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February 22, 2016

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
26th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

DELIVERED BY EMAIL

Dear Ms. Walli,

RE: Board File No. EB-2016-0013 Union Gas Limited Application for Leave to Construct

We are writing on behalf of the Ontario Greenhouse Vegetable Growers ("OGVG") in regard to the referenced Application. The Application by Union Gas Limited ("Union Gas") is for leave to construct approximately 6.7 kilometres of NPS 12, 250 metre of NPS 16 and 60 metres of NPS 8 natural gas pipeline (the "Proposed Pipeline"), in the Municipality of Leamington, in the County of Essex.

The Ontario greenhouse vegetable sector is a major contributor to the Ontario economy, generating over \$840 million in farm gate receipts and accounting for approximately 10,000 jobs annually. OGVG, as an organization, represents all 211 greenhouse pepper, tomato and cucumber growers in the province. Given the nature of greenhouse production systems, OGVG members are heavily reliant on energy, particularly natural gas. Over one third of greenhouse production costs are energy-related and as such rate increases and pricing adjustments serve to threaten the global competitiveness of the sector.

The Ontario greenhouse sector is growing. In fact, in evidence filed by Union Gas in its 2013 rate case, the greenhouse sector was shown to be the fastest growing sector of Union's business markets exhibiting a doubling of volume between the 2007 Board-approved and the 2013 Forecast volumes. OGVG members' natural gas consumption is important to Union Gas and greenhouse production in general is important to the Ontario economy.

As a not-for-profit organization, OGVG does not have other funding sources to ensure experienced representation to participate in and assist the Board with these regulatory proceedings. Therefore OGVG would respectfully request a determination of eligibility

for cost award in this proceeding. OGVG retains professionals who have experience representing intervenor interests and, OGVG respectfully submits, have assisted the Board in previous proceedings in an efficient and responsible manner.

ISSUES OF CONCERN

As noted by Union Gas in its Application the Proposed Pipeline is required in order to serve the growing greenhouse market in the Municipality of Leamington. As described above, OGVG specifically represents the interests of the Ontario based greenhouse vegetable growers, including most of if not all of the growers in the area to be serviced by the Proposed Pipeline. Union Gas has included OGVG's endorsement of the Proposed Pipeline as part of its application at Schedule 1, page 2 of the Application. If approved and constructed the Proposed Pipeline will provide distribution service to a number of OGVG members, including both new service to members that have been unable to access natural gas service as a result of insufficient capacity in the area, as well as new firm service to members that have only been able to access service on an interruptible basis.

Accordingly OGVG members are directly interested in the outcome of the Application, and through OGVG would like to participate to ensure that the Proposed Pipeline is appropriately scoped by Union Gas and considered for approval by the Board.

Additionally OGVG is interested in ensuring that, assuming the Board approves the Proposed Pipeline, the contracting of service with respect to the new capacity with customers is appropriate, including the assumptions and methodology used by Union Gas in allocating project costs amongst customers accessing the new capacity. OGVG notes that it raised the issue in EB-2013-0365, and that the Board determined as follows:

The Board notes that OGVG could have intervened in the leave to construct proceeding but did not do so. That proceeding would have been the correct forum for OGVG to challenge the assumptions and methodology used by Union in allocating project costs among greenhouse growers, if OGVG wished to do so.

...

Although the Board's decision did not require this contribution to be in the form of an upfront aid-to-construct payment from the greenhouse growers, it clearly contemplated that Union would need to recover the \$2.0 million shortfall in revenues.

Accordingly, it was appropriate for Union to require a contractual commitment or upfront payment from each greenhouse grower to ensure that the costs of the pipeline were borne by the customers that cause them to be incurred. In the absence of such a commitment, Union would be faced with the risk of collecting less revenue than was required to fund the project. The deficiency in revenues would then have to be recovered from other ratepayers.

The Board has therefore determined that it will not require Union to renegotiate the contracts with the greenhouse growers or alter the minimum annual volume commitments.

Several parties have submitted that the Board should approve general parameters concerning Union's practices in this type of situation. **The Board finds that such issues should be explored within the relevant leave to construct proceedings.** (Emphasis added)¹

REPRESENTATION

If the intervention requested is granted, OGVG asks that further communications with respect to this matter be sent to the following:

Dr. Justine Taylor
Environmental Projects Specialist
Ontario Greenhouse Vegetable Growers
32 Seneca Road, Leamington, Ontario
N8H 5H7

Phone 519-326-2604

Email: jtaylor@ontariogreenhouse.com

AND

¹ EB-2013-0365, Decision dated August 21, 2014, pages 13-14.

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Yours very truly,

A handwritten signature in blue ink, appearing to be 'M. Buonaguro'.

Michael R. Buonaguro

CC: Chris Ripley
Crawford Smith