

ONTARIO ENERGY BOARD

IN THE MATTER OF The Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B, and in particular, S.90.(1) thereof;

AND IN THE MATTER OF The Ontario Energy Board Act, 1998, S.O. 1998, c.15, Schedule B, and in particular, S. 36 thereof;

AND IN THE MATTER OF an Application by Union Gas Limited for an Order or Orders granting leave to construct natural gas pipelines and ancillary facilities in the Town of Milton and the Town of Oakville;

AND IN THE MATTER OF an Application by Union Gas Limited for an Order or Orders for approval of recovery of the cost consequences of all facilities associated with the development of the proposed Burlington Oakville Project;

EB-2014-0182

April 23, 2015

**Further Written Submissions from
The Association of Power Producers of Ontario ("APPrO")**

**Regarding the Motion from the Ontario Greenhouse Vegetable Growers ("OGVG")
to Compel Answers from Union Gas**

1. We are counsel to the Association of Power Producers of Ontario ("APPrO") in the EB-2014-0182 matter. On December 12, 2014, Union filed an application requesting approval to construct approximately 12 km of NPS 20 high pressure pipeline extending from the Parkway compressor station to Union's existing Bronte Gate Station situated at the corner of Ninth Line and Dundas Street East in the Town of Oakville (the "Facilities").¹ Union currently receives gas at the Bronte Gate Station from the facilities owned and operated by TransCanada. Union indicates that the proposed Facilities are intended to replace the transportation arrangements with TransCanada² and provide additional growth capacity to serve the future natural gas needs of the region.
2. APPrO is an intervenor in this proceeding and asked interrogatories of Union in accordance with the Board's Procedural Order No. 1.
3. Union responded to interrogatories from intervenors on March 26, 2015.
4. On April 4, 2015, the Ontario Greenhouse Vegetable Growers ("OGVG") filed a Motion with the Board to compel Union to provide full and better answers to Interrogatories Exhibit B.OGVG.10 and Exhibit B.APPrO.2.
5. On April 8, 2015, APPrO submitted its initial comments on the OGVG Motion, which are attached as Appendix A to this submission.
6. In its April 9, 2015 ruling, the Board agreed to consider additional written submissions on the Motion. These are APPrO's further submissions.
7. On April 14, 2014, Union provided updated interrogatory responses for Exhibit B.OGVG.10 and Exhibit B.APPrO.2. APPrO believes that Union's updated response set out in Exhibit B.APPrO.2 is inadequate and does not provide APPrO or the Board with the requested information that will assist the Board in making a full and informed consideration of the application. The basic question, of whether or not TransCanada was able to provide a comparable service between Parkway and Bronte (following the National Energy Board's RH-001-2014 Decision approving the Settlement Agreement among TransCanada and the Eastern Canadian LDCs), remains unanswered. It is clear in this proceeding

¹ Exhibit A Tab 3

² Exhibit A Tab 4

that Union currently contracts for renewable firm transportation service from TransCanada³ that currently serves the Oakville and Burlington market. TransCanada has existing facilities that parallel the proposed Facilities.⁴ Further building the Facilities would displace the existing firm transportation ("FT") contract on TransCanada, which brings into question the need for the Facilities and which could potentially result in stranded TransCanada facilities. It will also result in reduced revenues received by TransCanada related to this existing FT contract. Since the Settlement Agreement allows TransCanada to recover its reasonably incurred costs, any related revenue reductions are likely to result in increased tolls paid for by other shippers on TransCanada. In addition to the existing transportation arrangements between Union and TransCanada, if TransCanada can provide a service for all or a portion of the future growth of this region, it may eliminate, or at least defer the need for the Facilities. Contracting for a service on TransCanada to meet the future growth requirements in the area would further contribute to TransCanada's overall revenue and reduce TransCanada's future tolls.

8. APPrO recognizes Union's assertion that the long term cost to build the pipeline is less than the cost to purchase the service from TransCanada. APPrO believes that the public interest is broader than the simple economic comparison provided by Union.
9. APPrO is also of the view that Union's response to Interrogatory Exhibit B.APPrO.5 c) is incomplete and requires additional information to understand the implications to other TransCanada shippers if Union were to contract for a service from TransCanada to meet Union's regional needs rather than build the Facilities. The response to this question will also assist the Board in assessing the need and impact of the proposed Facilities on customers in accordance with its mandate.

³ Exhibit B.APPrO.1 a)

⁴ Exhibit B.OGVG.1 Attachment 1

10. Union relies on the use of a net present value ("NPV") analysis as one of the primary measures in evaluating the commercial alternatives to the Facilities.⁵ In the response to Exhibit B.APPrO.5 c), Union freely acknowledges that it has made a number of high level assumptions to calculate the impact of the loss of transportation revenue to TransCanada on other Ontario natural gas customers. Union fails to provide any detail about the scale or scope of those assumptions in order for the Board to test the validity of these assumptions. APPrO therefore requests that the Board compel Union to provide full details regarding all of the assumptions made in calculating the NPV, as well as the details of the NPV calculations.
11. APPrO supports the OGVG Motion to compel Union to provide better answers and further requests that the scope of the Motion be expanded to include Exhibit B.APPrO.5 c).
12. APPrO understands that OGVG has suggested a Technical Conference as a means to obtain better answers to these Interrogatories. In light of Union's updated responses, which continue to avoid providing a complete response to Exhibit B.APPrO.2 and the impugned OGVG response, APPrO would support a Technical Conference. Because of the nature of the question, APPrO would, however, request that the Board direct Union to provide an updated written response to Exhibit B.APPrO.5 c) at least 48 hours in advance of a Technical Conference, detailing the assumptions and providing the full details of the calculations as noted herein.

ALL OF WHICH IS RESPECTFULLY SUBMITTED,

THIS 23rd DAY OF APRIL, 2015

per: Joanne Kynazis

Lisa (Elisabeth) DeMarco
Zizzo Allan DeMarco LLP
Counsel to APPrO

⁵ Exhibit A Tab 7 pages 9 to 17

Appendix A



**ZIZZO
ALLAN
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LLP

Zizzo Allan DeMarco LLP
5 Hazelton Avenue, Suite 200
Toronto, ON M5R 2E1

April 8, 2015

Filed on RESS and Sent via Courier

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited
Burlington-Oakville Expansion Pipeline Project
Board File No. EB-2014-0182**

The Association of Power Producers of Ontario ("APPRO") respectfully submits the enclosed submissions regarding the Motion from the Ontario Greenhouse Vegetable Growers ("OGVG") to Compel Answers from Union Gas in the above-referenced proceeding.

Please do not hesitate to contact me should you have any questions or concerns.

Sincerely,

per: Lisa (Elisabeth) DeMarco

**CC: Vanessa Innis (Union Gas Limited)
Crawford Smith (Torys LLP)
David Butters (APPRO)
John Wólnik (Elenchus Research Associates Inc)**

Encl.

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S.O. 1998, c.15, Schedule B, and in particular, S.90.(1)
thereof;

AND IN THE MATTER OF The Ontario Energy Board Act,
1998, S.O. 1998, c.15, Schedule B, and in particular, S. 36
thereof;

AND IN THE MATTER OF an Application by Union Gas
Limited for an Order or Orders granting leave to construct
natural gas pipelines and ancillary facilities in the Town of
Milton and the Town of Oakville

AND IN THE MATTER OF an Application by Union Gas
Limited for an Order or Orders for approval of recovery of the
cost consequences of all facilities associated with the
development of the proposed Burlington Oakville Project;

EB-2014-0182

April 8, 2015

Submissions from

The Association of Power Producers of Ontario (APPrO)

**Regarding the Motion from the Ontario Greenhouse Vegetable Growers to
Compel Answers from Union Gas**

1. Union filed an application dated December 12, 2014 requesting approval to construct approximately 12 km of NPS 20 high pressure pipeline extending from the Parkway compressor station to Union's existing Bronte Gate Station situated at the corner of Ninth Line and Dundas Street East in the Town of Oakville (the "Facilities").¹ Union currently receives gas at the Bronte Gate Station from the facilities owned and operated by TransCanada. Union indicates that the proposed Facilities are intended to replace the transportation arrangements with TransCanada² and provide additional growth capacity to serve the future natural gas needs of the region.
2. The Association of Power Producers of Ontario ("APPRO") is an intervenor in this proceeding.
3. Union responded to certain Interrogatories from intervenors on March 26, 2015.
4. On April 4, 2015, the Ontario Greenhouse Vegetable Growers ("OGVG") filed a Motion with the Board to compel Union to provide better answers, specifically to Interrogatories Exhibit B.OGVG.10 and Exhibit B.APPRO.2.
5. APPRO also believes that the Interrogatory Responses referred to by OGVG do not provide the Board with sufficient information to fully understand and evaluate the commercial alternative of acquiring ongoing transportation service from TransCanada and therefore discharge its full mandate in accordance with s.90.(1).
6. APPRO is also of the view that Union's response to Interrogatory Exhibit B.APPRO.5 c) is incomplete and requires additional information to understand and evaluate the application. It is clear in this proceeding that Union currently contracts for renewable firm transportation service from TransCanada³ that currently serves the Oakville and Burlington market. TransCanada has existing facilities that parallel the proposed Facilities⁴ and further building the Facilities would displace the existing firm transportation contract on TransCanada, which could potentially result in stranding facilities on TransCanada. In addition to the

¹ Exhibit A Tab 3

² Exhibit A Tab 4

³ Exhibit B.APPRO.1 a)

⁴ Exhibit B.OGVG.1 Attachment 1

existing transportation arrangements between Union and TransCanada, if TransCanada can provide all or a portion of the future growth of this region, it may eliminate or at least defer the need for the Facilities. If Union were to continue to contract with TransCanada for the transportation requirements of this region, the additional revenue received by TransCanada, from the ongoing transportation service, would reduce the tolls paid by all TransCanada shippers including other Ontario natural gas customers, including Union. As such, the implications to TransCanada and the resulting TransCanada tolling impact is both a relevant and an important consideration for the Board to consider in evaluating whether the Facilities are in the public interest.

7. Union relies on the use of net present value ("NPV") analysis as one of the primary measures in evaluating the commercial alternatives to the Facilities.⁵ In the response to APPrO.5 c) Union freely acknowledges that it has made a number of high level assumptions to calculate the impact of the loss of transportation revenue to TransCanada on other Ontario natural gas customers. Union fails to provide any detail about the scale or scope of those assumptions in order for the Board to test the validity of these assumptions. APPrO therefore requests that the Board compel Union to provide full details regarding all of the assumptions made in calculating the NPV, as well as the details of the NPV calculations.
8. In summary, APPrO supports the OGVG Motion to compel Union to provide better answers and further requests that the scope of the Motion be expanded to include a fuller and better response to Exhibit B.APPrO.5 c).

⁵ Exhibit A Tab 7 pages 9 to 17