

May 2, 2017

## Chatham-Kent Rural Pipeline Expansion Project Expression of Interest and Bid Form

To serve a growing demand for natural gas in the Chatham-Kent area, Union Gas Limited. (“**Union Gas**”) is pleased to announce this Expression of Interest to expand the existing natural gas system in Chatham Kent.

The potential expansion facilities include a new 20-kilometre 8-inch diameter pipeline from the “Panhandle System” in the Tupperville area, along Base Line to east of Dresden to Kent Bridge Road and south along Kent Bridge Road to Kent Bridge, as well as a 500-metre, 12-inch diameter pipe near Dover Centre (see attached map on page 3).

This Chatham-Kent Rural Pipeline Expansion Project (the “**Project**”) could provide up to 75,000 m<sup>3</sup>/hour of additional capacity to serve new and existing business customers in this rural, under-serviced area, depending upon location. Assuming an average capacity need of less than 100 m<sup>3</sup>/hour per acre of greenhouse, the potential Project could meet the gas needs of an equivalent of over 750 acres of new greenhouse demand and could be in-service beginning as early as fall 2018 or 2019.

The development of this Project is contingent on sufficient market support, approval of the Project by the Ontario Energy Board (“**OEB**”) and provincial funding support. If sufficient demand exists, Union Gas, with the support of the Municipality of Chatham-Kent, will be applying for funding from the Ontario government’s [Natural Gas Grant Program](#), with the goal of making the Project economically viable for customers in the area. Assuming the Project is successful in obtaining adequate funding and sufficient customer interest is expressed, the estimated transmission capacity cost allocation for new customers would be in the range of \$250 - \$350 per m<sup>3</sup>/hour. This allocation does not include the individual customer specific costs that are required to serve each customer such as station costs, service lateral costs and any other main extensions required. This allocation is meant to address the facilities shown on the attached map (page 3). The customer allocation and any customer specific service costs will be covered by a combination of a long term contract and/or an Aid to Construct.

Union Gas will consider the size and location of all requests for incremental (new) capacity in designing the optimal facilities. The final design may differ from the initial proposal. If insufficient customer interest or required provincial funding is not forthcoming, the Project would not likely proceed as proposed.

Capacity would be available for the following services, depending on market support:

1. New firm distribution service
2. Conversion of existing interruptible distribution service to firm service
3. New interruptible distribution service

The purpose of this non-binding Expression of Interest process is to gauge potential customer

interest in the area and consolidate it in order to optimize the facilities design.

This Expression of Interest process closes, and completed Expressions of Interest Bid Forms are due, no later than **12:00 p.m. EDT on May 23, 2017.**

### **Service Description and Details**

1. As this Project requires a significant capital investment, the term of the customer's natural gas distribution contracts will be at least five years and up to 20 years; and/or may include upfront payments for capacity and/or surcharges to current posted rates. The facilities, rates and services included in this Expression of Interest will be subject to OEB approval, securing adequate government funding, and sufficient interest being received to justify this Project.
2. Submitting an Expression of Interest:  
If you wish to participate in this Expression of Interest in the **Chatham-Kent Rural Pipeline Expansion Project**, please complete, sign and return the attached non-binding Expression of Interest Bid Form via email to [ckexpansion@uniongas.com](mailto:ckexpansion@uniongas.com). Completed forms must be returned on or before 12 p.m. EDT on May 23, 2017

### **Expression of Interest Process and Bid Form**

This process is designed to gauge interest in this Project and to assist Union Gas with determining the optimal facility design requirements to meet market needs. Union Gas will acknowledge receipt of all Bid Forms by email on or before 4 p.m. EDT on May 23, 2017. Union Gas in its sole discretion reserves the right to reject any and all proposals received. The returned Bid Forms will be time-stamped by the date on the email.

If one of the services mentioned above is sold out, and capacity is still available for the other service(s), Union Gas reserves the right to contact the next customer in line based on the received date and time to offer this customer one of the unsold services. If all of the services mentioned above are sold out, Union Gas reserves the right to prorate the capacity amongst the successful participants.

Any suggested contractual Condition(s) Precedent that the customer proposes should be clearly articulated and attached to the Bid Form as it will be considered during the capacity allocation process.

Union Gas anticipates allocating capacity to successful bidders no later than June 21, 2017. Successful bidders will then be asked to commit to the capacity by executing a Letter of Indemnity or a Union Gas Distribution Contract on or before July 13, 2017.

If you have any questions about the Chatham-Kent Rural Pipeline Expansion Project, please contact your account manager or one of the following:

Paul Rikley, Account Manager  
Greenhouse Markets  
(519) 436-4676  
[prikley@uniongas.com](mailto:prikley@uniongas.com)

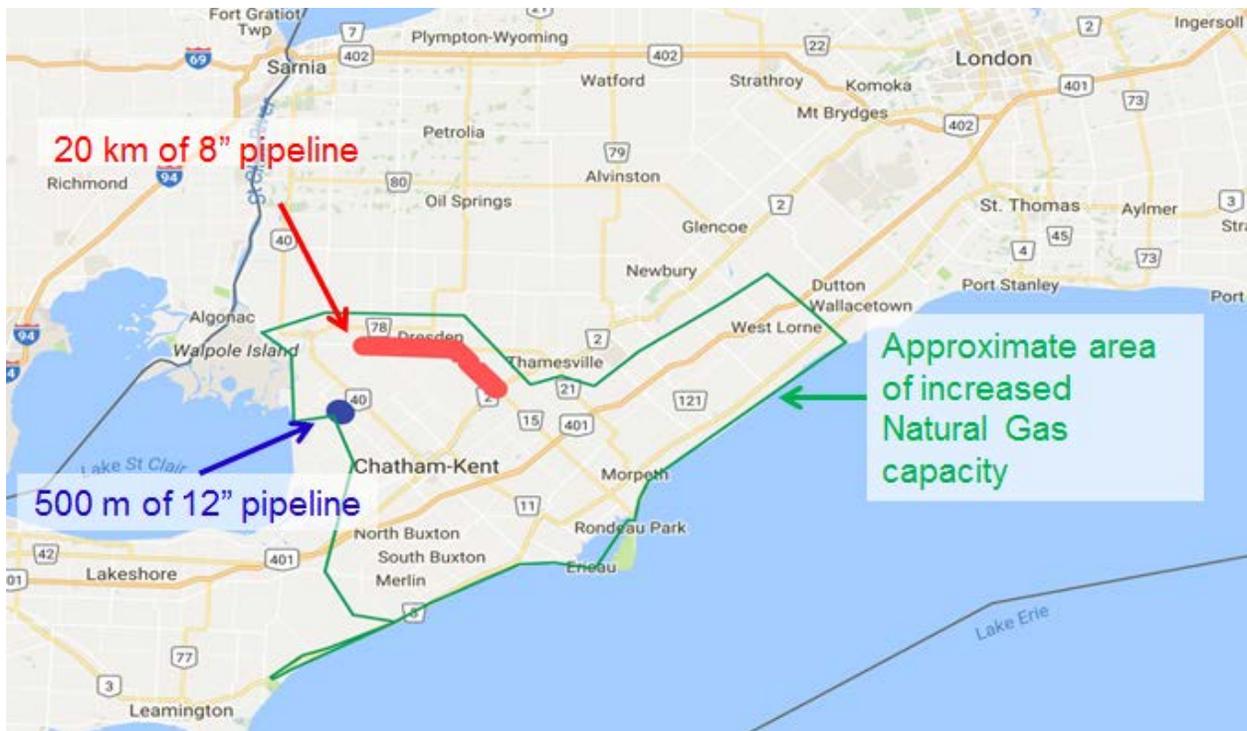
Andy Duquette, Account Manager  
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(519) 436-5298  
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John Squazzin, Account Manager  
Greenhouse Markets  
(519) 436-5478  
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Matt Ciupka,  
Industrial Account Manager  
(519) 436-4597  
[mciupka@uniongas.com](mailto:mciupka@uniongas.com)

### **Map of Potential Facilities**

Note: Customer economics improve with proximity to the potential facilities. For a more detailed map of the existing and potential natural gas pipeline facilities near your property or potential business location, please contact an Account Manager.



**Expression of Interest Non-Binding Bid Form:**

Please complete, sign and return this Expression of Interest Non-Binding Bid Form ("**Bid Form**") on or before **12:00 p.m. EDT on May 23 2017**, via email to [ckexpansion@uniongas.com](mailto:ckexpansion@uniongas.com)

Based on the responses received through this Bid Form, Union Gas will be able to define the optimal facility design requirements to support market needs. Union Gas will determine whether or not to proceed with the Project, as proposed or with different facilities, or not at all, based on the assessment of the results from this signed Bid Form. Customers may only submit one Bid Form per property. Aggregated responses will be used to support the NGGP funding application.

Property address: \_\_\_\_\_  
911 address X,Y (if known)

**New firm natural gas needs.** An increase of existing firm gas needs at the current location (i.e. new equipment, new processes, new greenhouse), or a new firm gas load as a result of a new build.  
 New firm distribution service, requesting \_\_\_\_\_ m<sup>3</sup>/hr.  
 Start Date:  Nov 1, 2018 or \_\_\_\_\_ (mmm/dd/year)

**Conversion from interruptible distribution service to firm distribution service.** The amount of firm distribution service you need net of any existing firm distribution service.  
 Conversion of interruptible distribution service to firm service, requesting \_\_\_\_\_ m<sup>3</sup>/hr.  
 Start Date:  Nov 1, 2018 or \_\_\_\_\_ (mmm/dd/year)

**New interruptible distribution service.**  
 New interruptible distribution service, requesting \_\_\_\_\_ m<sup>3</sup>/hr.  
 Start Date:  Nov 1, 2018 or \_\_\_\_\_ (mm/dd/year)

Total Incremental distribution service capacity (New firm + conversion + new Interruptible): \_\_\_\_\_ m<sup>3</sup>/hour.

Customer Conditions Precedent: If the Customer's Expression of Interest is subject to Conditions Precedent, please detail them here. Attach a separate page if necessary.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Customer's legal name: \_\_\_\_\_

Representative Name: \_\_\_\_\_  
Please Print Signature

Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Dated this \_\_\_\_ day of \_\_\_\_\_, 2017