



PUBLIC INTEREST ADVOCACY CENTRE

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July 9, 2013

VIA E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

**Re: EB-2013-0074 – Written Submissions of
Vulnerable Energy Consumers Coalition (VECC)**

As per Procedural Order No. 5, we have attached the written submission of VECC in the above-noted proceeding. As requested we have also directed a copy to all parties via email.

Thank you.

Yours truly,

A handwritten signature in black ink, appearing to read 'Michael Janigan', is written over a thin horizontal line.

Michael Janigan
Counsel for VECC

cc: All parties – via email

Submissions by VECC

The evidence pre-filed by Union in the EB-2013-0074 proceeding indicates the following:

- (i) Production from the Western Canadian Sedimentary Basin (WCSB), a traditional source of supply for eastern markets, has peaked and is in decline.¹
- (ii) This combined with increased use of natural gas by customers in Alberta has resulted in significant decreases in volumes transported from the WCSB to eastern markets on the TCPL Mainline and decreases in utilization of the pipelines serving eastern markets.²
- (iii) Currently, Alberta has less than 5 Bcf/d available for export and this rate is expected to decline to less than 2 Bcf/d by 2021.³
- (iv) TCPL tolls from Empress to serve eastern markets have roughly doubled from 2007 to 2011.⁴
- (v) New shale gas supplies, closer to eastern markets from the Marcellus and Utica deposits, are being developed in an environment of historically low gas commodity prices.

VECC accepts Union's description of market changes and submits that diversifying sources of gas for Northern Ontario and Eastern customers is beneficial to said customers.

VECC submits that gas customers in Eastern Canada are subject to both a supply risk related to the decline in traditional WCSB supplies available for export and to price risk due to the rapidly increasing TCPL tolls that are incurred in transporting WCSB gas from Empress and eastward.⁵

Therefore, VECC submits that it is in the public interest to diversify supply sourcing by allowing for incremental volumes to be transported from Parkway to Maple.⁶

VECC further submits that it would not be economically efficient for Union, on its own or with a partner, to build a pipeline from Parkway to Maple given that such a pipeline would

¹ See EB-2013-0074, Section 4, included in Union's Motion Record at Tab 5.

² Ibid

³ Ibid

⁴ Ibid

⁵ Further, TransCanada is removing pipeline available to serve Northern and Eastern customers in its crude oil pipeline conversion plans.

⁶ Union estimates that gas customers of its own and of Gaz Metro will save \$103M - \$138M annually due to transporting cheaper commodity on a short haul basis from Dawn, from there to Parkway, and on to Maple. Also, there would be a reduction of supply risk under this scenario.

duplicate Segment A of EGD's proposed build, from Bram West (near Union's proposed Parkway West Station) to the Albion Road Station. Such an unnecessary duplication of infrastructure – running two high pressure transmission lines basically alongside each other from Parkway to Albion – is clearly inefficient in comparison with the obvious alternative of running a single, higher capacity pipeline along the same route.

VECC believes that such a single pipeline alternative should be of capacity such that both existing and incremental demands could be met.

However, VECC notes that the Segment A build now proposed by Enbridge Gas Distribution (EGD) and TransCanada (TC) will decrease the pipe from NPS 42 to NPS 36 and that the reduced capacity available from the smaller pipe will provide capacity only to EGD and TC. Further, the allocation of the now-reduced capacity was not made pursuant to an open season but rather pursuant to the amended January 28, 2013, Memorandum of Understanding between EGD and TC.⁷

VECC submits that for the sake of efficiency, the Segment A pipeline should be sized to accommodate the incremental volumes that Union and Gaz Metro seek to transport from Parkway to Albion. VECC also submits that approval of the current proposal to use NPS 36 for this build should therefore be denied approval by the Board in favour of using the higher capacity NPS 42 for the project.

VECC further submits that, pursuant to section 2.1.2 of the Storage and Transportation Access Rule (STAR), an open season for capacity on Segment A sized as NPS 42 should be held as soon as practicably possible. Notwithstanding the provisions of section 1.7.1 of the STAR, VECC believes that would be contrary to the public interest for the Board to relieve Enbridge of its obligation to hold an open season under section 2.1.2.

For the above reasons, VECC supports Union in its Motion.

*****End of Document*****

⁷ VECC notes that in its parallel 2012 open season conducted by TC, both Union and Gaz Metro bid for incremental volumes of 110,000 and 258,000 GJ/d respectively.