



Ontario Energy Board LTC Guidelines Initiative (EB-2008-0280)

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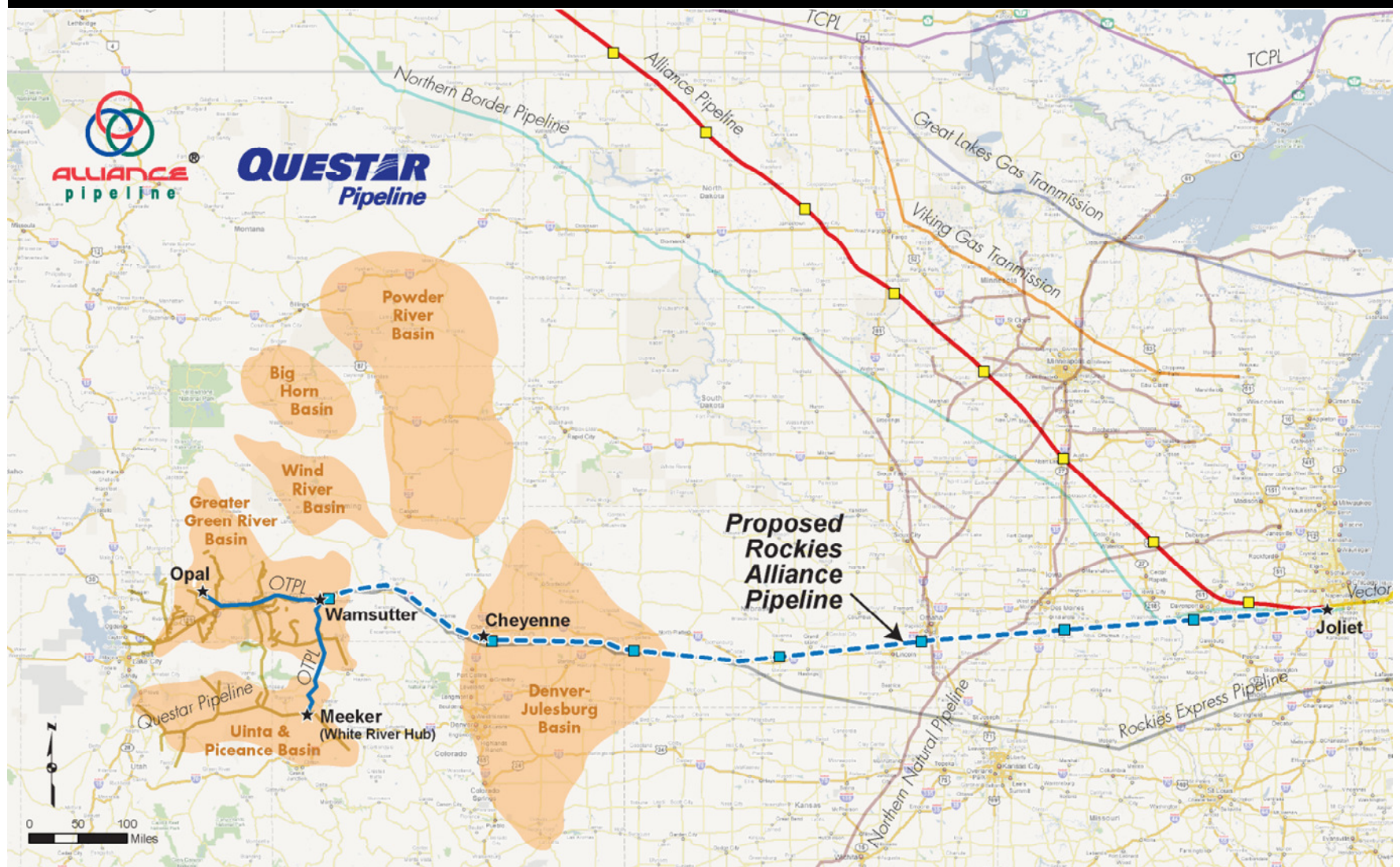
Background

- Alliance Pipeline
 - 3,000 km 36-inch integrated, high pressure natural gas transmission system
 - 730 km 42-inch lateral pipeline system
 - Serving Chicago market and Dawn market via interconnection with Vector Pipeline
- Rockies Alliance Pipeline
 - Proposed 1750 km 42-inch pipeline connecting U.S. Rockies supply basin to Chicago market hub and markets further downstream

Alliance Pipeline System



RAP Route



--- Proposed New Facilities

— Existing Facilities

■ Proposed Compression Facilities

Pipeline Infrastructure Development

- Provides access to new supply basins
- Provides access to expansion and growth of existing supply basins
- Debottlenecks capacity to existing supply basins
- Supply push and market pull dynamics
 - Security of supply / market
 - Supply / market diversity
 - Supply basin / market hub pricing

Infrastructure Requirements

- Project financing requires underpinning with long term contracts
 - Typically 10 – 15 year terms
- Credit worthy counter parties
 - Increased emphasis on financially sound entities with strong credit in current economic environment
- Historic project support - balance of supply push and market pull shippers
 - Producer focus often on closest liquid market hub
 - Marketer / industrials reluctant to enter into long-term obligations
 - LDC franchise area representative of growing physical market demand

OEB LTC Guidelines

- Facilitate continued functioning of competitive natural gas pipeline landscape
- Allow market forces to dictate development of economically justified natural gas supply and transportation infrastructure
- Long term contracting for transportation is an important role in a working market place
- Predictability of regulatory oversight will foster market stability and investor confidence in new infrastructure projects
- Pre-approval timing:
 - Duration between open season and PA execution is typically 90 to 180 days

Contacts

- Brian Troicuk
 - Manager, Regulatory Affairs
 - 403-517-6354
 - brian.troicuk@alliance-pipeline.com
- Eric Besseling
 - Director, Business Development
 - 403-517-6551
 - eric.besseling@alliance-pipeline.com