



EB-2018-0013

Union Gas Limited

Application for leave to construct a natural gas transmission pipeline and associated facilities in the Town of Lakeshore and the Town of Kingsville in the County of Essex

PROCEDURAL ORDER NO. 2

June 25, 2018

Union Gas Limited (Union Gas) applied to the Ontario Energy Board (OEB) under s.90(1) of the *Ontario Energy Board Act, 1998* for an order granting leave to construct approximately 19 kilometres of natural gas transmission pipeline in the Town of Lakeshore and the Town of Kingsville in the County of Essex (Kingsville Transmission Reinforcement Project or the Proposed Project).

The OEB issued a Notice of Hearing on March 21, 2018. Building Owners and Managers Association, Greater Toronto (BOMA), Industrial Gas Users Association (IGUA) and the Ontario Greenhouse Vegetable Growers (OGVG) applied for and were granted intervenor status and cost eligibility.

The OEB issued Procedural Order No. 1 on April 23, 2018 setting the timeline for interrogatories. OEB staff and IGUA delivered written interrogatories. Union Gas filed responses to the interrogatories on May 22, 2018.

After reviewing Union Gas' evidence and interrogatory responses, the OEB has determined that it requires additional information from Union Gas on three issues:

1. Long-term system expansion plans for the Panhandle System
2. Multiple needs served by the Proposed Project
3. Economics of the Proposed Project

The questions under each of the three issues are attached as Appendix A to this Procedural Order.

The OEB will determine the type of hearing it will conduct in this proceeding following its review of Union Gas' responses to the questions in Appendix A.

IT IS THEREFORE ORDERED THAT:

1. Union Gas shall file with the OEB and deliver to the intervenors complete written responses to the questions set out in Appendix A by **July 9, 2018**.

All filings to the Board must quote the file number, EB-2018-0013 and be made electronically in searchable / unrestricted PDF format through the OEB's web portal at <https://pes.ontarioenergyboard.ca/eservice/>. Two paper copies must also be filed. Filings must clearly state the sender's name, postal address and telephone number, fax number and e-mail address. Parties must use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at <https://www.oeb.ca/industry>. If the web portal is not available parties may email their documents to the address below. Those who do not have internet access are required to submit all filings on a CD in PDF format, along with two paper copies. Those who do not have computer access are required to file 7 paper copies.

All communications should be directed to the attention of the Registrar at the address below, and be received no later than 4:45 p.m. on the required date.

ADDRESS

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4
Attention: Board Secretary

E-mail: boardsec@oeb.ca
Tel: 1-888-632-6273 (Toll free)
Fax: 416-440-7656

DATED at Toronto, June 25, 2018

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A Panel Questions

ISSUE #1: Long-term system expansion plans for the Panhandle System

Q1: Does Union Gas have any further work planned on the Panhandle System in the next 5 years that would require OEB approval under section 90 of the *Ontario Energy Board Act, 1998* (leave to construct approval)? Please provide details. If further applications are planned, please explain how the Kingsville Transmission Reinforcement Project may change if this project were considered in conjunction with future work.

Q2: How will Union Gas ensure that the demand forecast for each planned capital expansion project will be unique, to avoid double counting the same incremental demand across distinct leave to construct applications?

ISSUE #2: Multiple needs served by this project

Q3: In Union Gas' opinion, will this project serve distribution needs in addition to transmission needs?

Q4: The OEB's "Guidelines on the Economic Tests for Transmission Pipeline Applications" define a transmission pipeline as "any planned or proposed pipeline project that would provide transportation services to move natural gas on behalf of other shippers within Ontario".¹ What is Union Gas' understanding of the applicability of this definition to the proposed Kingsville Transmission Reinforcement Project?

Q5: Please confirm whether the demand forecast supporting this application is incremental to the demand forecast approved by the Panhandle Reinforcement decision (EB-2017-0118). If it is not incremental, please explain.

Q6: Please provide the proposed incremental pipeline capacity allocated to:
i) general service customers on the Panhandle System ii) contract customers (i.e. including shippers) on the Panhandle System iii) new contract distribution greenhouse customers to be served by the new pipeline.

Q7: Please identify all of the costs that new contract customers will be required to pay to connect to Union Gas' system, including both one-time and ongoing costs.

Q8: What percentage of the benefits resulting from the Kingsville Transmission Reinforcement Project accrue to the overall system, as opposed to contract rate customers? Explain any assumptions or supporting calculations.

¹ Filing Guidelines on the Economic Tests for Transmission Pipeline Applications (EB-2012-0092)

ISSUE #3: Economics of the Proposed Project

Q9: If the OEB were to require Union Gas to collect a contribution-in-aid-of-construction in order to increase the project's profitability index to 0.8, what would Union propose? Please explain the rationale.