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Our File # 339583/000215

January 15, 2016

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”)
Dawn Reference Price and North T-Service Application**
Board File #: EB-2015-0181

Pursuant to Procedural Order #2, we provide these comments on behalf of Canadian Manufacturers & Exporters (“CME”). The comments that follow address the single outstanding issue.

Union is proposing the Union North T-Service Transportation from Dawn for Union North T-Service customers who seek to transport Dawn supply on a firm basis to the Union North East Zone to meet their supply needs. CME does not oppose this proposed service.

A component of Union’s proposal is the introduction of the Base Service North T-Service TransCanada Capacity Deferral Account (“Deferral Account”). The purpose of the Deferral Account is to provide the means for customers to mitigate the long-term demand charge risk of an individual end-use location facing unforeseen decreases in distribution demand (such as plant closure).

One of the purposes of the Deferral Account is to collect the difference between revenues and costs associated with the provision of the new service. Union seeks approval to recover the balances of the Deferral Account from all “eligible customers”.

CME understands that one or more parties may argue that recovery of the balances from the Deferral Account should only be from those eligible customers who actually avail themselves of the service. To simplify the anticipated argument, should the Deferral Account be cleared to all Union North T-Service customers – or only those that actually use the service?

As set out at Exhibit A, Tab 3, page 3 of 15, to date 17 customers have committed to the proposed service. This represents just over one-third of the Union North T-Service customers. At the time that these customers committed to the service, they were advised that the Deferral

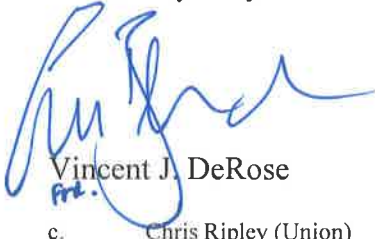
Account would be cleared to all eligible customers, and not just to those customers that actually used the service.

If the Board changes the allocation of the Deferral Account from “all eligible customers”, to only the 17 customers that are currently committed to the new service, then those 17 customers would be exposed to a much higher potential recovery of the Deferral Account balances. This would materially change the risks associated with committing to the new service.

For this reason, if the Board directs Union to recover Deferral Account balances only from eligible customers that avail themselves of the new service, then the 17 customers who have already committed to the service should be provided with both 1) notice of the change, and 2) the right to opt out of the proposed service. To be clear, this would only be required if the Board determines that the Deferral Account proposed by Union be cleared to those eligible customers that have committed to the service. If the Board accepts Union’s Application, as filed, then this additional relief is not required.

If you have any questions or concerns, please feel free to contact me at your convenience.

Yours very truly



Vincent J. DeRose

c. Chris Ripley (Union)
Crawford Smith (Torys)
All Interested Parties EB-2015-0181
Paul Clipsham and Ian Shaw

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