

June 26, 2014

Ontario Energy Board  
P.O. Box 2319  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto, ON M4P 1E4

**Attention: Kirsten Walli, Board Secretary**

Dear Ms. Walli:

**Re: EB-2014-0012-Union Gas Limited-Interruptible Natural Gas Liquefaction Service**

We are counsel to Northeast Midstream LP (“Northeast Midstream”). The business of Northeast Midstream is the construction and operation of an LNG liquefaction Facility in Thorold, Ontario. Northeast Midstream has completed the demanding processes to secure the requisite Provincial and municipal approvals. Environmental Compliance Approval, number 3690-9HXR.67 from the Ministry of the Environment pursuant to Section 20.2 of Part II.1 of the *Environmental Protection Act (Ontario)* was received May 29, 2014, while a site Plan Agreement concluded with the Corporation of the City of Thorold on February 18, 2014. Northeast Midstream plans to complete the construction of the Facility and to begin commercial operation in Q1, 2016.

The purpose of this correspondence is to request on behalf of Northeast Midstream that it be granted intervenor status in the above-captioned proceeding pursuant to section 22.02 of the Ontario Energy Board’s *Rules of Practice and Procedure*.

Northeast Midstream has a substantial interest in the proceeding. The applicant Union Gas Limited (“Union Gas”) has applied for the Board’s approval of rates for a new interruptible LNG service pursuant to section 36 of the *Ontario Energy Board Act, 1998*. Approval of this application will establish a rate for the supply by Union Gas of LNG to LNG wholesalers or customers primarily for vehicle transportation fuel. As such, any rate approved in this proceeding will likely establish a precedent for future rate applications for LNG services by Union Gas and other gas utilities operating throughout the province.

A commercial market for LNG is a new phenomenon. Previously, utilities such as Union Gas have produced LNG for their own use. Now, a competitive market comprised of regulated utility companies seeking to monetize excess supply and private entities such as Northeast Midstream that have as their primary business the supply of LNG to customers, is forming. Northeast Midstream’s interest in the present proceeding is to ensure that any rate approved (to the extent

that the Board determines the application should be approved) takes into account the fact that the LNG market is in its very early stages of development; and that any rates approved for regulated utilities with excess supply take into account the particular circumstances under which the Union Gas facility has been constructed, the potential for cross subsidization from the regulated rate base; do not impede the development of a competitive market; and ensure that the public interest in the provision of LNG services by non-regulated entities is properly taken into account. Given the potential impact the Board's decision on the subject application will have on the LNG market in Ontario, Northeast Midstream, in its capacity as non-regulated supplier of LNG services, has a very substantial and continuing interest in this proceeding.

Northeast Midstream intends to participate actively in the proceeding including through the filing of evidence on the state of the LNG market, the potential market implications resulting from the supply of LNG by utilities such as Union Gas and the factors to be taken into account in establishing a rate for the supply of LNG services by regulated gas utilities in Ontario.

We note that Union Gas has requested that its application be considered by way of a written hearing. In our submission, the public interest would be best served if the Board were to hold an oral hearing. This application affects a nascent market and involves numerous policy considerations relating to the supply of LNG services by both regulated utilities and unregulated producers such as Northeast Midstream. The rate setting exercise will likely establish parameters for future rate setting applications and it is important that all the relevant evidence in this regard be properly considered in a manner that only an oral hearing can provide.

In addition to the undersigned, please be advised that Mr. Joshua Samuel, President and CEO, Northeast Midstream Corporation at [Jsamuel@northeastmidstream.com](mailto:Jsamuel@northeastmidstream.com) is the contact for Northeast Midstream for this proceeding.

Yours very truly,

**Goodmans LLP**



Robert Malcolmson  
RZM/pg

c.c. Charles Keizer, Torys LLP  
Karen Hockin, Union Gas Limited