

SEPTEMBER 11, 2013 UPDATE

Introduction

1. This Schedule will update information related to this application. The purpose of this evidence is to report the results of the New Capacity Open Season for Segment A and to describe the impact of a negotiated settlement agreement between the Eastern LDCs¹ and TransCanada on the application.

Changes to the Application and Evidence

2. There are no changes to the Application.
3. Other parts of the evidence will not be updated as the information does not alter the previously submitted record with respect to the proposed facilities, need for the proposed facilities, or the timing required for the in-service dates.

Open Season Update

4. The New Capacity Open Season for transportation service from Parkway West to Albion closed on September 6th, 2013. The total capacity requested was over 930 TJ/d, including an allocation of 170 TJ/d for Enbridge Eastern Delivery Area (“EDA”). The Company proposes to award capacity after the NEB approves the requisite applications for tolls and associated terms and conditions for market access and for the facilities downstream of Albion required for transport services.

Impacts of the agreement to the GTA Project

5. The agreement includes specific terms that remove uncertainty with respect to the facilities downstream of Albion that are related to, but not part of, this application. A term sheet (the “Term Sheet”) was filed in confidence by Union on behalf of the Eastern LDCs on September 11, 2013 that outlines the agreed upon terms.

¹ The Eastern LDCs consist of Enbridge, Union Gas and Gaz Metro.

6. The agreement allows for long term toll stability with a reasonable assurance of cost recovery that allows for investment in the Mainline to meet the market needs within Ontario and Quebec. This enables a path forward for TransCanada to create short haul market access by completing the path downstream of Albion for service in 2015.
7. Previously, TransCanada, Enbridge, Union Gas and Gaz Metro were litigating in seven different hearings, across three different jurisdictions. The agreement provides regulatory efficiency and clarity and a co-operative approach to meeting the needs of gas customers. The Term Sheet supercedes the Memorandum of Understanding (“MOU”) between Enbridge and TransCanada and TransCanada has released Enbridge from TransCanada’s claim in the Superior Court of Ontario. The submission was filed by Union on September 11, 2013 lists other proceedings or interventions on several NEB and OEB hearings that will be withdrawn.
8. With the agreement, a non-discriminatory and orderly transition from long haul to short haul can be effectively planned by the market. The absence of a coordinated plan has the potential to create winners and losers based on historical procurement decisions and locational advantages, with some consumers having no choice but to source from non-preferred basins, or not consume natural gas. A joint agreement for orderly non-discriminatory market access to short haul service is the best way forward for consumers in Ontario and Quebec.
9. It is expected that the tolling methodology will result in similar toll differentials between long haul and short haul relative to the Compliance Filing tolls currently in effect on the TransCanada Mainline. Consequently the expected gas supply benefits should not be materially altered.

10. The construction of facilities downstream of Albion, will be subject to NEB approval, after such process and consideration as the NEB deems appropriate.

11. In summary, the agreement will facilitate a fair and orderly market transition that allows Eastern LDC ratepayers to benefit from a strategic shift in supply points that has been enabled by the changing North American energy landscape. In doing so, it also removes significant uncertainty on the facilities downstream of Albion on the transmission system that are related to, but not part of this application.