYK: Yes, we do.

MR. QUINN: And those laterals would have operating pressures down to maybe maximum operating pressures of 275 pounds?

MR. RIETDYK: No, not at the inlets of the various stations. The constraint is actually at Parkway, which is 500 pounds on the suction side, or at the Kirkwall take-off, which is 650 pounds.

MR. QUINN: Maybe I should clarify my question. Do any of those laterals that come off have operating pressures that would be in the range of 275 pounds?

MR. RIETDYK: No, they don't.

MR. QUINN: Thank you. Now, moving on to the specifics, schematically you can see this in the schematic that is provided. If you focus on the Brantford to Kirkwall, that is the loop that Union is applying for in this proceeding, the remaining 48 inch; is that correct?

MR. RIETDYK: That's correct.

MR. QUINN: Downstream, though, of Kirkwall, it shows three lines, and if we're looking at those lines simply, the one line that's missing is the 42 inch that -- so you have three lines. You do have 48 between Kirkwall and Parkway, but you do not have a 42 inch?

MR. RIETDYK: That's correct.

MR. QUINN: So this may relieve some. If we can move to the next interrogatory, 23, in that interrogatory we asked about providing data on how adding an additional loop of pipe between Dawn and Kirkwall would be preferential to expanding facilities capacity between Kirkwall and Parkway.

There is a provision of a figure that -- 8.4, and I don't think you need to turn it up, but I guess what I was looking for was a comparison of the value of 48 inch between Brantford and Kirkwall and 42 inch between Kirkwall and Parkway.

Would you be able to expand upon that by way of undertaking to show the lower cost per unit of capacity when you compare those two alternatives?

MR. RIETDYK: You are just looking at for the detail in terms of why this is the least cost alternative?

MR. QUINN: Yes, by comparing it to a 42 inch on a path, that I think is already on the record, is more in demand these days between Kirkwall and Parkway.

MR. RIETDYK: We can do that.

MR. QUINN: Thank you.

MR. MILLAR: JT2.4.

UNDERTAKING NO. JT2.4: TO PROVIDE COMPARISON OF COSTS AND VALUES BETWEEN 48 AND 42 INCH PIPE BETWEEN BRANTFORD AND KIRKWALL

MR. QUINN: Staying at the high level again, we had a lot of discussion yesterday about emerging issues, and I respect that Union does not have -- is not privy to all the information that would be required to analyze Enbridge's position in the matter, but I want to take it to a higher level.

There was discussion about the value of using the opportunity of segment A and building it -- I think Mr. Isherwood's words were build as big as possible, but because what's been on the record here is the alternatives of 36 and 42, I was wondering, by way of undertaking, if Union could do some simple calculations for its system.

And just to demonstrate on a percentage basis what the incremental capacity is, I know Enbridge has some on the record relative to its capacity that it projected for 36 and 42, but I would like you to take it a step further and cost out, just at a high level engineering cost assessment, what the incremental cost is of going from 36 to 42.

So what I'm asking for is basically an undertaking that would say: Here's the incremental capacity we get, building bigger, and here's the percentage increase in costs associated with access in that capacity.

I think that would just be helpful for everybody to see the value of providing a pipe of bigger size while we have the opportunity.

MR. SMITH: Mr. Quinn, I think what you are asking us to do is cost out the increase in the cost of building the Enbridge pipeline segment A from 36 inches to 42 inches.

And without commenting on the appropriateness of that question to Enbridge, which will still have three panels up for discussion later today, I don't think that's an appropriate committee to ask of Union.

MR. QUINN: I was trying to give us context, Mr.

Smith, that I thought would be helpful for people to understand why Mr. Isherwood would say build it bigger because of the incremental costs, but I --

MR. SMITH: As I say, I'm not commenting on the appropriateness of the question. I'm just commenting on the appropriateness of it to Union.

MR. QUINN: I will defer, and hopefully we'll get some satisfaction from our friends at Enbridge later.

Going to another point that was brought up yesterday that I know you touched on with your panel this morning, Mr. Smith, I wanted to just go back around the horn, and by technology that's available to us today, I think Ms. Brown has that.

I just want to display it, but I'm going to ask if Union would put it on the record as an undertaking.

Will we be able to have that brought up?

Now, would you take this, subject to check, panel, that this is a slide that Union presented to the Ontario Energy Board in the Natural Gas Market Review in 2010?

MR. ISHERWOOD: Subject to check.

MR. QUINN: So what's displayed here -- and again, a picture being more than worth than a thousand words, I think, in this case -- is what Mr. Isherwood was helping us understand, is two paths from Dawn to Parkway; one, the direct path that we're all familiar with, and two is the round-the-horn path that -- I think the record is pretty good in terms of describing what goes on there.

What we're struggling with was the economics. How would that be economic? I know there's been different people's assessment of that, but I would like to ask, Mr. Isherwood, if you would be able to, by way of undertaking, using the 2012 rates that were in place, what the commodity and fuel gas costs would be of going Dawn-to-Parkway using a TPCL service, by path one, the Dawn-to-Parkway path, and path two, the around-the-horn path. Would you be able to provide us that assessment, to compare the commodity and fuel gas costs for around-the-horn, relative to the direct path?

MR. ISHERWOOD: We did some of those calculations for -- in the TPCL main line case last summer. Be happy to share that. I can't remember if we used '12 tolls or 2013 tolls, but it was definitely discussed at some length at that hearing. We can definitely share that pretty easily.

MR. QUINN: That would be acceptable. I want everybody to understand what the relative costs are. So if from your recollection you have that in that, I would be satisfied.

MR. ISHERWOOD: Okay.

MR. QUINN: Can I can get an undertaking?

MR. WASYLYK: Yeah. That will be JT2.5.

UNDERTAKING NO. JT2.5: USING 2012 RATES, TO PROVIDE A COMPARISON OF COMMODITY AND FUEL GAS COST SERVICE AROUND THE HORN VS DIRECT PATH FROM DAWN TO PARKWAY

MR. QUINN: Thank you. Now, I think we can move off of that.

There was also some discussion yesterday -- and I want to make sure it's on the record, because if segment A is built under the current situation, there was a question about how that gas would be used.

From Union's knowledge, is there a pipe from Maple to Albion currently?

MR. ISHERWOOD: From Albion to Maple? Or either way, I guess; it can go both ways.

Currently, there is not. So there needs to be segment A, Parkway-to-Albion, built. Union's current work with Gaz Métro is to build to a pipeline from Albion to Maple.

MR. QUINN: Thank you. I just want to make sure we're clear on that.

Then lastly -- and Mr. Smith, you can chime in here, as I'm sure you're willing to do -- there were a lot of discussions yesterday about the changing dynamics, and I respect nobody's got a crystal ball and they're negotiations that are sensitive.

Would you be willing to consider, by way of undertaking, providing Union's current thinking and position relative to conditions that the Board may apply to any approvals in this proceeding, and the rationale behind why Union would expect that those conditions would be helpful in the public interest?

MR. SMITH: Mr. Quinn, as I indicated to Mr. Brett, at this stage, given the recency of the news, Union is still considering its position, and that position in this proceeding I'm sure will become known. But I don't think that we can do that by way of undertaking, particularly given the timing associated with undertakings, which is next Tuesday.

MR. QUINN: I accept the timing, and at this point I understand from our discussions with Enbridge yesterday that they will be reporting to the Board prior to the settlement conference.

And I'll ask the question of the panel, but, Mr. Isherwood, do you anticipate Union will be able to define its position for the Board before the settlement conference as an assistance us to in scoping the issues before that proceeding, for the hearing?

MR. SMITH: Sorry, just one moment, Mr. Quinn.

Yes, we'll do that that.

MR. QUINN: Okay. Those are my questions. Thank you very much.

MR. MILLAR: Thank you, Mr. Quinn.

Mr. DeRose, did you have anything for this panel?

MR. DeROSE: No.

MR. MILLAR: Mr. Garner? Approximately how long do you have? I just want to get a time.

Is there anyone else in the back row who still has questions? Dr. Higgin, you have just a few minutes; is that right?

And Mr. Viraney, you had just a couple of minutes, and that will be it for this panel? Thank you.

QUESTIONS BY MR. GARNER:

MR. GARNER: I think this will be quick, because I think we've covered all the ground. I just want to make sure that I'm -- with all the things that are changing, I've got a clear picture in my mind what is going on, and I know some of it is up in the air.

And I also appreciate that Mr. Smith may -- he's prudently indicating you're still assessing your position.

But this is what I've heard, and I just want to ask you. You've told us since yesterday that you will not build the Brantford-Kirkwall until you get a pathway from Parkway to Maple; is that correct?

MR. ISHERWOOD: Both the Union Gas volumes and the Gaz Métro volumes obviously definitely need the path between Parkway and Maple established. Without that pathway established, we would defer the construction of the Brantford-to-Kirkwall line.

As I mentioned yesterday, our plan is to build the path from Albion to Maple in 2015, so our plan is still to build Brantford-to-Kirkwall in 2015, but if for unknown reasons we get delayed then Brantford-to-Kirkwall will get delayed, as well

MR. GARNER: So you plan to build -- in the absence of TCPL building Albion-to-Maple, you will build Albion-to-Maple?

MR. ISHERWOOD: Yes.

MR. GARNER: And as you said yesterday, I asked you why TPCL would contract on segment A of Enbridge's proposed project in the absence of a path that they own themselves from Albion to Maple, and you explained the issue about around the horn and the economics for TPCL to do that.

MR. ISHERWOOD: Yes.

MR. GARNER: Notwithstanding I think your -- if I have this right, your position that that pathway is not particularly economic for Ontarians and Quebec consumers of gas?

MR. ISHERWOOD: So the TPCL volumes are existing volumes. It brings no benefit to Ontario consumers; it brings benefit to TransCanada, but not to Ontario consumers.

The pathway that Union Gas wants to build between Albion and Maple brings incremental capacities that helps both eastern Ontario and Quebec customers.

The issue we have here is that Union Gas, Enbridge and Gaz Métro were in open seasons in 2012. TPCL has approached Union Gas recently to see if they could essentially jump into the capacity that would otherwise have been built for Union and Gaz Métro customers.

Our response back to them was by ignoring our existing contractual obligations to Enbridge and GMI, you would be queue-jumping. You'd be essentially getting volumes ahead of customers that were legitimately in the 2012 open season. We would likely be having open season sometime shortly in 2013, and we would welcome their participation, and there would likely be a 2016 or a later build.

MR. GARDINER: Thank you. I want to go back now to the pathway, the issue of the pathway. As I also understand it, your concern right now with the proposal that you've seen just recently between TPCL and Enbridge is that the segment A part of that potential path excludes your participation in it?

MR. ISHERWOOD: It excludes our participation, and it provides full control and access by applying to TransCanada, and they have no obligation to build to serve the needs of the Ontario-Quebec customers.

MR. GARNER: And this isn't a question for you, but the understanding so far that we have in the record is that Enbridge takes the position that STAR, or the Board's access rules to transmission lines, don't apply in the case of this project, and that's one of your concerns, that that doesn't apply to this project?

MR. ISHERWOOD: Our belief, STAR does apply.

MR. GARNER: Your belief is STAR does apply?

MR. ISHERWOOD: Yes.

MR. GARNER: In the absence of getting access to segment A of the Enbridge project, and as you pointed out building from Albion to Maple, as I understood the evidence yesterday you gave, you would have to twin the pipe on segment A.

You would have to build along basically that same route and build another pipeline in the same corridor. Is that where you would be doing it, or -- I mean, I know you're not doing it, but is that where you would probably have to build?

MR. ISHERWOOD: I'll defer to Mr. Rietdyk.

MR. RIETDYK: We would have to complete an environmental assessment to establish what the appropriate path for that pipeline between Parkway and Maple would be.

MR. GARNER: There is no other obvious choice for you to take, other than the one where there is already going to be, I think, now two pipes going down that corridor?

MR. RIETDYK: As Mr. Isherwood mentioned earlier, we did a preliminary assessment early last year on that path and it did seem like the logical path would be the 407 corridor to Albion, and then north from there to Maple.

MR. GARNER: So in the scenario where that pathway is built or a similar path built from Parkway to Albion, in your view, what would be the value of the excess capacity now built on segment A of Enbridge's line? What value would that bring to the Ontario gas market?

MR. ISHERWOOD: I think the best option for Ontario is to have one line that meets the needs of all customers.

MR. GARNER: Thank you. Those are my questions.

MR. MILLAR: Thank you, Mr. Garner.

QUESTIONS BY DR. HIGGIN:

DR. HIGGIN: Roger Higgin. I have a question which could be in A1 or it could be in A2, and as long as I get it answered, I can defer to that. I think Union knows what the IR is, so I'll go with whatever that decision is.

Do you want to ask it now, or do you want me to put it to A2?

MR. SMITH: I don't know what it is, sorry.

DR. HIGGIN: Mark knows. Can you turn up Energy Probe I.A1.1? A lot of ones in there. Then looking to get an answer to this question, and in preface I would say that the site development and land costs, 90.6 million, we asked for those --

MR. ISHERWOOD: Is this an A1 or A2 question?

DR. HIGGIN: This is an A1; A1-EP-1. It's on the screen. The question is we didn't get a response to this that we felt was what we were looking for. Whether that was a misunderstanding, we don't want to go there.

Basically, we would like to see this information. Now, just to repeat, you did provide some partial information to LPMA regarding allocation of these costs in some of its IRs. So what we would request is that you do a best efforts to provide this information, and whether or not you should allocate between just land area as one option as an allocator - you've done that for LPMA - or whether there should be different allocators. We don't know. Anyway, we would like you to provide an attempt at this information, please.

MR. SMITH: Why don't we ask that question of panel 2? I believe the appropriate witness is on that panel.

DR. HIGGIN: You would rather have it with panel 2?

MR. SMITH: Yes.

DR. HIGGIN: Okay, then.

MR. MILLAR: Thank you, Mr. Higgin. Mr. Viraney?

QUESTIONS BY MR. VIRANEY:

MR. VIRANEY: This is -- the reference is A1.CCC.4, and that is with respect to approval of the projects. The response is Union is requesting board of directors' approval of the Parkway West project.

Have you sought approval of the Brantford to Kirkwall project, as well?

MR. ISHERWOOD: At this point in time, there is another board meeting in August, so we're going to develop the project further and go to the board late in the summer, early fall. Actually, it may be September, but it's later into this year.

MR. VIRANEY: Is the Board aware of the recent changes that TPCL has suspended expansion of the Parkway to Maple line?

MR. ISHERWOOD: It's probably best if you address it -- we only have an undertaking on the material. We can address that maybe in that same undertaking. I've not had much chance to follow up, actually, what happened at the board meeting Monday and Tuesday. But we can answer that in the same undertaking.

MR. VIRANEY: Do you want to add to the undertaking?

MR. ISHERWOOD: I would add to it. It was --

MR. MILLAR: Which undertaking?

MR. SMITH: There was an undertaking --

MR. ISHERWOOD: 2.1.

MR. SMITH: -- to provide the board package.

MR. MILLAR: We'll include an update on the extent to which the board is aware of the TPCL issue.

MR. SMITH: Yes.

MR. VIRANEY: Referring to A1-BOMA-3, and this is page 5. It is a table of the utilization of the two compressors.

I'm just looking at the table, and it seems that the utilization seems to be alternating, so you have Parkway B being utilized most of the time, but when that is not, you have Parkway A utilized.

So, for instance, June 8, 2011 you have Parkway A at 70 percent, and Parkway B at zero.

Is there a specific reason that they do not run simultaneously, or is that only just one compressor is required?

MR. RIETDYK: For these particular flow conditions, only one of the compressors was required.

MR. VIRANEY: So I see from 2010 to 2013 that's -- in most cases, that's the scenario. It just alternates. In fact, in very rare cases they are both being utilized?

MR. RIETDYK: That's correct. But we are projecting, based on the increase in flows for this coming winter, that we will require both compressors be utilized at the same time.

MR. VIRANEY: Thank you. Those are all my questions.

MR. MILLAR: Thank you, Mr. Viraney. Is that it for panel Union 1? Okay. Thank you, panel. You are excused.

Mr. Smith, are you prepared to call your second panel?

MR. SMITH: I just have to round them up.

MR. MILLAR: Are they in the room?

MR. SMITH: They are downstairs.

MR. MILLAR: Why don't we take a very quick break? Is ten minutes sufficient?

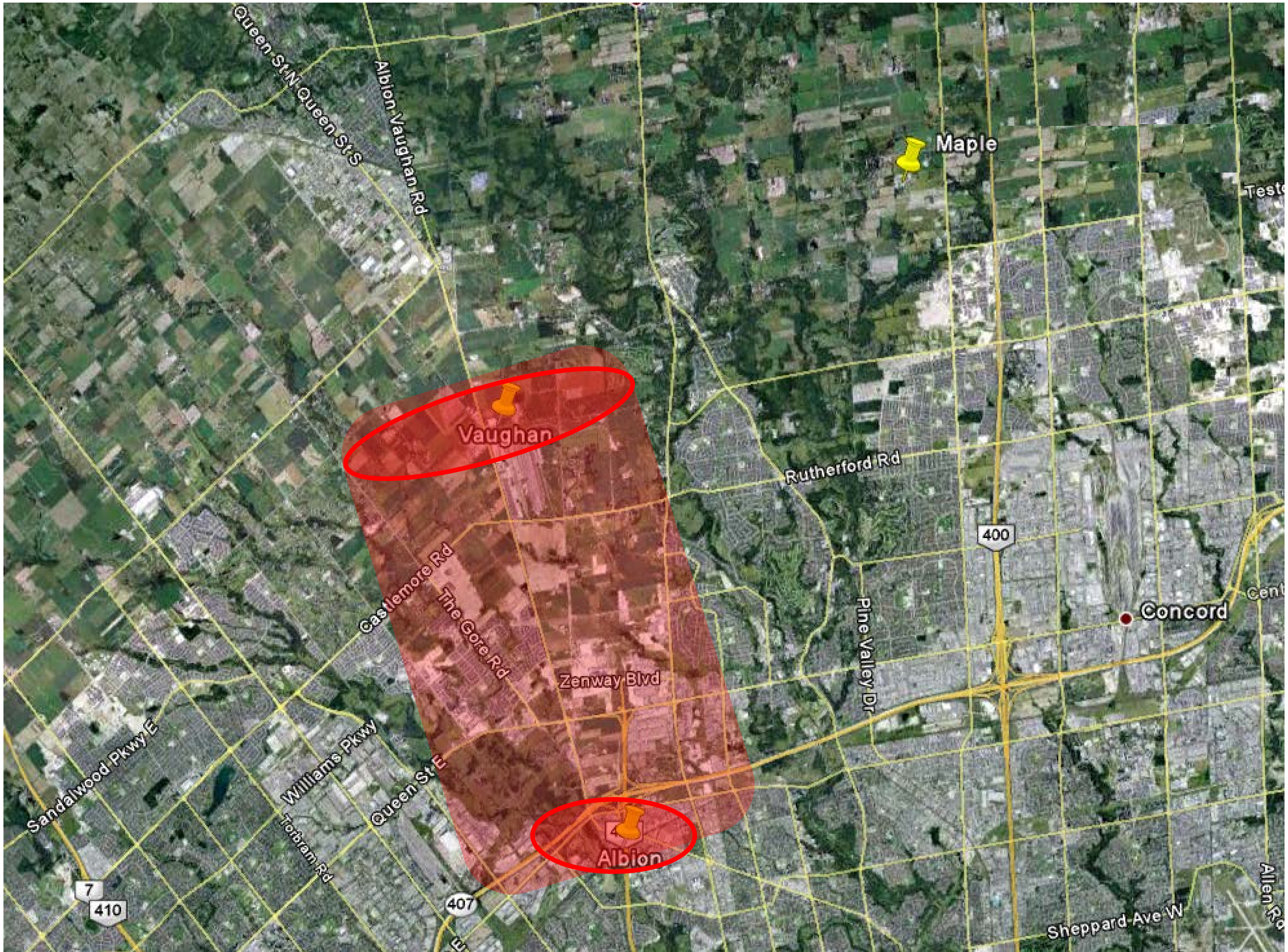
MR. SMITH: Yes.

MR. MILLAR: Ten minutes. Thank you.
--- Recess taken at 10:08 a.m.
--- On resuming at 10:20 a.m.
MR. MILLAR: Why don't we go back on the air?
Mr. Smith, would you like to introduce your panel?
UNION GAS DISTRIBUTION - PANEL 1
Greg Tetreault
Rich Birmingham
Michelle George
Dave Hockin
MR. SMITH: I would very much like to introduce my panel, and maybe I'll ask them to do that.
So starting from closest to me, Mr. Tetreault, can you introduce yourself, and then go down the list, name and position, please?
MR. TETREAULT: Greg Tetreault, manager of rates and pricing and regulatory affairs.
MR. BIRMINGHAM: Rick Birmingham, vice president of regulatory lands and public affairs.
MS. GEORGE: Michelle George, director of major projects.
MR. SMITH: Mr. Hockin?
MS. HOCKIN: Dave Hockin, manager, strategic development.
MR. SMITH: Just one preliminary matter, Mr. Millar. I had asked Mr. Birmingham if you could -- some of this is in the record already, but if you could please summarize for me the approvals that Union is seeking in this

TAB 20

385

Albion to Vaughan Project – Area of Consideration



Filed: 2013-06-18
EB-2012-0451/EB-2012-0433/EB-2013-0074
Exhibit. JT1.14
Attachment 1

uniongas
A Spectra Energy Company
April, 2013

TAB 21

UNDERTAKING JT1.1

UNDERTAKING

TR 1, page 14

To confirm whether TransCanada is obligated under the MOU to build from Albion to Maple in order to retain capacity to Enbridge pipeline.

RESPONSE

The undertaking appears to contain a grammatical error and we assume it to be, "to confirm whether TransCanada is obligated under the MOU to build from Albion to Maple in order to retain capacity on the Enbridge Pipeline."

In Schedule "D" of the MOU, under "Impact of Elections", certain provisions of the applicable election (in this case, election #2) are to be incorporated into the terms of the TBO Agreement, also known as the Transportation Service Agreement ("TSA"); included is section 7 of Schedule "B" which states that "TransCanada will construct, own, operate and maintain the TransCanada Maple Pipeline." Further, the TSA will contain the provision, as set out in Section 4(l) of Amending Agreement #2:

> TransCanada agrees to work with the Eastern local distribution companies and the market in a cooperative and timely manner, to establish terms and conditions, to be brought to the NEB for approval, under which TransCanada could expand the TransCanada System for short haul service requests on a commercially reasonable basis.

The MOU also requires TransCanada (and Enbridge) to diligently and expeditiously pursue to the regulatory approvals necessary to enable the parties to meet their obligations under the MOU.

TransCanada and Enbridge have not yet concluded negotiating the definitive terms of the TSA. Currently, Enbridge has proposed a term which states that TransCanada shall utilize the gas transportation services provided hereunder only to provide gas transportation services pursuant to the TransCanada Tariff or for its own operational purposes. Also, TransCanada would be paying for service under the TSA whether or not TransCanada was using the service. These terms combined with the obligations in the MOU stated above have the effect of obligating TransCanada to build the Albion to Maple pipeline in connection with its use of the GTA pipeline.

Witness: M. Giridhar

UNDERTAKING JT1.2

UNDERTAKING

TR 1, page 15

To provide the section of STAR which provides exemption.

RESPONSE

Pursuant to section 1.7.1 of STAR, the OEB may grant an exemption from any provision of the Rule in whole or in part, and such exemption may be subject to conditions or restrictions. Enbridge would like to take this opportunity to explain the principles underpinning the MOU with TransCanada and the manner in which the public interest considerations underpinning STAR and related OEB decisions are incorporated within the MOU.

The Intent of the Discussions amongst Enbridge, Union and TransCanada

In its EB-2011-0210 Decision, the OEB admonished Union, Enbridge and TransCanada to consult to determine the most efficient development and use of proposed infrastructure to the benefit of Ontario ratepayers (see pages 126-127). To this end, Enbridge has consulted with and negotiated arrangements with both TransCanada and Union in a non-discriminatory and transparent manner, in order to effect a co-ordinated build of much needed gas infrastructure that provides continued safe and reliable distribution service in the GTA and market access for customers in Eastern Canada. The discussions with TransCanada arose in relation to an open season conducted by TransCanada in 2012 and responded to TransCanada's desire to provide services requested in the open season. The principles underpinning the TransCanada MOU are listed under Section 2.1 of the response to CME Interrogatory #6 filed at Exhibit I.A1.EGD.CME 6, Attachment 3, page 27. STAR has a similar purpose, to ensure open and non-discriminatory access to transportation services.

The Quid Pro Quo Sharing Arrangement

The TransCanada MOU and its amendments incorporate a quid pro quo principle to give effect to the twin objectives of continued safe and reliable distribution service to the GTA and market access to economical short haul supply. In return for exclusive access to the Enbridge pipeline from Bram West to Albion ("Enbridge Pipeline"), TransCanada must make reasonable commercial efforts under the Transportation Access Procedures ("TAPS") approved by the NEB to provide service through this path if requested by

Enbridge (Section 16, Exhibit I.A1.EGD.CME 6, Page 23). Further, TransCanada must work with the Eastern LDCs (Enbridge, Union, Gaz Metro) and the market in a cooperative and timely manner to expand the TransCanada system for short haul service requests on a commercially reasonable basis, the terms of which shall be brought to the NEB for approval (Section (l), Exhibit I.A1.EGD.CME.6, Attachment 5, page 7).

The Mechanics of the Arrangement

While Enbridge and TransCanada contemplated joint ownership of the Enbridge Pipeline, the parties eventually agreed to a gas transportation service to be provided by Enbridge as the sole owner and operator of the Enbridge Pipeline. Enbridge and TransCanada agreed that the Transportation Service Agreement ("TSA") would mimic joint ownership of a pipeline rather than a traditional transmission service as the STAR contemplates. Enbridge would use its capacity on the Enbridge Pipeline to provide gas distribution services, and TransCanada would use its capacity to provide transmission service under its Mainline Tariff. Enbridge would not control the gas flows or balancing on the pipeline as it would do for a typical transmission service, except for safety reasons. Neither would Enbridge take custody of the gas from TransCanada. The rate charged to TransCanada would also mimic a joint ownership arrangement.

Accordingly, Enbridge is of the view that provided the principles underpinning the sharing arrangement are upheld by Enbridge and TransCanada, the intent of STAR would be met by TransCanada providing fair and non-discriminatory access to short haul capacity that is desired by the marketplace under the TAPS.

Changes since the TransCanada MOU was Executed

Since the MOU was executed, two events have created uncertainty. First, the NEB Decision on TransCanada's restructuring proposal has fixed TransCanada's tolls for a five year term as opposed to the requested two year term, which has impacted TransCanada's willingness to provide access to short haul services absent the ability to recover the cost of facilitating access. As a result of the NEB Decision, TransCanada has declined to serve Union and Gaz Metro; instead, TransCanada has stated it will use its capacity on the Enbridge Pipeline to meet existing system requirements resulting from a reduction in back haul service on the Great Lakes system and increase in forward haul service through the Dawn to Parkway system.

Secondly, as a result of the Energy East Project, TransCanada has deemed a significant amount of capacity that is currently required to meet the firm distribution loads of the Eastern LDCs as non-renewable past 2015. TransCanada has stated its intent of ensuring that existing firm contracts will be honored, albeit with changes to tariff terms and conditions, prior to the proposed transfer of Mainline capacity to oil service.

Witness: M. Giridhar

This stated intent does not provide comfort to the Eastern LDCs about the price and other terms and conditions under which prospectively unserved firm residential, commercial, and industrial demand will receive service. Accordingly, market access to Mainline capacity under reasonable commercial terms, whether long haul or short haul, is now a concern for all Ontario customers post October 2015.

Enbridge has identified that up to 170,000 TJ/d of capacity required to serve its Ottawa market, or up to 25% of its peak day demand, will be unsecured past October 2015 as a result of the non-renewable status of these arrangements, causing significant reliability concerns for Enbridge's ability to meet winter demand in the Ottawa market post October 2015. Accordingly, Enbridge has requested that TransCanada provide short haul service commencing in November 2015, in accordance with Section 16 of the MOU; that is, TransCanada must use reasonable commercial efforts under the TAPS to accommodate Enbridge's request either through existing or new facilities, subject to exercise of TransCanada's discretion on a non-discriminatory basis and regulatory approval. TransCanada must issue this open season prior to June 30th, 2013. The TAPS does not permit TransCanada to discriminate between holders of existing and new capacity in terms of price. If TransCanada fails to meet its obligations under the MOU, Enbridge may have the option to terminate the MOU.

Moving Forward

Enbridge is of the view that the MOU between Enbridge and TransCanada can address the needs of the Eastern LDCs for economic access to natural gas if all parties act reasonably to develop a solution. As noted in response to Board Staff Interrogatory #48 at Exhibit I.D5.EGD.STAFF.48, negotiations between the Eastern LDCs and TransCanada with respect to the terms and conditions under which TransCanada is able to expand short haul services are continuing and Enbridge hopes to be able to provide a further update prior to the Settlement Conference, in conjunction with an update on the adequacy of the NPS 36 pipe for its Bram West to Albion pipeline. In the event that the negotiations have resulted in an agreement to expand short haul services in a commercially reasonable manner, the OEB could approve the sharing arrangement conditional on NEB approval for the contemplated services.

In the event that negotiations between the Eastern LDC's and TransCanada have not resulted in an agreement to expand short haul services, and TransCanada is unable to demonstrate that it has upheld the quid pro quo principle embodied in the MOU, the OEB may conclude that TransCanada's exclusive access to capacity on the Enbridge Pipeline is not warranted. In this case, if there is no sharing of the GTA pipeline with TransCanada and capacity on the Enbridge Pipeline is not used to meet TransCanada's existing system requirements, Enbridge is of the view that the NPS 36 pipe size will provide significant incremental market access, in conjunction with any additional facilities that may be built from Albion to Maple and the requisite approvals from the

NEB for access to TransCanada's system. If this were to occur, Enbridge could use the incremental 800 TJ/d to meet the needs of its customers outside of the GTA Project Influence Area and reduce or assign a portion of its current short haul capacity of approximately 700 TJ/d on TransCanada's system from Parkway to Maple, thereby releasing existing capacity for the benefit of other customers in Eastern Canada.

Enbridge believes that the best course of action in the circumstances is for consultations between TransCanada and the Eastern LDCs to continue and for the parties to report back prior to the Settlement Conference. It is Enbridge's view that the issue of adequate market access under reasonable commercial terms can only be resolved at the NEB and the tension between the LDC market's desire for economical access to natural gas supplies and TransCanada's desire to optimize the use of its Mainline system is best resolved by consultation rather than conflict resolution. Enbridge, Union, Gaz Metro, and TransCanada are therefore incented to negotiate the optimal use of the GTA Project in good faith.

To summarize, Enbridge would define the issue before the Board regarding STAR and the TransCanada MOU simply as whether the proposed sharing arrangement with TransCanada provides non-discriminatory access to transmission capacity. Enbridge is of the view that the Board will have enough information by the end of July to make that determination. Any proposals for further solicitation of market interest under STAR would not result in a comprehensive solution (for example, the cost to transport gas away from Maple would still be at issue) and would likely cause consideration of the GTA project to be delayed. The proposed November 2015 in-service date for the GTA project is critical both for the distribution needs of the GTA and for market access for the Eastern LDCs. The current NPS 36 design of the Enbridge Pipeline which creates 1600 TJ/d of incremental market access for Eastern markets, in combination with TransCanada's remaining long haul facilities post-conversion, provide adequate market access and such delay is not warranted in the circumstances.

Witness: M. Giridhar

TAB 22

DECISION

QUÉBEC **RÉGIE DE L'ÉNERGIE**

D-2012-175	R-3809-2012	December 18, 2012

PRESENT:

Marc Turgeon
Jean-François Viau
Françoise Gagnon
Commissioners

Gaz Métro Limited Partnership
Applicant

and

Stakeholders whose names appear hereinafter

Final decision for the supply plan, the multipoint project, and the strategy for transferring the supply structure from Empress to Dawn

Request for approval for the supply plan and for the modification of Gaz Métro Limited Partnership's **Conditions of Natural Gas Service and Tariff** *beginning on October 1, 2012*

Stakeholders:

- Industrial Gas User's Association (IGUA)
- Canadian Federation of Independent Business (CFIB) (Quebec chapter)
- Groupe de recherche appliquée en macroécologie (GRAME)
- Option consommateurs (OC)
- Regroupement des organismes environnementaux en énergie (ROEÉ)
- Regroupement national des conseils régionaux de l'environnement du Québec (RNCREQ)
- Stratégies énergétiques and Association québécoise de lutte contre la pollution atmosphérique (S.É./AQLPA).
- TransCanada Energy Ltd. (TCE);
- TransCanada Pipelines Limited (TCPL);
- Union des consommateurs (UC)
- Union of Quebec Municipalities (UMQ)

1. INTRODUCTION

[1] On July 6, 2012, the Gaz Métro Limited Partnership (Gaz Métro or the distributor) submits to the Régie de l'énergie (the Régie) an application for approval of the supply plan and the modification of its *Conditions of Natural Gas Service and Tariff* effective October 1, 2012. It proposes to examine this application in two phases.

[2] Phase 1 covers to the following subjects:

- The supply plan for 2013-2015
- The evolution and value of "Futures" of location variations from Henry Hub for various exchange points for natural gas in Northwestern United States
- The purchase records at Dawn
- The multipoint project, and the strategy for transferring the supply structure from Empress to Dawn
- The financial derivative program
- Rate modifications regarding the interruptions
- The performance indicator aimed at optimizing the supply tools.

[3] On September 18, 2012, the Régie transmitted a distinct schedule in conjunction with Phase 1, for examination of the subjects regarding the performance indicator[1], including a subsidiary proposal from the distributor.

[4] On October 11, 2012, Gaz Métro submitted an amended request in which it requested a one-year postponement of the availability of TCPL's additional capacity be taken into account.

[5] The hearing for Phase 1 of the application covered all of its subjects, except for the performance indicator. It occurred over a period of five days, from November 5-9, 2012. The Régie began its deliberation on the subjects reviewed by the hearing on November 9, 2012.

1 Exhibit B-0023.

[6] On November 23, 2012, the Régie rendered its decision D-2012-158 on the distributor's requests regarding the approval of the supply plan for rate year 2013, the financial derivative program, and the rate modifications related to prohibited withdrawals. It also mentioned that all of the other subjects under consideration shall be the subject of a future decision.

[7] This decision pertains to the other subjects considered during deliberations after the hearings in November 2012 such as the supply plan, the multipoint project and the strategy for transferring the supply structure from Empress to Dawn as well as Gaz Métro's objections concerning the admissibility as evidence of the documents submitted by TCPL.

2. CONCLUSIONS SOUGHT

[8]The conclusions sought by Gaz Métro for Phase 1, other than the conclusions regarding the performance indicator, and the elements addressed by decision D-2012-158 are the following:

> "*Regarding the supply plan (Gaz Métro-1, Documents 1, 3 to 13 and 16)*
>
> ***APPROVE*** *the supply plan including the strategy for moving for the supply structure from Empress to Dawn as well as the use of the operation method approved in decision D-2011-162 for rate years 2013, 2014, and 2015*
>
> *In regards to the historical evolution and the "Futures" value for location variations from Henry Hub - follow-up of decision D-2011-182 (Exhibit Gaz Métro-1, Document 2)*
>
> ***DECLARE*** *that the information provided in the Gaz Métro-1, Document 2 Exhibit provides the follow-up requested in Paragraph 41 of Decision D-2011-182*

In regards to the purchase records at Dawn - follow-up of Decision D-2011-153 (Exhibit Gaz Métro-1, Document 15)

***DECLARE** that the historical comparison of purchases at Dawn presented in Exhibit Gaz Métro-1 Document 15 provides the follow-up requested in Paragraph 21 of Decision D-2011-153;*

In regards to the multipoint supply project - follow-up of Decision D-2011-164 (Exhibit Gaz Métro-1, Document 16)

***DECLARE** that the studies and analyses carried out in response to the follow-up requested by the Régie in Decision D-2011-182, in Paragraphs 41 and 42, concerning the multipoint delivery project are satisfactory and that the decision to halt this project is justified*" [Emphasis by Gaz Métro]

3. STRATEGY FOR MOVING THE SUPPLY STRUCTURE TO DAWN

[9] The rate regulations in effect force direct purchase customers to deliver the natural gas that they wish to transport to Québec by Gaz Métro to Empress. In its Decision D-2011-164, the Régie accepted a new method of operation that allowed all customers of Gaz Métro's transportation service to benefit from cost reductions resulting from supply carried out at Dawn rather than from Empress.

[10] In the same decision, the Régie ordered Gaz Métro to add to this application a global solution to the problem of multipoint procurement for customers using direct purchase in order to examine the possibilities for the said customers to deliver their natural gas to more than one delivery point and releasing them from their obligation to deliver to Empress.

3.1 GAZ MÉTRO'S OBJECTIONS REGARDING THE SUBMITTING OF TCPL DOCUMENTS

[11] The distributor objected to the admissibility as evidence of Exhibits C-TCPL-0027 to C-TCPL-0045, which consist of documents submitted during a hearing at the National Energy Board (NEB).

[12] At the hearing, TCPL recognized that these documents represent a quick reference used during the cross-examination of the distributor's witnesses, that the goal of the exercise was not to submit proof in the Régie's application[2] and that it did not intend to establish the proof for these documents to the Régie[3].

[13] Considering TCPL's announced intention in regards to the use of these documents, the Régie deemed that there was no valid reason to adjudicate the objection raised by the distributor in this regard.

3.2 GAZ MÉTRO'S POSITION

[14] In response to the Régie's request, Gaz Métro has offered to implement a project to transfer the supply structure from Empress to Dawn: the delivery point for direct purchase customers would henceforth be located at Dawn.

[15] More specifically, Gaz Métro is seeking to release from contract its transportation capacities originating from Empress and replace them by transportation capacities originating from Dawn instead as soon as possible, while maintaining the flexibility of its procurements to meet its customers' daily needs.

[16] Union Gas Limited (Union) and TCPL launched calls to tender targeting new transportation capacities on March 13 and 30, 2012, respectively. Gaz Métro submitted a tender in response to these calls to tender and its tenders were retained.

[17] To justify this transfer, Gaz Métro claims that Dawn is a crossroads where there is an increasing supply of natural gas: many pipelines

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2 Exhibit A-0030, pages 81-84.
3 Exhibit A-0050, page 221.

already arrive at Dawn and new pipelines should allow it to receive the gas production from the Marcellus and Utica production sites.

[18] In terms of the procurement at Empress, over the past few years, there has been a decline in gas production in the sedimentary basin in Western Canada, causing the flows in the pipeline connecting Empress to the Eastern Canadian markets to diminish. The increase caused by the "*Firm Transportation Long Haul*" (FTLH) transportation rate causes gas from Western Canada delivered to Dawn to be less competitive and accentuates the decrease in the pipeline's use.

[19] Gaz Métro wishes to decrease its vulnerability in regards to ever-decreasing volumes on FTLH transportation pipelines and resulting in an upwards pressure on the long-distance rate. In 2013, approximately 2,600,10^6m^3 will be sent from Empress to the Gaz Métro territory either by FTLH transport held by Gaz Métro or by exchange. These volumes represent about 46% of the territory's overall needs. Gaz Métro is, for all useful purposes, at the limit of purchases it can currently make at Dawn, due to the carrying capacities between Dawn and GMi-EDA at its disposal.

[20] The carrying capacities, contracted from TCPL and Union pursuant to their respective calls to tender, shall contribute to carrying out the project to transfer the location at which direct purchase customers shall deliver the natural gas they purchase. These additional capacities shall also allow Gaz Métro to increase the share of network gas sales that it purchases from Dawn.

[21] One of Gaz Métro's arguments in favour of this transfer to Dawn is the economic benefits. The price difference between AECO and Dawn has substantially diminished over the past few years and the financial market indicates that this trend will continue with the difference ranging from \$0.40 to \$0.60/GJ over the period from May 2012 to October 2017. TCPL's transport rate for the AECO-Dawn route is currently \$2.44/GJ (\$0.20 for AECO to Empress and \$2.24 between Empress and Dawn). The current financial market indicates that it is more profitable to purchase natural gas directly from Dawn than to purchase it at AECO and to pay the current transportation rate as well as the compression gas.

[22] Gaz Métro is currently invoking the distance argument to justify the transfer from Empress to Dawn.

"It always makes more sense to purchase supplies from close to one's franchise rather than from 3,000 kilometres away, whether from an environmental standpoint, or from an economic standpoint; it simply makes better sense.[4]"

[23] In response to the Régie's questions, Gaz Métro indicates that a transportation contract from Empress limits procurement to Empress or AECO points. On the other hand, by using transportation from Dawn, Gaz Métro or its direct purchase customers have various procurement options, and they may choose whichever offers the lowest price delivered to Montreal. Among these options is Empress[5]. Gaz Métro also confirms that transferring the supply structure to Dawn does not necessarily require that all procurement be done from Dawn.

[24] In response to TCPL's request to the Régie to delay its decision concerning the transfer of the supply structure to Dawn until it has heard the NEB's decision concerning application RH-003-2011 regarding a restructuring of the rates over its network, Gaz Métro states:

"It is Gaz Métro's belief that the decision that will be made by the NEB in early two thousand thirteen (2013) will not shed any more light on what we already know here about the information. Gaz Métro's position is that, undeniably, no matter what decisions are made, the advantage of getting our supplies closer to our market will remain.[6]"

[25] Gaz Métro also indicates that it cannot afford to pass up the opportunity of developing new transportation capacities from Dawn. To act any other way could delay the access to this market by several years.

4 Exhibit A-0030, page 38.
5 Exhibit A-0042, page 133, lines 18 to
6 25. Exhibit A-0050, page 252.

3.3 POSITION OF THE STAKEHOLDERS

[26] The IGUA supports the project to transfer the supply structure from Empress to Dawn:

> "*You are aware that Dawn is now recognized as a strategic hub in Canada in terms of procurement; it is very liquid and accessible from various supply locations in North America, including, we shall not exclude it, I think Mr. Otis was clear on this subject, from Western Canada.*
>
> *And so this means that, eventually, if TransCanada fixes its current problems with the "long haul" transportation rates and the rates become more competitive due to measures that have not yet been looked at but that could eventually be implemented in the future, Western Canada could once again become a choice supply point while going through Dawn.*
>
> *It is clear, in our opinion, that Dawn offers better selection and flexibility to Gaz Métro and its customers in terms of supply sources, and this allows us, most specifically, to have access to new supply sources from Northeast America, such as the Marcellus production site where production is increasing significantly.*[7]"

[27] In its evidence, the CFIB indicated that it deferred to the Régie. The stakeholder did not participate in the hearing.

[28] OC supports the transfer of the supply structure to Dawn. It invokes the reduction of Gaz Métro's vulnerability as well as its dependence upon TCPL's main network.

[29] S.É./AQLPA supports the project of transferring the main supply point to Dawn in order to serve the customers in the southern region due to the prediction of a decrease in the offer of conventional natural gas available from Empress.

7 Exhibit A-0050, pages 96-97.

[30] S.É./AQLPA believes that in the long term it is more likely that the price of natural gas delivered from Empress to GMi-EDA will even out with the price of natural gas delivered to GMi-EDA from Dawn. Therefore, the advantage of getting supplies at Dawn rests upon the foreseeable decrease in supply available for Gaz Métro from Empress.

[31] According to S.É./AQLPA, the low volumes required for the northern region render possible a diversification that would consist in maintaining procurement at Empress for customers in that area. Supply there would be, according to the stakeholder, less expensive than supply from Dawn-GMi-NDA.

[32] TCPL first of all requested that the matter of transferring to Dawn be processed separately from the supply plan.

[33] Also, TCPL requested the Régie to withhold a decision on Gaz Métro's proposal until it learned of the NEB's decision regarding application RH-003-2011. The NEB must make a decision concerning a restructuring proposal with and in-depth review of the rates for its network. TCPL, indicates that, as mentioned by Gaz Métro in its evidence, the NEB's decision is expected to possibly come in early 2013[8].

[34] TCPL considers that the NEB's decision could cause the savings forecast by Gaz Métro to disappear, as these rely upon hypothetical scenarios:

> *"Thus, according to the benefit of the decision that shall be made in application RH-003-2011, the advantages presented by Gaz Métro favouring the transfer of the supply structure to Dawn, including the estimated savings, all rely in many ways upon hypothetical scenarios. These advantages could simply not even apply once the NEB renders its decision.*
>
> *In order to allow it to conclude that the NEB's decision regarding application RH-003-2011 is, for all practical purposes, useless in its analysis, Gaz Métro presented the Régie with savings that its customers could benefit from based on TransCanada's current interim rates and the rates that it proposed in application RH-003-2011 for the years two thousand twelve (2012) and two thousand thirteen (2013).*

8 Exhibit A-0050, page 205.

[…] *Also, Gaz Métro in its evidence did not take into account the other proposals formulated by stakeholders in application RH-003-2011, including the one that Gaz Métro submitted through MAS, the Market Area Shippers, a group composed of Gaz Métro, Union Gas and Enbridge.*[9]"

[35] TCPL claims that Gaz Métro did not reasonably demonstrate the urgency of adopting, at this stage, the strategy for transferring to Dawn and that this request is premature. TCPL first points out that the transfer would only take place in November 2015. TCPL also alleges the fact that its expansion project was put off for one year removes "*any sense of urgency for the Régie, if there ever was one, to render a decision on very short notice regarding Gaz Métro's decision.*[10]"

[36] According to TCPL, Gaz Métro did not demonstrate any prejudice in regards to this setback or any obligation that it will not be able to meet.

[37] TCPL invokes an argument according to which Gaz Métro is willing to wait for the NEB's decision for certain things, such as the flexibility needs, while at the same time, it does not seem to want to do the same for the major revision of TCPL's rates[11].

[38] TCPL also claims that Gaz Métro's evidence is insufficient to currently justify approving the strategy of transferring to Dawn. In its opinion, it is clear that the Régie must have in its possession the NEB's decision regarding application RH-003-2011 before being able to conclude that the strategy of transferring to Dawn is well-founded[12].

[39] TCPL also argues that Gaz Métro has not presented an analysis that takes into account the upward pressure that a reduction in FTLH's transportation contracts would bring about on TCPL's rates, to the profit of "*Firm Transportation Short Haul*" (FTSH) transportation contracts.

9 Exhibit A-0050, pages 206-211.
10 Exhibit A-0050, page 208.
11 Exhibit A-0050, page 209.
12 Exhibit A-0050, pages 212-213.

[40] TCPL alleges that several issues regarding the terms of transfer to Dawn as well as to other matters, such as the operational flexibility and the possibility of gaining access to other supply points, should be treated at the same time as the approval request for the transfer to Dawn.

[41] Finally, TCPL mentions that this application contains no analysis of the petroleum reserves in Western Canada. Its cross-examination of the IGUA's witness demonstrated that there are considerable reserves of conventional and non-conventional natural gas in Western Canada and that it would be premature to conclude that Western Canada no longer has a place in Gaz Métro's supply portfolio.

[42] The UMQ supports Gaz Métro's proposal.

3.4 THE RÉGIE'S OPINION

[43] The Régie shares the distributor's opinion and deems that remaining with Empress and not acquiring additional carrying capacities for the Dawn-GMi-EDA route would leave the distributor's customers captive of TCPL's FTLH tolls.

[44] The Régie agrees with the IGUA in saying that transferring to Dawn would give Gaz Métro and its customers greater selection and flexibility. As a matter of fact, transferring to Dawn would give access to new supply sources from Northeastern America while continuing to have the possibility of purchasing natural gas from Empress while going through Dawn, if this turned out to be the most economical solution.

[45] The Régie notes that in response to a request for information, the IGUA evaluates, based on rates proposed for 2013 by TCPL, the difference between the FTLH transportation cost for Empress-GMi-EDA and the total FTLH transportation cost for Empress-Dawn and FTSH-GMi-EDA is approximately $0.27/GJ.

[46] Furthermore, the Régie maintains, as mentioned by the IGUA, that transferring the supply structure to Dawn would help save substantial amounts every year. These amounts vary between $88 million and $120 million, based on current rates and those proposed by TCPL[13].

[47] The Régie also recognizes the fundamental logic of preferring a supply station that is close to Gaz Métro's territory over one that is 3,000 kilometres away.

[48] The Régie recognizes that all consumer groups support Gaz Métro's proposal, except for the CFIB, which defers to the Régie.

[49] The Régie deems that the solution of transferring the supply structure to Dawn is advantageous due to its flexibility. It allows Gaz Métro and its customers to take advantage of the savings provided by obtaining supplies from Northeastern America, while maintaining the possibility of making adjustments if needed and making a contract with, for example, Empress, if it is advantageous to do so.

[50] Consequently, the Régie rejects the arguments presented by S.É./AQLPA concerning the supply from Empress for the northern region. In fact, the reasoning provided by S.É./AQLPA rests upon the premises that the natural gas prices delivered to GMi-EDA from Empress and Dawn will even out and that Empress will continue to have sufficient reserves at the same price. If these hypotheses do not hold true, the customers of the northern region will be stuck with the FTLH transportation prices for the TCPL network. The Régie considers that the solution from Dawn offers the most flexibility to adjust to the various contexts that may occur.

[51] In regards to TCPL's proposal to wait for the NEB's decision regarding application RH-003-2011, the Régie notes that this decision will pertain to rates applicable to the TCPL network. It will not modify the intrinsic characteristics of the procurement options from Empress and Dawn for Gaz Métro and its customers. The solution from Empress will continue to keep Gaz Métro and its customers under the FTLH rate and the procurement conditions in Western Canada. On the other hand, the solution from Dawn will continue to offer the advantage of flexibility, including the recourse to supplies from Empress. The strategic nature of the choice to make remains unchanged.

13 Exhibit A-0050, pages 97-98.

[52] The Régie notes that TCPL also presents other arguments, such as the evolution of natural gas reserves in Western Canada and the evolution of the distance-kilometres factor in TCPL's billing. The Régie considers that these arguments are not deciding factors in selecting a fundamental strategy orientation such as transferring the supply structure when the solution chosen provides the flexibility of adjusting to context changes as they come up.

[53] The Régie deems that the arguments presented by TCPL regarding the terms and conditions to be determined due to the transfer of the supply structure are not pertinent. These matters shall be addressed and resolved in due time, and they do not influence the strategic elements of this decision.

[54] **For all of these reasons, the Régie approves of Gaz Métro's proposal to transfer the supply structure from Empress to Dawn, a proposal that is materializing through the tenders submitted by Gaz Métro for the calls for tenders launched in 2012 by Union and TCPL, who retained them.**

4. MOVING THE SUPPLY STRUCTURE TO DAWN – TERMS AND CONDITIONS

[55] Various problems associated with transferring the supply structure to Dawn were raised in this document:

- The "multipoint" proposal presented by Gaz Métro
- The "multipoint" variant presented by IGUA
- The distribution of costs and profits for Gaz Métro's procurement portfolio
- The pricing of charges associated with operational flexibility
- The transition premium and the potential fees for customers who continue to deliver to Empress after November 1, 2015
- The terms and conditions of the advance notice for the distributor's transportation and the assignment of the carrying capacity held by the distributor.

4.1 MULTIPOINT PROPOSAL

4.1.1 GAZ MÉTRO'S PROPOSAL

[56] Gaz Métro proposes not to implement a multipoint delivery system for direct purchase customers and to replace Empress' current delivery point by Dawn.

[57] Gaz Métro justifies this orientation by the complexity that would inevitably result from having many delivery points without changing the total cost for customers[14].

[58] In regards to the decision to go with Dawn as the only delivery point, Gaz Métro mentions that several pipelines already go to this point and give access to many basins in North America, which provides diversity in procurement with a large number of service providers[15].

4.1.2 STAKEHOLDERS' POSITION

[59] All consumer groups support the change in delivery points from Empress to Dawn for direct purchase customers, except for the CFIB, which defers to the Régie.

4.1.3 THE RÉGIE'S OPINION

[60] The Régie notes that Gaz Métro's proposal to replace the Empress delivery point by Dawn is a simple solution, which allows direct purchase customers to diversify their delivery points if they so desire, so long as they deliver the natural gas that they require to Dawn from the various delivery points that go through this point.

14 Exhibit B-0034, page 32.

15 Exhibit B-0034, page 33.

[61] The Régie deems that the decision to select Dawn as the only delivery point is justified The previous section regarding the transfer of the supply structure fully dealt with this subject.

[62] **For these reasons, the Régie retains Gaz Métro's proposal to not offer multipoint delivery service to direct purchase customers.**

4.2 "MULTIPOINT" VARIANT PROPOSED BY THE IGUA

4.2.1 THE IGUA'S POSITION

[63] The IGUA's proposal is for direct purchase customers to be able to deliver, for a minimum of one year, to points other than Dawn located on the route between Dawn and GMi-EDA, such as Kirkwall, North Bay Junction and Parkway. These customers would still pay the same transportation rate as other customers.

4.2.2 GAZ MÉTRO'S POSITION

[64] Gaz Métro indicates that these transactions currently could not take place on a firm basis, except at Parkway insomuch as it maintains contracts for which the receipt point is Parkway, taking into account the rules applicable for the TCPL network.

[65] Gaz Métro is opposed to this proposal, due to the potential situation where the rules applying to the TCPL network would be modified and these transactions could not be carried out on a firm basis. Gaz Métro invokes reasons of equity toward its gas network customers.

[66] Gaz Métro clarifies its position in the following manner:

> "*We see it is a matter of equity when there is an opportunity to save money by moving a supply point to a specific location. The big question is, should one customer benefit from it, or should all the customers?*

When Gaz Métro does it with network gas, what we do is we redistribute the savings incurred to all of our customers.

[…]

Therefore, when such an opportunity comes about through the transportation tools controlled by Gaz Métro, the question that we must ask ourselves is: Should this opportunity be placed at the disposal of only one customer, or should it be captured, if possible, by Gaz Métro, who would then redistribute it to all its customers.[16]"

[67] The IGUA's witness recognized in the cross-examination that modifications needed to be made to TCPL's tolls in order to operationalize the delivery to North Bay Junction or Kirkwall. He also admitted that the IGUA's proposal carried with it some equity problems, except for perhaps North Bay Junction[17].

4.2.3 The Régie's Opinion

[68] The Régie notes first of all that Parkway is the only receipt point on the Dawn-GMi-EDA route that could be used under the terms of the current TCPL tolls.

[69] The Régie considers that Gaz Métro's argument, that any profit made from transportation tools controlled by Gaz Métro should be shared by all its customers using Gaz Métro's transportation service, is very persuasive. To act any other way would be to risk causing an equity problem between the network gas customers and the direct purchase customers.

[70] However the Régie is aware of the IGUA's argument regarding the North Bay point, which would not be affected by the matter of equity. Consequently, in the event where this delivery point would become accessible to Gaz Métro, including its transportation tools on a firm basis in terms of the TCPL's tolls, the Régie would be willing to re-examine the IGUA's proposal for this delivery point.

16 Exhibit A-0042, pages 187-188.
17 Exhibit A-0046, pages 212-213.

[71] On these grounds and subject to the preceding, the Régie rejects the IGUA's proposal.

4.3 DISTRIBUTION OF COSTS AND PROFITS OF GAZ MÉTRO'S SUPPLY PORTFOLIO

[72] During the latest rate application, the Régie temporarily accepted the implementation of a rate rebate applicable to the transportation rate in order to cause direct purchase customers to benefit from savings made thanks to purchases made at Dawn, even though their natural gas is delivered to Empress[18]. This decision is the result of a new operating method for the cost of purchases at Dawn.

[73] According to Gaz Métro, the regulations in effect help maintain equity among the various customer categories, due to:

- The supply price evaluated at Empress
- The transfer of costs of the supply service toward balancing
- The evaluation of an average transportation rate.

[74] These mechanisms thus allow network gas customers and direct purchase customers to be treated equally. These two customer categories pay their natural gas at Empress' price and pay the same average transportation rate.

[75] The Régie asked Gaz Métro and the IGUA the following question:

> "*Hypothetically, if Gaz Métro were to sign a contract for transportation from Iroquois or Niagara and this solution would turn out to be more economical than Dawn, should the decrease in supply costs, according to Gaz Métro, be distributed between network gas customers and direct purchase customers?*[19]"

18 Application R-3752-2011, decision D-2011-164.

19 Exhibit B-0094, page 7.

4.3.1 Gaz Métro's Position

[76] The supply structure defined by Gaz Métro is implemented to serve all of its customers. If a structure modification causes an increase or decrease of total costs, the variations would then be shared by all of the customers using the distributor's transportation service.

[77] The operating method for these purchases between supply, compression, transportation, and balancing services allows the savings made to be imputed against the transportation and balancing services, consequently reducing the energy bill for all the customers using the distributor's transportation service.

4.3.2 The IGUA's Position

[78] The costs and savings for supplies delivered in franchise and made by Gaz Métro would only benefit customers using network gas. The same would occur if additional costs were incurred by Gaz Métro.

[79] The IGUA recognizes that there may be situations where the market does not have sufficient Dawn-GMi-EDA capacities, for example, to face a sudden increase in demand, and that Gaz Métro would then incur additional costs. In the event of constraints, the IGUA agrees that it would be best to share the costs between all customers of the transportation service.

4.3.3 The Régie's Opinion

[80] The Régie considers that Gaz Métro's approach allows it to distribute costs and profits resulting from the transportation tool portfolio among all the transportation service customers every year.

[81] This approach is also in compliance with the principle expressed in Paragraph 69 of this decision, which is that any cost/profit resulting from transportation tools controlled by Gaz Métro should be shared by all of Gaz Métro's transportation service customers.

[82] The Régie considers that this approach has already been tested since it is the underlying principle of the operating method that is currently in effect. Furthermore, the Régie deems that this approach is much simpler to apply and more equitable for all the customers using the distributor's transportation service. However, the Régie deems that such an approach requires that the distributor adopt a dynamic management of its supply portfolio and that it seizes any opportunities that come up in order to allow all customers using the distributor's transportation service to benefit from them.

[83] **For these reasons, the Régie retains Gaz Métro's interpretation regarding the distribution of costs and profits of its supply portfolio.**

[84] **Furthermore, the Régie takes note of Gaz Métro's commitment to present, in the 2014 rate application, a new operating method for purchases that will come into effect on November 1, 2015. The Régie requests that this method rest upon the principle expressed in this section regarding the manner in which costs and profits from Gaz Métro's supply portfolio are distributed.**

[85] **Finally, until November 1, 2015, the Régie maintains the current operating method in place.**

4.4 PRICING OF RATES ASSOCIATED WITH OPERATIONAL FLEXIBILITY

[86] Each type of contract with TCPL has its special features and prerequisites which influence the operational management of all the tools controlled by Gaz Métro.

[87] The main special feature is the flexibility of daily contracts through the nomination windows available with each of these contracts:

> *"The FTI (Firm Transportation Injection) service is a condition included in the FTLH contract which allows Gaz Métro to redirect Empress' natural gas to Parkway so that it can then be delivered to Dawn rather than being delivered to GMI, mainly in the summer. The possibility of using FTI is a result of having STS contracts. The main historical management principle for these capacities was*

the following: to extract natural gas from the storage site and use Parkway's STS (Storage Transportation Service) transportation to GMI, the site must have been injected with Empress' FTI to Parkway during the previous summer. The FTI service is mainly used in the summer to regulate supply, while the STS is mainly used in the winter.[20]"

[88] The transfer of the supply structure could cause Gaz Métro to review the manner in which it ensures it has the necessary flexibility tools at its disposal. Maintaining this flexibility could result in additional costs.

[89] Currently, the cost of operating flexibility is difficult to disassociate from the cost of certain tools, such as the STS (*Storage Transportation Service*) which is considered to be a balancing tool, since it is not identified as such.

4.4.1 Stakeholders' Position

[90] The CFIB proposes to have all customers pay for any costs associated with the operational flexibility required by Gaz Métro.

[91] The IGUA supports this proposal, with the hope that these fees are temporary.

4.4.2 Gaz Métro's Position

[92] Gaz Métro considers that these costs should be covered by all customers[21].

4.4.3 The Régie's Opinion

[93] Until now, the cost of operational flexibility tools could not be disassociated from the cost of transportation and balancing tools. **The Régie agrees with the CFIB's proposal and requests that Gaz Métro presents,**

20 Exhibit B-0070, page 37.
21 Exhibit B-0042, page 179.

for the 2015 rate application at the latest, a proposal for spreading the operating flexibility and distribution costs among all customers as well as a proposal for the pricing of these costs.

4.5 TRANSITION PREMIUM AND POTENTIAL CHARGES FOR CUSTOMERS WHO WILL CONTINUE TO DELIVER TO EMPRESS AFTER NOVEMBER 1, 2015

4.5.1 GAZ MÉTRO'S POSITION

[94] Gaz Métro indicates that transferring the delivery point from Empress to Dawn will cause the implementation of transitory measures for customers whose natural gas contracts will expire after November 1, 2015.

[95] One of the measures considered by Gaz Métro in this matter is a transition premium that would cause consumers to be indifferent to the idea of transferring their purchases to Dawn. In fact, after November 1, 2015, customers who are bound by their natural gas contracts to stay with Empress would be clearly better off without this transition fee, because they would have to pay the molecule price to Empress (which is lower than Dawn's molecule cost) and a transportation rate that would likely be equal to the Dawn-GMi-EDA transportation cost[22]. The transition premium would bring the supply and transportation costs back down to the cost of Dawn's supplies, even if their supplies are still delivered to Empress.

[96] If a customer continues to deliver to Empress after November 1, 2015, Gaz Métro could have to incur costs that are otherwise not required to send this customer's natural gas to Dawn. These costs would be closer to the price differential between Empress and Dawn[23]. Furthermore, these costs could otherwise be required if the operating flexibility constraint causes Gaz Métro to keep a transportation amount at Empress that is at least equal to the transportation amount required to transport these customers' natural gas to Dawn.

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22 Exhibit B-0094, page 6, Table 2 and Exhibit B-0042, page 151, lines 1 to 17.

23 Exhibit A-0042, page 152, lines 10 to 25 and page 153, lines 1 to 5.

[97] Gaz Métro considers that the transition premium should also reflect, if applicable, the costs that are otherwise not required to send the natural gas to Dawn for customers whose current supply contracts force them to deliver Empress after November 1, 2015,

[98] Gaz Métro mentions that it will no longer offer its transportation service to customers with contracts expiring before November 1, 2015, and who renew supply contracts to Empress for a period going beyond November 1, 2015:

> "*Regarding direct purchase customers, Gaz Métro will have to obtain the expiration dates of contracts that are already in place or of commitments already made with suppliers. This information will be mainly required in order to know the level of carrying capacities that will be required to go between Empress and Dawn in order to meet customer commitments, and it will also allow Gaz Métro to have some measure of control over commitments between customers and suppliers that will come to term and that must be transferred to Dawn.*
>
> *When the contracts between customers and suppliers expire, Gaz Métro will not allow these customers to continue delivering to Empress. If such is a customer's desire, he will have to provide his own transportation service and deliver his natural gas directly into Gaz Métro's territory.*[24]"

[99] No stakeholder has expressed an opinion on this matter.

4.5.2 The Régie's Opinion

[100] **In order to maintain fairness among all of its customers, the Régie orders Gaz Métro to apply a transition premium to customers who continue to deliver to Empress after November 1, 2015 because their natural gas contracts have not yet expired. In other cases, the Régie orders the distributor to no longer offer the FTLH transportation service to customers after November 1, 2015.**

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24 Exhibit B-0037, page 38.

[101] Once again, for equity reasons, the Régie shares Gaz Métro's opinion in that this transition premium must have a double effect, namely:

- To bring the supply and transportation costs back down to the cost of Dawn's supplies, even if their supplies are still delivered to Empress
- To make them responsible for any cost, which would otherwise not be required, to direct their natural gas from Empress to Dawn, which will cause the supply and transportation costs for these customers to be the same as Empress'.

[102] **In order to communicate this as quickly as possible to the customers who will eventually be affected by the rules governing the transfer of the delivery point for direct purchase customers from Empress to Dawn, the Régie requests that Gaz Métro present, in its next rate application, the specific terms of this transition premium and the modifications to be made to the *Conditions of Natural Gas Service and Tariff* text, while taking into account the orientations previously mentioned.**

4.6 TERMS AND CONDITIONS RELATED TO THE ADVANCE NOTICE OF THE DECOMMISSIONING OF THE DISTRIBUTOR'S TRANSPORTATION AND THE ASSIGNMENT OF THE CARRYING CAPACITY HELD BY THE DISTRIBUTOR

4.6.1 GAZ MÉTRO'S POSITION

[103] Gaz Métro indicates that the terms and conditions for the advance notice of the decommissioning of the distributor's transportation and for the carrying capacity held by the distributor should be reviewed in conjunction with the project of transferring the supply structure to Dawn.

[104] Due to the commitments made by Gaz Métro that will come into effect on November 1, 2015, and due to the fact that a customer could immediately request to provide his own transportation, the Régie asked Gaz Métro how it was going to deal with this situation in the short term. Gaz Métro indicates that it does not expect many customers to follow this procedure, because the market does not have a high capacity for short distance transportation..

[105] Gaz Métro also contends that it still has flexibility to increase or decrease its capacities[25].

[106] Finally, Gaz Métro specifies that it cannot deal with this matter in Phase 2 of this application and that the subject will probably be addressed in the next rate application.

4.6.2 The Régie's Opinion

[107] **The Régie retains Gaz Métro's position in which it cannot process the terms and conditions regarding the advance notice of the decommissioning of the distributor's transportation and the assignment of the carrying capacity it holds in Phase 2 of this application. Consequently, the Régie orders Gaz Métro to make a proposal for the new terms and conditions regarding the advance notice and the assignment of the carrying capacity held by the distributor in the next rate application.**

5. SUPPLY PLAN

5.1 TRANSACTION EXCHANGE OF 82,000 GJ/DAY

5.1.1 Gaz Métro's Position

[108] On June 26, 2012, Gaz Métro signed an exchange contract for the Dawn-GMi-EDA route with a third party for a 10-year duration, effective November 1, 2013.
This transaction allows 82,000 GJ/day to be sent to GMi-EDA, which is approximately 14% of consumption volumes for the distributor's territory.

25 Exhibit B-0042, page 147, lines 19 to 21.

[109] Gaz Métro explains the context of the transaction:

"The due date to submit a tender for these calls to tender, including the offer for the secondary market, was May 4, 2012.

In spite of the fact that these various offers came into effect after the date originally set for the implementation of the new supply strategy, Gaz Métro could not afford to let these opportunities pass by, due to the important gains to be made by the customers affected by them. It therefore made many analyses forecasting the demand for supply for 2013-2015 as well as the transportation contracts already in place in order to establish its strategy and to submit its proposal to Gaz Métro's Board of Directors.

Gaz Métro's first decision was to sign the exchange contract between Dawn and GMI EDA on the secondary market for a quantity of 82,000 GJ/day (2.164x10³m³/day), effective November 1 2013, for a 10-year duration.[26]"

[110] In response to a request for information by the Régie, Gaz Métro supplied the following additional information:

"The initial discussions with the counterparty pertained to the possibility of delivering supplies to GMi-EDA in accordance with a structure from Niagara.

[...]

However, Gaz Métro concluded that it could not commit to a purchase of network gas on an annual basis of this size on a long-term basis. In fact, network gas is purchased in preponderance during the winter in order to reduce storage needs. Although Gaz Métro plans to purchase an amount of network gas similar to the amount covered by the transaction for a normal year, such a supply signed in advance could create a situation of surplus in the event of a year that is warmer than usual.[27]"

26 Exhibit B-0070, page 46.
27 Exhibit A-0094, pages 1-2.

[111] When questioned on this matter by the Régie during a hearing, Gaz Métro declared that it had not considered a smaller transaction or a transaction with many phases. When invited to explain the reasons for this, the witness invoked the short time frame.

> *"Honestly, the idea of putting this transaction together, to divide it into several methods, never came to our minds. We tried to come up with at least one working method that would allow us to secure savings for all of our customers.*[28]"

[112] Gaz Métro indicates that it must consider possible migrations between network gas and direct purchasing over the period of the agreement and that it would be unwise to commit to purchasing such quantities for the supply of network gas at Niagara[29].

[113] Gaz Métro alleges that purchasing network gas at Niagara would also concentrate a large part of molecule purchases with one supplier[30].

[114] The following answer presents the most economical analysis, according to Gaz Métro, justifying the selection of a supplier at Dawn's price plus transportation to GMi-EDA compared to the cost of procurement from imported natural gas going through Niagara plus transportation to Montreal.

> *"The transportation rate with TCPL between Niagara and the GMI EDA area is \$0.5921/GJ while the combined Union/TCPL transportation price for shipping between Dawn – Parkway and Parkway – GMI EDA is \$0.5745/GJ. The price of compression gas required is currently lower for the Niagara – GMI EDA segment than for the other segment. The actual impact of compression gas will therefore depend on the future price of natural gas and on the calculation of the amount of compression gas required for Union and TCPL transportation systems. The overall transportation costs, however, are similar from both points.*

28 Exhibit A-0042, pages 210-211.
29 Exhibit B-0094, page 2.
30 Exhibit B-0094, page 2.

> *The molecule price at the Niagara point historically came from Canada. The Niagara molecule thus was more expensive than that of Dawn. The introduction of procurement from the United States should thus modify this dynamic. Gaz Métro believes that the pricing structure agreed upon with the counterparty adequately reflects this market dynamic.*[31]"

[115] When questioned during a hearing, Gaz Métro admitted that, based on "futures" and taking transportation costs into account, the cost of natural gas delivered to GMi-EDA from Niagara would be less expensive than that which is delivered from Dawn. Gaz Métro nevertheless indicated that this was not certain[32].

[116] Gaz Métro claims that it does not know about the flow over the past few years of the 10 pipelines that feed into Dawn. It also admits that it does not know about the physical installations required to send natural gas from Marcellus to Dawn[33]. When questioned to know if it had evaluated the risk of having a higher price difference between Niagara and Dawn, the distributor gave the following answer:

> "*Well, listen, once again, Gaz Métro does not make any price predictions. We look at what the market is forecasting. And so what you see in terms of price differences in the curves is based on the market forecasts for these various points, and this is the result.*
>
> *So, does Gaz Métro know everything that is going on in the market? Of course not, we don't know. We will never know. We haven't even made any forecasts for these points, we do not deal with Niagara. The structure we implemented is not a structure that begins in Niagara. You may ask me these questions concerning any geographical location: "Why didn't you try to implement a structure beginning in Chicago? Why not from Boston?"*
>
> [...]

31 Exhibit B-0094, page 2.
32 Exhibit B-0042, page 219.
33 Exhibit B-0093, page 14.

With that being said, Gaz Métro will not second-guess the market as to what the price will be at a certain geographic location. We go into the market, and we ask people "in your opinion, what are the price expectations?" and we see what kind of results we get. Once again, will these differences reflect reality? We will only know in two thousand sixteen (2016) what the prices were in two thousand fifteen (2015).[34]"

[117] In its argument, Gaz Métro summarizes its position as follows:

"*The matter of knowing if the decision to proceed at this exchange transaction was correct from a financial standpoint was raised during hearings.*

[...]

As for me, in the evidence, it is not disputed that the exchange transaction has helped saved a substantial amount for our customers. Specifically, this amount is twenty-two point three million ($22.3 million) in two thousand fourteen (2014), and twenty-three point eight million ($23.8 million) in two thousand fifteen (2015).

Furthermore, the price of the transaction, which was... - This price was disclosed in confidence. You have this information in your hands. - Proves that Gaz Métro took advantage of the market opportunities, to the full advantage of the customers. I also will reiterate that Gaz Métro does not benefit from this transaction.[35]"

5.1.2 The IGUA's Position

[118] The IGUA did not directly address the issue of the exchange transaction of 82,000 GJ/day. However, it presented various information and concerns regarding procurement at Dawn.

[119] In regards to the price comparison for natural gas delivered to Montreal from Niagara and Dawn, the IGUA indicates the following:

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34 Exhibit A-0042, pages 227-229.

35 Exhibit A-0050, page 14.

"According to transportation costs, it could be expected that the price from Niagara would be approximately $0.06/GJ, which is lower than Dawn's price.

- *The Niagara-Kirkwall TCPL price proposed for 2013 is approximately $0.13/GJ.*
- *The price for Union Gas Dawn – Kirkwall is currently $0.065/GJ.*

In fact, when one observes the regional price curves supplied by Gaz Métro (Niagara) and the price curve for Dawn, one notices a difference of approximately $0.05/GJ in May 2015 between Dawn and Niagara, which is relatively similar to the difference in transportation costs. Thus, a supply solution at Dawn is equivalent to one at Niagara.

The price curve for Dawn probably presumes that new transportation infrastructures will connect the Marcellus/Utica and Dawn productions. If these infrastructures are delayed and TCPL is late in introducing competitive long haul prices and innovative products, the Niagara supplier will be in a position to request a premium for his Niagara/GMI EDA service.[36]"

[120] In regards to the outlooks for the supply situation at Dawn, the IGUA presents the following observations:

> *"In this scenario, two of the ten gas pipelines feeding into Dawn are no longer interesting – TCPL Dawn and TCPL Parkway. Furthermore, two of the other gas pipelines are connected to the underground storage exits and these represent very large quantities. Only Vector and a few small gas pipelines remain to supply the current request at Dawn. Hence the IGUA's concerns, as expressed in its evidence.*[37]"

[121] Finally, the IGUA expresses its appreciation for the various supply perspectives by importing natural gas from Marcellus to Niagara:

> *"I'm taking the third pipeline, the Kirkwall TCPL. And this is for importing natural gas from Niagara or Chippewa. For now, its capacity is approximately four hundred terajoules (400 TJ/day) per day, and it is currently dedicated to the Ontario market. And to unlock additional capacities, because we know that in the US, there are several projects to provide for Niagara and Chippewa*

36 Exhibit C-ACIG-0010, page 7.

37 Exhibit C-ACIG-0010, page 6.

from Marcellus' production, but in order to unlock most capacities, ten (10) year contracts will be required to unlock such a capacity.[38]"

5.2 THE RÉGIE'S OPINION

5.2.1 EXCHANGE TRANSACTION OF 82,000 GJ/DAY

[122] The Régie finds that the exchange transaction of 82,000 GJ/day is important. It is set over a period of 10 years and can send a volume of natural gas to GMi-EDA evaluated by the Régie to be approximately 14% of the annual needs of the territory served by Gaz Métro.

[123] The Régie, in order to ensure that the supply plan is maximized, must be able to evaluate the proposal retained by Gaz Métro in regards to possible alternative solutions.

[124] In the case of this transaction, it was established that natural gas would be imported to Niagara and that the transaction could have been in the form of procurement from Niagara.

[125] Gaz Métro affirms that such an agreement would create a situation where there would be a supply surplus in the event of a year that is warmer than usual. The Régie notes that when the distributor's supply came mainly from Empress for network gas, there was a surplus of FTLH transportation during years that were warmer than usual, which the distributor sold on the secondary market. The Régie observes that Gaz Métro has not given any details as to the size of this surplus, or of the potential financial consequences of such a surplus. This information could have allowed the Régie to appreciate the practical relevance of this constraint.

38 Exhibit B-0046, page 192.

[126] The distributor also describes the possibility of migration for the network gas service volumes toward direct purchasing. The distributor indicates that there has not been this type of significant migrations over the last few years when the network gas price was significantly higher than the direct purchase gas. The Régie observes that the distributor gave no evidence regarding the size of potential future migrations, considering the current level of network gas sales and the current considerable price difference between network gas and direct purchase gas.

[127] The Régie must come to the conclusion that the distributor has not considered a smaller transaction or one that contains several sections.

[128] The Régie rejects Gaz Métro's argument that purchasing from Niagara would concentrate a large portion of molecule purchases with one supplier. The exchange transaction, as presented by Gaz Métro, produces the same result: natural gas delivered to GMi-EDA comes from only one supplier.

[129] The Régie notes that, based on the IGUA's analysis of "Future" prices and on transportation rates, the price of natural gas delivered to GMi-EDA from Niagara would be slightly less than the price of natural gas delivered to GMi-EDA from Dawn, even when taking into account the exchange transaction price.

[130] The Régie understands from Gaz Métro's evidence that the installations required in the United States to supply Niagara and Chippawa as well as the installations required in Canada from Niagara to Parkway have been completed or are in the process[39].

[131] The Régie notes that Gaz Métro did not have the information concerning the flow over the last years for the 10 pipelines currently feeding into Dawn, nor does it have the forecasts for the upcoming years.

[132] The Régie is sensitive to the concerns raised by the IGUA regarding the price differences that could occur if the completion installations that will send the gas from Marcellus and Utica to Dawn were to be delayed.

39 Exhibit B-0062, page 19, lines 19 to 31.

[133] The Régie observes that the distributor did not carry out any risk studies concerning the price difference between Niagara and Dawn or any other risk and sensitivity studies.

[134] Furthermore, the Régie considers that the possible diversification of supply sources is also a fundamental aspect that was ignored in the evaluation of alternatives.

[135] The Régie is concerned by the fact that the distributor did not consider that procurement from Niagara was a serious alternative to procurement from Dawn nor that risk studies were required for such a transaction:

> *"I would say that it is a fair affirmation within a structure based on a Niagara price, but that is not what we have established. Thus, since what we have concluded with the counterparty is a price for an exchange contract between Dawn and the franchise, the pricing structure at Niagara and the market dynamics at Niagara are not important at that level.*[40]"

[136] The Régie reiterates that apart from the principle of healthy management which requires an analysis of alternatives and of risk analyses during important decisions, the Regulation regarding the contents and frequency of the supply plan mentions in Article 1 that:

> *"The supply plan that any holder of exclusive natural gas rights must prepare and submit for the Régie of Energy's approval must contain the following information:*
>
> [...]
>
> *3° The holder's objectives as well as the strategy that it plans to implement* [...] *concerning additional supplies required as identified in Sub-paragraph C of Paragraph 2°, and the characteristics of contracts that it expects to conclude, by defining, amongst other things:*
>
> *a) The various products, tools, or measures planned*
>
> *b) The risks resulting from the choice of supply sources*

40 Exhibit A-0042, page 222.

c) The measures that it hopes to take to reduce the impact of risks
[...] [41] "

[137] The Régie considers that these expectations applicable to supply plans become the absolute minimum requirements when it comes to presenting a contract for which the characteristics and risks have not been the object of prior discussions in the application dealing with the supply plan.

[138] The Régie notes that Gaz Métro is seeking to decrease its vulnerability through a transaction carried out at a very liquid point. Nevertheless, the Régie considers that there was more than one solution to reduce the vulnerability caused by receiving supplies from Empress and that the problem was not limited to a decision between Empress and Dawn as in the case of tenders presented to TCPL and Union.

[139] The analysis of the problem of choosing between Empress and Dawn demonstrates that the Dawn solution dominates the Empress solution in that it is the solution that is currently considered to be the most flexible and economical. The characteristic considerably lightens the burden of the evidence associated with risk analyses. It is in this context that the Régie was satisfied, in the case of tenders accepted by TCPL and Union, by the evidence that these transactions help forecast cost reductions without running any major risks.

[140] The Régie is not in a position to voice an opinion as to which transaction is most profitable, and it has no reason to do so either. However, based on the evidence of the application and for all of the aforementioned reasons, the Régie concludes that the decision regarding the conclusion of an exchange contract of 82,000 GJ/day was not made carefully.

[141] During the conclusion of an important transaction, the Régie expects alternate solutions to be identified and complete profitability studies to be completed. The advantages and risks associated with these various alternative solutions should be discussed, analyzed, and evaluated.

41 (2001) 133 G.O. II, 6038.

[142] Consequently, the Régie orders the distributor to submit a follow-up report for this transaction for the next ten years as part of the annual report examination. This follow-up report shall contain the following information:

- **The index of prices at Dawn and Niagara as well as the difference between these two indexes**
- **The unit cost of transportation for the Dawn-GMi-EDA segment**
- **The unit cost of transportation for the Niagara-GMi-EDA segment**
- **The unit cost of compression gas for these two transportation segments**
- **The total unit cost for supplies, transportation, and compression for each of these points, as well as the difference in costs between these points**
- **The difference in total cost for these two points evaluated on the contractual amount, which is 82,000 GJ/day.**

5.2.2 MARKET PERSPECTIVES AT DAWN

[143] The Régie notes that Gaz Métro was not in a position to respond to a request for information formulated by the IGUA: *Compare the capacity for these ten gas pipelines to deliver to Dawn to the historical quantities (2009, 2010 and 2011) delivered to Dawn by these ten pipelines.*

[144] Within the context of the transfer of the supply structure to Dawn and the flexibility resulting from it, the Régie considers that it is useful to illustrate, for the benefit of the stakeholders and that of the Régie, the perspectives of supply at Dawn over the next few years and their potential impact on annual supply plans.

[145] **In this perspective, the Régie orders the distributor to present, in the next rate application, an external summary study containing:**

- **The delivery capacity of the ten gas pipelines feeding into Dawn for the next few years and a comparison to the real quantities delivered in 2009, 2010, 2011 and 2012**
- **The delivery capacity shall take into account the availability at competitive prices.**
- **A follow-up of the development of projects connecting the production from Marcellus and Utica to Dawn.**

[146] **Furthermore, the distributor shall take this study into account when establishing its supply plan for 2014-2017.**

5.2.3 SUPPLY CONTRACTS NEAR PRODUCTION SOURCES

[147] Furthermore, the Régie notes that the distributor does not seem to expect to sign long-term supply contracts nearer to the production sites. It instead suggests trusting market strengths[42].

[148] The Régie considers that the distributor has not yet presented any convincing arguments in this regard. The Régie deems that there is no reason to set aside the idea of contracts near production sources. This type of solution could secure more supply in an importing context. It is somewhat similar to the strategy used by several American buyers of Canadian natural gas[43]. This type of solution could also, depending on the price index retained, turn out to be more interesting or at least provide healthy diversity to the distributor's contract portfolio.

[149] **Consequently, the Régie orders Gaz Métro to consider this alternative and to report on this in the next supply plans. It is open, if necessary, to express its opinion quickly concerning possible large-scale commercial proposals.**

42 Exhibit B-0039, page 7.

43 Exhibit B-0008, page 4.

5.3 DIVERSIFICATION OF INDEXES FOR ADVANCE PURCHASES AT DAWN

5.3.1 GAZ MÉTRO'S POSITION

[150] In decision D-2011-153 pursuant to the 2012 rate application, the Régie requested Gaz Métro to "*proceed with a significant diversification of indexes on which the natural gas transactions could be based and to adjust the financial products program in consequence.*[44]"

[151] In its request in this application, Gaz Métro indicates that the use of the AECO index will be reviewed during the transfer of the supply structure to Dawn. At that time, Gaz Métro will evaluate if this index or another index, such as Nymex or Dawn, would be more appropriate when setting the natural gas prices contracted in advance. The analysis of this item shall also take into account the derivative financial product program and it shall adapt it to reflect any modifications, if necessary[45].

[152] In response to one of the Régie's questions, Gaz Métro affirms that the operating method is not an obstacle for the use of indexes other than AECO for the purchase of natural gas from Dawn[46].

[153] In response to another of the Régie's questions, namely, whether it will be possible to present a concrete strategy in the 2014 rate application, the distributor gives the following answer:

> "*Gaz Métro deems that so long as the distributor's supply price is evaluated at Empress, there is no reason to modify the use of the AECO index.*
>
> *As mentioned in the exhibits, Gaz Métro shall analyze this aspect of the use of indexes, as well as the impact on the financial derivative program, in conjunction with the project of transferring the supply structure to Dawn.*

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44 Decision D-2011-153, Application R-3752-2011, page 6, Paragraph19.

45 Exhibit B-0020, page 48.

46 Exhibit B-0037, page 13.

In the 2014 Rate Case, a progress report on the various reflections shall be presented to the Régie, including the aspects regarding the supply price.[47]"

[154] Furthermore, in Decision D-2011-153, the Régie also requested the distributor to present a comparison of monthly prices at Dawn and monthly prices of Gaz Métro's purchases carried out at Dawn for each of the last five years available.

[155] This comparison demonstrates that the price of purchases, according to the AECO index, made by Gaz Métro have been often higher that the Dawn index since November 2009. In fact, the difference over the period spanning November 2009 - August 2011 was approximately $17 million.

[156] In response to a question by the Régie asking if the cost difference assumed by the customers was sufficient reason to proceed as quickly as possible with a diversification of indexes on which the natural gas purchases at Dawn are based, the witness concurred with the distributor's position: Gaz Métro deems that so long as the distributor's supply price is evaluated at Empress, there is no reason to modify the use of the AECO index.

[157] Among the other reasons invoked, Gaz Métro claims that there is already a certain measure of diversity, since it regularly purchases natural gas on the spot market at Dawn's price[48].

5.3.2 THE RÉGIE'S OPINION

[158] When the Régie rendered its decision regarding the 2012 rate application, it implicitly granted a certain latitude to the distributor to act by not imposing a specific completion schedule for the diversification of indexes or a minimum percentage for such a diversification.

[159] However, the Régie finds that Gaz Métro has not yet followed up on this decision.

47 Exhibit B-0071, page 14.

48 Exhibit B-0042, page 206.

[160] The distributor established that the operating method did not constitute an obstacle to the use of indexes other than the AECO index.

[161] Furthermore, the Régie considers that the comparison of Gaz Métro's purchase prices based on the AECO index to the Dawn index since November 2009 indicates that there is no reason to keep using the AECO index for 100% of purchases made with the index. To the contrary, the Régie instead believes that it is urgent to begin significantly diversifying.

[162] The Régie also notes that Gaz Métro could have made this observation itself as early as October 2011, which was the moment when the Régie's decision was given.

[163] The Régie rejects Gaz Métro's argument, claiming that spot sales constitute a diversification that complies with the spirit of decision D-2011-153.

[164] The Régie also rejects Gaz Métro's argument claiming that it would be preferable to wait to use Dawn more before acting. The Régie stresses that there is expected to be an 85% proportion of network gas that will be purchased at Dawn in 2013.

[165] **For all these reasons, the Régie orders Gaz Métro to submit, in the next rate application, a full diversification strategy of indexes on which the advance purchases from Dawn are made. The Régie considers that this diversity must be created as quickly as possible. Consequently, this strategy shall allow the first significant diversification step to be completed in the fall of 2013, and these indexes shall be used by Gaz Métro to carry out advance purchases at Dawn.**

5.4 ENTRY AND EXIT CONDITIONS FOR NETWORK GAS

5.4.1 GAZ MÉTRO'S POSITION

[166] In response to one of the Régie's questions, Gaz Métro presented a table indicating the changes in volumes and the number of customers for each service:

network gas, direct purchase, and transportation service[49]. This table shows that between 2006 and 2012, the proportion of network gas sales went from 42% to 32% of total volumes.

[167] Gaz Métro does not conclude that there was a significant migration from network gas volumes toward direct purchasing[50].

[168] Currently, in order to deal with migrations between various services, a six-month notice is required for entry to and exit from network gas. However, upon start-up the customer may pay migration fees in order to avoid the six-month notice. These fees are equal to the value of hedging positions at the market price applicable at 6/12 of the normalized annual consumption.

[169] When asked about the issue of fairness regarding migrations between network gas and other services and the establishment of exit fees to compensate for this issue, Gaz Métro mentions that due to the hedging that it took in conjunction with its derivative products program, "*If we had wanted a perfect situation, we would need customers to give us a four-year advance notice. This does not seem reasonable in a market where we want our customers to have options and to be able to make their own decisions regarding their supply structure...*[51]".

5.4.2 STAKEHOLDERS' POSITION

[170] OC, which represents customers who mainly purchase network gas, says that it is preoccupied by migrations between direct purchase and network gas. It requests that the Régie orders Gaz Métro to offer fair solutions to reduce migration and mitigate its impact.

49 Exhibit B-0102, pages 1-2.
50 Exhibit B-0042, pages 107-111.
51 Exhibit B-0042, page 114.

5.4.3 The Régie's opinion

[171] The Régie notes that a significant portion of network gas customers is captive. In fact, due to the low consumption level, these customers, in practice, do not have access to other supply services, such as direct purchasing. On the other hand, other customers with higher consumption levels can, in practice, enter into or exit from the network gas service according to the regulations applicable in the *Conditions of* Natural Gas Service *and Tariff.*

[172] In light of this situation, the Régie finds that when migrations take place, it is ultimately captive clients who pay the financial consequences[52]. These consequences are generally negative, involving a higher cost. In fact, exit migrations tend to occur when the network gas price is higher than the market price, while entry migrations occur when the price of network gas is lower than the market price. This finding was confirmed by the distributor.

[173] The Régie considers that, if the financial derivatives protection program is to continue, the entry and exit terms must be reviewed in order to more adequately protect customers who are captive to network gas service. For example, entry and exit migrants could have a choice between a waiting period and fees when applicable. Thus, for example, the waiting period could be 24 months or migration fees calculated over 24 months of protection.

[174] **Consequently, the Régie orders the distributor to submit new entry and exit terms for network gas in the next rate application, in order to more adequately protect customers who are captive to this service.**

5.5 BIOGAS SUPPLY

5.5.1 S.É./AQLPA's Position

[175] S.É./AQLPA questions the legitimacy of Gaz Métro's prediction that the amount of biogas available for supply will decrease.

52 Exhibit B-0042, page 112.

[176] The stakeholder recommends that Régie requests Gaz Métro to include, in the 2013-2015 supply plan, the biogas supply quantities for all projects in Québec that are expected to be implemented between now and September 30, 2015[53].

[177] During the hearing, the stakeholder indicates that it believes that the new development projects for biogas from Québec that could supply Gaz Métro's main network should be considered, even if they have not yet been approved by the Régie. It specifies that the exclusion of biogas found in Article 2 of the *Act respecting the Régie de l'énergie*[54] (the Act) only applies if the biogas can be distinctly identified when it is delivered to a consumer through pipes.

5.5.2 GAZ MÉTRO'S POSITION

[178] The distributor indicates that if new potential contracts are approved and move forward, it will adapt its supply plan accordingly. It specifies that its approach, when setting up the supply plan, is to go with what has been confirmed at the time that the rate application is prepared[55].

[179] In its answer, the distributor explains that even though the S.É./AQLPA's recommendation pertains to biogas, the question raised with this recommendation is to know whether or not Gaz Métro shall account for the tools resulting from an investment project that isn't even sure to occur in its supply plan[56].

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[53] Exhibit C-SÉ-AQLPA-0011, page 23.

[54] L.R.Q., c. R-6.01.

[55] Exhibit A-0030, page 46.

[56] Exhibit A-0050, page 270.

5.5.3 THE RÉGIE'S OPINION

[180] The Act reads:

> "*1. This Act applies* [...] *to transportation, distribution and storage of natural gas delivered or intended to be delivered through pipes to a consumer.*
>
> [...]
>
> *2. In this Act, unless the context implies something different, we understand;*
>
> [...]
> *"natural gas" to mean gaseous or liquid methane, except for biogas and synthetic gas;*"

[181] The Régie rejects the S.É./AQLPA's recommendation. It believes that this recommendation cannot be considered due to the content of the Act. In fact, the Régie considers that the Act does not allow it to impose on Gaz Métro the obligation to include biogas in its supply, as this type of gas is specifically excluded from the definition of natural gas mentioned in the Act.

[182] In spite of its conclusion, the Régie does not give an opinion on the distributor's capacity to include in its natural gas supply plan natural gas that can be used for consumption, no matter what its origin is. Furthermore, the Régie reiterates that in the terms of the *Conditions of Natural Gas Service and Tariff*, the gas injected in the Gaz Métro network must follow the quality criteria set by TCPL, no matter its origin.

5.6 2013-2015 SUPPLY PLAN

[183] In Decision D-2012-158, the Régie approved the supply plan for 2013, subject to the guidelines mentioned in Decision D-2012-136 regarding the renewal of the $116,10^6 m^3$ of Union's storage capacities, expiring on April 30, 2013. It reserved its decision regarding the supply plans for 2014 and 2015.

[184] Considering all of the elements of this decision, the Régie approves the supply plan for 2014 and 2015.

6. FOLLOW-UP OF DECISION D-2011-182

[185] Pursuant to Decision D-2011-182[57], Gaz Métro provides the historical evolution and the value of "Futures" for location differentials compared to Henry Hub for various natural gas exchange points located in the Northeastern United States[58].

[186] Gaz Métro requests the Régie to declare that the information thus provided satisfies the follow-up requested.

[187] Pursuant to Decision D-2011-153, Gaz Métro provides, for each of the last five years, a comparison between the average price of its purchases from Dawn, weighted by the volumes purchased, on the one hand, and the monthly prices at Dawn according to a published index, on the other hand. Gaz Métro requests the Régie declares that this comparison satisfies the follow-up requested[59].

[188] In this regard, Gaz Métro also submits a table for Exhibit B-0092, page 27.

[189] **The Régie declares that the documents submitted by Gaz Métro satisfy the required follow-up.**

[190] **The Régie requests that Gaz Métro continues these follow-ups and that it presents the information in the next rate application. However, the Régie requests that the follow-up regarding the price of purchases at Dawn be submitted in the same format as Exhibit B-0092.**

57 Application R-3752-2011.

58 Exhibit B-0006.

59 Exhibit B-0019.

[191] **For these reasons,**

The Régie de l'Énergie:

APPROVES Gaz Métro's supply plan for 2014 and 2015, including the strategy for transferring the supply structure from Empress to Dawn, with the specifications and modifications made in this decision

MAINTAINS the use of the operation method approved in Decision D-2011-162 for rate years 2013, 2014 and 2015

ORDERS Gaz Métro to comply with all of the conclusions and decisions set forth in this decision.

Marc Turgeon
Commissioner

Jean-François Viau
Commissioner

Françoise Gagnon
Commissioner

Representatives:

- Industrial Gas User's Association (IGUA) represented by Mr. Guy Sarault
- Canadian Federation of Independent Business (CFIB) (Quebec chapter) represented by Mr. André Turmel
- Groupe de recherche appliquée en macroécologie (GRAME) represented by Ms. Geneviève Paquet
- Option consommateurs (OC) represented by Mr. Éric David
- Regroupement des organismes environnementaux en énergie (ROEÉ) represented by Mr. Franklin S. Gertler
- Regroupement national des conseils régionaux de l'environnement du Québec (RNCREQ) represented by Ms. Annie Gariépy
- Gaz Métro Limited Partnership (Gaz Métro) represented by Mr. Vincent Regnault and Mr. Hugo Sigouin-Plasse
- Stratégies énergétiques and Association québécoise de lutte contre la pollution atmosphérique (S.É./AQLPA) represented by Mr. Dominique Neuman
- TransCanada Energy Ltd. (TCE) represented by Mr. Pierre Grenier
- TransCanada Pipelines Limited (TCPL) represented by Mr. Pierre Grenier
- Union des consommateurs (UC) represented by Ms. Hélène Sicard
- Union des municipalités du Québec (UMQ) represented by Mr. Steve Cadrin.

TAB 23

Shorts, Chris

From:	Lisa DeAbreu [lisa_deabreu@transcanada.com]
Sent:	May-28-12 5:43 PM
To:	Shorts, Chris
Subject:	Notification from TransCanada's 4May12 New Capacity Open Season
Attachments:	Union Bid Acceptance TC NCOS 4May2012 10000.pdf; Union Bid Acceptance TC NCOS 4May2012 100000.pdf

Good afternoon Chris,

As per your discussion with Don Bell, attached please find two letter regarding the acceptance of Union Gas's two bids in TransCanada's new capacity open season that closed May 4, 2012.

If you have any questions, please feel free to contact me at the below noted numbers or Don Bell at 416-869-2191.

Regards,

Lisa

Lisa DeAbreu
Customer Account Manager
Canadian Pipelines, Commercial East
Phone: 416-869-2171
Cell: 416-571-5078

TransCanada
In business to deliver

200 Bay Street, 24th Floor
Toronto, Ontario, Canada M5J 2J1
tel. 416-869-2171
fax 416-869-2119
email lisa_deabreu@transcanada.com
web www.transcanada.com

May 28, 2012

Union Gas Limited
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Attention: Chris Shorts
Director, Gas Supply

Dear Chris,

This letter acknowledges receipt of the following bid from Union Gas Limited ("Union Gas") in response to TransCanada PipeLines Limited's ("TransCanada") New Capacity Open Season ("NCOS") which closed on May 4th, 2012:

- 100,000 GJ/d of Firm Transportation ("FT") service from Union Parkway Belt to Union EDA, commencing November 1, 2014 and expiring October 31, 2024 (the "Requested Service").

TransCanada is pleased to accept Union Gas's bid for the Requested Service subject to the removal of the conditions contained in the bid and included in the cover letter to the bid.

TransCanada anticipates that the flexibility of the Precedent Agreement ("PA") will accommodate Union Gas's requirement to obtain its necessary internal approvals for this bid, and to manage its requirement for upstream transportation. The PA allows a Service Applicant to declare an Event of Cancellation at any time. Additionally, Union Gas will have 30 days to execute the PA once it is received from TransCanada. A spend profile for the project will be provided to Union Gas with the PA, which will allow Union Gas to manage its exposure to the liability of the agreement if either the internal approvals have not yet been received or if the Union Gas capacity has not been secured. TransCanada does not expect to incur appreciable costs until August 2012 which will give Union Gas additional time to accommodate these requirements.

With respect to the condition requiring TransCanada to build facilities between Parkway and Maple, TransCanada expects that incremental facilities will be required between Parkway and Maple and possibly at other locations on its system to accommodate all of the requests from the NCOS.

A Precedent Agreement ("PA") and Financial Assurances Agreement ("FAA") will be sent to you within a few weeks. As per TransCanada's Transportation Access Procedures and the NCOS posting, Union Gas will have 30 days to execute the PA and FAA following its receipt of the executable versions.

We look forward to working with you to meet your transportation requirements.

Regards,

Lisa DeAbreu

Lisa DeAbreu
Customer Account Manager
Mainline East, Canadian Pipelines

TAB 24

uniongas

October 23, 2012

Mr. Don Bell
Director, Commercial – East Canadian Pipelines
TransCanada Pipelines Limited
200 Bay Street
24th Floor, South Tower
Toronto, ON M5J 2J1

Dear Don:

Re: TCPL Letter dated September 14, 2012 informing Union of delay in service from Nov 1, 2014 to no earlier than Nov 1, 2015

As a follow up to your letter noted above which outlines the fact that TCPL will not be able to meet the expected November 1, 2014 in service date for Union's Parkway belt to Union EDA and Parkway belt to Union NDA requests, I am concerned with the delay and the impact to Union and its customers. There was considerable effort on Union's part to get the necessary approvals to move forward with this request for 2014 which included approvals from the Spectra Board of Directors.

Your letter explains that the delay is due to the fact that "the required facilities cannot be installed prior to November 1, 2015". Please identify specifically, those facilities in question and the reasons why the original Nov, 2014 cannot be met. This will allow for us to understand the infrastructure that a 10 year commitment would be in support of.
Also, please indicate what facilities will be required for the 2015 in-service (if different than above) together with a discussion of why TCPL believes they will be installed in a timely manner.

Given the importance of this service request Union requires as much information as possible to determine how best to serve its customers interests.

Also, please provide an updated spend schedule related to this delay.

I look forward to receiving this information so Union can continue to support the critical infrastructure TCPL needs to construct.

Sincerely,

Chris Shorts
Director, Gas Supply

TAB 25

THIS MEMORANDUM OF UNDERSTANDING is made the 28th day of January, 2013.

BETWEEN:

TRANSCANADA PIPELINES LIMITED, a corporation organized under the laws of Canada (**"TransCanada"**), and

ENBRIDGE GAS DISTRIBUTION INC., a corporation incorporated under the laws of Ontario (**"Enbridge"**).

RECITALS:

A. TransCanada owns and operates a natural gas pipeline system extending from a point near the Alberta/Saskatchewan border where TransCanada's facilities interconnect with the facilities of NOVA Gas Transmission Ltd. easterly to the Province of Quebec with branch lines extending to various points past the international border with the United States (the **"TransCanada System"**). TransCanada utilizes the capacity on the TransCanada System and from firm service transportation entitlements on other natural gas transmission systems.

B. In May 2012, TransCanada held a New Capacity Open Season for natural gas transportation services on the TransCanada System (the **"May 2012 NCOS"**). Due to commitments received from participants in the May 2012 NCOS, TransCanada is proposing to expand the TransCanada System capacity between Parkway and Maple to accommodate incremental firm service transportation contracts to meet these commitments.

C. In December 2012, Enbridge filed a leave to construct application with the OEB to increase natural gas supply and reliability of natural gas distribution service to the Greater Toronto Area (the **"GTA Project"**). As part of the GTA Project, Enbridge is seeking approval from the OEB to construct a new section of NPS 36 pipeline originating in the vicinity of the Parkway gate stations and terminating at Enbridge's Albion district station (the **"Enbridge Pipeline"**).

D. In an effort to provide greater certainty with respect to the efficient development of natural gas infrastructure in Enbridge's Greater Toronto Area distribution franchise (the **"GTA"**) and for the reasons set out in Section 2.1, the Parties wish to enter into the transactions contemplated in this MOU, subject to the terms and conditions outlined in this MOU.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties agree as follows:

ARTICLE 1
DEFINITIONS AND PRINCIPLES OF INTERPRETATION

1.1 Definitions

Whenever used in this MOU, the following words and terms have the meanings set out below:

"Actual Costs" shall have the meaning given to it in Section 3.2(c).

"Affiliate" means any Person that, directly or indirectly:

(i) controls a Party;

(ii) is controlled by a Party; or

(iii) is controlled by the same Person that controls a Party,

it being understood and agreed that for purposes of this definition the terms "controls" and "controlled by" shall mean the power to direct or cause the direction of the management and policies of another Person whether through the ownership of shares, a contract, trust arrangement or any other means, either directly or indirectly, that results in control in fact, but notwithstanding the foregoing includes, with respect to the control of or by a corporation or partnership, the ownership of shares or equity interests carrying not less than 50% of the voting rights regardless of whether such ownership occurs directly or indirectly, as contemplated above.

"Albion Meter Station" means a measurement station at the Albion district station.

"Application Amendment" shall have the meaning given to it in Section 3.2(b).

"Banking Day" shall have the meaning given to it in the Tariff.

"Bram West" shall have the meaning given to it in Section 3.1(a)(i).

"Bram West CDA" shall have the meaning given to it in Section 3.1(a)(iii).

"Bram West CDA Service Contracts" shall have the meaning given to it in Section 3.2(f)(i).

"Bram West Interconnect" shall have the meaning given to it in Section 3.1(a)(i).

"Confidentiality Agreement" means the confidentiality agreement dated February 14, 2011, between TransCanada and Enbridge, as amended from time to time.

"Election #1" means the election described in Schedule "A".

"Election #1 Option" shall have the meaning given to it in section 1 of Schedule "A".

"Election #2" means the election described in Schedule "B".

"Election #2 Option" shall have the meaning given to it in section 1 of Schedule "B".

"Election #2 Option Date" shall have the meaning given to it in section 1 of Schedule "B".

"Election #3" means the election described in Schedule "C".

"Election Date" shall have the meaning given to it in Section 3.1(c).

"Enbridge Authorizations" shall have the meaning given to it in Section 4.2(a).

"Enbridge Long Haul FT Contracts" means Enbridge's existing long haul firm transportation service contracts on the TransCanada System.

"Enbridge Maple Pipeline" shall have the meaning given to it in section 1 of Schedule "C".

"Enbridge Pipeline" shall have the meaning given to it in the recitals.

"Enbridge Pipeline Costs" means the reasonably (or prudently) incurred internal and third party costs, expenses and charges of Enbridge arising from, attributable to or incurred in respect of the development and construction of the Enbridge Pipeline, calculated in a manner consistent with capital costs forming part of a regulated rate base, as depreciated, as applicable.

"Estimated Costs" shall have the meaning given to it in Section 3.2(b).

"Firm Transportation Service" shall have the meaning given to it in the Tariff.

"GJ" means gigajoule, being 1,000,000,000 joules and include the plural as the context requires.

"Governmental Authority" means any government, regulatory authority, governmental department, agency, commission, bureau, official, minister, Crown corporation, court, board, tribunal, dispute settlement panel or body or other law, rule or regulation-making entity (a) having or purporting to have jurisdiction on behalf of any nation, province, state or other geographic or political subdivision thereof; or (b) exercising, or entitled or purporting to exercise any administrative, executive, judicial, legislative, policy, regulatory or taxing authority or power.

"GTA" and **"GTA Project"** shall have the meaning given to those terms in the recitals.

"Hamilton Line" means a pipeline comprised primarily of NPS 20 and NPS 36 pipe that connects to TransCanada's high pressure Kirkwall Niagara line at a point near Hamilton and extends between Hamilton and Enbridge's Parkway meter station near Toronto and will allow sourcing of natural gas from Niagara Falls or Chippawa and delivery of gas to Toronto at the new Parkway Enbridge CDA.

"**Laws**" means applicable statutes, by-laws, rules, regulations, orders, ordinances or judgments, in each case of any Governmental Authority.

"**Linepack**" means the initial gas purchased at the time the pipeline is placed into service for the efficient operation of the Enbridge Pipeline.

"**Maple**" means at or near TransCanada's compressor Station 130 located at Lot 29, Concession 6.

"**Maple Interconnect**" means the interconnect facilities to be located upstream of Maple on the TransCanada System.

"**May 2012 NCOS**" shall have the meaning given to it in the recitals.

"**MOU**" means this MOU, including all schedules and all amendments or restatements as permitted, and references to an "Article" or "Section" mean the specified Article or Section of this MOU.

"**NEB**" means the National Energy Board.

"**New Capacity Open Season**" shall have the meaning given to it in the Tariff.

"**Notice**" shall have the meaning given to it in Section 6.1.

"**OEB**" means the Ontario Energy Board.

"**Parkway**" means in the vicinity of 6626 9th Line, Mississauga, Ontario.

"**Parkway Enbridge CDA**" means a new single point distributor delivery area created by removing the Parkway Enbridge meter station located on the TransCanada System from the existing Enbridge CDA.

"**Parkway Enbridge CDA Service Contract**" shall have the meaning given to it in Section 3.2(f)(ii).

"**Parties**" means, collectively, TransCanada and Enbridge, and "**Party**" means any one of them, as applicable.

"**Person**" means any natural person, firm, trust, partnership, corporation, limited liability company, joint venture, association, joint stock company, enterprise, unincorporated entity, government, governmental agency or other entity.

"**Regulatory Approvals**" means the applicable certificates, permits, orders, authorizations, approvals, certificates, licenses, exemptions or comparable orders from any applicable Government Authority (including the NEB and OEB as applicable).

"**Storage Transportation Service**" shall have the meaning given to it in the Tariff.

"**Tariff**" means the TransCanada System tariff, as amended from time to time.

"**TBO Agreement**" shall have the meaning given to it in Section 2.5.

"**Term Sheet**" shall have the meaning given to it in Section 2.4(a).

"**Term Sheet Date**" shall have the meaning given to it in Section 2.4(a).

"**TransCanada Authorizations**" shall have the meaning given to it in Section 4.1(a).

"**TransCanada Maple Pipeline**" means a pipeline originating near Enbridge's Albion district station and terminating at a point upstream of Maple.

"**TransCanada System**" shall have the meaning given to it in the recitals.

"**Transportation Access Procedure**" or "**TAPS**" shall have the meaning given to it in the Tariff.

"**Union Interconnect**" shall have the meaning given to it in section 1 of Schedule "C".

1.2 Certain Rules of Interpretation

In this MOU:

(a) **Derivatives:** Where a term is defined in this MOU, a capitalized derivative of such term shall have a corresponding meaning unless the context otherwise requires.

(b) **Governing Law:** This MOU is a contract made under and shall be governed by and construed in accordance with the Laws in force in the Province of Ontario.

(c) **Headings:** Headings of Articles and Sections are inserted for convenience of reference only and shall not affect the construction or interpretation of this MOU.

(d) **Including:** Where the word "including" or "includes" is used in this MOU, it means "including (or includes) without limitation".

(e) **No Strict Construction:** The language used in this MOU is the language chosen by the Parties to express their mutual intent and no rule of strict construction shall be applied against any Party.

(f) **Number and Gender:** Unless the context otherwise requires, words importing the singular include the plural and *vice versa* and words importing gender include all genders.

(g) **References to Agreements or Statutes:** Any reference in this MOU to an agreement shall, unless the context otherwise requires, mean and refer to such agreement as modified, amended, restated, supplemented or replaced from time to time, and a reference to any statute is a reference to it as re-enacted, varied, amended, modified, supplemented or replaced from time to time.

(h) **Severability:** If, in any jurisdiction, any provision of this MOU or its application to any Party or circumstance is restricted, prohibited or unenforceable, such provision shall, as to such jurisdiction, be ineffective only to the extent of such restriction, prohibition or unenforceability without invalidating the remaining provisions of this MOU and without affecting the validity or enforceability of such provision in any other jurisdiction or without affecting its application to other Parties or circumstances.

(i) **Time:** Time is of the essence in the performance of the Parties' respective obligations.

(j) **Time Periods:** Unless otherwise specified, time periods within or following which an act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Banking Day following if the last day of the period is not a Banking Day.

1.3 Entire Agreement

This MOU, the Confidentiality Agreement and any documents delivered in connection therewith constitute the entire agreement among the Parties and set out all the covenants, promises, warranties, representations, conditions, understandings and agreements among the Parties pertaining to the subject matter of this MOU and supersede all prior agreements, understandings, negotiations and discussions among the Parties, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or agreements, whether oral or written, express, implied or collateral among the Parties in connection with the subject matter of this MOU except as specifically set forth in this MOU, the Confidentiality Agreement and any documents required to be delivered in connection herewith.

1.4 Schedules

The following schedules are attached to and form an integral part of this MOU:

Schedule	Description
Schedule "A"	Election #1
Schedule "B"	Election #2
Schedule "C"	Election #3
Schedule "D"	Terms of TBO Agreement

ARTICLE 2
SCOPE AND PURPOSE OF MOU

2.1 Purpose

The Parties have entered into this MOU for the following purposes:

(a) to provide greater certainty with respect to the efficient development of natural gas infrastructure in the GTA and on TransCanada's Parkway to Maple path;

(b) to optimize use of existing natural gas transportation infrastructure in and around the GTA and TransCanada's Parkway to Maple path to meet the capacity needs of the Parties' current and future respective customers;

(c) to plan for future infrastructure to meet medium and long term needs in a coordinated fashion in order to manage rate impacts upon the current and future customers of both Parties;

(d) to ensure reliability and adequacy of the Parties' respective services and gas transportation systems for customers; and

(e) to manage infrastructure costs and potential risk of redundant infrastructure and other risks that may negatively impact either Party or its customers.

2.2 Condition Precedent

(a) The obligations of each Party under this MOU are subject to satisfaction or waiver (in each Party's sole discretion) of the condition precedent that it shall obtain, on or before February 1, 2013, approval by its senior executive of the terms and conditions of this MOU.

(b) The condition precedent set forth in Section 2.2(a) in respect of each Party is for the sole benefit of such Party, and may only be waived in writing (in whole or in part) by such Party.

2.3 Effect of MOU

(a) Subject to Section 2.2 and Section 2.3(b), the Parties intend for the obligations outlined in this MOU to be legally binding unless expressly stated otherwise.

(b) All obligations of the Parties under this MOU are subject to:

(i) Laws; and

(ii) the ability of the respective Party or Parties to obtain such necessary Regulatory Approvals to give effect to such obligations (including the TransCanada Authorizations and the Enbridge Authorizations) on conditions satisfactory to the applicable Party in its sole discretion.

2.4 Term Sheet

(a) As soon as reasonably practicable following execution of this MOU, the Parties agree to meet to determine in good faith and with diligence the most effective procedures and mechanisms to give effect to each Party's respective obligations under this MOU, which shall include the development of a term sheet (the "**Term Sheet**") setting out the procedures and mechanisms to give effect to the Election #1 Option or the Election #2 Option, as the case may be, by March 15, 2013 (the "**Term Sheet Date**"). The Parties commit to make every reasonable effort to satisfy their respective obligations hereunder.

(b) In respect of the equity ownership structure in the Term Sheet to give effect to the commercial terms outlined in Schedule "A" and Schedule "B", the Parties acknowledge their mutual intent to develop a tax-efficient structure that is likely to be successful in obtaining Regulatory Approval in a time frame consistent with the obligations outlined in this MOU, and may include joint ownership on an undivided interest basis, or through joint ownership of some other entity, either directly or through one or more Affiliates.

(c) The Parties acknowledge that while Schedule "A" and Schedule "B" do not contain all of the commercial principles for the Term Sheet, the commercial principles set forth in Schedule "A" and Schedule "B" have been agreed by the Parties and are not subject to further negotiation.

(d) The Term Sheet, once agreed, shall govern the relationship between the Parties in respect of the matters contemplated therein until one or more definitive agreements that by their terms supersede and replace the Term Sheet.

2.5 TBO Agreement

If the Parties:

(a) fail to agree on the Term Sheet by the Term Sheet Date; or

(b) are unable to implement the transactions described in the Election #1 Option or the Election #2 Option, as applicable, due to Laws, the denial of any Regulatory Approvals required by a Party to meet its obligations under this MOU (including the TransCanada Authorizations and the Enbridge Authorizations) or the granting of same on conditions unsatisfactory to such Party in its sole discretion;

and provided that TransCanada has not elected Election #3, then the Parties shall, subject to Section 2.6(a)(v), enter into a transportation-by-other service agreement on the terms and conditions set out in Schedule "D" (the "**TBO Agreement**").

2.6 Term and Termination

(a) This MOU shall be binding upon the Parties and shall commence on the date hereof and shall terminate on the earliest to occur of:

(i) Notice from one Party to the other Party if the condition precedent set forth in Section 2.2 shall have become incapable of fulfilment or has not been fulfilled within the time frame set forth therein, and shall not have been waived by the applicable Party in its sole discretion;

(ii) Subject to Section 2.5, the inability of either Party to meet any obligations under this MOU due to Laws, the denial of any Regulatory Approvals required by a Party to meet its obligations herein (including the TransCanada Authorizations and the Enbridge Authorizations), the granting of same on conditions unsatisfactory to such Party in its sole discretion, or due to conditions described in Section 3.3;

(iii) the execution and delivery by the Parties of a TBO Agreement that, by its terms, is expressed to supersede and replace the terms and conditions set out in Schedule "D";

(iv) the mutual agreement of the Parties;

(v) where TransCanada has elected Election #1 or Election #2 pursuant to Section 4.1(c), May 8, 2013, unless the Board of Directors of Enbridge has as at such date approved:

(A) the transactions contemplated in:

(1) Election #1, in the case where Election #1 was chosen (including the Term Sheet, if agreed); or

(2) Election #2, in the case where Election #2 was chosen (including the Term Sheet, if agreed); and

(B) the terms and conditions of the TBO Agreement as set out in Schedule "D"; and

(vi) the latest date that all of the Parties' obligations under this MOU have been satisfied or have been superseded by definitive agreements as contemplated herein.

(b) The items outlined in Section 2.7 shall survive termination of this MOU for the periods outlined therein.

2.7 Surviving Obligations

(a) Notwithstanding the termination of this MOU for any reason other than Section 2.6(a)(v), and subject to Section 2.7(b), the following shall apply:

(i) If TransCanada has elected Election #1, then:

(A) Section 14 of Schedule "A" shall survive any such termination and shall remain in full force and effect for a period of ten (10) years; and

(B) Section 15 of Schedule "A" shall survive any such termination and shall remain in full force and effect for a period of ten (10) years.

(ii) If TransCanada has elected Election #2, then:

(A) Section 15 of Schedule "B" shall survive any such termination and shall remain in full force and effect for a period of ten (10) years; and

(B) Section 16 of Schedule "B" shall survive any such termination and shall remain in full force and effect for a period of ten (10) years.

(iii) If TransCanada has elected Election #3, then Section 3 of Schedule "C" shall survive any such termination and shall remain in full force and effect for a period of ten (10) years.

(iv) Section 5.1 shall survive any such termination for the duration of the period outlined in Section 5.1.

(v) In circumstances where:

(A) Section 2.5 applies and the Parties would, subject to Section 2.6(a)(v), be obligated to enter into the TBO Agreement; and

(B) termination of this MOU is for any reason other than that listed in Sections 2.6(a)(iii) or 2.6(a)(v);

Schedule "D" shall survive in accordance with its terms.

(b) In the case of termination of this MOU as provided in Section 2.6(a)(v), all obligations under this MOU and the Confidentiality Agreement, including Section 5.1, notwithstanding anything in Section 5.1 which states otherwise, shall immediately terminate.

(c) Notwithstanding the termination of this MOU for any reason, Sections 3.2(d) and 6.2 shall survive such termination and remain in full force and effect in accordance with its terms.

ARTICLE 3
THE TRANSACTIONS

3.1 TransCanada Obligations

(a) TransCanada will:

(i) construct interconnect facilities with sufficient capacity and specification for the purposes contemplated herein (the "**Bram West Interconnect**"), in the vicinity of Highway 407, between Winston Churchill and Heritage Road ("**Bram West**"), to connect to the Enbridge Pipeline at a point of connection located at or near Bram West;

(ii) complete construction of the Bram West Interconnect by April 1, 2015 or as soon as possible thereafter and use reasonable efforts to have the Bram West Interconnect in-service no later than September 1, 2015 or as soon as possible thereafter; and

(iii) add the Bram West Interconnect as a single point distributor delivery area to the Tariff (the "**Bram West CDA**").

(b) TransCanada will construct, own, operate and maintain the Albion Meter Station.

(c) TransCanada will make an election to manage the service requests identified in the May 2012 NCOS by electing one of the following options:

(i) Election #1 (as set out in Schedule "A");

(ii) Election #2 (as set out in Schedule "B"); or

(iii) Election #3 (as set out in Schedule "C"),

and provide Notice of the relevant election to Enbridge on or before April 29, 2013 (the "**Election Date**"). If Notice is not given within such time frame, TransCanada shall be deemed to have elected Election #3. The requirement of the Parties to give effect to Election #1 and Election #2 are subject to agreement on the Term Sheet pursuant to Section 2.4, except to the extent that the provisions of Schedule "A" or Schedule "B" are incorporated into the TBO Agreement terms contained in Schedule "D".

(d) TransCanada acknowledges that, at any time prior to November 1, 2015, Enbridge may, but shall not be obligated to, bid and contract for Interruptible Transportation Service on the TransCanada System in accordance with and subject to the Tariff for the purposes of commissioning the Enbridge Pipeline.

3.2 Enbridge Obligations

(a) Enbridge will construct the Enbridge Pipeline and connect it to the TransCanada System at the Bram West Interconnect by April 1, 2015 or as soon as possible thereafter and use reasonable efforts to have the Enbridge Pipeline in-service for TransCanada by November 1, 2015 or as soon as possible thereafter.

(b) Enbridge will provide TransCanada, within ten (10) days of the execution of this MOU, a Notice containing its reasonable estimate (the "**Estimated Costs**") of the incremental costs directly attributable to, arising from or associated with amending its GTA Project application to modify the size of the Enbridge Pipeline from NPS 36 to NPS 42, including changes to facilities as contemplated by this MOU (the **"Application Amendment"**), together with such reasonable supporting documentation as may be typically provided with similar estimates, or as may be reasonably requested by TransCanada.

(c) Enbridge will proceed to amend the GTA Project application to reflect the Application Amendment and TransCanada agrees to reimburse Enbridge for the actual incremental costs attributable to, arising from or associated with the Application Amendment, up to a maximum amount of $1,000,000 (the **"Actual Costs"**), if TransCanada has elected Election #3 or either Party is unable to obtain its Regulatory Approvals such that the NPS 42 Enbridge Pipeline is not approved and constructed.

(d) If TransCanada has elected Election #3 or if either Party is unable to obtain its Regulatory Approvals such that the NPS 42 Enbridge Pipeline is not approved and constructed, Enbridge shall make a final determination of the Actual Costs no later than September 30, 2015 and shall provide TransCanada with an invoice, with sufficient supporting evidence reasonably satisfactory to TransCanada, and TransCanada shall pay Enbridge the Actual Costs within thirty (30) days of receipt of such invoice.

(e) Enbridge will consult with TransCanada in respect of the Application Amendment and provide TransCanada with a reasonable opportunity to review and comment on the Application Amendment. Notwithstanding the foregoing, the Parties acknowledge that Enbridge has exclusive control over the filing and prosecution process for the Enbridge Approvals (including the Application Amendment).

(f) If TransCanada elects either Election #1 or Election #2 in Section 3.1(c), Enbridge will bid and contract for:

(i) service contracts for 800,000 GJ/day of Firm Transportation Service and/or Storage Transportation Service on the TransCanada System from Parkway to the Bram West CDA (the **"Bram West CDA Service Contracts"**); and

(ii) a service contract for 200,000 GJ/d of Firm Transportation Service on the TransCanada System from Niagara Falls and/or Chippawa to the Parkway Enbridge CDA (the **"Parkway Enbridge CDA Service Contract"**),

through one or more New Capacity Open Seasons, to be held, in compliance with the TAPS, on or before June 30, 2013, with service to commence on November 1, 2015 or as soon as possible thereafter, in each case for a minimum term of fifteen (15) years and at a toll to be determined in accordance with TransCanada's NEB approved point-to-point tolling methodology and the Tariff.

(g) Unless TransCanada elects Election #1 as provided in Section 3.1(c), Enbridge shall be under no obligation to modify the size of the Enbridge Pipeline from NPS 36 to NPS 42 or make any other related change to facilities.

3.3 Limitations on Application

(a) The obligations of a Party to construct facilities pursuant to this ARTICLE 3 and any Schedule to this MOU will be undertaken by such Party on a reasonable commercial efforts basis.

(b) In the event of either Party being rendered unable, wholly or in part, by force majeure to perform or comply with any obligation or condition hereof or any obligation in this ARTICLE 3 or any of the Schedules to this MOU, such Party shall give notice and full particulars of such force majeure in writing to the other Party as soon as possible thereafter, and the obligations of the Party giving such notice, other than obligations to make payments of money then due, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch. The term "force majeure" as used herein shall mean acts of God, strikes, lockouts or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightening, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, the necessity for making repairs to or alterations of machinery or lines of pipe, freezing of wells or lines of pipe, temporary failure of either Party's gas supply, inability to obtain materials, supplies, permits or labour, any laws, orders, rules, regulations, acts or restrains of any governmental body or authority, civil or military, any act or omission (including failure to deliver gas) of a supplier of gas to, or a transporter of gas to or for either Party which is excused by any event of force majeure, any act or omission by parties not controlled by the Party having the difficulty and any other similar causes not within the reasonable control of the Party claiming suspension. The settlement of strikes, lockouts or other labour disputes shall be entirely within the discretion of the Party having the difficulty. Under no circumstances will lack of finances be construed to constitute force majeure.

ARTICLE 4
REGULATORY AUTHORIZATIONS

4.1 TransCanada Authorizations

(a) Enbridge agrees to cooperate with, and shall not oppose, intervene against, or seek to delay, whether directly or indirectly, TransCanada in its efforts to obtain such Regulatory Approvals that TransCanada reasonably determines are necessary to enable it to meet its obligations under this MOU (the "**TransCanada Authorizations**") and shall provide such reasonable support as may be necessary in connection with the applications for, and the processing of, the TransCanada Authorizations.

(b) Notwithstanding Section 4.1(a), nothing shall obligate TransCanada to appeal, or seek a review of, any decision of a regulatory or judicial authority which has the effect of denying any of the TransCanada Authorizations or granting same on conditions unsatisfactory to TransCanada.

(c) TransCanada agrees to diligently and expeditiously pursue the TransCanada Authorizations.

4.2 Enbridge Authorizations

(a) Except as this Section 4.2(a) may be modified by section 3 of Schedule "C", TransCanada agrees to cooperate with, and shall not oppose, intervene against, or seek to delay, whether directly or indirectly, Enbridge in its efforts to obtain such Regulatory Approvals Enbridge reasonably determines are necessary to enable it to meet its obligations under this MOU and build the Enbridge Pipeline, including any related gas supply portfolio approvals and Union Gas Limited's development of the Parkway West site in order to provide Enbridge with a back-up feed and adequate compression for the GTA Project (the "**Enbridge Authorizations**"), and shall provide such reasonable support as may be necessary in connection with the applications for, and the processing of, the Enbridge Authorizations.

(b) Notwithstanding Section 4.2(a), nothing shall obligate Enbridge to appeal, or seek a review of, any decision of a regulatory or judicial authority which has the effect of denying any of the Enbridge Authorizations or granting same on conditions unsatisfactory to Enbridge.

(c) Enbridge agrees to diligently and expeditiously pursue the Enbridge Authorizations.

4.3 Regulatory Approvals

For greater certainty, the obligation on both Parties to not oppose, intervene against, or seek to delay, whether directly or indirectly, the other Party in its efforts to obtain Regulatory Approvals as outlined in Section 4.1(a) and Section 4.2(a), respectively:

(a) only applies to those Regulatory Approvals that are within the scope of this MOU; and

(b) shall not apply in respect of any applications for Regulatory Approvals that are inconsistent with the terms of this MOU.

ARTICLE 5
CONFIDENTIALITY

5.1 Confidentiality

(a) The Parties acknowledge that all information disclosed by a Party to the other Party pursuant to or in relation to this MOU shall be deemed to be Confidential Information of the disclosing Party subject in all respects to the receiving Party's obligations pursuant to the Confidentiality Agreement. The Parties' obligations to be bound by such Confidentiality Agreement shall survive the termination of this MOU until the later of (i) November 1, 2014, and (ii) such later date as may be specified in this Section 5.1.

(b) If Enbridge extends the Election #2 Option Date in accordance with Section 1 of Schedule "B", then the Parties agree that the termination date of the Confidentiality Agreement shall be extended to the Election #2 Option Date.

(c) Notwithstanding Section 2 of the Confidentiality Agreement and Section 5.2, the Parties agree that each of them may publicly disclose the following information:

(i) The existence of the Confidentiality Agreement;

(ii) that:

(A) the Parties are seeking to enter into transactions for the purposes described in Section 2.1, subject to Regulatory Approvals;

(B) Enbridge plans to amend its GTA Project application to include an option to change the size of its Enbridge Pipeline to a NPS 42 line and TransCanada proposes to acquire up to 60% of that line from Enbridge for TransCanada's own system requirements;

(C) TransCanada proposes to build a connection to Enbridge at a location called Bram West and Enbridge proposes to build a connection to TransCanada at Bram West;

(D) TransCanada proposes to create a new single point distributor delivery area called Parkway Enbridge CDA, by removing the Enbridge Parkway meter from the Enbridge CDA and adding it to the Tariff;

(E) TransCanada proposes to create a new single point distributor delivery area called Bram West and add it to the Tariff;

(F) TransCanada proposes to charge the NEB-approved point to point tolling methodology for these two new distributor delivery areas;

(G) Enbridge proposes to bid and contract for:

(1) Firm Transportation Service or Storage Transportation Service on the TransCanada System from Parkway to the Bram West CDA for 800,000 GJ/d; and

(2) Firm Transportation Service on the TransCanada System from Niagara Falls or Chippawa to the new Parkway Enbridge CDA for 200,000 GJ/d and TransCanada proposes to utilize its Hamilton Line to provide this service;

(H) TransCanada will construct own and operate a meter station at or near the existing Albion district station to measure deliveries from TransCanada at Bram West to Enbridge;

(I) the Parties propose to enter into the TBO Agreement, provided such disclosure is made at the earlier of:

(1) the time that the Parties have entered into a definitive agreement in respect of the TBO Agreement; and

(2) the time that Enbridge or TransCanada first applies for Regulatory Approval of the TBO Agreement, as contemplated herein; and

(iii) The Parties will work together to determine the optimum capacity of the Enbridge Pipeline and to meet a commissioning date of April 1, 2015 and in-service date for TransCanada of November 1, 2015 or as soon as possible thereafter.

5.2 Press Releases

Except as expressly provided in Section 5.1(c), the Parties may only disclose information regarding this MOU and/or the contents thereof to the public at a time and in a manner as mutually agreed to by the Parties. If the Parties mutually agree to a disclosure, then either Party may issue press releases, public announcements or make such other similar communications, provided that the content, timing and manner of any such disclosure is in strict compliance with the mutual agreement of the Parties.

ARTICLE 6
GENERAL

6.1 Notices

Any notice, consent or approval required or permitted to be given in connection with this MOU (a "Notice") shall be in writing and shall be sufficiently given if delivered (whether in person, by courier service or other personal method of delivery), or if transmitted by facsimile:

If to TransCanada:

TransCanada PipeLines Limited
450-1st Street, S.W.
Calgary, AB T2P 5H1

Attn: Corporate Secretary
Facsimile: 403.920.2467

If to Enbridge:

Enbridge Gas Distribution Inc.
500 Consumers Road
Toronto, ON M2J 1P8

Attn: VP Gas Supply c/o Law Department
Facsimile: 416.495.5994

Any Notice delivered or transmitted to a Party as provided above shall be deemed to have been given and received on the day it is delivered or transmitted, provided that it is delivered or transmitted on a Banking Day prior to 5:00 p.m. local time in the place of delivery or receipt. However, if the Notice is delivered or transmitted after 5:00 p.m. local time or if such day is not a Banking Day then the Notice shall be deemed to have been given and received on the next Banking Day. Any Party may, from time to time, change its address by giving Notice to the other Parties in accordance with the provisions of this Section 6.1.

6.2 Limitation of Liability

(a) Notwithstanding anything contained herein to the contrary, neither Party will be liable under this MOU or under any cause of action relating to the subject matter of this MOU for any indirect, punitive, or consequential damages, or loss of profits, loss of use of any property or claims of customers or contractors of the Parties for any such damages.

(b) Other than in the case of wilful misconduct or gross negligence, aggregate liability of a Party hereunder shall be capped at ten million dollars ($10,000,000.00), regardless of the number of events, incidents or breaches.

6.3 Audit Rights

(a) To the extent that amounts are payable by TransCanada under this MOU in respect of the Actual Costs and Enbridge Pipeline Costs, TransCanada and its representatives shall have the right within one (1) year of the payment or final calculation of any such amount to engage an independent auditor to conduct a single audit of the relevant books and records in respect of such costs for such payment during regular business hours and in a manner that does not unreasonably interfere with Enbridge's business or operations (upon sixty (60) days Notice and at TransCanada's expense).

(b) TransCanada and Enbridge will use reasonable commercial efforts to resolve any discrepancies disclosed by an audit report as soon as reasonably practicable and in any event within 180 days following presentation of the audit report by TransCanada.

6.4 Payments

If either Party fails to make a payment to the other Party in full within any applicable time period set out herein, interest on the unpaid portion of any such payment shall accrue from the date payment is first overdue until payment is made at a rate of interest equal to the prime rate of interest per annum of the Canadian Imperial Bank of Commerce applicable to Canadian dollar commercial loans plus two percent (2%).

6.5 Miscellaneous

(a) **Costs and Expenses:** Each Party shall bear its own costs and expenses in respect of the negotiation and execution of this MOU.

(b) **Amendment:** No amendment, supplement, modification, waiver or termination of this MOU and, unless otherwise specified, no consent or approval by any Party, shall be binding unless executed in writing by an officer or other authorized representative of the Party to be bound thereby.

(c) **Assignment:** No Party shall have the right to assign this MOU or any interest in this MOU to a non-affiliated third party without the prior written consent of the other Party, which consent may be withheld in such other Party's sole, absolute and unfettered discretion. Upon providing prior written Notice, either Party may assign all of its rights hereunder to an Affiliate of such Party provided however, that the assigning Party shall remain obligated to ensure the performance by such Affiliate of the assigned obligations hereunder and shall not be released from any of its obligations hereunder upon such assignment without the consent of the other Party delivered in accordance with this Section 6.2(c).

(d) **Enurement:** This MOU shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

(e) **Further Assurances:** The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this MOU, and each Party shall provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to effect the purpose of this MOU and carry out its provisions.

(f) **Execution and Delivery:** This MOU may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

IN WITNESS OF WHICH the Parties have duly executed this MOU as of the date first written above.

TRANSCANADA PIPELINES LIMITED	**ENBRIDGE GAS DISTRIBUTION INC.**
By:	By: D. Guy Jarvis President
Name: S. CLARK	Name:
Title: SVP - CANADIAN NEUS PIPELINES	Title:
By:	By: Malini Giridhar
Name:	Name: Malini Giridhar
Title: Karl Johannson President, Natural Gas Pipelines	Title: Vice President, Gas Supply

Legal	JM
Content	DS

APPROVED AS TO FORM
ENBRIDGE LAW TP

SCHEDULE "A"
ELECTION #1

If TransCanada makes Election #1 in accordance with Section 3.1(c), then the following shall apply:

1. TransCanada shall acquire, upon the terms and conditions set out in the Term Sheet, a percentage equity interest in the Enbridge Pipeline and its related capacity or such alternative capital structure that would allow both Parties to own and earn a regulated return on their respective portions of the Enbridge Pipeline, either:

   (a) if the Enbridge Pipeline is sized at NPS 36, fifty (50%) percent of the Enbridge Pipeline for a contribution of fifty (50%) percent of the Enbridge Pipeline Costs, or

   (b) if the Enbridge Pipeline is sized at NPS 42, sixty (60%) percent of the Enbridge Pipeline for a contribution of sixty (60%) percent of the Enbridge Pipeline Costs,

   with service to commence on or before November 1, 2015 or as soon as possible thereafter (the "**Election #1 Option**").

2. The Parties agree to do all such things and provide all such reasonable assurances as may be required to give effect to the Term Sheet and the related Election #1 Option. Each Party shall provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to effect such purpose.

3. The Parties agree that Enbridge will retain a quantity of 800,000 GJ/d on the Enbridge Pipeline and that any future expanded pipeline capacity will be attributable to and at the expense of TransCanada.

4. The initial Linepack associated with the Enbridge Pipeline, as determined by Enbridge, represents a cost to the project and these costs shall be treated as any other non-depreciating rate base item. The Parties agree that Enbridge will purchase the initial Linepack and TransCanada's share of the cost of the initial Linepack will be included in the contribution contemplated in section 1 of this Schedule "A".

5. Enbridge will be responsible for the operation of the Enbridge Pipeline and TransCanada will pay Enbridge for its proportionate share of operation and maintenance costs.

6. TransCanada will construct, own, operate and maintain the TransCanada Maple Pipeline.

7. TransCanada will construct, own, operate and maintain the Maple Interconnect.

8. Enbridge will construct, own, operate and maintain odourization facilities downstream of the Albion Meter Station.

9. If Enbridge requires Storage Transportation Service to Bram West CDA then Enbridge will be required to contract for long haul firm transportation service to Bram West CDA.

The combined quantity will not be greater than 800,000 GJ/d. At the same time Enbridge executes any Bram West CDA Service Contracts for Storage Transportation Service, Enbridge may choose to replace the delivery point identified in any of its Enbridge Long Haul FT Contracts, or a portion thereof, with Bram West CDA and the Parties shall execute amending agreements evidencing the same as soon as reasonably possible thereafter.

10. TransCanada will add the Parkway Enbridge CDA as a new single point distributor delivery area by removing the Parkway Enbridge meter station located on the TransCanada System from the existing Enbridge CDA.

11. TransCanada will use its Hamilton Line to provide Enbridge with service for the Parkway Enbridge CDA Service Contracts. Enbridge agrees that TransCanada may deliver such gas to the Parkway Enbridge CDA at lower than the minimum pressure set out in the Tariff but in no circumstances will any such delivery pressure be lower than 3450 kilopascals.

12. Enbridge agrees that the Parkway Enbridge CDA Service Contract will not displace any existing TransCanada System Firm Transportation Service contracts currently serving the Enbridge CDA.

13. Enbridge agrees that 200,000 GJ/d of the 800,000 GJ/d referred to in Section 3.2(f)(i) will consist of quantities displaced from the suction side of Union Gas Limited's Parkway compression to the Bram West Interconnect.

14. The Enbridge Pipeline will only be used to serve TransCanada and Enbridge's distribution franchise, including direct purchase customers, and will not be used for the transportation of gas for any other Person.

15. If requested by Enbridge to provide future incremental gas transportation service through or along the Parkway to Maple path, TransCanada will use reasonable commercial efforts under the TAPS procedures for New Capacity Open Seasons to accommodate Enbridge's request through either existing facilities or an expansion of TransCanada's system capacity, or a combination of these. Such efforts will involve the exercise of TransCanada discretion in a non-discriminatory basis and will be subject to Regulatory Approval.

SCHEDULE "B"
ELECTION #2

If TransCanada makes Election #2 in accordance with Section 3.1(c), then the following shall apply:

1. TransCanada shall have an option, exercisable at any time by TransCanada until November 1, 2014, or such other later date as determined by Enbridge (the "**Election #2 Option Date**"), to acquire, upon the terms and conditions set out in the Term Sheet, a percentage equity interest in the Enbridge Pipeline and its related capacity or such alternative capital structure that would allow both Parties to own and earn a regulated return on their respective portions of the Enbridge Pipeline, either

   (a) if the Enbridge Pipeline is sized at NPS 36, fifty (50%) percent of the Enbridge Pipeline for a contribution of fifty (50%) percent of the Enbridge Pipeline Costs, or

   (b) if the Enbridge Pipeline is sized at NPS 42, sixty (60%) percent of the Enbridge Pipeline for a contribution of sixty (60%) percent of the Enbridge Pipeline Costs,

   with service to commence on or before November 1, 2017 or as soon as possible thereafter (the "**Election #2 Option**").

2. The Parties agree to do all such things and provide all such reasonable assurances as may be required to give effect to the Term Sheet and the related Election #2 Option. Each Party shall provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to effect such purpose.

3. The Parties agree that Enbridge will retain a quantity of 800,000 GJ/d on the Enbridge Pipeline and that any future expanded pipeline capacity will be attributable to and at the expense of TransCanada.

4. The initial Linepack associated with the Enbridge Pipeline, as determined by Enbridge, represents a cost to the project and these costs shall be treated as any other non-depreciating rate base item. The Parties agree that Enbridge will purchase the initial Linepack and TransCanada's share of the cost of the initial Linepack will be included in the contribution contemplated in section 1 of this Schedule "B".

5. Enbridge will be responsible for the operation of the Enbridge Pipeline and TransCanada will pay Enbridge for its proportionate share of operation and maintenance costs.

6. TransCanada will meet the service requests identified in the May 2012 NCOS by using available capacity on the TransCanada System through a turnback open season or through the cancellation or reduction of quantities in the May 2012 NCOS precedent agreements and will delay exercising the Election #2 Option. Notwithstanding the foregoing, TransCanada may, at any time up to and including the Election #2 Option Date, exercise the Election #2 Option.

7. TransCanada will construct, own, operate and maintain the TransCanada Maple Pipeline.

8. TransCanada will construct, own, operate and maintain the Maple Interconnect.

9. Enbridge will construct, own, operate and maintain odourization facilities downstream of the Albion Meter Station.

10. If Enbridge requires Storage Transportation Service to Bram West CDA then Enbridge will be required to contract for long haul firm transportation service to Bram West CDA. The combined quantity will not be greater than 800,000 GJ/d. At the same time Enbridge executes any Bram West CDA Service Contracts for Storage Transportation Service, Enbridge may choose to replace the delivery point identified in any of its Enbridge Long Haul FT Contracts, or a portion thereof, with Bram West CDA and the Parties shall execute amending agreements evidencing the same as soon as reasonably possible thereafter.

11. TransCanada will add the Parkway Enbridge CDA as a new single point distributor delivery area by removing the Parkway Enbridge meter station located on the TransCanada System from the existing Enbridge CDA.

12. TransCanada will use its Hamilton Line to provide Enbridge with service for the Parkway Enbridge CDA Service Contracts. Enbridge agrees that TransCanada may deliver such gas to the Parkway Enbridge CDA at lower than the minimum pressure set out in the Tariff but in no circumstances will any such delivery pressure be lower than 3450 kilopascals.

13. Enbridge agrees that the Parkway Enbridge CDA Service Contract will not displace any existing TransCanada System Firm Transportation Service contracts currently serving the Enbridge CDA.

14. Enbridge agrees that 200,000 GJ/d of the 800,000 GJ/d referred to in Section 3.2(f)(i) will consist of quantities displaced from the suction side of Union Gas Limited's Parkway compression to the Bram West Interconnect.

15. The Enbridge Pipeline will only be used to serve Enbridge's distribution franchise, including direct purchase customers, and will not be used for the transportation of gas for any other Person, unless TransCanada has exercised the Election #2 Option, then the Enbridge Pipeline may also be used to serve TransCanada.

16. If requested by Enbridge to provide future incremental gas transportation service through or along the Parkway to Maple path, TransCanada will use reasonable commercial efforts under the TAPS procedures for New Capacity Open Seasons to accommodate Enbridge's request through either existing facilities or an expansion of TransCanada's system capacity, or a combination of these. Such efforts will involve the exercise of TransCanada discretion in a non-discriminatory basis and will be subject to Regulatory Approval.

17. If TransCanada does not exercise the Election #2 Option, the Parties will work together to ensure that the Bram West CDA point to point toll is reasonable in relation to Enbridge's cost of extending the Enbridge Pipeline to Parkway.

SCHEDULE "C"
ELECTION #3

If TransCanada makes Election #3 in accordance with Section 3.1(c), then the following shall apply:

1. Enbridge may build a pipeline from Enbridge's Albion district station terminating upstream of Maple (the "**Enbridge Maple Pipeline**") and may interconnect the Enbridge Pipeline to the Union Gas Limited system at Parkway (the "**Union Interconnect**").

2. If Enbridge builds the Enbridge Maple Pipeline, TransCanada will construct, own and operate the Maple Interconnect which will connect to the Enbridge Maple Pipeline.

3. TransCanada shall not be obligated to support but shall not oppose, intervene against or seek to delay, Enbridge in its efforts to obtain the Enbridge Authorizations for the Enbridge Maple Pipeline or the Union Interconnect.

4. Notwithstanding anything to the contrary herein, TransCanada will not be required to construct the Bram West Interconnect, add the Bram West CDA as a single point distributor delivery area to the Tariff or construct, own, operate and maintain the Albion Meter Station.

5. TransCanada will have the right, but shall in no way be obligated, to transportation-by-other service on the entire Enbridge pipeline from Bram West to Maple.

SCHEDULE "D"
TERMS OF TBO AGREEMENT

The following sets forth the primary commercial terms of the TBO Agreement. In the event that the Parties are unable to enter into a definitive agreement in respect of the TBO Agreement, the Parties agree that all material commercial terms are contained in this Schedule "D", which shall, where the Parties are obligated to enter into the TBO Agreement in accordance with the terms of this MOU, be considered legally binding until such time as the Parties have entered into a definitive TBO Agreement that by its terms supersedes and replaces this Schedule "D".

Term	Application
General	The intent of the Parties is that the TBO Agreement will reflect, as much as is commercially practicable, the same commercial effect as if the Enbridge Pipeline was jointly owned by the Parties as contemplated by Election #1 or Election #2, except that the Enbridge Pipeline would be wholly owned and operated by Enbridge.
Capacity Allocation	Enbridge's allocated capacity on the Enbridge Pipeline would be equal to 800,000 GJ/d, and TransCanada shall be entitled to the balance of the capacity on the Enbridge Pipeline, including any increases in such capacity.
Rate	• The rate will be based on OEB-approved methodologies for rate setting in respect of the Enbridge Pipeline or comparable pipeline facilities inclusive of interest on (short and long term) debt, equity thickness, return on equity (ROE), depreciation expense, municipal and income taxes, and operating and maintenance expense. • If the Enbridge Pipeline is sized at 42 NPS, the rate to be charged to TransCanada would be based on 60% of the Enbridge Pipeline Costs. • If the Enbridge Pipeline is sized at 36 NPS, the rate to be charged to TransCanada would be based on 50% of the Enbridge Pipeline Costs. • In principle, except where capital improvements are made to the Enbridge Pipeline, the rate payable will decline over time as the Enbridge Pipeline is depreciated. Any such capital improvements will otherwise be treated in the same manner as the balance of the Enbridge Pipeline Costs.
Term & Termination	• The TBO Agreement will have a primary term of 15 years from the in-service date of the Enbridge Pipeline, with automatic annual renewals at TransCanada's option, where TransCanada could terminate the TBO Agreement not later than 6 months prior the next renewal date. • Upon termination by TransCanada, TransCanada would be obliged to reimburse Enbridge for that percentage of the net book value of the Enbridge Pipeline as of the date of termination, based on the applicable percentage used for calculating the rate. • If Enbridge wishes to sell, assign or dispose of the Enbridge Pipeline, TransCanada would have the first right to buy the Enbridge Pipeline at the net book value of the Enbridge Pipeline as of the date of transfer.

Term	Application
Operations	Enbridge will operate the Enbridge Pipeline in an operationally similar manner to the TransCanada System.
Impact of Elections	In the event that TransCanada has elected the election specified below where the Parties have not reached agreement on the Term Sheet in accordance with Section 2.4, the following provisions shall be incorporated into the TBO Agreement: • In respect of Election #1, the provisions of sections 6-15 of Schedule "A", inclusive; or • In respect of Election #2, the provisions of sections 7-17 of Schedule "B", inclusive.
Terms of Service	Unless otherwise agreed to by the Parties, the TBO Agreement will contain standard terms and conditions consistent with the standard terms of service found in the Tariff and the Parties will rely on these standard terms in the development of agreements for the service.
Other Terms	Unless otherwise included in the foregoing, the TBO Agreement would also contain other reasonable terms and conditions consistent with other agreements for the transportation of natural gas in Canada.

TAB 26

THIS AMENDING AGREEMENT is made the 26th day of April, 2013.

BETWEEN:

TRANSCANADA PIPELINES LIMITED, a corporation organized under the laws of Canada ("**TransCanada**"); and

ENBRIDGE GAS DISTRIBUTION INC., a corporation incorporated under the laws of Ontario ("**Enbridge**");

(TransCanada and Enbridge are collectively referred to as the "**Parties**").

RECITALS:

A. The Parties entered into a Memorandum of Understanding dated January 28, 2013 (the "**MOU**") for the purposes of optimizing use of existing natural gas transportation infrastructure in and around the GTA, planning for future infrastructure to meet medium and long term needs in a coordinated fashion, ensuring reliability, and managing infrastructure costs and risks, all in connection with the construction by Enbridge of the Enbridge Pipeline and obtaining the corresponding Regulatory Approvals.

B. The MOU provides that TransCanada is required to select Election #1, Election #2 or Election #3 on or before the Election Date of April 29, 2013.

C. In accordance with Section 3.2(c) of the MOU, Enbridge has amended the GTA Project application to the OEB to reflect the Application Amendment to modify the size of the Enbridge Pipeline from NPS 36 to NPS 42.

D. The Parties indicated a preference towards the TBO Agreement and thus did not agree on the Term Sheet by the Term Sheet date.

E. The Parties have agreed that the Enbridge Pipeline should remain sized at NPS 36.

F. The Parties wish to amend certain provisions of the MOU to allow for an extension of the Election Date on the terms and subject to the conditions set out in this Amending Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties agree as follows:

1. Definitions

Whenever used in this Amending Agreement, capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the MOU.

2. Certain Rules of Interpretation

Section 1.2 of the MOU is incorporated by reference and shall apply to this Amending Agreement *mutatis mutandis*.

3. Entire Agreement

This Amending Agreement together with the MOU constitutes the entire agreement among the Parties and sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements among the Parties pertaining to the subject matter of this Amending Agreement and supersede all prior agreements, understandings, negotiations and discussions among the Parties, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or agreements, whether oral or written, express, implied or collateral among the Parties in connection with the subject matter of this Amending Agreement except as specifically set forth in this Amending Agreement and the MOU. Except as expressly modified by this Amending Agreement, the MOU is hereby ratified and confirmed.

4. Amendments

The MOU is hereby amended as follows:

(a) Section 2.6(a)(v) is amended by deleting "May 8, 2013" and inserting in place thereof "the date that falls one week following the Election Date".

(b) Section 3.1(c) is amended by deleting "April 29, 2013 (the "**Election Date**")" and inserting in place thereof:

> "the earlier of May 22, 2013 or the date (the "**Election Date**") that falls ten Business Days prior to the first date on which, in relation to the GTA Project OEB application, Enbridge is required to provide interrogatory responses, as determined by the OEB".

(c) Section 3.2(c) is amended by:

(i) deleting and replacing the maximum amount for Actual Costs of "$1,000,000" to "$500,000"; and

(ii) deleting the last phrase beginning with the words ", if TransCanada has elected Election #3...".

(d) Section 3.2(d) is deleted and replaced by the following:

> "(d) [Intentionally deleted]."

(e) Section 3.2(g) is amended by deleting "Unless TransCanada elects Election #1 as provided in Section 3.1(c)," therefrom.

5. Payment

In full satisfaction of its obligations under Section 3.2(c) of the MOU (as amended by this Amending Agreement), TransCanada agrees to pay the Actual Costs incurred by Enbridge prior to April 29, 2013, up to a maximum amount of $500.000. Enbridge shall make a final determination of the Actual Costs and shall provide TransCanada with an invoice setting out in reasonable detail the nature of the costs incurred no later than May 16, 2013. TransCanada shall make payment of the Actual Costs within thirty (30) days of receipt of such invoice.

6. Confidentiality

The Parties acknowledge and agree that all information disclosed by a Party to the other Party pursuant to or in relation to this Amending Agreement constitutes Confidential Information of the disclosing Party, and this Amending Agreement constitutes Confidential Information, in each case subject in all respects to Article 5 of the MOU.

7. Miscellaneous

(a) **Costs and Expenses:** Each Party shall bear its own costs and expenses in respect of the negotiation and execution of this Amending Agreement.

(b) **Enurement:** This Amending Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

(c) **Further Assurances:** The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Amending Agreement, and each Party shall provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to effect the purpose of this Amending Agreement and carry out its provisions.

(d) **Execution and Delivery:** This Amending Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

[The remainder of this page is left intentionally blank
and the next page is the signing page.]

IN WITNESS OF WHICH the Parties have duly executed this Amending Agreement as of the date first written above.

TRANSCANADA PIPELINES LIMITED	**ENBRIDGE GAS DISTRIBUTION INC.**
By:	By: D. Guy Jarvis President
Name:	Name:
Title:	Title:
By:	By:
Name:	Name: James Lord
Title:	Title: Vice President Law & Information Technology

APPROVED AS TO FORM
ENBRIDGE LAW TP

IN WITNESS OF WHICH the Parties have duly executed this Amending Agreement as of the date first written above.

TRANSCANADA PIPELINES LIMITED	ENBRIDGE GAS DISTRIBUTION INC.
By:	By:
Name: Dave Schultz Title: Vice-President, Commercial East Canadian Natural Gas Pipelines	Name: Title:
By:	By:
Name: Stephen M. V. Clark Title: Senior Vice President Canadian & Eastern U.S. Natural Gas Pipelines	Name: Title:

LEGAL CONTENT

APPROVED AS TO FORM
ENBRIDGE LAW

TAB 27

THIS AMENDING AGREEMENT #2 is made the 21st day of May, 2013.

BETWEEN:

TRANSCANADA PIPELINES LIMITED, a corporation organized under the laws of Canada ("**TransCanada**")

- and -

ENBRIDGE GAS DISTRIBUTION INC., a corporation incorporated under the laws of Ontario ("**Enbridge**")

(TransCanada and Enbridge are collectively referred to as the "**Parties**")

RECITALS:

A. The Parties entered into a Memorandum of Understanding dated January 28, 2013, as amended by the amending agreement dated April 26, 2013 (the "**MOU**") for the purposes of optimizing use of existing natural gas transportation infrastructure in and around the GTA, planning for future infrastructure to meet medium and long term needs in a coordinated fashion, ensuring reliability, and managing infrastructure costs and risks, all in connection with the construction by Enbridge of the Enbridge Pipeline and obtaining the corresponding Regulatory Approvals.

B. The MOU amendment provides that TransCanada is required to select Election #1, Election #2 or Election #3 on or before the Election Date of May 22, 2013.

C. Due to the impacts of the NEB Decision in RH-003-2011 the current intent of TransCanada's utilization of the Enbridge Pipeline has changed.

D. The Parties wish to further amend certain provisions of the MOU on the terms and subject to the conditions set out in this Amending Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties agree as follows:

1. **Definitions**

Whenever used in this Amending Agreement, capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the MOU.

2. **Certain Rules of Interpretation**

Section 1.2 of the MOU is incorporated by reference and shall apply to this Amending Agreement *mutatis mutandis*.

3. **Entire Agreement**

This Amending Agreement together with the MOU constitutes the entire agreement among the Parties and sets out all the covenants, promises, warranties, representations, conditions, understandings and agreements among the Parties pertaining to the subject matter of this Amending Agreement and supersede all prior agreements, understandings, negotiations and discussions among the Parties, whether oral or written. There are no covenants, promises, warranties, representations, conditions, understandings or agreements, whether oral or written, express, implied or collateral among the Parties in connection with the subject matter of this Amending Agreement except as specifically set forth in this Amending Agreement and the MOU. Except as expressly modified by this Amending Agreement, the MOU is hereby ratified and confirmed.

4. **Amendments**

The MOU is hereby amended as follows:

(a) **Section 2.7(a)(iii)** is deleted in its entirety and replaced with the following:

"If TransCanada has elected Election #3, then Section 3 of Schedule "C" shall survive any such termination and shall remain in full force and effect for a period of ten (10) years and if Enbridge connects to the TransCanada System at Bram West and TransCanada and Enbridge have agreed to a Load Retention Rate, Section 7 of Schedule "C" shall survive for the term of the Bram West CDA Service Contracts."

(b) **Section 3.1(c)** is deleted in its entirety and replaced it with the following:

"(c) TransCanada will make an election to manage future transportation service requests or any existing or future TransCanada System requirements by electing one of the following options:

(i) Election #1 (as set out in Schedule "A");

(ii) Election #2 (as set out in Schedule "B"); or

(iii) Election #3 (as set out in Schedule "C"),

and provide Notice of the relevant election to Enbridge on or before May 22, 2013 (the "**Election Date**"). If Notice is not given within such time frame, TransCanada shall be deemed to have elected Election #3. Notwithstanding the foregoing if TransCanada elects Election #1, such election is subject to the condition precedent that TransCanada receives Board of Director approval on or before June 30, 2013. If TransCanada does not receive Board of Director approval on or before June 30, 2013, TransCanada shall be deemed to have elected Election #3. The Parties agree to work cooperatively to determine in good faith and with diligence the terms and conditions of the definitive agreements to give effect to Election #1 or Election #2, as the case may be, and the TBO Agreement terms contained in Schedule "D"."

(c) **Section 4.1(a)** is amended by adding the following after "this MOU" on line 4:

"including transportation service that TransCanada determines necessary on Union Gas Limited's Dawn to Parkway transportation system."

(d) **Section 5.1(c)(ii)** is amended by adding the following after Section 5.1(c)(ii)(I):

"(J) TransCanada will seek approval of its Board of Directors by June 30, 2013;

(K) The full capacity of the Enbridge Pipeline will be for Enbridge's use if TransCanada is unable to proceed with the TBO Agreement; and

(L) In the event TransCanada is unable to proceed with the TBO Agreement and Enbridge connects to Bram West, the Parties will work in good faith to establish a reasonable rate in the manner stated in Section 16 of Schedule "A", Section 17 of Schedule "B", or Section 6 of Schedule "C", as applicable according to the election made by TransCanada."

(e) **Schedule "A"** is amended by adding the following Section 16:

"If TransCanada elects Election #1 and for any reason is unable to proceed with the TBO Agreement, the Parties will work together to ensure that the Parkway to Bram West CDA point to point toll is reasonable in relation to Enbridge's cost of extending the Enbridge Pipeline to Parkway. A reasonable toll will take into account that the Bram West interconnect will provide an independent connection off of the TransCanada System, and will reduce environmental impacts of the construction of the Enbridge Pipeline.

The Parties will use reasonable efforts to work together on a strategy to defend the Parkway to Bram West CDA point to point toll, as determined by TransCanada's approved rate methodology (the "**Tariff Rate**"), however, if the Parties agree, acting reasonably, that the Tariff Rate is not defendable in relation to Enbridge's cost of extending the Enbridge Pipeline to Parkway, then the Parties will work in good faith to develop a load retention rate (the "**Load Retention Rate**").

If the Parties, acting reasonably, are unable to agree on a Load Retention Rate, or are unable to get approval for the Load Retention Rate, then Enbridge will have the right to construct back to Parkway. Enbridge will have the right to immediately terminate the Bram West CDA Service Contracts by providing notice within 30 days from when negotiations terminate. TransCanada agrees not to oppose Enbridge in its efforts to obtain such Regulatory Approvals as Enbridge reasonably determines are necessary to enable it to construct and operate the extension from Bram West to Parkway."

(f) **Schedule "A"** is amended by adding the following Section 17:

"If for any reason TransCanada does not proceed with the TBO Agreement, the full capacity of the Enbridge Pipeline will be available for Enbridge's use."

(g) **Schedule "B"** - Section 3 is amended by adding the following Section 18:

"If TransCanada does not exercise the Election #2 Option or for any reason does not proceed with the TBO Agreement, the full capacity of the Enbridge Pipeline will be available for Enbridge's use."

(h) **Schedule "B"** – Section 6 is deleted in its entirety and replaced with the following:

"TransCanada has determined that it is not possible to provide the requested service from the May 2012 NCOS based on the NEB Decision RH-003-2011. Notwithstanding the foregoing, if TransCanada exercises the Election #2 Option, Enbridge agrees that TransCanada's capacity on the Enbridge Pipeline under the TBO Agreement shall be available to TransCanada for future requests for transportation service or for any existing or future TransCanada System requirements."

(i) **Schedule "B"** - Section 17 shall be deleted in its entirety and replaced with the following:

"If TransCanada does not exercise the Election #2 Option, or if for any reason TransCanada is unable to proceed with the TBO Agreement, the Parties will work together to ensure that the Parkway to Bram West CDA point to point toll is reasonable in relation to Enbridge's cost of extending the Enbridge Pipeline to Parkway. A reasonable toll will take into account that the Bram West interconnect will provide an independent connection off of the TransCanada System, and will reduce environmental impacts of the construction of the Enbridge Pipeline.

The Parties will use reasonable efforts to work together on a strategy to defend the Parkway to Bram West CDA point to point toll, as determined by TransCanada's approved rate methodology (the "**Tariff Rate**"), however, if the Parties agree, acting reasonably, that the Tariff Rate is not defendable in relation to Enbridge's cost of extending the Enbridge Pipeline to Parkway, then the Parties will work in good faith to develop a load retention rate (the "**Load Retention Rate**").

If the Parties, acting reasonably, are unable to agree on a Load Retention Rate, or are unable to get approval for the Load Retention Rate, then Enbridge will have the right to construct back to Parkway. Enbridge will have the right to immediately terminate the Bram West CDA Service Contracts by providing notice within 30 days from when negotiations terminate. TransCanada agrees not to oppose Enbridge in its efforts to obtain such Regulatory Approvals as Enbridge reasonably determines are necessary to enable it to construct and operate the extension from Bram West to Parkway."

(j) **Schedule "C"** is amended by adding the following Section 6:

"If the Parties mutually agree, and Enbridge chooses to continue with a connection to the TransCanada System at Bram West, the Parties will work together to ensure that the Parkway to Bram West CDA point to point toll is reasonable in relation to Enbridge's cost of extending the Enbridge Pipeline to Parkway. A reasonable toll will take into account that the Bram West interconnect will provide an independent connection off of the TransCanada System, and will reduce environmental impacts of the construction of the Enbridge Pipeline.

The Parties will use reasonable efforts to work together on a strategy to defend the Parkway to Bram West CDA point to point toll, as determined by TransCanada's approved rate methodology (the "**Tariff Rate**"), however, if the Parties agree, acting reasonably, that the Tariff Rate is not defendable in relation to Enbridge's cost of extending the Enbridge Pipeline to Parkway, then the Parties will work in good faith to develop a load retention rate (the "**Load Retention Rate**").

If the Parties, acting reasonably, are unable to agree on a Load Retention Rate or are unable to get approval for the Load Retention Rate, then Enbridge will construct back to Parkway. If Enbridge has entered into the Bram West CDA Service Contracts as contemplated in the MOU, then Enbridge will have the right to immediately terminate the Bram West CDA Service Contracts by providing notice within 30 days from when negotiations terminate."

(k) **Schedule "C"** is amended by adding the following Section 7:

"If at any time any Person or Persons other than Enbridge's gas distribution customers utilize transportation on the Enbridge Pipeline that would otherwise have been contracted by TransCanada, and a Load Retention Rate had been agreed to between Enbridge and TransCanada for service between Parkway and Bram West, then at TransCanada's sole discretion, it may revoke the Load Retention Rate and the Tariff Rate would apply to the Bram West CDA Service Contracts."

(l) **Schedule "D"** is amended by adding the following after the sentence setting out the "Capacity Allocation":

"TransCanada agrees to work with the Eastern local distribution companies and the market in a cooperative and timely manner, to establish terms and conditions, to be brought to the NEB for approval, under which TransCanada could expand the TransCanada System for short haul service requests on a commercially reasonable basis."

5. **Confidentiality**

The Parties acknowledge and agree that all information disclosed by a Party to the other Party pursuant to or in relation to this Amending Agreement constitutes Confidential Information of the disclosing Party, and this Amending Agreement constitutes Confidential Information, in each case subject in all respects to Article 5 of the MOU.

6. **Miscellaneous**

(a) **Costs and Expenses:** Each Party shall bear its own costs and expenses in respect of the negotiation and execution of this Amending Agreement.

(b) **Enurement:** This Amending Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors (including any successor by reason of amalgamation of any Party) and permitted assigns.

(c) **Further Assurances:** The Parties shall, with reasonable diligence, do all such things and provide all such reasonable assurances as may be required to consummate the transactions contemplated by this Amending Agreement, and each Party shall provide such further documents or instruments required by the other Party as may be reasonably necessary or desirable to effect the purpose of this Amending Agreement and carry out its provisions.

(d) **Execution and Delivery.** This Amending Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

IN WITNESS OF WHICH the Parties have duly executed this Amending Agreement as of the date first written above.

TRANSCANADA PIPELINES LIMITED	**ENBRIDGE GAS DISTRIBUTION INC.**
Per: ______	Per: ______
Name: Steve Clark	Name:
Title: SVP Canadian and Eastern US Pipelines	Title:
Per: ______	Per: ______
Name: Donald Bell	Name:
Title: Director Commercial East	Title:

(d) **Execution and Delivery:** This Amending Agreement may be executed by the Parties in counterparts and may be executed and delivered by facsimile and all such counterparts and facsimiles shall together constitute one and the same agreement.

IN WITNESS OF WHICH the Parties have duly executed this Amending Agreement as of the date first written above.

TRANSCANADA PIPELINES LIMITED	**ENBRIDGE GAS DISTRIBUTION INC.**
Per: ____________________	Per: Malini Giridhar
Name:	Name: Malini Giridhar
Title:	Title: Vice President, Gas Supply
Per: ____________________	Per: James Lord
Name:	Name: James Lord
Title:	Title: Vice President Law & Information Technology

TAB 28

uniongas
A Spectra Energy Company

January 31, 2013

TransCanada Pipelines Limited
450 – 1st Street S.W.
Calgary, Alberta
T2P 5H1

Attention: Dave Schultz
Vice-President, Commercial East, Canadian Natural Gas Pipelines

Dear Dave:

Re: Union Gas Limited – Parkway LCU Protection and Related Issues

I am writing further to the discussions between our respective companies and Enbridge which have been ongoing since last year.

As you know, our discussions have considered matters beyond the need for loss of critical unit (LCU) protection at Parkway to include Enbridge's GTA reinforcement project, the impact on Ontario of the changing North American gas supply dynamics occasioned by the development of Marcellus shale gas and, generally, the development of the natural gas market in Ontario and the need for facilities to address that development.

I believe our discussions have been productive in considering each of the above issues. We have made significant progress in understanding our companies' respective points of view and in determining how the needs of Ontarians can best be met going forward, all as encouraged by the Ontario Energy Board.

Beginning with Enbridge's GTA reinforcement project, we understand that it is intended to:

1. Reinforce downtown Toronto to permit for more growth post 2015, with the capability to source supply from multiple directions (as opposed to today where supply is sourced down the DVP).

2. Manage the existing dependency on Parkway. This is being addressed as follows, by: (i) building a line from Parkway to Albion; (ii) rebuilding the Albion Gate Station into a major feed (one of four such stations); (iii) supporting the development of LCU protection at Parkway; (iv) supporting a second feed from the suction side of Parkway to back up the Parkway Consumers and Lisgar feeds; and (v) diversifying the supply at Parkway to include direct delivery from TCPL (Niagara to Parkway) along TCPL's domestic line.

3. Restructure Enbridge's gas supply portfolio away from long haul discretionary services to more short haul supply on Union's system.

We understand that, consistent with the GTA project, Enbridge is currently negotiating new supply contracts with Union and a Memorandum of Understanding with TCPL. The MOU includes a new joint

P.O. Box 2001, 50 Keil Drive North, Chatham, ON, N7M 5M1 www.uniongas.com
Union Gas Limited

development of the Parkway to Albion line (by EGD and TCPL), with a further expansion of the line by TCPL from Albion to Maple. We understand this work is scheduled to be completed by November 1, 2015. Union strongly supports this expansion provided it can be done by the end of 2015.

Turning to the Parkway project and the need for physical LCU protection at Parkway, it is consistent with the GTA project and Enbridge's objectives. The Parkway project also addresses Union's own significant operational and risk management needs which have been driven by the changing gas supply dynamics discussed above. Enbridge, GMi, Vermont Gas and the other ex-franchise shippers who will bear the majority of the costs associated with the project all support it. Marcellus and the changes it has brought about are here to stay. The potential benefits to Ontarians (and others) in terms of reduced gas supply costs are significant. While Marcellus volumes coming into Ontario may have an impact on Mainline flows, ultimately, facilitating Marcellus supply will benefit Ontario and ensure that TCPL's eastern triangle continues to grow.

I understand that having considered all of the issues outlined above including the shippers' perspective, Union's operational needs, the best interests of Ontarians and the various alternatives we have discussed in the past, TCPL now similarly supports the Parkway projects.

As a final matter, we have advised you that Union has entered into contracts for the incremental transportation of 700,000 Gj/d of growth. These contracts drive the need for a new growth compressor at Parkway West and a loop of the Dawn to Parkway transmission system (Brantford to Kirkwall). TCPL and Enbridge have indicated their support for that compressor given the new incremental contracted volumes. Union would expect that support (and for the Union Gas contracts on TCPL from Parkway to the NDA and Parkway to the EDA) to continue going forward.

As always, please feel to give me a call should you wish to discuss any of the above further. It would be appreciated if you could please confirm back TCPL's agreement with respect to all of the matters described above by February 8th, 2013.

Yours truly,

Mark Isherwood
Vice President, Business Development
Storage & Transmission

cc: Malini Giridhar (Enbridge)

TAB 29

TransCanada
In business to deliver

TransCanada PipeLines Limited
450 – 1st Street S.W.
Calgary, Alberta, Canada T2P 5H1

tel 403.920.5574
fax 403.920.2384
email dave_schultz@transcanada.com
web www.transcanada.com

Dave Schultz, P. Eng.
Vice President, Commercial East

February 8, 2013

Mr. Mark Isherwood, P.Eng, M.B.A.
Vice President, Business Development, Storage and Transmission
Union Gas Limited
P.O Box 2001
50 Keil Drive North
Chatham, ON
N7M 5M1

Dear Mark:

Re: Union Gas Limited – Parkway LCU Protection and Related Issues

I am writing in response to your letter sent to me on January 31, 2013 regarding "Parkway LCU Protection and Related Issues". In your letter, you describe a number of items, some of which I will not respond to at this time as they pertain to discussions occurring with other third parties. With respect to the proposed Union Gas facilities at Parkway West, as noted in your letter, TransCanada is not opposed to Union's facility plans related to incremental growth requirements supported by firm contractual commitments. Specifically this is related to the new compressor at the proposed Parkway West site and associated metering. Additionally, TransCanada has determined it is not opposed to the addition of a Loss of Critical Unit protection compressor unit to the proposed scope of the Parkway West site. Finally, TransCanada continues to progress its plans that will facilitate having the required capacity in place to accommodate the incremental Union Gas contract volumes from Parkway to the NDA and EDA for November 2015.

If you need to contact me, I can be reached at 403-920-5574.

Sincerely,

Dave Schultz
Vice President, Commercial East
Canadian Natural Gas Pipelines

TAB 30

Hagerman, Max

From:	Tim Stringer [tim_stringer@transcanada.com]
Sent:	April-23-13 5:53 PM
To:	Redford, Jim; brian.wikant@enbridge.com; cindy.mills@enbridge.com; owne.schneider@enbridge.com; lisa.dumond@enbridge.com; byron.madrid@enbridge.com; George, Michelle; Hagerman, Max; Craig Fernandes; Brian West; Lisa DeAbreu
Subject:	April 15 Meeting Minutes
Attachments:	Meeting Minutes - April 15 2013 coordination meeting.docx

Folks, here are the meeting minutes and associated action items from last Monday's meeting. My apologies for the delay in sending these, I meant to send them out first thing Monday morning. Thanks to Jim Redford who essentially completed the consolidation of notes that Craig started, I only had to add a few small items.

If you have any questions, please give me a call at 416.869.2177 or send me an email.

Thanks,
Tim

Enbridge, TransCanada and Union Gas Coordination Meeting

Date:
April 15, 2013

Attendees:
TransCanada – Tim Stringer, Lisa Deabreu, Brian West
Enbridge – Craig Fernandes, Byron Madrid, Cindy Mills, Lisa-Marie Dumond, Brian Wikant, Owen Schneider, Aman Haq
Union Gas – Jim Redford, Max Hagerman, Michelle George, Paul Colwell

Purpose of Meeting: to introduce project teams to one another and discuss coordination of associated infrastructure projects over the 2013-2015 time-frame.

Key Discussion Points:

Enbridge project planning:

- 2015 in-service for Segment A and B
- 2015 in-service for Parkway West Gate Station
- Pre-filed evidence update currently being filed with the OEB
- Segment A and Segment B required to move incremental Dawn-Parkway contracted volumes to intended market

TCPL project planning:

- TCPL preliminary route for NPS 36, 13 km 2015 EME follows Highway 50 to a 500 kV power line and then to the Parkway-Maple corridor
- Targeting late November 2013 NEB Section 58 filing with approval expected by Q3 2014
- Targeting late October 2015 in-service
- New interconnection to Union at Parkway West targeting early Q4 2015 in-service and does not require check measurement

Union Gas project planning:

- Parkway Projects consist of a reliability project (Parkway West Project) and a growth project to serve ¾ Bcfd of incremental Dawn-Parkway demand (Parkway D compressor and Brantford-Kirkwall looping)
- Parkway West Project to be in-service in stages
    - 2014 – Parkway (Consumers 2) interconnection along with site grading and preparations, tie-in to Dawn-Parkway System, replacement of NPS 26 and NPS 34 pipelines across the station property and station headers
    - 2015 – Plant C compressor and remaining associated facilities
- Parkway West Project application submitted January 29, 2013
- Parkway growth projects (Plant D compressor at the Parkway West site and Brantford-Kirkwall looping) to be in-service November 1, 2015
- Parkway growth projects application submitted April 2, 2013

- Jim Redford to have a follow up discussion with Craig Fernandes regarding the Parkway West Gate Station timing

Action Items:

Joint Engineering/Construction Team

Need identified for coordination between project development teams.

Engineering/Construction Team to discuss engineering design, schedule and construction issues related to the Enbridge, TransCanada and Union Gas projects. **Tim Stringer** to follow up with Larry Jensen to schedule initial Engineering/Construction Team coordination meeting. Engineering/Construction Team meetings to be scheduled regularly starting with bi-weekly occurrences.

- Include Larry Jensen, Byron Madrid, Paul Colwell, Roger Piett and Brian West (minimum) on invite
- Schedule initial meeting as soon as possible - week of April 22nd preferred
- Technical team leads to draft discussion items list for consolidation and circulation prior to the meeting – will include: ownership of the tie-in (Bramwest), ownership of the pipeline between Parkway West and TransCanada's existing valve site, detailed design requirements, sharing of project schedules, etc.
- **Tim Stringer** to set up a meeting between Byron Madrid, Paul Colwell and Brian West to get clarity on the land requirements from Infrastructure Ontario for all of the related projects and to discuss overall lands coordination
- Need to develop a common milestone schedule encompassing all related projects at the first or second meeting
- **Jim Redford** to set up a meeting with Tim Stringer to discuss who will own the pipe between the TransCanada valve site and Union's facilities at the Parkway West site
- **Jim Redford** to develop a letter of understanding between Union and TransCanada detailing ownership and operation of the Union/TransCanada interconnection facilities
- **Paul Colwell** to forward geo-technical information on the Parkway West site to Byron Madrid
- **Lisa-Marie Dumond** to contact Doug Schmidt regarding the Environmental Assessment information for the Parkway West Project

Paul Colwell and **Byron Madrid** to follow up on zoning approval and site plan approval next steps for Parkway West:

- Pre-consultation for zoning on April 22nd - **Paul Colwell** to follow up with Byron Madrid and Bill Coldicott on results
- **Paul Colwell** and **Byron Madrid** to discuss whether Parkway West ECA is to be a common site plan application or two separate ECAs. Results to be communicated to the Enbridge, TransCanada and Union Gas project teams.

Engineering/Construction Team leads (**Byron Madrid**, **Paul Colwell** and **Brian West**) to exchange a list of technical assumptions and detailed design requirements for further discussion.

- Communication signals, ownership of each element of the proposed facilities, tie-in points, cathodic protection, induced currents, station design parameters, access, etc.

Joint Stakeholder Relations Team

- Need identified to have coordinated stakeholder relations since one party is likely to be asked about the projects proposed by the other two parties (consistency required).
- Team would cover media, First Nations, all levels of government, landowner, permitting, regulatory (potentially) and other stakeholder relations
- **Jim Redford** to provide Union Gas contact details for Stakeholder Relations Team to Cindy Mills
- **Cindy Mills** to schedule recurring meeting – suggest bi-weekly to start
- Need to draft issues list for initial meeting and discuss common key messages as soon as possible

Procurement

- Recognized as an opportunity for Enbridge, TransCanada and Union Gas to work together and create value
- Procurement Team can be formed to discuss strategy regarding procurement of services and materials with initial focus on construction contracting (joint engagement of HDD contractor and efficient logistics such as mobilization and demobilization). Pipe order (mill space, etc.) and other long lead items could be discussed following. Scope to include scheduling, logistics and costs.
- Procurement Team to be initiated after Engineering/Construction Team gets together and would be a sub-set of the Engineering/Construction Team. Procurement Team to be developed, including representatives from Enbridge, TransCanada and Union Gas.
- Procurement Team would have recurring meetings as part of the Engineering/Construction Team discussions
- Common regional spare parts was mentioned as an item to be discussed jointly amongst the Procurement Team and the Engineering/Construction Team

TAB 31

TransCanada
In business to deliver

TransCanada PipeLines Limited
200 Bay Street, South Tower
Toronto, Ontario
M5J 2J1

tel 416.869.2191
fax 416.869.2119
email don_bell@transcanada.com
web www.transcanada.com

April 29, 2013

Union Gas Limited
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Attention: Chris Shorts
Director, Gas Supply

Dear Chris,

Reference: Precedent Agreement between TransCanada PipeLines Limited ("TransCanada") and Union Gas Limited dated October 2, 2012 (the "Precedent Agreement") for 100,000 GJ/d from Union Parkway Belt to Union EDA

Please be advised that the Board of Directors of TransCanada has not approved the Eastern Mainline expansion projects for 2015 in light of the recent NEB Decision for RH-003-2011. Although Union Gas Limited did not execute the above mentioned Precedent Agreement, the Eastern Mainline 2015 expansion project included the transaction contemplated in the above noted Precedent Agreement. As such we would like to notify you that TransCanada is not prepared to execute the Precedent Agreement on the basis that the Condition Precedent, as such term is defined in the Precedent Agreement under Paragraph 29 (a), would not be satisfied.

Notwithstanding the suspension of the 2015 Eastern Mainline Expansion, TransCanada would like to work with you to explore what solutions or alternatives may be available to move these initiatives ahead given the NEB RH-003-2011 Decision.

Sincerely,

Don Bell
Director, Mainline East
Commercial East

TAB 32

TransCanada
In business to deliver

TransCanada PipeLines Limited
200 Bay Street, South Tower
Toronto, Ontario
M5J 2J1

tel 416.869.2191
fax 416.869.2119
email don_bell@transcanada.com
web www.transcanada.com

May 22, 2013

Enbridge Gas Distribution Inc.
500 Consumers Road
Toronto, Ontario
M2J 1P8

Attention: Malini Giridhar

Dear Malini,

Re: Memorandum of Understanding between TransCanada Pipelines Limited ("TransCanada") and Enbridge Gas Distribution Inc. ("Enbridge") as amended April 26, 2013 and May 21, 2013 (the MOU)

Attached, is the election notice electing Election #2.

As discussed, it was TransCanada's intent to elect Election #1 but after years of challenging GLGT back haul Union has informed TransCanada that is not in a position to offer the required Union Dawn to Parkway TBO capacity necessary to convert existing currently contracted GLGT back haul to forward haul until November 1, 2016. This has come as a surprise to us and has put TransCanada in a position where it needs to elect election #2.

TransCanada will however continue to pursue the project keeping to a November 1, 2015 in service date. However in the event that more time is required to resolve this unfortunate issue TransCanada would revert to the option #2 time line.

Malini, if you have any questions please give me a call.

Best regards,

Don Bell
Director, Mainline East
Commercial East

TransCanada
In business to deliver

TransCanada PipeLines Limited
450 - 1st Street SW
Calgary, AB
T2P 5H1

Tel (403) 920-2018
fax (403) 920-2317
email stephen_clark@transcanada.com
web www.transcanada.com

VIA FACSIMILE: (416) 495-5994

May 22, 2013

Enbridge Gas Distribution Inc.
500 Consumers Road
Toronto, Ontario
M2J 1P8

Attention: VP Gas Supply
c/o Law Department

Re: Memorandum of Understanding between TransCanada PipeLines Limited (**"TransCanada"**) and Enbridge Gas Distribution Inc. (**"Enbridge"**) as amended April 26, 2013 and May 21, 2013 (the **"MOU"**)

Pursuant to Sections 3.1(c) and 6.1 of the MOU, TransCanada hereby provides Notice to Enbridge that TransCanada elects Election #2 as outlined in Schedule B of the MOU.

TransCanada looks forward to working with Enbridge on this project.

If you have any questions please feel free to contact Don Bell at 416-869-2191.

Yours Truly,

TRANSCANADA PIPELINES LIMITED

Per: ______________________
Name: Steve Clark
Title: SVP Canadian and Eastern US Pipelines

Per: ______________________
Name: Donald Bell
Title: Director Commercial East

TAB 33

uniongas
A Spectra Energy Company

June 13, 2013

TransCanada Pipelines Limited
Royal Bank Plaza
24th Floor, South Tower
200 Bay Street
Toronto, Ontario M5J 2J1

Attention: Don Bell

Dear Don:

**Re: Memorandum of Understanding ("MOU") between TransCanada Pipelines Limited and Enbridge Gas Distribution Inc.
EB-2012-0451: Exhibit I.A1. EGD.CME.6**

I have had the opportunity to review your letter to Enbridge Gas Distribution Inc. dated May 22, 2013 attaching TCPL's notice electing Election #2 under the MOU between TCPL and Enbridge. Union's review of the MOU itself is ongoing.

Your letter indicates that, "Union has informed TransCanada that it is not in a position to offer the required Union Dawn to Parkway TBO [M12] capacity necessary to convert existing currently contracted GLGT back haul to forward haul until November 1, 2016." Your letter further indicates that this has "come as a surprise to TCPL".

Union has informed TCPL that in order to secure further capacity on the Dawn Parkway system, TCPL would need to acquire that capacity through a binding open season. The capacity referred to in your letter was acquired in precisely that fashion. Union, Enbridge GMi and Vermont Gas acquired the capacity through a binding open season held by Union in 2012. As you are aware, TCPL elected not to participate in that open season. It would be inconsistent with the OEB's Storage and Transportation Access Rules (STAR) and Union's contractual commitments and unfair to the parties that participated in Union's open season if it were to now simply re-assign the capacity to TCPL. This cannot come as a "surprise" to TCPL.

Union does intend to hold a further open season for Dawn Parkway capacity commencing in 2016. Your letter recognizes the cost advantage to TCPL of shipping on the Dawn Parkway system rather than back haul on GLGT, a point Union has been trying to make to TCPL for some time. Given this cost advantage, we look forward to TCPL's participation in Union's open season. It is our understanding that TCPL currently ships approximately 500,000 Gj/day back haul on GLGT.

Yours truly,

Mark Isherwood

Mark Isherwood
Vice President, Business Development
Storage & Transmission

cc: Malini Giridhar (Enbridge)

TAB 34

TransCanada
In business to deliver

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Karl Johannson.
President
Natural Gas Pipelines

June 17, 2013

Mrs. Sophie Brochu	Mr. Steve Baker	Mr. Guy Jarvis
President & CEO	President	President
Gaz Metro	Union Gas Limited	Enbridge Gas Distribution Inc.
1717 rue de Havre	50 Keil Drive North	500 Consumers Road
Montreal, QC	Chatham, ON	Toronto, ON
H2K 2X3	N7M 5M1	M2J 1P8

Thank you for attending the meeting on June 4, 2013 with Russ, Steve and myself to discuss your transportation requirements. I thought the meeting was productive and I trust that we all have a better understanding of the constraints each of us is operating under today.

I would take this opportunity to address some of the Eastern LDC's concerns, as outlined in Ms. Brochu's letter of June 7, 2013, and further discuss our views on some of the issues that arose in our meeting.

It is clear that the current NEB toll Decision has made the deployment of new capital challenging. The Decision has set fixed tolls that do not cover the costs of operating our Mainline system. It defers substantial amounts and places TransCanada under a threat of disallowance of some or all of those costs. The primary tool given to TransCanada to bridge this gap is pricing flexibility on discretionary services. It is TransCanada's view that it cannot rely solely on discretionary services to generate the substantial revenues required for it to meet its costs and earn a fair return. The Mainline must incentivize its shippers to contract for the long term in order to maximize revenues, stabilize rates, and position it to seize on new opportunities to reduce its costs or expand its services. When we do build for new opportunities, we must recover the full cost of any new expansion, including a return of and on capital, and any revenue foregone, due for example to switching volumes from long haul to short haul.

It is imperative for the viability of the Mainline that shippers with firm needs contract for long term firm services to meet those needs. This ensures that the costs of the system are being borne by those who rely on it; stabilizes our revenue long term; reduces the amount of discretionary revenue we would otherwise be required to raise to cover our costs; and provides a clearer picture of the capacity and facilities we require to serve existing and new shippers long term, and a clearer picture of what opportunities are available for new services, cost savings, or redeployment of facilities to reduce costs. This approach is required by the Board's direction. Accordingly, we will be providing an open season for short term shippers on our system that now wish to firm up their service arrangements as well as new markets seeking mainline service. As noted above, however, we must recover the full cost of any new expansion, including a return of and on capital, and recovery of any revenue foregone (due to switching volumes from long haul to short haul or otherwise). TransCanada stands ready to invest in expansions that will meet these objectives.

With regard to your desire for additions in the EOT that would allow shippers to switch to short haul services and displace long haul volumes, the NEB Decision has made it very difficult for TransCanada to facilitate these as it has in the past. Again, the Decision's fixed tolls mean that the revenue deficiency realized from the transfer of services from long haul to short haul are not collectible in the short term and are very uncertain in the long term. Thus, there was no other choice for TransCanada but to cancel the Parkway to Maple expansion as it recently did. The revenue shortfall caused by allowing shippers to switch from long haul to short haul would have been in excess of $200 million per year. Under the now imminent new rates structure, this deficiency would have accrued as a negative deferral in the Toll Stabilization Adjustment account (TSA), with the risk that these losses could be visited on TransCanada at the end of the tolling period. This one project alone could have created in excess of a $400 million deferral in the TSA.

Nevertheless, TransCanada does not see the Decision as preventing us entirely from expanding the system to accommodate new volumes, or even to accommodate shippers switching their volumes from Empress to Dawn so long as the objectives to recover the full costs are met as I have described above. In addition to the open season for shippers to "firm up" their services, we are in the process of developing incremental tolls for new incremental short haul and long haul business and will be providing an open season for this purpose also by the end of June.

In order to be efficient in the use of existing infrastructure and the creation of new infrastructure, TransCanada must continue to seek changes to the Mainline tariff renewal provisions to allow it to require long term commitments from shippers in areas of the system that could be utilized to reduce expansions for new service requests, retire, or redeploy facilities (as in the oil conversion). We also feel it is imperative that we have the discretion to deny renewals that are exercised in ways that would have the effect of precluding a more valuable opportunity for the Mainline system from being pursued, without any commitment from existing shippers to contribute to system revenues through long term financial commitments. As you know, the NEB recently required that we refile the changes we continue to seek to the renewal provisions of the tariff. We are doing so today. We understand that these changes make our customers uncomfortable, but it is TransCanada's view that the renewal option is a relic of an old cost of service paradigm that no longer exists. In the new paradigm, long term commitments and a clear view to opportunities for incremental revenue or reduced costs must be given our highest priority.

In our meeting and Ms. Brochu's letter, you raised concerns over the conversion to oil of facilities that provide short haul capacity in the EOT. It is our perspective that these facilities are not reserved for firm natural gas service in the period the oil project would require them, and shippers have largely resisted committing to this capacity for the long term. In fact, we have offered this capacity to gas shippers through continuous open seasons but current shippers have chosen not to contract for this capacity on a long term firm basis. It is unreasonable to expect TransCanada to keep the existing short haul capacity in the EOT for the exclusive use of gas customers in the EOT pursuant only to short term or interruptible commitments. The proposal to transfer some of the Mainline facilities to oil service essentially has brought forward a long term, long haul market that can recover TransCanada's long-term investment. Given the choice of gas customers to contract only for minimal periods, the oil service market is clearly the highest value market for these assets.

To be economically viable and meet the in-service dates required by the conversion project, however, the full path through the Prairies, NOL and EOT must be made available for conversion. Retention of all existing EOT facilities for continued gas service would have the effect of stranding over two thirds of the system proposed to be used by the oil shippers in the Prairies and NOL. Conversion will benefit Mainline shippers by reducing costs across the Mainline system. To the extent that there is a shortfall of capacity in the EOT that results from the conversion of those facilities, TransCanada is committed to building new facilities to ensure service for existing and incremental long term firm demand in the EOT. We will not foreclose options for customers who are willing to fully compensate the Mainline for its costs and to commit long-term to cost recovery on the system.

The Segmentation proposal we presented to you in our May 17 letter provides a framework to satisfy the LDC's concerns over access to multiple sources of gas, and future capacity in the EOT. This proposal is acceptable to TransCanada because it will allow capital investment in the EOT and ensure the viability of the Mainline system as a whole, while meeting its shippers' needs for flexibility and reliability. We look forward to continuing to work with each of you to mutually advance this proposal. Should we successfully implement an alternative such as the Segmentation proposal, TransCanada is willing to consider replacement (with rolled-in tolls) of any incremental tolling arrangements for new facilities placed into service in the interim.

I will have my Commercial East team contact your offices later this week to schedule meetings to examine the Segmentation model in more detail.

Yours truly,

Karl Johannson

c: Russ Girling
Steve Clark

TAB 35

Ontario Energy Board

Commission de l'énergie de l'Ontario

Ontario

EB-2010-0177

IN THE MATTER OF the *Ontario Energy Board Act 1998*, S.O.1998, c.15, (Schedule B);

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. for approval of its tariff for its Rate 331 for transportation services;

AND IN THE MATTER OF the Storage and Transportation Access Rule.

BEFORE: Paul Sommerville
Presiding Member

Paula Conboy
Member

DECISION

July 12, 2010

Background

On December 9, 2009 the Ontario Energy Board (the "Board") issued a Notice of Issuance of a New Rule, under section 44(1) of the *Ontario Energy Board Act, 1998* (the "Act"). The new rule, known as the Storage and Transportation Access Rule ("STAR") came into effect on June 16, 2010. All materials related to the STAR are available on the Board's website.

On May 10, 2010, in accordance with sections 2.3.3 and 2.4.3 of the STAR, Enbridge Gas Distribution Inc. ("Enbridge") filed with the Board an application seeking Board approval of the tariff for its Rate 331 transportation services to be effective as of June 16, 2010.

Section 2.3.3 of the STAR applies to a transmitter that provides transportation services for a shipper while section 2.4.3 applies to a transmitter that provides transportation services for an embedded storage provider. Sections 2.3.3 and 2.4.3 of the STAR read as follows:

> *2.3.3 A transmitter shall include in its tariff the terms of service for each of its transportation services. The tariff shall be filed with the Board for approval and the approved tariff shall be posted on the transmitter's website.*
>
> *2.4.3 A transmitter shall include in its tariff the standard terms of service for each of its transportation services. The tariff shall be filed with the Board for approval and the approved tariff shall be posted on the transmitter's website.*

The Board issued a Notice of Application and Procedural Order No. 1 on May 27, 2010, which allowed registered participants in the development of the STAR (EB-2008-0052) and Niagara Gas Transmission Limited ("Niagara Gas"), the only customer using Rate 331 services, to file submissions on Enbridge's application. The Board decided to proceed by way of a written proceeding.

In its application, Enbridge requested that the Board grant approval of its tariff by July 1, 2010 to coincide with implementation of Enbridge's July 1 Quarterly Rate Adjustment Mechanism ("QRAM") Rate Order. Enbridge further requested that, if the approval is not granted by July 1, 2010, the Board extend the implementation date for those sections of the STAR related to the tariff. The Board decided to extend the current tariff for the Rate 331 transportation services until the Board issues a decision in this proceeding.

The Proceeding

On June 11, 2010, the Board received written submissions from the Canadian Manufacturers & Exporters ("CME"); Industrial Gas Users Association ("IGUA"); and Board staff ("Staff").
CME and IGUA supported the proposed Rate 331 tariff changes requested by Enbridge.

Staff submitted that Enbridge: 1) identify which pipelines provide transportation services to shippers as per section 2.3 of the STAR, 2) clarify the meaning of section 4.3 (of the FT Service Schedule), 3) clearly define its first-come, first-served allocation method in its tariff and the associated rules with this methodology, and 4) include the different levels of priority in its tariff.

On June 25, 2010, the Board received Enbridge's Reply. To address stakeholder concerns, Enbridge made changes to the Rate 331 tariff as follows:

- Confirmed that the two pipelines used to provide Rate 331 Service are the twin NPS-30 pipelines. Also, the map was revised to specifically identify these pipelines, and to identify the other pipelines as gathering lines.

- Clarified that section 4.3 means that Enbridge will conduct open seasons in accordance with the Board's prescribed rules, whether those rules are prescribed in the STAR, or in another manner. Section 4.3 has been revised accordingly.

- Revised section 2.3 of the General Terms and Conditions to state that Enbridge will allocate capacity based upon the order of requests for service received, unless two or more requests are received at the same time, in which case capacity will be awarded proportionally.

- Revised section 7.1 to reflect the three levels of priority of service for Rate 331: 1) FT service for one year or greater, 2) FT service for less than one year, and 3) IT service. Also, an additional provision (sub-section 7.5) was included to provide for rate relief in the event of any curtailment or interruption of firm service.

- Made minor editorial changes.

Board Findings

The Board approves Enbridge's Rate 331 tariff as filed on June 25, 2010. The Board also notes that at this time Enbridge does not provide transportation services for embedded storage providers and therefore, section 2.4.3 of the STAR does not apply.

Cost Awards

The Board may grant cost awards to eligible intervenors pursuant to its power under section 30 of the *Ontario Energy Board Act, 1998*. The Board will determine such cost awards in accordance with its Practice Direction on Cost Awards. When determining the amounts of the cost awards, the Board will apply the principles set out in section 5 of the Board's Practice Direction on Cost Awards. The maximal hourly rate set out in the Board's Cost Awards Tariff will also be applied. The Board directs the following procedural steps to be followed:

1. Intervenors eligible for a cost award shall file with the Board and forward their respective cost claims for the proceeding to Enbridge no later than 21 days of the issuing of this decision.

2. Enbridge shall file with the Board and deliver to the applicable intervenor any objections to the claimed costs no later than 14 days upon receipt of cost claims.

3. The intervenors shall file with the Board and forward to Enbridge any responses to any objections for cost claims no later than 7 days upon receipt of objection by the Enbridge.

All filings to the Board must quote the file number, EB-2010-0177, be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must clearly state the sender's name, postal address and telephone number, fax number and email address. Parities must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca. If the web portal is not available parties may email documents to the address below. Those who do not have internet access are required to submit all filings on a CD or diskette in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies. All communications should be directed to the attention of the Board Secretary at the address below, and be received no later than 4:45 p.m. on the required date.

DATED at Toronto, July 12, 2010

Original signed by

Paul Sommerville
Presiding Member

Original signed by

Paula Conboy
Member