



April 25, 2007

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, Suite 2701
Toronto, ON
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

**Re: Union_APPL_DawntoDawnVectorFirmRate_20070425
EB-2007-0613**

Dear Ms. Walli:

Please find attached an application and evidence from Union Gas Limited (“Union”) seeking approval of a firm transportation rate from Dawn to Union’s interconnect with Vector Pipeline. This application is made pursuant to section 36 of the *Ontario Energy Board Act, 1998*.

Union is filing a submission at this time to be responsive to a request for service from the Greenfield Energy Centre, LP (“GEC”). GEC requested firm transportation service from Dawn to the Dawn-Vector interconnect to meet the gas supply requirements of its generating facility currently under construction near Courtright, Ontario.

Union is seeking approval to modify its approved C1 rate schedule to accommodate this firm transportation request effective January 1, 2008. GEC has requested approval of the rate prior to July 31, 2007 to confirm the availability of the service and the costs for financing purposes. GEC’s contract will generate approximately \$50,000 in revenue annually based on the proposed rate. A letter from GEC which indicates its support for the proposed service has been included in Union’s evidence. Given that customer support is evident and the relative size of the revenue stream, Union is hopeful that the Board will proceed by way of a written hearing.

In addition to the ten (10) copies sent to the Board, this application and evidence is being served in electronic format to all intervenors from Union’s EB-2005-0520 proceeding.

Please contact me at (519) 436-5476 if you have any questions or wish to discuss this submission in more detail.

Yours truly,

[original signed by]

Chris Ripley
Manager, Regulatory Applications

cc Crawford Smith, Torys
All EB-2005-0520 Intervenors

ONTARIO ENERGY BOARD

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 Union Gas Limited for an order or orders amending or varying its approved C1 rate schedule to accommodate a firm transportation service from Dawn to the Dawn-Vector interconnect;

APPLICATION

1. Union Gas Limited (“Union”) is a business corporation, incorporated under the laws of Ontario, with its head office in the Municipality of Chatham-Kent.
2. Union conducts an integrated natural gas utility business that combines the operations of selling, distributing, transmitting and storing gas within the meaning of the *Ontario Energy Board Act, 1998* (the “Act”).
3. Union is proposing to modify its current approved C1 rate schedule to accommodate firm transportation service from Dawn to the Dawn-Vector interconnect. This proposal comes as a result of a request for service from the Greenfield Energy Centre, LP (“GEC”). GEC is in the process of constructing a 1,005 MW gas-fired combined-cycle electricity facility located near Courtright, Ontario in St. Clair Township. Union currently provides interruptible transportation between Dawn and Dawn-Vector interconnect; however, GEC requested a firm service to transport gas supplies purchased at Dawn to its facilities, which are connected to the Vector pipeline.
4. Union and GEC have executed a firm transportation contract from Dawn to Dawn-Vector for a daily quantity of 92,845 GJ/d and a term of 10 years. GEC has an anticipated in-

service date of February 2008 and requires the firm transportation service prior to the commencement of its commercial operations. Union is proposing to modify its existing C1 rate schedule to accommodate the firm transportation service effective January 1, 2008.

5. Union hereby applies to the OEB pursuant to section 36 of the Act for an order or orders amending or varying the rate and other charges charged to customers served under the C1 rate schedule effective January 1, 2008.
6. Union also applies to the Board for such interim order or orders approving interim rates or other charges and accounting orders as may from time to time appear appropriate or necessary.
7. Union further applies to the Board for all necessary orders and directions concerning pre-hearing and hearing procedures for the determination of this application.
8. This application will be supported by written evidence. This evidence will be pre-filed and will be amended from time to time as required by the Board, or as circumstances may require.
9. The persons affected by this application are the customers resident or located in the municipalities, police villages and Indian reserves served by Union, together with those to whom Union sells gas, or on whose behalf Union distributes, transmits or stores gas. It is impractical to set out in this application the names and addresses of such persons because they are too numerous.

10. The address of service for Union is:

Union Gas Limited
P.O. Box 2001
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Attention: Chris Ripley
Manager, Regulatory Applications
Telephone: (519) 436-5476
Fax: (519) 436-4641
cripley@uniongas.com

- and -

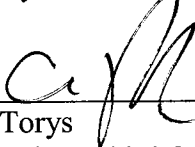
Torys LLP
Suite 3000, Maritime Life Tower
P.O. Box 270
Toronto-Dominion Centre
Toronto, Ontario
M5K 1N2

Attention: Crawford G. Smith
Telephone: (416) 865-8209
Fax: (416) 865-7380
email: csmith@torys.com

DATED: April 25, 2007.

UNION GAS LIMITED

By its Solicitors



Torys
Suite 3000, Maritime Life Tower
P.O. Box 270
Toronto-Dominion Centre
Toronto, Ontario
M5K 1N2

Attention: Crawford G. Smith

Telephone: (416) 865-8209
Fax: (416) 865-7380

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UNION GAS LIMITED

DAWN TO DAWN-VECTOR FIRM TRANSPORTATION RATE

PREFILED EVIDENCE

This purpose of this evidence is to support Union’s application for approval of a firm transportation rate from Dawn to Union’s interconnect with Vector Pipeline (“Vector”).

This evidence will be provided under the following headings:

1. Introduction
2. Customer Need
3. Rate Design
4. Summary

INTRODUCTION

Union is applying for approval of a firm Dawn to Dawn-Vector transportation rate, effective January 1, 2008, as a result of a request for service from the Greenfield Energy Centre, LP (GEC). GEC is currently constructing a 1005 MW natural gas fired electric generating station near Courtright, Ontario. In 2005, GEC was awarded a power contract from the Ontario Power Authority (“OPA”) as a result of GEC’s bid submission in the Ontario government’s RFP for Clean Energy Supply. GEC has constructed a pipeline facility that ties directly into the Vector pipeline facility. GEC requires the proposed service to serve Dawn based supply directly into the Vector pipeline on a firm basis.

1 Union's current approved rate schedules do not provide for firm transportation service
 2 between Dawn and the Dawn-Vector interconnect. Union is, therefore, proposing to
 3 modify the C1 rate schedule to accommodate a firm transportation service from Dawn to
 4 the Dawn-Vector interconnect. Union's rate proposal is provided in Table 1, below.

Table 1

Proposed Firm Dawn to Dawn-Vector Transportation Rate

<u>Line No.</u>		<u>Proposed</u>
1	Monthly Demand Charge (\$/GJ applied to Daily Contract Demand)	\$0.042
2	Customer Supplied Fuel & UFG – April 1 to October 31	0.2055%
3	Customer Supplied Fuel & UFG – November 1 to March 31	n/a

7
 8 A detailed description of Union's proposed rate design is provided below.

CUSTOMER NEED

10
 11 GEC requested firm transportation service from Dawn to Union's interconnect with the
 12 Vector pipeline (Dawn-Vector). Union currently provides interruptible transportation
 13 between Dawn and the Dawn-Vector interconnect but Union does not have an Ontario
 14 Energy Board (OEB) approved rate to provide a firm transportation service.

15
 16 As indicated above, GEC was awarded a power contract from the OPA through the
 17 Ontario government's RFP process for Clean Energy Supply in 2005. As part of the
 18 contract with the OPA, GEC will be reimbursed for the value of fuel gas consumed based

1 on the daily Dawn prices, and as a result requested access to firm gas supplies at Dawn.
2 GEC has requested a firm Dawn to Dawn-Vector transportation service from Union to
3 transport gas supplies purchased at Dawn to GEC's facilities, which are connected to the
4 Vector pipeline system.

5

6 GEC has executed a firm transportation contract for Dawn to Dawn-Vector service for a
7 daily quantity of 92,845 GJ/d and a term of 10 years. GEC has an anticipated in service
8 date of February 2008 and requires the firm transportation service prior to the
9 commencement of commercial operations. Union is seeking approval of the rate effective
10 January 1, 2008.

11

12 A letter of support from GEC is attached as Appendix A.

13

14 **RATE DESIGN**

15 As indicated above, Union is proposing to modify the current approved C1 rate schedule
16 to accommodate firm transportation service from Dawn to the Dawn-Vector interconnect.

17 Union's proposed rate design consists of the following components:

- 18 1. A firm monthly transportation demand charge of \$0.042/GJ applied to daily
19 contracted demand. This component of the rate is intended to make a contribution
20 towards the recovery of Dawn compression costs; and
- 21 2. A seasonal fuel ratio to recover incremental fuel and UFG associated with
22 providing the service.

1

2 In its design of the firm monthly transportation demand charge, Union considered;

3 1. The physical flow of gas between Dawn and the Dawn-Vector interconnect; and

4 2. The rate design principles underpinning Union's existing approved rates.

5

6 Each component of the proposed rate is discussed in more detail below. A copy of the C1

7 rate schedule with the proposed firm Dawn to Dawn-Vector rates is provided at

8 Appendix B.

9

10 FIRM MONTHLY TRANSPORTATION DEMAND CHARGE

11 As indicated above, GEC has requested 92,845 GJ per day of firm transportation service

12 from Dawn to Dawn-Vector. During the winter months, the flow of gas on the Vector

13 pipeline through the Dawn-Vector interconnect to Dawn will exceed the firm daily

14 requirement of GEC. On these days, Union will facilitate the service through

15 displacement. However on some days during the summer months, the gas flowing

16 easterly through the Dawn-Vector interconnect is less than that contracted for by GEC.

17 For these days, Union will physically transport gas westerly from Dawn to the Dawn-

18 Vector interconnect and Vector will transport the gas from the Dawn-Vector interconnect

19 to the plant.

20

21 To physically transport gas from Dawn to the Dawn-Vector interconnect, Union will use

22 existing compression facilities at Dawn and incur incremental fuel and UFG costs. Union

23 estimates that there will be approximately 60 days when gas flows through the Dawn-

1 Vector interconnect will be less than contracted for by GEC.

2

3 In recognition of how the service will be facilitated, Union is proposing that the firm
4 Dawn to Dawn-Vector transportation demand charge be calculated using Dawn
5 transmission compression-related costs included in the firm rate for transportation service
6 on the Ojibway/St. Clair transmission system adjusted for the estimated number days
7 compression is required (60 days). Union's proposed rate design provides for a
8 reasonable contribution to the recovery of fixed costs associated with the assets used to
9 provide the transportation service. Further, Union's approach to designing a rate for firm
10 Dawn to Dawn-Vector transportation service is similar to that used and approved by the
11 Board (EB-2004-0542) for the design of the M16 transportation demand charge for
12 embedded storage developers east of Dawn.

13

14 The derivation of this rate is attached as Appendix C.

15

16 COMMODITY CHARGE

17 As indicated above, it is expected that during the winter months the service will be
18 provided by displacement. During the summer months, Union will use existing Dawn
19 compression assets to facilitate the service. As a result, during the April to October
20 period, Union is proposing to set the fuel ratio to recover incremental Dawn compressor
21 fuel and UFG for the 60 days compression is expected to be required in order to provide
22 the service. This proposed summer fuel ratio for the firm Dawn to Dawn-Vector
23 transportation service is 0.2055%. During the winter months, Union is proposing that

1 there be no fuel ratio applied since no fuel is expected to be used. The derivation of this
2 fuel ratio is attached as Appendix D.

3

4 **SUMMARY**

5 Union is proposing to modify the current approved C1 rate schedule to accommodate
6 firm transportation service from Dawn to the Dawn-Vector interconnect. This rate will be
7 available to all potential customers that may require the service. Union's proposed rate
8 design consists of the following components:

9

10 1. A firm monthly transportation demand charge of \$0.042/GJ applied to daily
11 contracted demand. This component of the rate is intended to make a contribution
12 towards the recovery of Dawn compression costs; and

13

14 2. A seasonal fuel ratio to recover incremental fuel and UFG costs associated with
15 providing the service.

16

17 This service is required by GEC to meet the gas supply requirements of its power
18 generating station which is expected to be in service in February of 2008. Accordingly,
19 Union is seeking approval of the proposed rates effective January 1, 2008.



GREENFIELD ENERGY CENTRE LP

Headquarter:
20 Adelaide Street East, Suite 1400
Toronto, ON M5C 2T6
Tel: (416) 362 0978/Fax: (416) 362 3770

Site Office:
140 Bickford Line, P.O. Box 280
Courtright, ON N0N 1H0
Tel: (519) 867 5000/Fax: (519) 867 2620

April 5, 2007

Union Gas Limited
50 Keil Drive North
Chatham, Ontario
N7M 5M1

Attn: Ms. Carol Cameron

Gentlemen:

As you are aware, Greenfield Energy Centre LP ("Greenfield") has requested Union Gas Limited ("Union") to provide firm gas transportation service commencing early 2008, from the Dawn to Dawn/Vector interconnection. Greenfield has discussed with Union the proposed transportation rate respective to this service and hereby evidences its support of such rate.

Greenfield therefore requests that Union submit an application to the Ontario Energy Board as soon as possible, to secure required approval. This transportation service is necessary for Greenfield to provide gas to its electric generation facility, thus reducing uncertainty related to the project.

Sincerely,



Ryo Zushiden
Vice-President of CM Greenfield Power Corp.
as a General Partner of Greenfield Energy Centre LP



CROSS FRANCHISE TRANSPORTATION RATES

(A) Applicability

To a Shipper who enters into a Contract with Union for delivery by Shipper of gas to Union at one of Union's points listed below for redelivery by Union to Shipper at one of Union's points.

<u>Applicable Points</u>	(1)	(2)
	Ojibway	WDA
	St. Clair	NDA
	Dawn*	SSMDA
	Parkway	SWDA
	Kirkwall	CDA
	Bluewater	EDA

*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh) and Dawn (Vector)

(B) Services

Transportation Service under this rate schedule is transportation on Union's pipeline facilities between any two Points as specified in Section (A), column 1.

(C) Rates

The identified rates (excluding gas supply charges, if applicable) represent maximum prices for service. These rates may change periodically. Multi-year prices may also be negotiated, which may be higher than the identified rates.

Transportation Service:

	Monthly Demand Charge (applied to daily contract demand) <u>Rate/GJ</u>	Commodity Charges			
		If Union supplies fuel Commodity Charge		If Shipper supplies fuel Fuel Ratio	
		Apr.1-Oct.31 <u>Rate/GJ</u>	Nov.1-Mar.31 <u>Rate/GJ</u>	Apr.1-Oct.31 <u>%</u>	Nov.1-Mar.31 <u>%</u>
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$1.014	\$0.033	\$0.041	0.353%	0.432%
Ojibway & Dawn	\$1.014	\$0.047	\$0.054	0.497%	0.567%
Bluewater & Dawn	\$1.014	\$0.033	\$0.041	0.353%	0.432%
From:					
Parkway to Kirkwall	\$0.554	\$0.033	\$0.031	0.354%	0.329%
Parkway to Dawn	\$0.554	\$0.033	\$0.031	0.354%	0.329%
Dawn to Kirkwall	\$2.036	\$0.049	\$0.107	0.519%	1.139%
Dawn to Parkway	\$2.392	\$0.049	\$0.107	0.519%	1.139%
b) Interruptible and Short Term (1 year or less) Firm Transportation:					
Maximum		\$75.00	\$75.00		
c) Firm Transportation between two points within Dawn					
Dawn to Dawn-Vector	\$0.042	n/a	n/a	0.206%	n/a
d) Interruptible Transportation between two points within Dawn*					
*includes Dawn (TCPL), Dawn Facilities, Dawn (Tecumseh) and Dawn (Vector)				0.329%	0.329%



(C) Rates (Cont'd)

Authorized Overrun:

The following Overrun rates are applied to any quantities transported in excess of the Contract parameters. Overrun will be authorized at Union's sole discretion.

	If Union supplies fuel Commodity Charge		Commodity Charges If Shipper supplies fuel Fuel Ratio		Commodity Charge Rate/GJ
	Apr.1-Oct.31 Rate/GJ	Nov.1-Mar.31 Rate/GJ	Apr.1-Oct.31 %	Nov.1-Mar.31 %	
a) Firm Transportation					
Between:					
St.Clair & Dawn	\$0.067	\$0.074	0.353%	0.432%	\$0.033
Ojibway & Dawn	\$0.080	\$0.087	0.497%	0.567%	\$0.033
Bluewater & Dawn	\$0.067	\$0.074	0.353%	0.432%	\$0.033
From:					
Parkway to Kirkwall	\$0.052	\$0.049	0.954%	0.929%	\$0.018
Parkway to Dawn	\$0.052	\$0.049	0.954%	0.929%	\$0.018
Dawn to Kirkwall	\$0.116	\$0.174	1.119%	1.739%	\$0.067
Dawn to Parkway	\$0.128	\$0.186	1.119%	1.739%	\$0.079
b) Firm Transportation within Dawn					
Dawn to Dawn-Vector	n/a	n/a	0.442%	n/a	\$0.001

Authorized overrun for short-term firm transportation is available at negotiated rates.

Unauthorized Overrun:

The Unauthorized Overrun rate shall be the higher of the reported daily spot price of gas at either, Dawn, Parkway, Niagara, Iroquois or Chicago in the month of or the month following the month in which the overrun occurred plus 25% for all usage on any day in excess of 102% of Union's contractual obligation.

(D) Terms of Service

General Terms and Conditions applicable to this rate schedule shall be in accordance with the attached Schedule "A".

(E) Nominations

Nominations under this rate schedule shall be in accordance with the attached Schedule "B".

Effective

XXXXX X, XXXX
O.E.B. ORDER # XX-XXXX-XXXX

Chatham, Ontario

Supersedes XX-XXXX-XXXX Rate Schedule effective XXXXX X, XXXX.

UNION GAS LIMITED
Derivation of C1 - Firm Dawn to Dawn-Vector Transportation Rate
Effective January 1, 2008

Line No.	Particulars	
<u>Dawn to Dawn-Vector - Monthly Firm Demand Rate</u>		
1	Dawn Compression Revenue Requirement (\$000's)	1,761
2	Maximum Day Demand (GJs)	572,246
3	Monthly Demand per Unit (\$/GJ/d/month) (line 1 * 1000 / line 2 / 12)	0.256
4	Adjusted Monthly Demand per Unit (\$/GJ/d/month) (line 3 * (60/365))	0.042

UNION GAS LIMITED

Derivation of C1 - Firm Dawn to Dawn-Vector Transportation Fuel Ratio - April 1st to October 31st
Effective January 1, 2008

Line No.	Fuel Ratio Calculation		Fuel (a)	UFG (b)	Total (c)
1	Total Fuel and UFG Over 60 Days	GJ	22,515	18,322	40,837
2	Consumption Over 60 Days (1)	GJ	5,570,700	5,570,700	5,570,700
3	Fuel Ratio Over 60 Days (2)	%	0.4042%	0.3289%	0.7331%
4	Consumption Over 214 Days (3)	GJ	19,868,830	19,868,830	19,868,830
5	Fuel Ratio Over 214 Days (4)	%	0.1133%	0.0922%	0.2055%

Notes:

- (1) 92,845 GJ/d * 60 days
- (2) Line 1 / Line 2
- (3) 92,845 GJ/d * 214 days
- (4) Line 1 / Line 4