



EB-2006-0243

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 Natural Resource Gas Limited for an Order pursuant to Section 90(1) of the *Ontario Energy Board Act, 1998*, granting leave to construct a natural gas pipeline and ancillary facilities in the Township of Malahide, Municipality of Thames Centre and the Town of Aylmer.

PROCEDURAL ORDER NO. 2

Natural Resource Gas Limited ("NRG" or the "Applicant") has filed an application with the Ontario Energy Board (the "Board") dated October 13, 2006, under section 90(1) of the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15 (Schedule B) (the "Application"). NRG has applied for an Order of the Board granting leave to construct approximately 28.5 kilometres of 6 inch diameter steel natural gas pipeline and ancillary facilities (the "Proposed Facilities").

The construction of the pipeline will allow NRG to meet the natural gas distribution requirements of an ethanol plant proposed by Integrated Grain Processors Co-operative Inc. ("IGPC"), to be located in Aylmer, Ontario, within NRG's franchise area.

The Proposed Facilities will interconnect with facilities, to be constructed by Union Gas Limited, north of Highway 401 on Bradley Avenue where the NRG franchise area abuts the Union Gas Limited franchise area. The pipeline of approximately 28.5 km in length, runs in southeasterly direction and traverses sections of the Township of Malahide, the Municipality of Thames Centre and ends in the Town of Aylmer.

The Board has assigned the application File No. EB-2006-0243. The Board directed NRG to issue a Notice of Application and Hearing on November 1, 2006. NRG served the Procedural Order with the Notice of Application as directed by the Board. The registered

intervenors in this proceeding are: the Town of Aylmer, the Municipality of Thames Centre, the County of Middlesex, Union Gas Limited and IGPC.

On December 7, 2006 a technical conference was held to provide an opportunity for the intervenors and Board Staff to ask question on the Applicant's pre-filed evidence on issues relevant to the hearing. An oral hearing was held on December 18, 2006 in Toronto.

In the oral hearing the Board indicated its concern over the status of prolonged negotiations between NRG and IGPC and the lack of executed agreements to underpin the need for the pipeline and protect NRG ratepayers and the financial viability of NRG. The Board stated that it would issue a written decision by January 15, 2007 upon a review of certain executed agreements between NRG and IGPC. In particular, the Board asked NRG to immediately file with the Board draft agreements and the current status of the following contracts: (1) Pipeline Cost Recovery Agreement; (2) Gas Delivery Contract; and (3) Bundled T-Service Receipt Contract (the "Agreements"). Draft Agreements were filed by NRG on December 20, 2006. On January 11, 2007 NRG provided the Board with the update on the Agreements. NRG explained that the timeframe for the financial security to be provided by IGPC is the only unresolved issue between the parties. NRG also indicated that this issue is not likely to be resolved by January 15, 2007 and proposed that the Board approve the Application conditional upon NRG filing the executed Agreements prior to construction.

NRG has failed to provide the executed Agreements as directed by the Board and has not provided information regarding the anticipated timeline for closing the negotiations and executing the Agreements. The Board wishes to hear additional evidence on the status and negotiations of the Agreements and to clarify with the Applicant its commitment to file executed Agreements by a specified time. The Board will therefore schedule an oral hearing on Tuesday, January 16, 2007.

The Board considers it necessary to make provision for a number of procedural matters.

The Board may issue further procedural orders from time to time.

THE BOARD ORDERS THAT:

1. An oral hearing will be held at 2300 Yonge Street, 25th Floor, Toronto, Ontario in the Board's West Hearing Room on **Tuesday, January 16, 2007** at 9:30 a.m.

DATED at Toronto, January 12, 2007

ONTARIO ENERGY BOARD

Original signed by

Peter H. O'Dell
Assistant Board Secretary