November 2, 2010

Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario
M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary

RE: EB-2010-0199 - 2010 Natural Gas Market Review – Submission of Union Gas Limited

Dear Ms. Walli:

On July 13, 2010, the Ontario Energy Board (the "Board") issued a letter indicating that an assessment of how the natural gas markets in Ontario are responding or adapting to changing market conditions, referred to as the 2010 Natural Gas Market Review ("NGMR"), would take place. The Board assigned docket number EB-2010-0199 to the review.

On August 20, 2010, the Board issued a letter stating that written comments relating to the NGMR were to be provided by November 2, 2010. Attached is the written submission of Union Gas Limited.

If you have any questions, please contact me at 519-436-5476.

Yours truly,

[original signed by]

Karen Hockin
Manager, Regulatory Initiatives

cc: Emily Kirkpatrick (Torys)
EB-2010-0199 Participants

Submission of Union Gas Limited

The North American natural gas market has recently undergone significant changes over a relatively short period of time. These changes have, and will continue to have, far-reaching implications on the Ontario natural gas market. In recent years, the natural gas market has experienced decreased reliance on Western Canadian Sedimentary Basin ("WCSB") supplies, the emergence of new alternative supply sources and, changes in the physical flow of gas across the country and the province of Ontario. These continuing changes represent both a challenge and an opportunity for the Ontario natural gas market.

To better understand the implications of recent developments in the North American natural gas supply, the Ontario Energy Board ("the Board") initiated the 2010 Natural Gas Market Review – EB-2010-0199 ("NGMR") to assess how the natural gas market in Ontario is responding or adapting to changing market conditions. Through the NGMR, the Board had the specific objective of assessing the need, if any, for further regulatory initiatives in response to the changing market for natural gas.

On August 20, 2010, the Board released a report prepared for Board staff entitled *2010 Natural Gas Market Review* (the "ICF Report"), written by ICF International Inc. ("ICF") The Report provided analysis and insight into the current state of the North American and Ontario gas market, and provided an outlook of the expected state of the Ontario gas market in the future.

On October 7-8, 2010, stakeholders participated in a Stakeholder Conference at which time views on the report, the issues in the Ontario gas market, and the appropriate regulatory response were discussed. Stakeholders were also invited to submit written comments.

The following is the written submission of Union Gas Limited ("Union"). Union's submission focuses on what it sees as necessary to ensure that the Ontario natural gas market remains effective and also responds to issues raised during the NGMR Stakeholder Conference by other participants.

I/ EXECUTIVE SUMMARY

The considerable changes experienced in the North American and Ontario natural gas markets represent significant opportunities for the residents of Ontario. Ontario is poised to benefit from the changing dynamics in the market through increased diversity of supply provided by alternatives to traditional WCSB supplies. Ontario continues to benefit from the liquidity of the Dawn Hub which will be further supported through the development of new supply paths into Ontario. The changing operational flows will require re-purposing parts of Union's Dawn-Trafalgar transmission system and has resulted in the potential for gas to flow into Ontario from Union's Kirkwall station for the first time. All of these developments have positive implications for the Ontario gas market.

As with any change however, there are challenges that must be addressed. Chief among these is the physical limitation of the infrastructure between Union's Parkway compression station and TransCanada Pipeline's ("TCPL") Maple station. The pipe connecting Parkway (Union) and Maple (TCPL) is currently at capacity and is a single pipeline connecting robust infrastructure at both ends. This limitation is impeding the flow of gas within the province of Ontario and restricting the services and supply options that can be offered to all parties sourcing supplies and seeking transportation away from Dawn. It also limits the options available to Union's customers in northern and eastern Ontario. Moreover, as the market options for gas supply continue to shift away from the WCSB to other locations, the impact of the Maple constraint will have greater impacts on the ability of consumers to minimize delivered gas costs and will make the expansion of the constraint between Parkway and Maple a priority.

TCPL has historically used a temporary measure that notionally transported gas westerly from Dawn, into Manitoba though the Great Lakes Transmission system and back into

Ontario through the TCPL mainline ("around the horn"). This was done by TCPL using their integrated system and diverting gas destined for Dawn to Parkway. Given the declines in WCSB gas and reduced flows on TCPL, the "notional" option is not available on all days any more. Union worked with TCPL to create a physical option where, starting November 1, 2010, gas can now physically flow "around the horn". This stop-gap measure, however, is not a long-term solution and physical expansion to relieve the constraint between Parkway and Maple must take place. The "around the horn" strategy is inefficient in that it moves that gas in a flow pattern that is ten times the length of the most efficient method that begins from Dawn to Parkway and beyond.

As we move forward, taking steps to ensure that Ontario continues to have access to Dawn as a liquid hub will also be a key consideration. The liquidity of the Dawn Hub provides Ontario with a cost effective, stable and competitively priced source of gas supply, security of supply through access to multiple supply sources and immediate access to storage. The liquidity of the Dawn Hub also attracts many market participants, helping to facilitate competition. The Dawn Hub has a direct role in setting the price of gas in Ontario and increasingly, setting the price of electricity in Ontario. If Ontario is to have an effective gas market in the future, the liquidity of the Dawn Hub will need to be maintained and grow, if possible.

The market must be allowed to function efficiently and effectively. Participants in the market have been working together to bring new supply and the resultant benefits to Ontario and Ontario's consumers. The market will seek to create and utilize new alternatives if existing transportation paths are not competitive with other options. The desire to increase the utilization of existing facilities should not thwart the construction of new facilities that result in a lower delivered cost of gas to Ontario consumers. If the Ontario market is not allowed to effectively develop needed transportation options, the market will move the new gas supply sources to the most economical alternative, whether it involves the Ontario gas market or not. If artificial barriers are created that slow or prevent expansions to existing infrastructure, like the constraint between Parkway and

Maple, then the market will find other markets to move the new supplies. For example, a market solution that bypasses Dawn due to infrastructure constraints or toll uncertainty will decrease liquidity at Dawn, and would be a detriment for both Ontario gas consumers and Ontario electricity consumers.

Union is also concerned about the potential impact of any TCPL framework redesign that would lead to short-haul tolls becoming uncompetitive due to the shifting of costs from TCPL long-haul tolls to short-haul tolls. As discussed at the consultation, if short-haul tolls rise significantly the future of the Dawn Hub liquidity could be diminished. It is imperative that the Board, the Ministry ("the Ministry") and all market participants support the TCPL Mainline Competitiveness Initiative, but work to ensure that short-haul tolls remain competitive

The continued support of market development by the Board is vitally important. The expedited review and decisions on new services introduced to the market provides both price and regulatory certainty. The recent approval of the Dawn to Dawn-TCPL service and expedited issuance of the procedural order for the C1 Kirkwall to Dawn and M12-X proceeding are examples of the Board's actions in this regard. The continued openness of the Board with respect to alternative forms of regulation, such as that approved in the Dawn Gateway proceeding, shows that Ontario is open to innovative proposals to bring access to additional storage to consumers in Ontario.

II/ KEY REQUIREMENTS FOR AN EFFECTIVE GAS MARKET IN ONTARIO

At the Stakeholder Conference Union provided its view of what is required to ensure support for continued strength of the natural gas market in Ontario. The key requirements for an effective gas market in Ontario are:

1. Maintain and grow Dawn as a liquid market hub
2. Allow the market to continue to adapt
3. Ensure appropriate infrastructure is in place-build Parkway to Maple

4. Continued regulatory support with the current processes in place

MAINTAIN AND GROW DAWN AS A LIQUID MARKET HUB

A market hub is a physical location that is supported by an extensive network of both storage and pipeline infrastructure where many natural gas buyers and sellers can easily transact. Market hubs are also characterized by a high level of competition that ensures price transparency, accurate market signals, diversity of supply options and reliable service. The Dawn Hub possesses these traits and is one of the best market hubs in North America.

Ten major pipelines have interconnections in the Dawn area providing a variety of supply options. This connectivity means that shippers can source natural gas from all major North American supply basins and transport gas downstream to markets in eastern Canada and the north eastern United States, or upstream, to markets in the mid-western United States. The Dawn Hub also features more than 260 PJs of gas storage (including Union and Tecumseh) that is capable of providing services needed by the market including the flexibility to provide natural gas during unpredictable weather patterns and electricity consumption. It is the largest underground natural gas storage area in Canada. Having this much storage in one area provides options, allowing market participants to most effectively balance their energy needs.

Having both transmission and storage infrastructure extensively connected provides reliability and choice. It also provides a common point to transact natural gas with many buyers and sellers, which in turn provides price transparency through accurate market signals. Both the physical and financial activity at the Dawn Hub continues to grow. Today, on average, over 10 PJs per day trades financially via title transfers. This represents over three times the average physical flow of gas at the Dawn Hub.

There are many points outside the Dawn Hub where transactions take place today and will likely continue to take place in the future. Gas currently trades at export/import points like Niagara/Chippawa, Waddington (a TCPL interconnect with Iroquois pipeline near Cornwall), and also at Parkway to name a few. Although it is expected that the activity at these points will continue with the addition of the new shale plays, it is unlikely they will be major transaction points with high liquidity. This is due to the limited diverse pipeline infrastructure at these points, lack of storage geographically at the transaction point, and overall volume. Dawn remains the most liquid hub in Ontario and among the most liquid points in North America.

Benefits of Dawn as a liquid hub

Overall, a robust and liquid Dawn Hub provides several important benefits which are essential to providing cost effective gas supply to Ontario. It allows access to a cost effective, stable and competitively priced gas commodity. A liquid hub also attracts the participation of many parties which encourages competition and choice. Ontario also benefits from increased security of supply through access to multiple supply sources and immediate access to storage. These benefits are reflected in Ontario consumer's natural gas bills.

In addition to the direct benefits of Dawn liquidity to Ontario consumers' natural gas bills there are also indirect benefits to all Ontario consumers through their electricity bills. The Ontario Power Authority ("OPA") correctly linked the pricing mechanism for gas-fired generation, within the majority of gas-fired generation contracts, to the most liquid point for gas within Ontario, the Dawn Hub. The amount of time that gas-fired generation sets the price of electricity in Ontario has been steadily increasing from 15% (in the May 2008 to April 2009 period) to 23% (in the May 2009 to April 2010 period). As Ontario continues to diminish its reliance on coal-fired power generation, it is possible that this trend could continue. As a result, the liquidity of the Dawn Hub will have a direct impact on all Ontario energy consumers' bills, putting greater emphasis on the need for an effective gas market within Ontario.

Additionally the liquidity and ability to source gas at Dawn can also play an important role in the support of intermittent renewable generation resources such as wind and solar.

A liquid and well connected physical source of gas available on short notice is critical to "firming" intermittent renewable generation so to maintain the reliability and integrity of the power grid.

Preservation of a Liquid Market Hub

An effective gas market in Ontario can only be maintained as long as a liquid market hub is supported and encouraged by Ontario and the Board. As the WCSB declines, new sources of supply will have to be accessed to maintain and grow liquidity at Dawn. The market must be free to access those new supply basins. Infrastructure will have to be in place to allow effective movement of gas to and from the market hub, and the regulatory environment will have to be supportive of market developments.

Competition and market forces are critically important to creating and supporting effective gas markets in Ontario. Within the Natural Gas and Electricity Interface Review (NGEIR), the Board recognized the importance of liquidity at Dawn and endorsed the positive affect that competition has on the gas market.

> "The Board concludes that it is in the public interest to maintain and enhance the depth and liquidity of the market at the Dawn Hub as a means of facilitating competition. One way to do this is to encourage the development of innovative services and to ensure access to those services. Choice is the bedrock of competition." (EB-2005-0551, page 45)

As a result of the NGEIR proceeding that recognized a competitive and effective market exists for storage services, and as a result of the subsequent Board actions, market participants have invested in over 10 BCF of new storage infrastructure over the last three years. This validates that the competitive markets have worked and have enhanced the liquidity of Dawn and the value of Dawn to Ontario. Ontario is fortunate to have the Dawn Hub within its market area – other jurisdictions are trying to create a similar hub.

ALLOW THE MARKET TO WORK AND RESPOND TO CHANGING DYNAMICS

The ICF Report suggests the emergence of new supply basins will continue to impact the flow of gas into, out of, and within Ontario. Specifically, the ICF Report suggests that flows from the WCSB into Ontario will continue to decline and other alternative supplies will fill the void. This view was generally endorsed by the participants of the NGMR Conference.

Union generally agrees with the observations and conclusions drawn from the ICF report. However, Union believes the impacts of new alternative sources of supply are already being felt, and that the impacts will be of greater magnitude and will occur sooner than outlined in the report.

It is essential that the Ontario market gains access to as many new supply sources (conventional or unconventional) as possible to ensure that Ontario consumers are provided with a diverse, secure and economical natural gas supply. If there are barriers added to Ontario's access to new sources of supply, the market will work to provide a solution and take those supplies to other market areas.

FERC recognizes the importance of a natural gas market that is open and competitive. Empire Pipelines recently applied to FERC for a presidential permit to export natural gas from New York State to Ontario (as part of Marcellus supplies being brought to Ontario). In the FERC approval they stated:

> "We find that granting the applicant's request for authority to use its existing border facilities for the export, as well as the import, of natural gas will promote national economic policy by reducing barriers to foreign trade and stimulating the flow of goods and services between the United States and Canada, both of which are signatories to the North American Free Trade Agreement". Taken from FERC docket CP10-136-000 issued Sept 16, 2010

The market has responded to the changing supply dynamics in the past and continues to do so moving forward. Examples of market responses include the Dawn Gateway project, open seasons inside and outside of Ontario to provide a path for Marcellus gas to reach the Dawn Hub, new service offerings, and new supply options for northern Ontario. These are described in the following paragraphs.

Dawn Gateway Michigan to Dawn Path

To take advantage of the development of the Rockies Express Pipeline (a new pipeline that brings new supply from the U.S. Rockies basin to markets in the mid west U.S., Northeast U.S. and the Great Lakes region in general), and the need for greater access to emerging shale supply in the Gulf area, and increased access to Michigan storage, multiple pipeline projects emerged to transport gas supplies from Michigan to Dawn. New projects were proposed by TCPL (Dawn Eclipse and Dawn Express), Enbridge (Niagara Gas Link Pipeline), Vector (an expansion of their existing system), and Spectra/DTE – Dawn Gateway.

Market participants have chosen to support Dawn Gateway as the preferred economic and routing option. The Dawn Gateway Pipeline will link DTE's Belle River Mills and Dawn. The Dawn Gateway project was approved by the Board in March of 2010 and is currently on hold waiting for the market dynamics to provide additional support. When in service this pipeline will further add to Dawn liquidity by providing linkages as noted above. Dawn Gateway will benefit the Ontario natural gas market by adding additional supply to Dawn at a time of declining WCSB deliveries to Ontario, and enhancing market liquidity at the Dawn Hub.

The diversity of these projects demonstrates the significant market competition that is addressing the market need for transportation of gas supplies to Dawn. The market has acted in an efficient manner when it comes to choosing the projects that are ultimately successful. Projects hold open seasons to gauge interest and in some cases commit customers to a project. Competitive projects have come to market and the market response has dictated which will move forward.

Marcellus Shale

In regard to the Marcellus shale, a number of open seasons on both the Canadian and U.S. sides of the border have been supported by shippers. These will jointly create a path between the Marcellus producing region and Dawn for gas to flow back to Dawn as early as the fall of 2011, subject to regulatory approvals, including the Board. As outlined in presentations by both Enbridge and Union, there have been binding open seasons on three U.S. pipelines for transporting gas from the Marcellus producing region to the U.S./Canadian border at Niagara and Chippawa. The following volumes totaling 820,000 Dth/d of capacity or approximately 0.82 Bcf/d have been awarded and contracted on three U.S. pipelines:

- Tennessee Gas Pipeline 150,000 Dth/day to Niagara (2012)
- Empire Pipeline 350,000 Dth/day to Chippawa (2011)
- National Fuel Gas (NFG) 320,000 Dth/day to Niagara (2012)

In addition to the open seasons on U.S. pipeline projects south of the border, Union and TCPL have held open seasons on their transmission systems to allow gas arriving at Niagara and Chippawa to move west into Ontario and to Dawn. TCPL confirmed that their open season saw over 1 Bcf/d of interest and Union confirmed that they had approximately 1.2 Bcf/d of interest in their non-binding open season. In discussions with market participants, it is evident that gas from the Marcellus region will be transported to the liquid trading point of Dawn and much sooner than identified in the ICF report. It is important to note that these parties worked together to coordinate the timing of these open seasons and to reduce confusion in the marketplace.

New Services

To facilitate the movement of Marcellus gas back to Dawn, Union has recently applied to the Board for approval of a firm C1 transportation service that will allow gas to move from Kirkwall to Dawn. Union has also applied for approval of a multi-directional M12 transportation service ("M12-X") that will allow shippers to move gas between any two of Dawn, Kirkwall and Parkway, in any direction on any day. These services will enhance access to Marcellus supplies and provide flexibility to move the gas into the Dawn Hub, where it can be easily transacted. This re-purposing of the Dawn to Parkway and Dawn to Kirkwall system is necessary to meet the needs of the changing marketplace.

Union also created a new Dawn to Dawn-TCPL service to facilitate the changing market by allowing westerly flow from Dawn to Great Lakes Gas Transmission. The Dawn to Dawn TCPL service is discussed in more detail later in this submission.

New Supply Options

i) North

In northern Ontario the current system portfolio is exclusively made up of WCSB gas delivered via the TCPL mainline. As the TCPL tolls have increased, the supply path from the WCSB to some parts of the North has become more expensive relative to other supply basins. In response, Union is actively working to identify and source other, more economical, supply paths for its northern customers (especially those in the TCPL Northern Delivery Area and the Eastern Delivery Area).

Union will be enhancing the Northern portfolio by adding new supply options. This will be accomplished through Union's participation in the TCPL open season between Parkway and the TCPL Northern Delivery Area, and Parkway and the TCPL Eastern Delivery Area. The capacity Union is currently seeking will add approximately 20% diversity to the existing Union North system portfolio. Union would like to continue to increase diversity of supply for Northern customers, but this can only be fully accomplished if new services and competitive short-haul rates are available on TCPL between Parkway and the respective delivery areas, which all must travel through Maple. Thus the expansion of Parkway to Maple is also key to facilitate providing new supplies (and thus potential lower rates) to the North.

Although northern customers have been referred to as being “captive” to WCSB supply basins and TCPL long-haul, the changing supply dynamics have resulted in the market working to develop alternative supply paths into northern Ontario.

In addition to Union’s efforts to diversify the North system portfolio, Union notes that a significant portion of the direct purchase customers in the North also have supply options due to the self serve characteristics of the T-service option. Over 80% of all direct purchase volumes (almost 70% of total throughput volumes) for the north customers operate under the T-Service arrangement. These customers choose and control from where they source their supply. Customers can either buy volumes delivered into the zone or buy from a liquid point like Dawn and arrange for transportation to the zone. These customers are constrained only by their own contract arrangements (TCPL capacity that they may have sourced themselves or had assigned from Union) and the unavailability of TCPL short-haul capacity out of Parkway.

ii) South

For Union’s South system portfolio, Union also recently entered the TCPL open season for capacity from Niagara to the interconnect with the Union system at Kirkwall. This will allow Union the ability to add Marcellus gas to the South system gas portfolio.

By entering into open seasons to establish new paths (TCPL Niagara to Kirkwall), building infrastructure to allow for changes in gas flows (Dawn to Dawn TCPL and reversing Kirkwall), working with TCPL on new or expanded services from Parkway and creating new services including M12-X, C1 Kirkwall to Dawn, and Dawn to Dawn TCPL, Union is creating the necessary tools to bring these opportunities to reality.

ENSURE APPROPRIATE INFRASTRUCTURE IS IN PLACE – THE NEED TO BUILD PARKWAY TO MAPLE

It is also essential to enhance the liquidity of the Dawn Hub by ensuring that the required infrastructure is in place to move gas effectively from the emerging supply basins to Dawn. The Dawn Hub will only be successful in attracting these new supplies and providing benefits to all customers in Ontario if there are economical supply and take-away paths available for suppliers to allow them to move that gas to the markets that require it.

The Parkway to Maple limitation is impeding the flow of gas within the province of Ontario and restricting the services and supply options that can be offered to all parties sourcing supplies and seeking transportation away from Dawn. This includes limiting the options available to Union's customers in northern and eastern Ontario. Customers in Union's North and Eastern areas can be provided with a more diverse gas supply only if the current capacity constraint between Parkway and Maple is relieved. The Enbridge franchise downstream of Parkway and customers in the U.S. Northeast cannot transport their gas from and through Dawn to satisfy their incremental demands or their changing supply paths unless the Parkway to Maple capacity constraint is relieved. With the change in gas flows coming from the Marcellus Shale, there is no other way to serve those customers in a cost-effective manner.

Other entities, such as TCPL and Enbridge, could also benefit from a Parkway to Maple expansion. TCPL could benefit from the growth in demand for service from Parkway through Maple to eastern markets. Enbridge and its customers could benefit from greater supply security and diversity.

TCPL and "Around the Horn"

TCPL has historically relied on the diversity of its integrated system to meet its contractual obligations. The TCPL Pipelines system splits at Emerson Manitoba, with part of the volume flowing on the TCPL Northern Ontario mainline to Parkway (and points east) and part of the volumes going south of the lakes on the Great Lakes system to Dawn. For example, beginning in 2003, TCPL sold capacity from Dawn to Parkway and points east using the integrated nature of their system. They were able to do this by shifting flows on their system that were otherwise destined to be delivered to Dawn (through the Great Lakes/TCPL system) to markets in Central Ontario and further east using TCPL's Northern Ontario Line. Provided the pipeline is flowing large volumes, this shift of volumes could "notionally" create flow from Dawn to Parkway (or other points east).

However, as exports from Empress on the mainline have decreased, and the resulting deliveries to Dawn have decreased, TCPL can no longer rely on the diversity of their system to meet all of their short-haul obligations from Dawn through the shifting of flows. TCPL required a new transportation service to physically export gas from Dawn backwards on the Great Lakes system. The gas will physically move from Dawn to Emerson Manitoba (on the Great Lakes system) and from Emerson, this gas will be transported on the TCPL Northern Ontario system to Parkway, or points farther east. Ultimately, the gas that was sourced at Dawn will travel over 3,800 km around the Great Lakes to be delivered to Parkway or further to points east. With an expansion of the TCPL facilities between Parkway and Maple, the same gas supplies could travel just 220 km directly from Dawn to Parkway on the Union system. An expansion of Parkway to Maple provides a solution to transporting gas "around the horn".

The Urgent Need to Expand Parkway to Maple

As discussed, with the changing dynamics of gas supply options in Ontario, parties will increasingly look to new sources of gas supplies and new supply at the Dawn Hub. As such, for Ontario customers to benefit, transportation capacity connecting the hub to all Ontario markets will be critical.

The one part of the Ontario infrastructure which is vulnerable is the pipe between Parkway and Maple. Although Union has three large diameter pipelines flowing into

Parkway, and TCPL has two large diameter pipelines between North Bay and Maple, and two additional pipelines between Maple and eastern Ontario, there is only one pipeline between Parkway and Maple. This single pipeline was built in 1958 and is at full capacity which creates a constraint for these new incremental supply sources to flow to markets east from Parkway.

Having a single line connecting Parkway to Maple also creates a security of supply issue as it is a critical supply link to Enbridge, a significant amount of new Ontario power generation, Union North and other markets east. Expanding and reinforcing this system will result in enhanced security of supply, expanded access to new sources of supply for many customers and enhanced liquidity of the Dawn hub, all of which will benefit the entire Ontario market.

TCPL acknowledged during the Stakeholder Conference that, although they have been able to facilitate the provision of gas to Parkway using their existing infrastructure, physical capacity would be required in the future. Union supports this position and submits that the required physical capacity should come in the form of a Parkway to Maple expansion as soon as possible.

Increased transportation requirements from Parkway to Maple may even be required today. Union conducted an open season in 2009 and received over 300,000 GJ/d of interest in new Dawn to Parkway capacity, starting in November 2011. However, as a result of a reverse open season, and the non-renewal of TCPL Dawn to Kirkwall contracts Union had sufficient existing capacity and did not need to expand the transportation facilities between Dawn and Parkway. In conjunction with the new incremental Dawn to Parkway contracts on Union, it is expected that TCPL would have also executed contracts with a Parkway receipt point and an obligation to deliver volume to downstream markets with a similar commencement date. Without an expansion of the Parkway to Maple facilities, Union is uncertain how these contract demands will be satisfied, as capacity was not available from Parkway to downstream points.

TCPL indicated in earlier open seasons that capacity is not available with a receipt point of Parkway or Dawn. The open season document of August 29, 2009 indicated the following under System Segment Capacity:

> "No short-haul will be available at this time from the Dawn Area or Parkway. This includes receipts points such as SS. Marie, St. Clair, Dawn, Kirkwall, Niagara, Chippawa and Parkway".

In addition to the uncertainty of serving transportation demands from Parkway commencing November 1, 2011, TCPL has held an open season (in which Union participated) during the summer of 2010 that included Parkway as a receipt point. Specifics have not yet been made public, however the need to physically build is clear.

The existing single 36" lateral between Parkway and Maple is the backbone of gas moving from the liquid market hub of Dawn and from new supply sources upstream of Dawn to the market east and north of Parkway. It is currently a roadblock to expanding the benefits of Dawn to incremental Ontario market participants and needs to be addressed either by TCPL or other market participants.

CONTINUED REGULATORY SUPPORT REQUIRED

Consideration of Alternate Forms of Regulation/Timely Approvals

Union encourages the Board to continue the timely approval of services in order to allow the market to respond to the changing market dynamics. The continued support of alternate forms of regulation, where appropriate, helps to facilitate innovation and efficiency and helps to strengthen the competitiveness of the Ontario gas market.

Early this year, the Board approved a National Energy Board ("NEB") Group 2 style regulatory framework for the Dawn Gateway Pipeline. The Board provided an expeditious approval of this project and demonstrated its willingness to consider alternative forms of regulation for this pipeline that had multiple competitors. The approval of the Dawn Gateway project is important to support Dawn liquidity. In addition, the Board was also very timely with its approval of the Dawn to Dawn TCPL rate during the summer of 2010. Union appreciates the flexibility that the Board has demonstrated. The market also has a favourable view of the timely conclusion of regulatory proceedings since this provides regulatory certainty for new projects and reduces the perceived project risk.

As indicated throughout this submission, it is important that market forces be allowed to work. The market is experiencing unprecedented change, and regulation of assets and policies needs to accommodate these changes. Union encourages the Board to continue to look for ways to provide flexibility in regulation and oversight, to continue to provide timely decisions to regulatory applications and to continue to regulate only what needs to be regulated. These actions will provide market confidence and demonstrate to market participants that Ontario and Dawn are open for business.

In summary, the Board should continue its current practices. The Board has followed its mandate and has the proper level of authority to gauge the necessary impacts on the markets it governs.

Support of Ontario's Competitiveness from the Board and the Ministry

The pricing of transportation services is an important factor in the success of attracting new supplies to Ontario. While the Board has a role in the pricing of transportation services for infrastructure that is wholly within the province of Ontario, TCPL is regulated by the NEB and the pricing of its transportation services also has a significant impact on the cost of transportation and the impacts the success of attracting new supplies to Ontario. As indicated by Union on slide 23 of its stakeholder presentation, transportation of WCSB gas supplies from Empress to Ontario using TCPL long-haul transportation contracts is the least competitive option to land gas supplies for Union's South customers. While long-haul transportation is not a competitive option, TCPL's short-haul transportation services (primarily within Ontario) remain robust and actively contracted.

TCPL is currently working with their shipper group to look for creative ways to address the impacts of declining throughput on the mainline. Union is supportive of this initiative, however wants to ensure that short-haul tolls remain competitive in the market place. Any move that will unduly add costs to these short-haul tolls will make the TCPL short-haul options uneconomic, which will lead to short-haul de-contracting, which will put additional pressure on TCPL tolls. The result may be that emerging supplies will be attracted elsewhere to more cost-effective markets where they can better compete. If TCPL experiences significant decontracting of its easterly short-haul capacity or if the new U.S. sources of supply find alternative markets, the liquidity of Dawn Hub and hence the Ontario market, will be diminished. With this in mind, it is imperative that the Board and the the Ministry work to ensure that cost allocation principles are followed and that no undue costs are allocated to TCPL's short-haul services, which could have negative impacts on all Ontario residents.

III. UNION'S RESPONSE TO THE SUBMISSIONS BY OTHERS

Union will respond to the following issues that were raised by other parties during their presentations:

1. TCPL's use of the "around the horn" solution to serve markets east and north of Parkway and the critical need to expand Parkway to Maple;
2. Consideration of impacts on TCPL or other jurisdictions when new infrastructure proposals are put forth;
3. The need to review the guidelines for new gas transmission projects;
4. The impact on the Parkway obligation of these changing supply dynamics; and
5. The need for incremental regulatory requirements in regard to the gas supply and resource planning actions of the LDC's.

TCPL'S AROUND THE HORN SOLUTION AND WHETHER A PARKWAY TO MAPLE EXPANSION IS REQUIRED

As indicated above, it is Union's view that there is an urgent need to expand capacity between Parkway and Maple. The path between Parkway and Maple is a critical link between the Dawn Hub and markets east and north of Parkway.

As well, expanding the Parkway to Maple path is a solution to volumes currently flowing "around the horn". Union acknowledges that TCPL has traditionally been able to manage any constraints between Parkway and Maple through the use of their integrated system. TCPL's use of the "around the horn" solution, described in detail earlier, is an example of how their integrated system has been used to meet their contractual obligations east of Parkway. However, it is Union's view, given the decline in the WCSB, TCPL cannot continue to rely on its integrated system, and that a physical expansion of the path between Parkway and Maple is required.

Although TCPL would not acknowledge that the capacity between Parkway and Maple is currently constrained (TR. 1, p. 72, lines 19-22), TCPL did acknowledge that based on the recent open season and past open seasons, incremental capacity is required from Dawn to market or from Parkway to market. (TR. 1, p. 75, lines 25-28, p. 76, lines 1-20) Union believes that the required physical capacity should come in the form of a Parkway to Maple expansion to gain the benefits as identified earlier and to meet the needs of the various open seasons where participants have increasing needs at Parkway.

CONSIDERATION OF IMPACTS ON TCPL OF NEW INFRASTRUCTURE PROPOSALS

TCPL and others suggested that as part of the Board's mandate to approve gas transmission infrastructure expansion in Ontario, the Board should consider the impacts on other transmission pipelines in other jurisdictions. Specifically, TCPL requested that the Board consider the impact on its tolls and contracts when considering approval of facilities in Ontario. It is Union's view that the current process relating to approving facilities is sufficient. Union does not support any additional regulatory requirements or process for the approval of facilities projects than those that currently exist. Further, Union is not aware of any other jurisdiction where the regulator considers the impact of new facilities expansions on existing facilities outside of their jurisdiction. The desire to increase the utilization of existing TCPL facilities in order to reduce the impact on TCPL tolls should not be used to impede the market from acquiring gas supplies at lower costs. To do so would have the effect of increasing gas costs for Ontario consumers compared to the cost of the alternative source of supply.

As part of a facilities application for new transmission facilities, Union must file comprehensive evidence with the Board in support of its application. This evidence includes a summary of the project, a demonstration of market need, an outline of project costs and economics, the construction practices and schedule, environmental assessments and land matters. Before making an application to expand transmission facilities Union undertakes a thorough analysis of alternatives to the proposed facilities. Further, it is only after Union has proven that the market supports the expansion and secured long term transportation contracts that Union moves forward with an expansion proposal.

During the analysis of the requirement for new facilities, however, Union does not consider how parties may adjust their transportation contracts on other pipelines as a result of new contracts with Union. The demand for new facilities can be attributable to several factors including access to a new supply basin, increased natural gas demand for the contracting party, and the desire to reduce the total natural gas costs for the contracting party. Each individual market participant is evaluating the best option for their customers. Union is not able to reliably determine what, if any changes a party contracting for service on the new facilities will make to their natural gas portfolio in the future. In addition, Union cannot reliably anticipate how changes to the contracts will affect upstream and downstream pipelines. Accordingly, Union is not in a position to produce evidence on the impacts of its expansion projects on TCPL or any other pipeline. Existing pipelines, including TCPL, have the right to intervene in Union’s facilities proceedings. As such they have the ability to submit interrogatories, cross-examine

Union witnesses, file evidence and argue their position. This ability exists today. In making their determination as to whether or not a facility is in the public interest or not, the Board will consider all the evidence, both by the applicant and by interveners. The onus is on the existing pipeline to bring forward any evidence that it deems relevant to the determination of whether or not a new pipeline facility should proceed.

REVIEW OF GUIDELINES FOR NEW GAS TRANSMISSION PROJECTS

Mr. Rosenkranz, on behalf of ratepayers, recommended that the Board review the guidelines for new transmission projects to ensure that in-franchise customers do not subsidize facilities expansions for ex-franchise services or take on the risk for underutilized facilities. To achieve this, Mr. Rosenkranz proposed the following:

- limit the cost recovery period to the term of the expansion shippers contracts;
- incremental pricing where rolled in rates increase the costs to existing customers; and
- make utility shareholders responsible for the cost of unsold capacity.

Mr. Rosenkranz bases these recommendations on three assertions that he believes will necessarily lead to higher costs for natural gas consumers. First, Mr. Rosenkranz asserts that Ontario consumers will pay higher distribution rates if the incremental cost of expansion exceeds the existing Dawn to Parkway transportation rate. Although perhaps intuitive, the assumption that costs to in-franchise ratepayers will increase is simplistic and fails to take into account other changes in revenue requirement, such as depreciation, that will inevitably put downward pressure on rates. To understand the impact on both in-franchise and ex-franchise rates requires undertaking detailed analysis that Mr. Rosenkranz noted he was not required to perform (TR. 1, p. 174, lines 19-21).

Second, Mr. Rosenkranz states that because of uncertainty about future gas flows, there is increased risk that Union's existing transportation assets will go unutilized and new facilities will be stranded. As a result, costs to Ontario customers will rise. In support of his position, Mr. Rosenkranz provides a quote from Union's 2009 annual report where Union stated that:

> "Further, there is risk of continued contraction in the storage and transportation customer base as a result of changes and restructuring within the storage and transportation market"

This statement has been misrepresented by Mr. Rosenkranz. Nowhere in Union's annual report did Union refer to or suggest that it was a contraction in the actual market – only a contraction in the number of market participants. The quote is from the section entitled "Market Risk" and was intended to address the potential risk if there are fewer buyers and sellers. Further, the way to mitigate the risk is to grow the Dawn Hub through the removal of the Parkway to Maple constraint.

Third, Mr. Rosenkranz states that utilities may be incented to over-build transmission facilities to the benefit of their own transmission and unregulated storage business or an affiliate. Further, Mr. Rosenkranz states that as long as transmission costs are included in utility rates, utility shareholders will enjoy the benefits, but assume none of the risks of expanding transmission capacity. Mr. Rosenkranz's statements are without merit. Growth in Union's unregulated storage capacity has a minimal impact on the growth in Union's Dawn-Trafalgar transmission capacity. For example, for each 1 PJ of additional storage space that is added, an average of 12,000 GJ/d (or 1.2% of that space) requires transportation capacity. While market participants have added 10 PJ of new storage at Dawn since the conclusion of the NGEIR proceeding, at best, this supports only 120,000 GJ/d of new transportation capacity, which is approximately 10% of the total 1.2 PJ/d of new capacity that has been added to the Dawn to Parkway system since 2006. The major driver of growth in the Dawn-Trafalgar transmission system is the end-use demands of customers, not storage capacity. The fact that Dawn is an important and highly liquid trading hub with interconnections to various sources of supply means that customers want to transact at Dawn and therefore require Dawn-Trafalgar capacity to move their gas to market. Further, as indicated above any facilities application is supported with extensive evidence including a demonstration of market need. The Board also requires applicants to conduct a reverse open season prior to an expansion, even though valid contracts are in place. The Board has already developed ways to mitigate the public interest concern of over-building. Accordingly, there is no support for the speculative assertions put forth by Mr. Rosenkranz that Union will build beyond that required by the market.

With respect to tolling of new facilities, Mr. Rosenkranz, in his written submission, seems to advocate that in cases where new transmission facilities to serve ex-franchise demands result in increases to in-franchise rates, utilities should be required to use incremental tolling. In support of that position, Mr. Rosenkranz cites Union's recent approval of the Dawn-Dawn TCPL service where the costs of the facilities are recovered over the 5 year term of the contract in recognition of both the temporary nature of the service, and the fact that the entire capacity was contracted by a single shipper – TCPL. Based on this approval, Mr. Rosenkranz believes that the same approach should be taken to other services that provide services to exfanchise customers.

Union disagrees for several reasons. First, the Dawn – Dawn TCPL service is designed to meet a specific need for a specific customer. If it was anticipated that the service would be used long term, and if there were contractual commitments consistent with a requirement for the service on a long term basis, and if multiple shippers had been interested in the service, Union's rate design would have been more traditional. It is inappropriate to suggest that the approach to the rate design for Dawn – Dawn TCPL should also be used for long term transmission expansions.

The rate impact on existing shippers, in-franchise or ex-franchise, is only one of many considerations that the Board must take into account when considering whether or not a transmission facility should be approved. Further, the question the Board must address, when approving a transmission facility is not "do the proposed facilities result in rate increase?" but rather "do the proposed facilities result in rate increases that are undue relative the other benefits of the project?". In fact, the Board has approved on many occasions expansions to the Dawn-Trafalgar transmission system in spite of increases to in-franchise rates. Mr. Rosenkranz, himself, agreed during the Stakeholder Conference that, even at the Federal Energy Regulatory Commission ("FERC"), rate impacts are only one consideration when determining whether or not a transmission facility should be approved under "rolled-in rates. (TR. 1, p. 157, lines 17-28 and p. 158, lines 1-10). FERC policy clearly identifies "system wide benefits" as a rational for rolled-in rate treatment. [1]

Finally, Mr. Rosenkranz suggests that utility shareholders should be "at risk" for the costs associated with expansions to serve ex-franchise markets to ensure that utilities do not recover costs of underutilized capacity from in-franchise customers. Mr. Rosenkranz also states that the capital and operating costs associated with these transmission facilities should be tracked separately in the same way that competitive storage facilities are tracked. As an "at risk" pipeline the rates charged by the utility would necessarily need to include a return commensurate with that risk. In addition, unlike they do today, any benefits associated with the "at risk" facility's transportation optimization would flow 100% to the utility shareholder. In effect, Mr. Rosenkranz is asking the Board to view ex-franchise transmission facilities as competitive and forebear from traditional rate regulation without any evidence that the transportation market is sufficiently competitive to protect the public interest.

Further, it is important for the Board to note, of the gas transported on Union's Dawn-Trafalgar transmission system, approximately 70% is used to serve Ontario customer needs. Any mandatory move to incremental tolling could be detrimental to Ontario customers including Enbridge distribution customers and power generators. Further, the tolling methodology could drive decisions of customers where to locate in Ontario.

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[1] *Certification of New Interstate Natural Gas Pipeline Facilities*, 88 FERC ¶ 61,227 (1999); Order Clarifying Statement of Policy, 90 FERC ¶ 61,128 (2000); Order Further Clarifying Statement of Policy, 92 FERC ¶ 61,094

RE-EXAMINATION OF DELIVERY POINT OBLIGATIONS

Mr. Rosenkranz suggests that the Board should re-examine delivery obligations of direct purchase customers at Parkway and Empress. Union notes that, at the Stakeholder Conference, the primary concern discussed was with the Parkway delivery obligation.

Union's south direct purchase customers have an obligation to deliver their daily contract quantity ("DCQ") of gas supply at their obligated delivery point. The DCQ is a customer's annual consumption forecast divided by 365. The physical location of the obligated deliveries is dependent on where the customer is physically located and the time they left Union's system portfolio to go direct purchase. Predominantly those points are Empress (for those who have Union deliver their gas to Ontario using its TCPL contracts), Parkway (Union's farthest point east on the south system) or Dawn.

Union's requirement for obligated Parkway deliveries is based on the current facility design and reflects Union's historical reliance on supply from Western Canada and TCPL as the primary delivery option for supplies serving the Ontario market. Historically, Union has relied on obligated Parkway deliveries in designing the Dawn to Parkway transmission system. As a result of the Parkway obligation the Dawn-Parkway transmission system is smaller than would otherwise be necessary to meet peak demand requirements. In other words, if Union did not have, or if Union reduced, the Parkway delivery obligation, additional transmission facilities between Dawn and Parkway would be required. Since Union has utilized the Parkway obligation, the primary beneficiary of having the obligation has been Union's in-franchise customers through lower delivery rates in the Southern operations area. Current rates assume that customers are meeting their Parkway delivery obligation.

To relieve direct purchase customers of the Parkway delivery obligation, Union would either have to expand the Dawn Trafalgar transmission system or use existing capacity if it becomes uncontracted, to make up the shortfall. In either case, in-franchise delivery rates would need to be increased to recover the costs associated with the additional facilities.

For example, between 2001 and 2004, Union introduced a temporary service option which reduced the Parkway obligation by 20% using a temporary turn back of TCPL capacity. Over the 2001 to 2004 period, in-franchise delivery rates were increased by approximately $5.5 million dollars per year to recognize the costs of reducing the Parkway obligation. In 2004, Union asked market participants if they wanted Union to build to allow the delivery obligation to remain at Dawn and not to revert back to Parkway. The market did not support the build, and preferred to have the obligation revert back to Parkway. However, since that time, several in-franchise, Union South customers have contracted for their own Dawn to Parkway capacity to individually shift their obligations from Parkway to Dawn. Individual customers have that choice today.

Union does not anticipate any changes to the delivery point obligations at this time. To the extent that there are opportunities to reduce the obligation through turnback or facilities expansion, Union will propose changes to the obligation along with the recovery of the associated costs from the appropriate customer rate classes.

ESTABLISH A RESOURCE PLANNING REQUIREMENT FOR ONTARIO GAS UTILITIES

Mr. Rosenkranz suggests that the Board should require utilities to prepare and file a comprehensive resource plan for review by the Board and stakeholders. According to Mr. Rosenkranz, this resource plan would document the assumptions and the process the utility uses to assess the need for gas supply assets and evaluate available gas supply options. He is also of the view that such a process would give context to requests for pre-approval of long term transportation contracts and that it would also contribute to the simplification of rate cases.

Union does not believe that any new requirements related to resource or gas supply planning is required. Further, it is Union’s view that any additional regulatory oversight will only add to the regulatory burden without any obvious benefit to the Board or ratepayers. The Board has sufficient regulatory processes in place to ensure that the utility gas supply planning process is not resulting in imprudent contracting decisions. For Union, these processes include the requirement to file an Incremental Transportation Contracting Analysis for any new transportation contracts or extension to existing upstream transportation contracts with a term of one year or longer, and the existing guidelines for pre approval of long term contracts that support new natural gas infrastructure, both of which are discussed below. Intervenors and the Board also have the opportunity for a detailed review of utility demands and supply plans at all rate hearings.

In addition to the existing regulatory processes, Union's own annual gas supply planning process is guided by a set of principles that is intended to ensure that customers receive secure, diverse gas supply at a prudently incurred cost. These principles are:

1. Ensure secure and reliable gas supply to the Union Gas service territory.
2. Minimize risk by diversifying contract terms, supply basins and upstream pipelines.
3. Encourage new sources of supply as well as new infrastructure to the Union Gas service territory.
4. Meet planned peak-day and seasonal gas delivery requirements.
5. Deliver gas to various receipt points on the Union Gas system to maintain system integrity.

These guidelines underpin every decision Union makes and do not change from year to year. These principles are also applied independent of the current market conditions. Union returns to these principles each time it makes an evaluation regarding the acquisition of supply or transportation capacity.

Incremental Transportation Contracting Analysis

In accordance with the Board's EB-2005-0520, Settlement Agreement (Union's 2007 rate case), Union is required to file an Incremental Transportation Contracting Analysis for any new or extended upstream transportation contract with a term of one year or longer that form part of Union's system gas supply arrangements. Union is required to file this analysis as part of the evidence filed by Union in the applicable Board proceeding in which it seeks recovery of the cost consequences associated with the upstream transportation contract.

The Incremental Transportation Contracting Analysis includes:

- Union's rationale for entering into the new transportation contract
- All relevant transportation contract parameters including: transportation provider, term, price, receipt and delivery point.
- A quantitative comparison of the landed costs for newly contracted capacity to alternatives reviewed by Union at the time of its decision (a standardized form is provided).
- A quantitative and/or qualitative consideration of additional factors considered relevant by Union that may include, but not be limited to:
    - overall security of supply
    - supply basin diversity
    - contract term diversity
- Pipeline operator diversity
    - pipeline terms and conditions, and record of service
    - monthly demand charge/commodity charge structure

As indicated above, the Incremental Transportation Contracting Analysis is prepared for new or extended capacity on upstream transportation contracts. Existing contracts have already been reviewed and approved by the Board and, as such, the current process requiring Union to prepare the analysis and file it prior to the costs going into rates is sufficient. If the Board or Intervenors have questions or concerns with the analysis, they are able to ask those questions or voice those concerns in the context of those proceedings.

Pre-Approval of Long Term Upstream Transportation Contracts

As part of the Board's Natural Gas Forum implementation, filing guidelines were developed for the Pre-Approval of Long-Term Natural Gas Supply and/or Upstream Transportation Contracts (EB-2008-0280).

These filing guidelines are used by a utility seeking approval of the cost consequences of long-term contracts prior to the utility entering into a formal agreement.
As part of the filing that applicant must complete the following information:

- Identification of the Applicant
- Needs, Costs and Benefits –a description of the project and the benefits it provides to Ontario consumers. The section also includes an assessment of the landed costs (supply costs + transportation costs including fuel costs) for the new contract compared to the landed costs of the possible alternatives.
- Contract Diversity – a description of the relevant contract parameters (capacity provider, contract length, conditions of service, price, volume and receipt and delivery points) as well as an assessment of how the contract fits into the applicant's overall supply portfolio in terms of contract length, volume and services.
- Risk Assessment – identification of all risks (including forecasting, construction, operating, commercial and regulatory risks). The section is also to include plans on how the risks are to be minimized and allocated between ratepayers, parties to the contract and/or the applicant's shareholder.
- Other Considerations – a description of the relationship and any other conditions, rights or obligations between the parties to the contract and the applicant's parent company and/or affiliates.

- Contract – the contract for which the utility is seeking approval is filed with the application.

Union participated in the recent TCPL new capacity open season and was awarded three new long-term transportation contracts on the TCPL system. Pre-approval of the cost consequences is being sought by Union and the application and evidence has been filed in accordance with these filing guidelines (EB-2010-0300).

These guidelines provide a framework that allows the utility to demonstrate the prudence of its contracting decision. It also provides the necessary evidence and analysis of the full range of reasonable alternatives for the Board to make a decision.

Integrated Resource Plan

At the end of Day 2 of the Stakeholder Conference, Mr. Quinn, on behalf of the Federation of Rental-Housing Providers of Ontario ("FRPO"), requested that TCPL, Union and Enbridge consider preparation of an "integrated system plan" for Ontario that would be useful to the Board when making facility decisions.

Union does not support the development of an integrated system supply plan by TCPL, Union, and Enbridge for a number of reasons and cannot participate. Firstly, future capital expansion ideas or concepts are confidential and proprietary information. TCPL, Enbridge and Union, while customers of each other are also competitors in the marketplace and as such should not be required to share confidential, commercially sensitive information about future projects with a competitor, supplier or customer. It would be unreasonable to require competing companies to act as one entity and share commercially sensitive information amongst themselves and with the market at large. To do so would negatively impact the competitiveness of the market players within Ontario and, subsequently, the Ontario natural gas market itself. Secondly, an integrated energy plan as envisioned by FRPO would require every pipeline and storage operator that is connected to Ontario be at the table and therefore shouldn't be limited to TCPL, Enbridge and Union. This is clearly impractical and unnecessary. Finally, even if it were possible to develop such a plan it would largely be an academic exercise of little use or value. It would not be possible to incorporate or anticipate changes impacting the Ontario gas market because of the complexity and continental scope of the changes. Accordingly, the Board would have no certainty that the plan would come to fruition. The only expansions that are definite are the ones that a party has brought forward for approval and has received approval from the Board. In Union's view it is more practical and useful to consider and seek approval of changes to Union's resource plans at the time changes are actually being put forward.

IV/ CONCLUSION

The North American and Ontario natural gas markets have undergone significant changes and this trend is only expected to continue. These changes provide both opportunities, such as diversification and security of supply, as well as challenges, such as the need for additional infrastructure.

As indicated by Union in its presentation at the Stakeholder Conference and throughout this submission it is essential to preserve and grow the liquidity at Dawn in order to maintain a cost effective supply for Ontario consumers. Critical to that goal is the urgent need to expand the capacity between Parkway and Maple which will support increased supply diversity and increase the security of supply for markets east and north of Parkway.

Union is also concerned about the potential impact of any TCPL framework redesign that would lead to short-haul tolls becoming uncompetitive due to cost shifting of costs from long-haul. As discussed, if short-haul tolls rise significantly the future of the Dawn Hub liquidity could be diminished. It is imperative that the Board, the Ministry and all market participants support the TCPL Mainline Competitiveness Initiative, but work to ensure that short-haul tolls remain competitive.

At this time, Union does not see any need for the Board to initiate any significant initiatives, make any changes to existing regulatory processes or increase regulatory oversight of the gas market. It is Union's view that the Board should let the market adapt to the changes in the North American supply dynamics. At the same time, the Board should continue to support the market through timely approvals of new service offerings and facilities. The Board should also continue to support alternative forms regulation such as the recently approved complaint based framework for Dawn Gateway. In general, the Board and the Ministry should continue to support the growth of Dawn and of Dawn liquidity and the growth of incremental supply paths to Ontario.