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By electronic filing

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

Dear Ms. Walli

Re: Union Gas Limited ("Union")
2014 Deferral Account Balances and Earnings Sharing Amount re:
Settlement Agreement
Board File #: EB-2015-0010

This letter is being written on behalf of Consumers Council of Canada ("CCC"), Canadian Manufacturers & Exporters ("CME"), the Building Owners and Managers Association, Greater Toronto ("BOMA"), the Federation of Rental-housing Providers of Ontario ("FRPO"), Vulnerable Energy Consumers Coalition ("VECC"), London Property Management Association ("LPMA") and School Energy Coalition ("SEC").

The Board will be aware that on March 31, 2015 the Staff Report to the Board on the 2014 Natural Gas Market Review (EB-2014-0289) was published. At page 29 of that Report, Board Staff recommended that the Board initiate a proceeding to "examine the Board's policy in relation to gas procurement and the assessment and approval of distributor gas supply plans". Such a review is consistent with the following objectives set out in Section 2 of the *Ontario Energy Board Act, 1998*:

- To protect the interests of consumers with respect to prices and the reliability and quality of gas service;
- To facilitate rational expansion of transmission and distribution systems; and
- To facilitate rational development and safe operation of gas storage.

The purpose of this letter is to urge the Board to conduct this review as soon as possible.

By way of background, both Union Gas Limited (“Union”) and Enbridge Gas Distribution (“EGD”) are required to file their Gas Supply Plans as part of their annual applications for Disposition of Deferral Accounts and Earning Sharing Amounts (collectively referred to as the “ESM Applications”).

Most recently Union’s 2014-2015 Gas Supply Plan Memorandum was filed as Exhibit A, Tab 5 in EB-2015-0010, and EGD’s 2014-2015 Gas Supply Plan Memorandum was filed as Exhibit D, Tab 4, Schedule 1 in EB-2015-0122.

Union and Enbridge did not, however, seek specific relief in their ESM Applications in relation to each of their Gas Supply Plans. The effective result is that these documents are provided on an informational basis in these proceedings. Conversely, neither the interested parties nor the Board approve the Gas Supply Plans, or related activities or expenses, in the ESM proceedings.

The Gas Supply Plan Memoranda should address all aspects of Union and EGD’s Gas Supply Plans, including the Natural Gas Market Context, Provincial Regulatory Considerations, National Regulatory Considerations, Gas Supply Planning Objectives and Principles, the Gas Supply Planning Process, the Upcoming Gas Supply Plan, and Future Trends that may impact the Gas Supply Plan.

In discussing Future Trends, Union’s Gas Supply Plan Memorandum expressly recognizes that a number of current and upcoming proceedings will impact Union’s future gas supply portfolio. These include the Burlington to Oakville Project (EB-2014-0182) and the NEXUS Pipeline Project (EB-2015-0166). Similarly, EGD also recognizes that the NEXUS Pipeline Project will potentially impact its gas supply portfolio. However, neither memoranda address the impact of recent changes to the TransCanada Pipeline (“TCPL”) Energy East Project nor the increased opportunity for Niagara imports via TCPL Greater Gold Horseshoe Project.

In each of these applications, gas supply issues are raised within the factual confines of the particular case. For instance, in Union’s Burlington to Oakville case there is evidence filed on whether accessing gas at Dawn through the pipeline facilities proposed by Union is more cost-effective than contracting for gas transportation on existing TransCanada Pipelines from Niagara. What is missing from such a case-specific analysis is a more holistic review of Union and EGD’s respective Gas Supply Plan Memoranda, taking into consideration the rapid growth of Marcellus/Utica shale gas reserves and production, the reduction of reliance on Western Canadian Sedimentary Basin and changes in the physical flow of gas across and around the province of Ontario. While some elements of these broad-based issues may arise in the context of specific Applications, they would be looked at in a disjunctive and isolated manner.

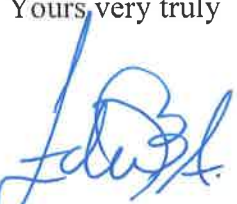
For example, the proposed review by the Board should require Union and EGD to properly address and analyze the potential benefits to ratepayers of accessing gas from Marcellus/Utica at Niagara/Chippewa, compared with accessing Marcellus/Utica gas at Dawn. This analysis would, in turn, potentially impact subsequent fact-specific applications.

Our concern is that if the review recommended by Board Staff is not undertaken as soon as possible, then ongoing and forthcoming Applications may limit the flexibility of the utilities to

properly respond to the conclusions of the proposed Review. We, collectively, call on the Board to provide an appropriate forum to hear evidence and make findings of principles and criteria against which the utilities respective gas acquisition strategies may be evaluated for approval to ensure that they are in the public interest.

Given that the Board has recently decided to combine EB-2015-0166 and EB-2015-0175 into a single proceeding, the Board may wish to consider whether a review of the utilities gas acquisition and transportation contracting strategies should be made a part of that proceeding. If so, the Board would need to amend the draft issues list to include the issue and ensure that the timetable for the hearing allows the Intervenor sufficient time to prepare and file evidence on the issues.

Yours very truly



(per) Vincent J. DeRose
VJD/kt

c. Chris Ripley (Union)
Crawford Smith (Torys)
Intervenor EB-2015-0010
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