



EB-2006-0162  
EB-2006-0163  
EB-2006-0164  
EB-2006-0165  
EB-2006-0166  
EB-2006-0167

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, Schedule B; and in particular sections 36.1(1), 38(1), 39(2), 40(1), 90(1), thereof;

**AND IN THE MATTER OF** an application by Market Hub Partners Canada L.P. for approval of a market-based rate that will govern gas storage services contracts entered into by Market Hub Partners Canada L.P.;

**AND IN THE MATTER OF** an application by Market Hub Partners Canada L.P. for an Order designating the area known as the St. Clair Storage Pool, in the Geographic Township of St. Clair, County of Lambton, as a gas storage area;

**AND IN THE MATTER OF** an application by Market Hub Partners Canada L.P. for authority to inject gas into, store gas in and remove gas from the areas designated as the St. Clair Pool, and to enter into and upon the lands in the said areas and use the said lands for such purposes;

**AND IN THE MATTER OF** an application by Market Hub Partners Canada L.P. to the Ministry of Natural Resources for a license to drill a well in the said areas;

**AND IN THE MATTER OF** an application by Market Hub Partners Canada L.P. for approval storage services contracts entered into by Market Hub Partners Canada L.P.;

**AND IN THE MATTER OF** an application by Market Hub Partners Canada L.P. for an Order granting leave to construct natural gas pipelines in the Township of St. Clair in the County of Lambton.

**BEFORE:** Gordon Kaiser  
Presiding Member  
Cynthia Chaplin  
Member  
Ken Quesnelle  
Member

**DECISION WITH REASONS TO FOLLOW**

**December 22, 2006**

## 1. Applications and Proceeding

### 1.1 Application to Develop St. Clair Storage Project

#### Re-activated Proceeding

On June 30, 2006 Market Hub Partners Canada L.P. ("MHP Canada" or the "Applicant") requested that the Ontario Energy Board (the "Board") re-activate a proceeding originally filed on June 30, 2005, on the St. Clair gas storage pool development (the "Adjourned Proceeding"). The re-activated proceeding involves a request for a number of approvals related to a proposal to provide storage services upon development of approximately 32,200  $10^3\text{m}^3$  (1.1 Bcf) of natural gas storage space in its St. Clair Gas Storage Pool ("St. Clair Storage Project"). The St. Clair gas storage pool is proposed to connect to Union Gas Limited's system. The planned in-service date is June 30, 2007.

The Board has assigned the following file numbers to the re-activated proceeding: EB-2006-0162/EB-2006-0163/ EB-2006-0164/EB-2006-0165/ EB-2006-0166/EB-2006-0167.

To develop the St. Clair Storage Project MHP Canada has applied for the following approvals:

- Approval of a market-based rate that will govern gas storage services contracts entered into by MHP Canada pursuant to section 36 of the *Ontario Energy Board Act, 1998* (the "Act") (EB-2006-0162);
- An order designating the storage area pursuant to section 36.1(1) of the Act (EB-2006-0163);
- Authority to inject gas into, store gas in, and remove gas from the St. Clair Pool pursuant to subsection 38(1) of the Act (EB-2006-0164);
- Approval to enter into agreements with parties that agree to be subject to market-based rates as are approved for MHP Canada for storage services, pursuant to section 39(2) of the Act (EB-2006-0165);

## DECISION WITH REASONS TO FOLLOW

- A favourable report of the Board under subsection 40(1) of the Act, to the Minister of Natural Resources to whom MHP Canada has applied for a licence to drill one horizontal injection/withdrawal (“I/W”) well within the proposed St. Clair Pool (EB-2006-0166); and
- A leave to construct transmission and gathering pipelines within the proposed St. Clair pool, pursuant to subsection 90(1) of the Act (EB-2006-0167).

MHP Canada requires all of the above orders and a favorable report to the MNR in order to provide storage services from the St. Clair pool.

### Splitting the Review of the Applications

In the Notice of Re-activated Proceeding, issued on August 11, 2006, the Board stated that it did not intend, in the St. Clair Storage Project proceeding, to consider evidence or issue a decision in relation to MHP Canada’s request for a market-based rate pursuant to section 36 of the Act (EB-2006-0162), nor to consider the evidence or issue a decision in relation to MHP Canada’s request for approval to enter into agreements for storage services, pursuant to section 39(2) of the Act (EB-2006-0165). The Board indicated that it would make these decisions in the Natural Gas Electricity Interface Review (“NGEIR”) proceeding (EB-2005-0551) which was conducted by the Board from December 25, 2005 to November 7, 2006. In the NGEIR proceeding, MHP Canada asked that the Board make a decision on “Core Points”, specifically: that MHP Canada cannot exercise market power; that MHP Canada be granted authority to charge market-based rates for its services; and that MHP Canada be allowed flexibility to contract for services without requiring approval of individual contracts, provided that MHP Canada operates within a base set of service terms and conditions approved by the Board.

## DECISION WITH REASONS TO FOLLOW

### NGEIR Decision – MHP Canada “Core Points”

As part of the NGEIR proceeding, on September 7, 2006, the Board issued an oral decision on MHP Canada’s “Core Points”. On October 31, 2006, in accordance with the “Core Points” decision, the Board ordered that MHP Canada can charge market-based rates for its storage services and that it would not be required to seek approval of storage contracts under section 39(2) of the Act. The Board ordered that MHP Canada shall operate within a base set of service terms and conditions which would be approved by the Board in the St. Clair Pool Storage Project proceeding (EB-2006-0165). The Board also ordered that MHP Canada shall file in the St. Clair Pool Storage Project proceeding its proposed standard terms and conditions for storage contracts (“standards terms for storage contracts”) for the Board’s review and approval. Accordingly, MHP Canada filed the standard terms for storage contracts for the Board’s consideration on September 18, 2006.

### St. Clair Facilities Proceeding

In this proceeding the Board considered evidence relating to the Applicant’s request for the following approvals related to the St. Clair Storage Project applications (“St. Clair Facilities Proceeding”):

- Designation of the gas storage area (EB-2006-0163);
- Authority to inject gas into, store gas in, and remove gas from the St. Clair Pool (EB-2006-0164);
- A report of the Board to the Minister of Natural Resources (the “Minister”) to whom MHP Canada has applied for a licence to drill one horizontal I/W well within the proposed St. Clair pool (EB-2006-0166);
- Leave to construct transmission and gathering pipelines within the proposed St. Clair pool (EB-2006-0167); and
- General terms and conditions of storage services contracts (EB-2006-0165).

## DECISION WITH REASONS TO FOLLOW

### Proposed Facilities

The main focus of the St. Clair Facilities Proceeding has been on the technical, operational, and construction related aspects of the St. Clair pool development.<sup>1</sup> In order to bring the St. Clair pool into operation by June 30, 2007, as planned, MHP Canada needs to complete drilling of one new I/W well, upgrade the existing wells and build access roads<sup>2</sup>, and construct about 500 metres of NPS 10 natural gas gathering pipeline, about 50 metres of NPS 4 natural gas gathering pipeline and about 600 metres of NPS 10 natural gas transmission pipeline which ties in to the Union Gas Limited's transmission system at the point of intersection of Smith Line and Baseline Road.

There are 3 existing wells within the proposed St. Clair pool boundaries. These wells were drilled between 1999 and 2001 and were used for production and to explore the characteristics of the reservoir. As part of the St. Clair Project development the existing wells will be upgraded as follows: Sombra 2-A-X ("SCWS 2-A-X") will be converted to an A1 carbonate observation well, Manti 1 ("M.1") will be converted to a Guelph observation well and West Sombra 2 ("WS.2") will be converted to an I/W well. These upgrades do not require new licence applications. However well view diagrams and reports and workover programs were provided by MHP Canada in the pre-filed evidence. MHP Canada stated that the new horizontal well combined with the converted I/W well WS.2 would permit one full annual cycle of the working inventory of the St. Clair storage pool.

MHP Canada plans to start construction of the well drilling pad and access road immediately upon receipt of the required Board Orders, to start well drilling in January 2007 and to start construction of the pipelines in May 2007. The boundaries of the proposed designated storage area, the location of the proposed I/W well and the routes

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<sup>1</sup> This decision deals with the general terms and conditions of the storage services contracts (EB-2006-0165).

<sup>2</sup> Board approval is not required for construction of access roads and for upgrade of existing wells that have been previously licenced.

## **DECISION WITH REASONS TO FOLLOW**

of the proposed transmission and gathering pipelines and access roads will be provided in appendices attached to the reasons that will follow this Decision.

### **1.2 Proceeding and Participants**

The Board proceeded by a way of written hearing.

In this proceeding the following parties were granted status as registered intervenors: Aiken & Associates, Consumers Council of Canada, Enbridge Gas Distribution Inc. (“Enbridge”), James John McKillican, John Wolnik & Associates Inc., the Industrial Gas Users Association (“IGUA”), Tribute Resources Inc. (“Tribute”), Petroleum Resources Centre of the Ministry of Natural Resources (“MNR”), Union Gas Limited (“Union”).

### **1.3 Decision with Reasons to Follow**

The Board believes that it is important to advise the parties of its decision without further delay. The Board will issue reasons for this Decision in due course. Details of the proceeding as well as the Orders, Conditions of Approval,<sup>3</sup> the Board Report to the MNR and other relevant information will be provided as appendices to reasons that will follow this Decision.

## **2. Decisions with Reasons to Follow**

### **2.1 Designation of Gas Storage Pool (EB-2006-0163)**

The Board finds that the pool is suitable for natural gas storage and accepts the proposed boundary of the designated storage area. The order designating St. Clair Storage Area (EB-2006-0163) including metes and bounds of the St. Clair storage area boundary will be attached as an appendix to the reasons to follow this Decision.

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<sup>3</sup> Other than the Leave to Construct Order with Conditions of Approval for EB-2006-0167, which are attached to this Decision with Reasons to Follow.

## **DECISION WITH REASONS TO FOLLOW**

### **2.2 Authorization to Inject, Store and Withdraw Gas (EB-2006-0164)**

The Board will grant to MHP Canada an order authorizing injection and withdrawal subject to certain conditions. The Board's Order to Inject, Store, and Remove Gas (EB-2006-0164) with conditions, will be attached as an appendix to the reasons to follow this Decision.

### **2.3 Application for a Well Drilling Licence – Report of Board to MNR (EB-2006-0166)**

The Board prepared a favorable report to the Minister of Natural Resources. The Board's Report recommending the approval of the application to drill a well SC.1 is subject to the conditions set out in the Report and will be attached as an appendix to the reasons that will follow this Decision.

### **2.4 Leave to Construct Pipelines (EB-2006-0167)**

The Board grants Market Hub Partners Canada L.P. leave to construct 0.5 kilometres of NPS 10 natural gas storage gathering pipeline, about 0.05 kilometre of NPS 4 natural gas storage gathering pipeline and about 0.6 kilometre of NPS 10 transmission pipeline within Lots A and B, Concession XI in the Township of St. Clair (formerly Township of Sombra) in Lambton County pursuant to subsection 90 (1) of the Act. The Order and Conditions of Approval (EB-2006-0167) are attached as Appendix "A" to this Decision.

### **2.5 General Terms and Conditions for Storage Contracts (EB-2006-0165)**

The Board finds that the proposed general Terms and Conditions provided by MHP Canada as an attachment to its letter of September 18, 2006 are acceptable. MHP Canada shall provide any update 90 days in advance of the first injection operation.



**DECISION WITH REASONS TO FOLLOW**

**3. Cost Awards**

Eligible intervenors who seek an award of costs incurred to date shall file their cost submissions in accordance with the *Practice Direction on Cost Awards* with the Board Secretary and with MHP Canada by January 8, 2007. MHP Canada may make submissions regarding the cost claims by January 22, 2007 and intervenors may reply by February 5, 2007. Upon receipt of the Board's cost award orders, MHP Canada shall pay any awarded costs with dispatch.

MHP Canada shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

**ONTARIO ENERGY BOARD**

**DATED** at Toronto, December 22, 2006.

*Original signed by*

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Gordon Kaiser, Vice-chair and Presiding Member

*Original signed by*

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Cynthia Chaplin, Member

*Original signed by*

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Ken Quesnelle, Member

**APPENDIX “A”**

**TO**

**DECISION WITH REASONS TO FOLLOW  
MARKET HUB PARTNERS CANADA L.P.**

**EB-2006-0162  
EB-2006-0163  
EB-2006-0164  
EB-2006-0165  
EB-2006-0166  
EB-2006-0167**

**LEAVE TO CONSTRUCT  
ORDER WITH CONDITIONS**



**EB-2006-0167**

**IN THE MATTER OF** the *Ontario Energy Board Act*, S.O.  
1998, c. 15, Sched. B;

**AND IN THE MATTER OF** an application by Market Hub  
Partners Canada L.P. for an Order granting leave to  
construct natural gas pipelines in the Township of St. Clair in  
the County of Lambton.

**BEFORE:** Gordon Kaiser  
Vice Chair and Presiding Member

Cynthia Chaplin  
Member

Ken Quesnelle  
Member

## **ORDER**

### **THE APPLICATION AND PROCEEDING**

Market Hub Partners Canada L.P. ("MHP Canada" or the "Applicant") proposes to provide storage services upon development of approximately 32,200  $10^3\text{m}^3$  (1.1 Bcf) of natural gas storage space in its St. Clair Gas Storage Pool ("St. Clair Storage Project"). On June 30, 2006 MHP Canada requested that the Ontario Energy Board (the "Board") re-activate a previously adjourned proceeding on the St. Clair Storage Project which, among other applications, included a leave to construct pipelines within the storage pool boundaries.

In the re-activated proceeding, MHP Canada has applied for the following approvals: approval of a market-based rate for storage services contracts (EB-2006-0162); an order designating the storage area (EB-2006-0163); authority to inject gas into, store gas in, and remove gas from the St. Clair Pool (EB-2006-0164); approval to enter into storage agreements with parties (EB-2006-0165); a favourable report to the Minister of Natural Resources on application for a licence to drill one horizontal injection/withdrawal ("I/W") well within the proposed St. Clair Pool (EB-2006-0166); and a leave to construct transmission and gathering pipelines within the proposed St. Clair pool, pursuant to subsection 90(1) of the Act (EB-2006-0167). MHP Canada requires all of the above approvals to provide storage services from the St. Clair Pool.

This Order deals with MPH Canada's application under section 90 of the *Ontario Energy Board Act* ("Act") for leave to construct 0.5 kilometres of NPS 10 natural gas storage gathering pipeline, about 0.05 kilometre of NPS 4 natural gas storage gathering pipeline and about 0.6 kilometre of NPS 10 transmission pipeline within Lots A and B, Concession XI in the Township of St. Clair (formerly Township of Sombra) in Lambton County.

The NPS 10 transmission pipeline is proposed to commence at the comingling point at the end of storage gathering pipelines in Lot A, Concession XI, St. Clair Township and runs south and easterly towards Baseline Road within easements adjacent to Smith Line. The transmission pipeline would connect to Union Gas Limited's system at a northwest point of Smith Line and Baseline Road intersection. The proposed NPS 4 and NPS 10 gathering pipeline originate at the proposed new I/W well SC.1 and connect to the proposed NPS transmission pipeline.

The Board issued a Notice of Re-activated Proceeding on August 11, 2006. The Notice was served by MHP Canada as directed by the Board. Registered intervenors in this proceeding are: Aiken & Associates, Consumers Council of Canada, Enbridge Gas Distribution Inc. ("Enbridge"), James John McKillican, John Wolnik & Associates Inc., the Industrial Gas Users Association ("IGUA"), Tribute Resources Inc. ("Tribute"), Petroleum

Resources Centre of the Ministry of Natural Resources ("MNR"), Union Gas Limited ("Union").

The Board has proceeded with this application by way of a written hearing.

Based on the finding made by the Board in its Decision with Reasons to Follow Dated December 22, 2006 (to which this Appendix is attached), the Board makes the following Order.

**THE BOARD ORDERS THAT:**

Market Hub Partners Canada L.P. is granted leave to construct 0.5 kilometres of NPS 10 natural gas storage gathering pipeline, about 0.05 kilometre of NPS 4 natural gas storage gathering pipeline and about 0.6 kilometre of NPS 10 transmission pipeline within Lots A and B, Concession XI in the Township of St. Clair (formerly Township of Sombra) in Lambton County, pursuant to subsection 90 (1) of the Act, subject to the Conditions of Approval set forth in Appendix A.

DATED at Toronto, December 22, 2006

**ONTARIO ENERGY BOARD**

*Original Signed By*

Peter H. O'Dell  
Assistant Board Secretary

**Appendix “A” to the Order**

**Market Hub Partners Canada L.P.**

**Leave to Construct Order**

**EB-2006-0167**

**Conditions of Approval  
Leave to Construct**

**Market Hub Partners Canada LP  
St. Clair Pool Development Project  
EB-2006-0167  
Conditions of Approval**

**Leave to Construct**

**1 General Requirements**

- 1.1 Market Hub Partners Canada LP ("MHP Canada") shall construct the facilities and restore the land in accordance with its application and evidence filed in EB-2006-0167, except as modified by this Order and these Conditions of Approval.
- 1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate December 31, 2007, unless construction has commenced prior to then.
- 1.3 Except as modified by this Order, MHP Canada shall implement all the recommendations of the Environmental Study Report filed in the pre-filed evidence, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee ("OPCC") review.
- 1.4 MHP Canada shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, MHP Canada shall not make such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board shall be informed immediately after the fact.

**2 Project and Communications Requirements**

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Facilities.
- 2.2 MHP Canada shall designate a person as project engineer and shall provide the name of the individual to the Board's designated representative. The project engineer will be responsible for the fulfilment of the Conditions of Approval on the construction site. MHP Canada shall provide a copy of the Order and Conditions of Approval to the project engineer, within seven days of the Board's Order being issued.
- 2.3 MHP Canada shall give the Board's designated representative and the Chair of the OPCC ten days written notice in advance of the commencement of the construction.
- 2.4 MHP Canada shall furnish the Board's designated representative with all reasonable assistance for ascertaining whether the work is being or has been performed in accordance with the Board's Order.

- 2.5 MHP Canada shall file with the Board's designated representative notice of the date on which the installed pipelines were tested, within one month after the final test date.
- 2.6 MHP Canada shall furnish the Board's designated representative with five copies of written confirmation of the completion of construction. A copy of the confirmation shall be provided to the Chair of the OPCC.

### **3 Monitoring and Reporting Requirements**

- 3.1 Both during and after construction, MHP Canada shall monitor the impacts of construction, and shall file four copies of both an interim and a final monitoring report with the Board. The interim monitoring report shall be filed within six months of the in-service date, and the final monitoring report shall be filed within fifteen months of the in-service date. MHP Canada shall attach a log of all complaints that have been received to the interim and final monitoring reports. The log shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- 3.2 The interim monitoring report shall confirm MHP Canada's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.
- 3.3 The final monitoring report shall describe the condition of any rehabilitated land and the effectiveness of any mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

### **4 Easement Agreements**

- 4.1 MHP Canada shall offer the form of agreement approved by the Board to each landowner, as may be required, along the route of the proposed work.

### **5 Other Approvals**

- 5.1 MHP Canada shall obtain all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project, shall provide a list thereof, and shall provide copies of all such written approvals, permits, licences, and certificates upon the Board's request.