

February 28, 2017

BY RESS & COURIER

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
Suite 2700, 2300 Yonge Street
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Union Gas Limited (“Union”)
2017 Storage Enhancement Project
Board File #EB-2016-0322**

The following are Union Gas Limited (“Union”) reply submissions for the 2017 Storage Enhancement Project EB-2016-0322. Submissions were received from OEB Board Staff, The Ministry of Natural Resources and Forestry (“MNR”), and Hydro One Networks Inc (“Hydro One”). All submissions support Union’s Application. Union’s reply submissions address the issues and requests identified by the parties in the application.

OEB Board Staff

The Incremental Deliverability created by the project has been contracted for by TCE. The TCE, Napanee facility is located between the cities of Kingston and Napanee on the shore of Lake Ontario adjacent to the Lennox Generating Station. The facility is a 980 megawatt merchant power plant that will supply energy to the grid in response to demands from the Independent Electrical System Operator (“IESO”). A new transmission pipeline was not required to serve the new TCE facilities as there is sufficient capacity on the existing pipeline that serves the Lennox generating Station. The TCE generating station is currently under construction and it is expected to go into commercial operation in 2018.

As described in Union’s evidence it is necessary for Union to construct facilities in three storage pools in order to develop the deliverability required by TCE. It was not possible to move forward with the Bickford Pool in 2017 as Union required the 3D seismic data to determine the new well locations. By completing the project in two phases, Union limits the risk of not being able to serve the contracted deliverability, and reduces the amount of deliverability that may be needed to be bridged by Union. Since the two deliverability phases are being constructed in different storage pools, there are limited construction efficiencies.

In Union’s Letter of Acknowledgement signed by the six landowners who are directly affected by the project, there is a typographical error. Union has discussed this error with the landowners and they are aware that “objectives” should have been “objections”. No landowner identified any issues with this error and Union has corrected the Letter of Acknowledgement for future filings.

Union can confirm that it will provide the Board with the results of the water well testing on the Smit property, including any recommendations that Stantec may make in relation to this water well.

Union has reviewed the submission of the MNR dated February 21, 2017. It is Union’s position that these submissions address the issues identified by Board Staff in relation to compliance with CSA Code

and required Engineering reports. MNRF in their submissions make the following statements “MNRF is satisfied that these reports are complete” and “MNRF has no objection to approval of the application as proposed”.

Union has no issues with, and can accept Board Staff’s proposed changes to the Conditions of Approval.

Ministry of Natural Resources and Forestry

Union is aware of the issues identified by MNRF and agrees with MNRF that, as the operator, Union is responsible to ensure that there is adequate cap rock to support the additional delta pressure and that all safety and environmental issues have been addressed. Union will comply with the Oil, Gas and Salt Resources Act, O.Reg. 245/97, the Provincial Standards and CSA Z341: Storage of Hydrocarbons in Underground Formations.

Hydro One Networks Inc.

Union confirms its previous response, that the Proposed Facilities will have a minimum separation of 40 metres to existing hydro facilities is site specific for the Proposed Facilities for this Project only.

Summary

As Board Staff “supports Union’s application” MNRF “has no objection to approval of the application” and Hydro One “will not be providing any submissions to this application” Union’s position is that it has addressed all of the issues raised in the proceeding and requests that the Ontario Energy Board approve Union’s application

Sincerely,

[original signed by]

Mark Murray, J.D.
Manager, Regulatory Projects and Lands Acquisition
:sb

cc: Nancy Marconi, OEB
Zora Crnojacki, OEB
Andrew Mandyam, Enbridge
Tania Persad, Enbridge
Erin Henderson, Hydro One
Demetrius Kappos, MNRF