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Our File #339583/000193

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October 16, 2015

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

Dear Ms. Walli

**Re: Union Gas Limited ("Union")
Burlington Oakville Pipeline Project**
Board File #: EB-2014-0182

Please consider this correspondence as Canadian Manufacturers & Exporters' (CME) final argument in this matter.

We submit that the central issue in this hearing is accurately described at paragraph 9 of Union's Argument-in-Chief:

Fundamentally, this proceeding is about whether Union's customers are best served through the Proposed Pipeline's capacity or the capacity acquired on a contractual basis from TransCanada.

As the Board is aware, CME co-sponsored Ms. Aggie Cheung as an expert to provide an opinion as to whether the anticipated growth and demand for natural gas services in the Town of Oakville and the City of Burlington could be met without building new infrastructure, and to assess the technical and economic feasibility of a "no-build" alternative to Union's proposed Burlington Oakville Pipeline Project. To paraphrase Union's language cited above, we retained Ms. Cheung to assist the parties, and ultimately the Board, in determining whether Union's customers are best served through the Proposed Pipeline or through the "no-build" alternative.

Having the benefit of Ms. Cheung's assistance in this complex matter, along with the additional evidence provided by Union in response to Ms. Cheung's opinion, CME has concluded that Union's customers are best served by Union's Proposed Pipeline. This

conclusion is based upon a review of all of the evidence – much of which would not have been on the record if it were not for the filing of Ms. Cheung’s evidence.

The evidence provided by Ms. Cheung is consistent with the Board’s objectives in relation to gas as set out in the *Ontario Energy Board Act*, 1998 (“*OEB Act*”). Specifically, section 2(3) of the *OEB Act* establishes that one of the objectives of the Board in carrying out its responsibilities in relation to gas is “to facilitate rational expansion of transmission and distribution systems”. In order to determine whether a proposed pipeline is, or is not, a “rational” expansion requires consideration of all alternatives. By retaining Ms. Cheung to explore the “no-build” alternative, CME acted in a manner consistent with this objective of the Board.

Ms. Cheung’s evidence facilitated the exploration of whether the “no-build” alternative provided a more advantageous option to the Proposed Pipeline. Without Ms. Cheung’s evidence, this issue would not have been fully explored. Ms. Cheung’s evidence facilitated the filing of additional information by Union (in its Reply Evidence), additional IRs and meaningful cross-examination at the oral hearing. This additional information permitted the parties, and ultimately the Board, to properly test whether Union’s Proposed Pipeline constitutes “rational” expansion within the meaning of the *OEB Act*.

Having reviewed all of the evidence, CME believes that Union’s Proposed Pipeline is in the public interest and should be approved. In coming to this conclusion, CME has relied on the evidence that establishes that:

- a) Union’s Proposed Pipeline provides security of supply and incremental capacity at the long-term, lowest cost to Union’s customers;
- b) The Proposed Pipeline locks in capital cost serving the community in 2016, and further provides declining costs over the life of the project and as volumes are presumably added;
- c) The window of opportunity with respect to the development and construction is currently available given its location in a rapidly changing urban environment. This opportunity to build a pipeline might not be available in the future if the Proposed Pipeline is postponed;
- d) The customers in the Burlington Oakville system will benefit by being directly connected to the integrated Dawn Parkway System and strategic Dawn hub; and
- e) Niagara is the least liquid point in Union’s current supply portfolio, and is not expected to become a liquid trading point (see Exhibit C, page 10). As a result, acquiring capacity from TransCanada at this location is not a better alternative for Union’s customers.

For these reasons, CME supports Union’s application to construct the Proposed Pipeline.

CME submits that it has acted responsibly throughout this proceeding. Furthermore, the expert that it co-sponsored has also assisted with the parties' analysis of the issues raised by the Application. For this reason, we request that the Board award CME 100% of its reasonably incurred costs, including the costs of its expert, Ms. Cheung.

Yours very truly



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