**TransCanada PipeLines Limited Response to
Gaz Métro Interrogatory #1**

Reference: Supplemental Evidence of TransCanada Pipelines Limited dated August 16, 2013 (**TransCanada's Supplemental Evidence**), page 3, lines 11 and 12

Preamble: TransCanada affirms:

"TransCanada has given notice to Union and Gaz Metro that they too proceed in the face of TransCanada's contractual rights in relation to Segment A."

Request:

a) Please provide a copy of the notice to which TransCanada refers in the preamble.

Response:

(a) Please refer to GMI 1A Attachment 1.

Blakes

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
340 Albert Street, Suite 1750
Constitution Square, Tower 3
Ottawa ON K1R 7Y6 Canada
Tel: 613-788-2200 Fax: 613-788-2247

Gordon Cameron
Partner
Dir: 613-788-2222
gord.cameron@blakes.com

BY COURIER

August 16, 2013

Enbridge Gas Distribution Inc.
500 Consumers Road
Toronto, ON
M2J 1P8

Attn: Ms. Malini Giridhar
Vice-President, Gas Supply

Re: Memorandum of Understanding dated January 28, 2013, as amended, between Enbridge Gas Distribution Inc. (Enbridge) and TransCanada PipeLines Limited (TransCanada)

We are writing in our capacity as counsel for TransCanada PipeLines Limited (TransCanada) in relation to the above-captioned Memorandum of Understanding (MOU) regarding the ownership and use of a natural gas pipeline in the western Greater Toronto Area, which pipeline is known by the parties as "Segment A".

The MOU obliges Enbridge to make available to TransCanada, exclusively and indefinitely, all of the capacity on Segment A that is not required by Enbridge for its distribution requirements. This capacity is to be made available to TransCanada as transportation capacity that TransCanada may use as part of its integrated natural gas transmission system for the benefit of its shippers.

By its letter dated July 10, 2013, Enbridge purported to terminate the MOU. As you know, TransCanada has not accepted the repudiation by Enbridge of the MOU and is insisting on its performance by Enbridge. TransCanada has commenced an action in the Ontario Superior Court for specific performance of the MOU.

We understand that Enbridge is now proceeding with an "open season" to offer transportation capacity on Segment A to any person wishing to obtain it (the Enbridge Open Season). Given that Enbridge is aware that TransCanada is seeking specific performance of the MOU, Enbridge will be aware that it is proceeding at its peril in conducting the Enbridge Open Season, entering in into any subsequent arrangements with potential shippers on Segment A, or constructing Segment A other than in accordance with the MOU. Any obligations that Enbridge undertakes to other shippers in relation to Segment A will be subservient to Enbridge's obligations to TransCanada, and Enbridge will be responsible to contend with such liabilities or expenses incurred through dealings with other shippers or construction of Segment A otherwise than in accordance with the MOU.

Potential shippers on Segment A, and Union Gas Limited and Société Enbridge commandite Gaz Métro in particular, are aware, through regulatory proceedings at the Ontario Energy Board and the National Energy Board, of TransCanada's prior and exclusive claim to transportation capacity on Segment A for the benefit of its shippers. Nonetheless, TransCanada will be taking steps to protect its interests in the MOU by making those interests known both publicly and directly to potential respondents to the Enbridge Open Season.

Yours very truly,

G. Cameron

BLAKE, CASSELS & GRAYDON LLP

Gordon Cameron

EB-2012-0451, EB-2012-0433, EB-2013-0074

Blakes

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
340 Albert Street, Suite 1750
Constitution Square, Tower 3
Ottawa ON K1R 7Y6 Canada
Tel: 613-788-2200 Fax: 613-788-2247

Gordon Cameron
Partner
Dir: 613-788-2222
gord.cameron@blakes.com

BY COURIER

August 16, 2013

Société commandite Gaz Métro
1717 rue de Havre
Montréal, QC
H2K 2X3

Attention: Mr. Patrick Cabana
Vice-President

Dear: Mr. Cabana

Re: Enbridge Gas Distribution Inc. ("Enbridge") Albion Pipeline open season

We are writing in our capacity as counsel for TransCanada PipeLines Limited (TransCanada) in relation to the "open season" that Enbridge commenced on July 24, 2013, closing on September 6, 2013 (the Open Season). Through the Open Season, Enbridge is offering natural gas transportation on the pipeline for which Enbridge's is seeking leave to construct in current proceedings before the Ontario Energy Board (where it is known as "Segment A" of Enbridge's GTA Project).

We understand that Gaz Métro is a potential bidder into the Open Season, with a view to acquiring transportation capacity on Segment A.

As Gaz Métro is aware from proceedings in which it is involved at the Ontario Energy Board and the National Energy Board, there is a binding Memorandum of Understanding (MOU) between TransCanada and Enbridge in relation to Segment A. The MOU obliges Enbridge to make the transportation capacity on Segment A available exclusively to TransCanada for TransCanada's use in providing its shippers with transportation services on the TransCanada Mainline.

Gaz Métro is also aware that, while Enbridge has purported to terminate the MOU, TransCanada is insisting on performance of the MOU by Enbridge. We can advise that TransCanada has commenced an action in the Ontario Superior Court for specific performance of the MOU.

Your legal counsel will confirm that, if TransCanada's position on the enforceability of the MOU is upheld by the Court, as we fully expect it to be, any contractual rights that Gaz Métro might purport to acquire from Enbridge for transportation capacity on Segment A will be null and void.

Blakes

Accordingly, Gaz Métro stands on notice of TransCanada's rights in this matter.

Yours very truly,

ORIG. BY G. CAMERON

BLAKE, CASSELS & GRAYDON LLP

Gordon Cameron

cc. Malini Giridhar
Vice-President, Gas Supply
Enbridge Gas Distribution Inc.

Blakes

Blake, Cassels & Graydon LLP
Barristers & Solicitors
Patent & Trade-mark Agents
340 Albert Street, Suite 1750
Constitution Square, Tower 3
Ottawa ON K1R 7Y6 Canada
Tel: 613-788-2200 Fax: 613-788-2247

Gordon Cameron
Partner
Dir: 613-788-2222
gord.cameron@blakes.com

BY COURIER

August 16, 2013

Union Gas Limited
50 Keil Drive
Chatham, ON
N7M 5M1

Attention: Mr. Mark Isherwood
Vice-President

Dear: Mr. Isherwood

Re: Enbridge Gas Distribution Inc. ("Enbridge") Albion Pipeline open season

We are writing in our capacity as counsel for TransCanada PipeLines Limited (TransCanada) in relation to the "open season" that Enbridge commenced on July 24, 2013, closing on September 6, 2013 (the Open Season). Through the Open Season, Enbridge is offering natural gas transportation on the pipeline for which Enbridge's is seeking leave to construct in current proceedings before the Ontario Energy Board (where it is known as "Segment A" of Enbridge's GTA Project).

We understand that Union Gas is a potential bidder into the Open Season, with a view to acquiring transportation capacity on Segment A.

As Union Gas is aware from proceedings in which it is involved at the Ontario Energy Board and the National Energy Board, there is a binding Memorandum of Understanding (MOU) between TransCanada and Enbridge in relation to Segment A. The MOU obliges Enbridge to make the transportation capacity on Segment A available exclusively to TransCanada for TransCanada's use in providing its shippers with transportation services on the TransCanada Mainline.

Union Gas is also aware that, while Enbridge has purported to terminate the MOU, TransCanada is insisting on performance of the MOU by Enbridge. We can advise that TransCanada has commenced an action in the Ontario Superior Court for specific performance of the MOU.

Your legal counsel will confirm that, if TransCanada's position on the enforceability of the MOU is upheld by the Court, as we fully expect it to be, any contractual rights that Union Gas might purport to acquire from Enbridge for transportation capacity on Segment A will be null and void.

Blakes

Accordingly, Union Gas stands on notice of TransCanada's rights in this matter.

Yours very truly,

ORIG BY G. CAMERON

BLAKE, CASSELS & GRAYDON LLP

Gordon Cameron

cc. Malini Giridhar
Vice-President, Gas Supply
Enbridge Gas Distribution Inc.

TransCanada PipeLines Limited Response to
Gaz Métro Interrogatory #2

Reference: TransCanada's Supplemental Evidence, page 4, lines 29 to 35

Preamble: TransCanada affirms:

"In summary, the cumulative negative impact on TransCanada's revenues between November 1, 2015 and December 31, 2017 from the loss of long-haul revenues – and thus the potential exposure of Ontario gas consumers when TransCanada's TSA is disposed of after that date – will be approximately $960 million, including carrying costs.

In considering the exposure of Ontario gas consumers to the costs of the applied-for projects, the unavoidable cost of the redundant facilities (estimated above to be approximately $310 million) must be added, and this for the dubious savings claimed by the LDCs as discussed below."

Request:

a) Please explain how TransCanada calculated the amount of $960 million included in the preamble, including the calculation method and the data used.

Response:

a) Please refer to the response to SEC 11.

**TransCanada PipeLines Limited Response to
Gaz Métro Interrogatory #3**

Reference: TransCanada's Supplemental Evidence, page 10, lines 10 to 14

Preamble: TransCanada affirms:

"TransCanada disputes the claim that the GTA project increases supply diversity. Although the project may increase access to additional US sourced supply at the Dawn Hub, such as via the proposed Nexus project, the majority of that supply must still come to the GTA on the Union system. As noted above, this makes the Enbridge franchise more dependent on only one transportation path, the Union system."

Request:

a) Please define what TransCanada means by "supply diversity".

b) How does TransCanada evaluate the supply diversity with respect to transportation?.

Response:

a) In TransCanada's view, supply diversity refers to accessing supply from multiple sources via independent transportation paths. Just because a particular supply point such as the Dawn Hub may receive gas from various sources does not mean it is an effective proxy for those various supply sources, in particular when a party uses only one pipeline system (in this case Union's Dawn to Parkway system) to transport supply away from that point.

b) It is the opinion of TransCanada that supply diversity is enhanced when it is associated with transportation path diversity (e.g. transportation contracts on multiple pipeline systems attached to multiple supply sources), and that supply diversity is further enhanced when a party holds <u>firm</u> transportation away from various supply sources. In TransCanada's view supply diversity is diminished when a party attaches the majority of its firm transportation to a single supply point.

**TransCanada PipeLines Limited Response to
Gaz Métro Interrogatory #4**

Reference: TransCanada's Supplemental Evidence, page 10, lines 23 to 27 and page 16, line 15 at page 17, line 2

Preamble: TransCanada affirms:

"**7. WCSB supply is understated**

The supply analysis put forward by Enbridge and Union in their applications provides a misleading characterization of the WCSB as a potential source for Eastern LDC supply.

TransCanada conducts detailed WCSB supply analysis and is providing its views on the future potential for WCSB gas supply as follows.

[...]

Although west coast LNG export facilities will access some of this supply, there will be ample volumes remaining to securely supply eastern markets for decades to come as the ultimate potential re source base has tripled since 2005 when the eastern LDCs were largely accessing WCSB supply."

Request:

a) Please provide the list of the current and expected west coast LNG export projects accessing the WCSB supply known to TransCanada and their respective in-service dates and volumes of gas supplied from the WCSB.

b) Please explain what is TransCanada's current and expected annual intra-Alberta consumption for gas supplied from the WCSB, including the consumption relating to oil sands production. Please provide the data and the analysis in support of this evaluation.

c) Please provide TransCanada's current and expected annual WCSB supply available to flow on the Mainline between 2013 and 2023. Please provide the data and the analysis in support of this evaluation.

d) Is it TransCanada's position that the WCSB supply available to flow on the Mainline will increase over the next ten years? In the affirmative, please provide all the data and analysis in support of this conclusion.

Response:

a) The following table provides a listing of LNG export projects known to TransCanada[1].

Project Name and Description	Proposed In-Service Dates	Gas Volumes from WCSB
BC LNG	First Train Completed 2013/2014; Second Train 2016-2018	84.5 bcf/year
KM LNG	Project schedule Kitimat LNG is conducting a front-end engineering and design (FEED) and when concluded, the partners will make a final investment decision on whether to proceed with the project. Main construction is expected to commence following that decision. The FEED study will explore the feasibility and timing of constructing a second LNG train.	468 bcf/year
LNG Canada	2019	1180 bcf/year
Pacific NorthWest LNG	2018/2019	1001 bcf/year
Prince Rupert LNG Project	2020	1062 bcf/year
Woodfibre LNG	2017	105 bcf/year

TransCanada notes that none of the Pacific coast LNG projects have progressed to the final investment decision stage and that proposed in-service dates continue to evolve.

b) Please refer to the table below for TransCanada's forecast for key supply, demand, LNG and pipeline flow parameters for Western Canada. The Western Canada demand column includes the consumption of natural gas related to oilsands production.

Western Canada Flow Balance (Bcf/d)*

	WCSB Supply (Unconventional and Conventional)	WCSB Net Storage	Total Supply	Total Western Canada Demand /1	Pacific Coast LNG Export 2/	Western Canadian Pipeline Exports
2003	16.4	0.0	16.4	4.2		12.2

[1] The table is prepared from publically available information.

	WCSB Supply (Unconventional and Conventional)	WCSB Net Storage	Total Supply	Total Western Canada Demand /1	Pacific Coast LNG Export 2/	Western Canadian Pipeline Exports
2004	16.6	-0.1	16.5	4.3		12.2
2005	16.7	0.0	16.7	4.1		12.5
2006	16.8	-0.3	16.5	4.3		12.1
2007	16.4	0.0	16.4	4.4		11.9
2008	15.7	-0.1	15.6	4.6		11.0
2009	14.8	-0.1	14.7	4.7		9.9
2010	14.2	0.0	14.3	4.7		9.6
2011	14.3	-0.2	14.0	5.0		9.0
2012	13.7	0.0	13.7	5.2		8.5
2013	13.5	0.1	13.6	5.5		8.1
2014	13.8	-0.1	13.7	5.6		8.1
2015	14.2	0.0	14.2	5.9		8.4
2016	14.6	0.0	14.6	6.1		8.5
2017	15.1	0.0	15.1	6.4		8.8
2018	16.0	0.0	16.1	6.6	0.9	8.5
2019	16.7	0.0	16.7	6.8	2.2	7.7
2020	17.2	0.0	17.2	7.1	2.9	7.2
2021	17.5	0.0	17.5	7.4	3.2	6.9
2022	17.9	0.0	18.0	7.7	3.9	6.4
2023	18.2	0.0	18.2	7.9	4.4	5.9
2024	18.3	0.0	18.3	8.0	4.7	5.6
2025	18.4	0.0	18.4	8.2	4.8	5.4

Notes:
*Numbers may not add due to rounding
1. Includes pipeline fuel.
2. Includes fuel consumed at LNG plants for liquefaction process.

c) The last column in the table provided in the response to b) above reports the volume of WCSB production that is expected to flow on ex-WCSB pipelines after considering the volumes serving the western Canada demand market and the potential Pacific coast LNG market. This volume is available to flow on the ex-WCSB pipelines including the Mainline. The portion of this volume that will flow on the Mainline will be dependent on a number of factors including the quantity of gas needed by consumers in central and eastern Canada and on the level of service that shippers choose to hold on the Mainline.

d) As reported in the table provided in the response to b) above, TransCanada's forecast shows that the total volume expected to flow on ex-WCSB pipelines, which includes the Mainline, is expected to rise from 2013 to 2017. In 2018 and beyond, this quantity is forecast to decline, at least in part due to the advent of Pacific coast LNG exports. However, should the total quantity of gas demanded from the WCSB be higher than reported in the table, due to greater than forecast levels of western Canada demand, greater LNG exports or more demand from markets served by the ex-WCSB pipelines (example: a greater call for gas into central and eastern Canada via the Mainline), the WCSB could respond and supply greater quantities of production to meet these demands. This is supported by the WCSB's large resource base (see Figure 7-1 in TransCanada's Supplemental Evidence, page 11 of 17). Furthermore, the reduction in Western Canada pipeline exports shown in the table for 2018 and beyond does not necessarily mean that flows on the Mainline will decline.