

February 28, 2014

COURIER, EMAIL AND RESS

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Natural Gas Supply to Greenfield South Power Generation Facility

We are counsel to Union Gas Limited (“Union”) and Union wishes to bring to the attention of the Ontario Energy Board (the “Board”) particular issues with respect to the provision of natural gas services to Greenfield South Power Corporation (“Greenfield South”) in the Township of St. Clair and the construction of related gas facilities.

Greenfield South, an affiliate of Eastern Power Limited, is developing a 300 MW natural gas-fired combined cycle electricity generating facility in the Township of St. Clair on a 100-acre site on Oil Springs Line near Greenfield Road. Greenfield South has a Clean Energy Supply Agreement with the Ontario Power Authority. The Board is currently considering an application (EB-2013-0424) by Greenfield South to amend its electricity generator licence (EG-2009-0023) with respect to the renaming and relocation of the generation facility from Mississauga to the Township of St. Clair.

Union is not aware of a public notice of application in respect of the EB-2013-0424 proceeding. However, Union requests that, in addition to the issues set out in this correspondence, the Board also consider this letter as a letter of intervention in that proceeding.

Union currently has the Certificate of Public Convenience and Necessity to construct works to supply gas in all of the Township of St. Clair (EB-2010-0384), which Union considers to be exclusive. Union has met with Greenfield South on numerous occasions from November 2012 through January 2014 to establish arrangements to provide service to Greenfield South. In addition to proposing various service options, Union has proposed building a customer station on the Sarnia Industrial Line, enclosed with fencing, along with measurement, pressure reduction through regulators or control valves and possibly a heater, communication equipment

and a filter/separator in order to supply the proposed generation facility. Some piping would be required but all would be enclosed within Union's fencing. Union is preparing and intends to file an application with the Board under section 91 of the *Ontario Energy Board Act* seeking leave to construct approval of the aforementioned facilities.

However, following their internal review of Union's latest service offer, Greenfield South informed Union on January 9, 2014 that they were going to pursue a by-pass of Union's distribution system through Vector Pipeline. Greenfield South indicated that its reasons for choosing the by-pass option were a perceived cheaper cost to use Vector and Union's requirement for a letter of credit for the amount of the capital spend (~\$6 million) which would decline over the term of the contract.

It is Union's understanding that Greenfield South's proposed by-pass of Union's distribution system will involve tapping into the Vector Pipeline that travels east/west on the edge of the property and building a station to serve the generation plant. Union has an Operating Agreement with Vector Pipeline Limited Partnership in which Union is appointed as the exclusive operator of the Vector Pipeline and provides Vector with limited field services on a routine basis for the Vector facilities in Canada as well as engineering / construction services on a non-routine basis. The original 10-year agreement dated December 1, 2000 has been amended 3 times and currently extends to November 30, 2025.

On January 20, 2014, Vector Pipeline submitted a request to Union, under the provisions laid out in the Vector-Union Gas Operating Agreement to proceed with the engineering, construction and other development services required to install these interconnection facilities. The requested completion time frame was July 2014. On February 4, 2014, Union responded to Vector's request by informing them that there will need to be an OEB process to determine the appropriate arrangements to connect Greenfield South. Greenfield South's generation facility is scheduled to commence operations late in 2014.

In Union's view, it appears as though Greenfield South will need to apply to the Ontario Energy Board for a Certificate of Public Convenience and Necessity, pursuant to section 8 of the *Municipal Franchises Act*. Union believes that this would require an unwarranted alteration to the Certificate rights that Union has already been granted. In addition, Union opposes any proposed by-pass of its distribution system because of the impact on current and future natural gas users in Ontario and the public interest. Union notes that Greenfield has obligations within its generator licence to comply with the *Ontario Energy Board Act* and its regulations. In Union's view, not applying for a Certificate of Public Convenience and Necessity could be a breach of those licence obligations.

With respect to the requirement for a Leave to Construct pursuant to section 90(1)(c)(ii) of the *Ontario Energy Board Act*, Union, at present, does not have details as to pipeline size and pressure required by Greenfield South and whether the threshold has been met to trigger an application under Section 90 of the *Ontario Energy Board Act*. However, given the nature of the generation facility, this is a possibility.

Union is in a position to offer services that are competitive with those offered by Vector Pipeline and it is Union's position that Greenfield should not be allowed to take service from Vector without a full regulatory review.

Yours truly,



Charles Keizer

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cc (by email):

Greg Vogt, Eastern Power Limited
Matthew Malinowski, Vector Pipeline
Colin Anderson, Ontario Power Authority
Mary Anne Aldred, Ontario Energy Board
Lynne Anderson, Ontario Energy Board
Vince Mazzone, Ontario Energy Board

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