

OM Limited Partnership

Response to Interrogatory by
Union Gas Limited

1. Reference:

OMLP Pre-filed Evidence, page 13

“The Applicant seeks: (i) a Certificate of Public Convenience and Necessity under section 8 of the Municipal Franchises Act limited in geographical scope to the lands known as PT LT 2 CON 7 NORTH WALSINGHAM AS IN NR306706 SAVE & EXCEPT PT 1 ON 37R10232 to allow the OMLP to sell gas from their well and pipeline system directly to Maricann and for the construction of the proposed Tie-in System.”

Reference:

Municipal Franchises Act, Section 8 Approval for construction of gas works or supply of gas in municipality

8 (1) Despite any other provision in this Act or any other general or special Act, no person shall construct any works to supply,

(a) natural gas in any municipality in which such person was not on the 1st day of April, 1933, supplying gas; or

(b) gas in any municipality in which such person was not on the 1st day of April, 1933, supplying gas and in which gas was then being supplied,

without the approval of the Ontario Energy Board, and such approval shall not be given unless public convenience and necessity appear to require that such approval be given.

Question:

Given that the requested Certificate of Public Convenience and Necessity has not yet been issued, please confirm that no work has been commenced related to the construction of facilities that are subject of this application and required to provide the new Maricann facilities with natural gas. If work has been commenced, please describe this work and its status in detail.

Response:

No construction of facilities work has been commenced required to provide the new Maricann facilities with natural gas. Considerable preparatory work has been completed including the ordering of materials. Maricann has requested a May 1st, 2018 date for first deliveries.

2. Reference:

OMLP Pre-filed Evidence, page 4 “The gas costs charged by Union to Maricann for natural gas supplied are higher than will be charged through the OMLP. Through the OMLP proposed arrangement there will be a significant financial advantage to both Maricann and ON.”

Question:

Please provide in a matrix format a comparative assessment of all alternatives considered. For each alternative, provide a breakdown of costs, in-service date and any other assessment criteria used in the evaluation. Please include details of the rates and terms and conditions of service associated with the assumed charges.

Response:

	OMLP	Union Gas Limited	EPCOR Utilities
Supply backup	CNG backup	No backup	No backup
In Service Date	May 1 st 2018. Subject to OEB approval April 1 st 2018	unknown	Unknown
Rate	Union M4 rate less 10%. Approximately \$6.20	M4 rate assumed. Approximately \$6.85	Unknown
Cost	No cost. Loan to construct joint facilities repaid at a rate of 1\$ per mcf consumed	Considerable cost anticipated in order to construct pipeline and facilities to serve customer	Considerable cost anticipated in order to construct pipeline and facilities to serve customer
Community impact	Locally produced natural gas with direct benefit to landowners in the form of increased royalties paid. Natural gas produced in jurisdiction where consumed, more benefit to local economy	Gas supply does not directly contribute to local landowners. Gas supply largely from outside jurisdiction and does not directly support local economy	Gas supply does not directly contribute to local landowners. Gas supply largely from outside jurisdiction and does not directly support local economy
Environment	Short transportation distance, minimal to no fuel shrinkage. No high volume hydraulic fracturing of wells to produce natural gas	Most gas supply travels long distances from outside jurisdiction with several stages of compression and fuel gas shrinkage. Some gas supply produced using high volume hydraulic fracturing techniques.	Most gas supply travels long distances from outside jurisdiction with several stages of compression and fuel gas shrinkage. Some gas supply produced using high volume hydraulic fracturing techniques

3. Reference:

OMLP Pre-filed Evidence, page 4 “The OMLP joint venture will have no negative effects on Ontario ratepayers and will benefit the municipality and result in more environmentally responsible natural gas use as opposed to purchasing gas that has originated in foreign jurisdictions.”

Questions:

- (a) Please confirm that the Ontario ratepayers referenced are all other customers of Union Gas and customers of EPCOR Natural Gas Limited Partnership.
- (b) Please provide details of the evidence that shows that the proposed operations will have no negative impacts on other Ontario ratepayers.
- (c) Please provide details of the evidence relied upon that proves that the proposed joint venture results in a more environmentally responsible use of natural gas.

Response:

- a) **Correct, that is our position, including any other gas customer in Ontario as well.**
- b) **There is no request for subsidies or ratepayers to bear any of the costs associated with the new facility built by OMLP.**
- c) **Locally produced gas necessarily means that associated transportation fuel costs, both environmental and monetary are mitigated, appropriately, where possible. High volume hydraulic fracturing can trigger potential environmental impacts associated with high water usage. No high volume hydraulic fracturing has been or will be used to complete any of the locally produced wells.**

4. Reference:

OMLP Pre-filed Evidence, page 5 "Other than a certificate of public convenience and necessity, the OMLP will have all requisite approvals required under all applicable laws to construct the entire project and facilitate the sale of gas directly from the OMLP to Maricann. These approvals include those required from the Ministry of Natural Resources and Forestry (MNRF), Technical Standards and Safety Authority (TSSA), Measurement Canada Weights and Measures and Norfolk County."

Questions:

(a) Please provide details of the approvals that have been obtained and have yet to be obtained from the Ministry of Natural Resources and Forestry, the Technical Standards and Safety Authority, Measurement Canada Weights and Measures, and Norfolk County.

(b) Please provide details of any environmental screenings and reviews that have been undertaken related to the proposed project.

Response:

- a) **MNRF:** At the time of writing, it was contemplated that the project could be required to provide some form of MNRF approvals and we were therefore committed to obtaining all such approvals. We currently do not envisage that any MNRF approvals are required for the project.

TSSA: The relevant facilities of the project will be inspected after works have been constructed.

Canada Weights and Measures: An application to become a contractor is in progress.

County: Approvals have been obtained from the County, Road excavation permit.

- b) It is our understanding that no provincial or federal environmental screening is required.

5. Reference:

OMLP Pre-Filed Evidence, page 6 “The ON group owns and operates approximately 150 natural gas wells and over 300 kms of existing pipeline infrastructure. This includes production previously operated by Tribute Resources Inc. (“Tribute”) and since assigned to ON in Norfolk county which Tribute acquired from Magnum Gas Corp. in 2014. The production from these 150 natural gas wells is currently sold into Union’s distribution system at three different locations.”

Questions:

- (a) Please provide details of how much production from the referenced natural gas wells will continue to be delivered to Dawn under existing M13 contracts for each of the next 10 years.
- (b) Please confirm that OMLP will not be supplying any other customers with natural gas from its wells.

Response:

a) It is anticipated that the current gas delivered to Union under the M13 agreement will be converted to a Gas Purchase Agreement (GPA) and the volumes anticipated for delivery under the GPA.

Year	Estimated Percentage of production delivered to Union Gas Limited	Estimated gas volume delivered to Union Gas Limited
2018	50	Up to 7 10 ³ m ³ /D
2019	10	Up to 1.4 10 ³ m ³ /D
2020	0	0
2021	0	0
2022	0	0
2023	0	0
2024	0	0
2025	0	0
2026	0	0
2027	0	0

b) At this time OMLP has no plans to supply any other customers with natural gas from its wells.

6. Reference:

OMLP Pre-filed Evidence, page 8 “The existing Maricann facility will be decommissioned and abandoned upon completion of the new facilities described herein as Phase 1 and Phase 2. The new Maricann Langton Facility will be a large consumer of natural gas and will be built in two phases of construction. Phase 1 will consist of a greenhouse growing operation and production facility. Phase 2 will consist of an additional greenhouse. Upon completion of phase 2 of the expansion and under peak operating conditions, the Maricann Langton Facility will require as much as 67 GJ per hour of natural gas. The OMLP Tie-in System will be sized to meet this peak hourly gas flow requirement.”

Reference:

OMLP Pre-filed Evidence, page 10 “The expanded Maricann Langton Facility has a need for the natural gas produced by OMLP in early 2018. As such, it would be preferable for the upgrades to the existing pipeline system and the Tie-in System described to be completed by November 30, 2017 at the latest to meet this requirement. Upgrades to the existing pipeline system are planned to run from August – October 2017. The proposed Tie-in System construction of works to supply gas to the Maricann Langton Facility is scheduled to commence in October and be completed in November 2017. This construction timeline is subject to the OEB approval of the Limited Franchise Certificate Application contained herein. If the OEB is unable to deal with this matter on an expedited basis it may be necessary for OMLP to arrange for compressed natural gas delivery to Maricann.”

Question:

Please provide an update to the timing of construction of the various phases of the expansion of Maricann’s greenhouse growing operation and production facilities.

Response:

4 Boilers at the Maricann facility are scheduled to be commissioned on May 1st, 2018. An additional 3 boilers are scheduled to be commissioned on July 1st, 2018. COGENS are scheduled to be commissioned in the Month of August 2018.

7. Reference:

OMLP Pre-Filed Evidence, page 8 “The existing pipelines and proposed Tie-in System which will form a part of the OMLP assets has sufficient physical gas transportation capacity to meet this requirement. ON’s existing production pipeline network consists of approximately 300 kms of pipelines spanning over 800 square kms in the geographic townships of Bayham, Houghton, Middleton, Charlotteville, North Walsingham and South Walsingham. The Elgin and Norfolk County pipeline network connects to Union’s high volume transmission system near Tillsonburg Ontario.”

Question:

Please provide details of the Certificates of Public Convenience and Necessity currently in place related to the pipeline related facilities OMLP has in place within the municipality of Norfolk County and the County of Elgin.

Response:

There are no Certificates of Public Convenience and Necessity currently in place. OMLP’s existing pipeline and related facilities are regulated by the Ministry of Natural Resources and Forestry, which does not require a Certificate of Public Convenience and Necessity or equivalent.

8. Reference:

OMLP Pre-Filed Evidence, page 12 “Secondly, the OMLP joint venture will allow Maricann access the volumes of gas it requires to expand and operate their Langton Facility. This expansion will create numerous jobs and other economic benefits to the local community. The OMLP Maricann service connection will operate independently and will have no impact on Union’s current or future rate payers.”

Question:

Please provide details of any cost estimates provided to the Maricann Group by Union Gas regarding the provision of natural gas service to the new greenhouse facility.

Response:

We would refer you to the Interrogatory response of Union in EB-2017-0108, a copy of which is attached (Attachment 1). As noted, Maricann made the decision to purchase locally produced gas during the summer of 2017. Subsequently, Union, provided the attached Feasibility Estimate for interruptible service only (Attachment 2).

9. Reference:

OMLP Pre-Filed Evidence, page 12 "The OMLP joint venture, if granted a geographically limited certificate will have the capability of supplying Maricann with all required gas volumes, both pre- and post-expansion with existing Ontario gas well reserves, existing pipeline networks and the addition of the proposed Tie-in System."

Question:

Please provide details of what gas volumes and pressure requirements OMLP will be providing to the Maricann facilities pre-expansion.

Response:

The initial phase of the Maricann facility will require gas volumes at up to 1,300m³/hr with a minimum pressure requirement of 35kPa. OMLP will be providing the majority of these gas volume requirements from the existing pipeline network. As Maricann volume requirements increase, OMLP will tie-in incremental local gas production.

UNION GAS LIMITED

Answer to Interrogatory from OM Limited Partnership

Reference: Application of Union Gas Limited, p.3

"Union now applies to the Ontario Energy Board for an Order pursuant to Section 8 of the Municipal Franchises Act cancelling and superseding those parts of Certificate of Public Convenience and Necessity F.B.C. 259 related to the former County of Norfolk and those parts of Certificate of Public Convenience and Necessity E.B.C. 111 and 119 related to the former Township of Norfolk that were in the former Townships of Houghton, Middleton, North Walsingham and South Walsingham and replacing them with utility-specific Certificates of Public Convenience and Necessity for Norfolk County."

Questions:

- (a) Please provide any documentation in Union Gas' possession showing that Union has a certificate of public convenience and necessity over the North half of Lot 2 Concession 7 in the geographic Township of North Walsingham.
- (b) Please confirm that Union currently has inadequate gas supply infrastructure in place to supply the new Maricann facility.

Response:

- (a) As is noted in Union's Application at Schedule A, Certificate of Public Convenience and Necessity FBC 259 allows Union to construct works to supply and to supply gas in each of the municipalities listed excluding specific areas listed in Schedule A to FBC 259. Schedule A to FBC 259 specifically excludes "all of Lots 1 to 5 both inclusive in Concessions 7 and 8" within the former Township of North Walsingham.
- (b) According to OMLP's letter dated July 28, 2017 requesting intervenor status in this proceeding, the MariCann greenhouse facility is currently under construction on Concession Road 8 in Norfolk County. Union Gas was contacted originally in 2016 regarding providing 20,000,000 BTU per hour gas service which Union could accommodate with the condition that Union would be able to reinforce the system to accommodate future requirements for the MariCann facility and area residents.

In December 2016, the request for service to the MariCann facility was increased to 51,000,000 BTU per hour although, as of May 2017, there had not been any confirmation of the load requirement to allow Union to complete required additional engineering analysis to

determine how best to provide the requested Rate M2 service and other services (e.g., demand side management programs).

Given the uncertainty of the actual load requirements, it is not clear whether current infrastructure is adequate or what additional facilities would be required.

When Union visited the MariCann facility site in August 2017, the MariCann project manager informed Union that they had decided to buy the company operating the gas well adjacent to the property where the new greenhouse is getting built and that they were in the process of applying to the OEB to secure certificate rights to supply their own gas.



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Attachment 2 to EB-2017-0289 Union IRR

February 16, 2018

Maricann Group Inc.

Feasibility Estimate: Install New Natural Gas Service

Jeff Ayotte
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519-550-4624
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Service Address:
138 8th Concession Road
Langton, ON

Project Description:

- Install 4 km of 4" and 0.2 km of 6" steel pipe for main line
- Install new customer station with telemetry
- Install 490 meters of 6" steel and plastic service

Summary

Union Gas has estimated the service parameters to be used for this project (shown below):

Item	Service Parameters
Delivery Pressure (kPa)	70
Firm Hourly Quantity (m ³ /hour)	0
Interruptible Hourly Quantity (m ³ /hour)	1,795
Maximum Hourly Quantity (m ³ /hour)	1,795
Firm Daily Demand (m ³ /day)	N/A
Interruptible Daily Demand (m ³ /day)	TBD
Firm Minimum Annual Volume (m ³ /year)	N/A
Interruptible Minimum Annual Volume (m ³ /year)	TBD
Estimated Annual Volume (m ³ /year)	TBD

Equipment List (and rating):

To be provided.

Construction Details

In order to accommodate the customer load of **1,795 m³/h**, (firm or Interruptible) the following is required:

TBD.

- Identify scope of work (service, station, distribution/transmission reinforcement)
- Install 4 km of 4" and 0.2 km of 6" steel pipe for main line
- Install new customer station with telemetry
- Install 490 meters of 6" steel and plastic service

Estimated Cost

The feasibility estimate to complete the work above is:

Item	Cost
Customer Station	\$383,806
Service	\$73,620
Main Line	\$850,877
Total	\$1,308,303

This is a high-level estimate, the accuracy of this cost estimate is within a tolerance of +40%/-25%. Union Gas does not reserve any capacity on the system for feasibility estimates.

If you decide to proceed with the project, Union Gas will complete a more detailed engineering analysis before a budget estimate can be completed. It generally takes an additional 6-8 weeks to complete a budget estimate from the date the customer confirms to proceed. Depending on the complexity of the project, more time may be required.

Customer Requirements

For all new telemetry installations, the customer is to provide the following to the interface cabinet:

- Dedicated analogue phone line
- 15 amp 120V AC circuit with #12 ground wire back to source

Note: All distribution contracts require a telemetry installation.

In addition, Union Gas will require final confirmation of the listed parameters and a site plan of the facility by the aforementioned date.

In-Service Date

Union Gas will also need confirmation of the requested in-service date.

While commercially reasonable efforts will be expended in order to achieve the proposed in-service date, there is no guarantee that such in-service date will be achieved. Below is the information that we currently have on file:



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Attachment 2 to EB-2017-0289 Union IRR

Requested In-Service Date
TBD

Please note that any changes to the originally requested parameters Union Gas will need to start a new analysis and this may ultimately impact Union Gas' ability to meet the requested in-service date.

Additional Notes

The above estimate is based on the current state of the system. The requirements to serve the projected load may change between the time that this analysis was done and when the budget estimate is completed.

Some of the costs above may be mitigated through long-term contracting depending on the distribution contract parameters that are ultimately agreed to.

A credit review will be completed for the entity that enters into a contract with Union Gas. Depending on the outcome of that credit review, a cash deposit or letter of credit may be required. The deposit amount (if required) will be determined after a review of the construction costs and potential exposure related to the distribution and/or bundled transportation contracts.

Next Steps

If you wish to proceed with a more detailed budget, please advise Union Gas by the 28th of February, 2018 in order for Union Gas to achieve the desired in-service date

Dated: **February 16, 2018**

All inquiries regarding this proposal should be directed to:

John Squazzin

Greenhouse Account Manager

Union Gas Limited | An Enbridge Company

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