

February 15, 2017

E-FILED and COURIER

Ms. Sheri Young
Board Secretary
National Energy Board
517-10th Avenue S.W.
Calgary, AB T2R 0A8

Dear Ms. Young,

**Re: TransCanada PipeLines Limited (“TransCanada”) Energy East Project and Asset Transfer (“Energy East”) and Eastern Mainline Project (“Eastern Mainline”) (“Projects”) applications (“Applications”)
Ruling No. 1 – Consequences of the Energy East Hearing panel’s recusal and how to recommence the Energy East Hearing**

Enbridge Gas Distribution Inc. (“EGDI”) is writing in response to Ruling No. 1 of the National Energy Board (“Board”) issued on January 27, 2017. In Ruling 1.2, the current panel (“Panel”) voided the previous panel’s decision to review the Applications via a single hearing and invited comments regarding whether the Applications should be heard together or separately.

EGDI believes it is in the public interest to hear and consider the Applications together.

EGDI is the largest gas distribution utility in Canada and is the largest shipper on the TransCanada Mainline (“Mainline”). EGDI is the default supplier in its franchise areas all located within the Mainline’s Eastern Ontario Triangle (“EOT”) and has an obligation to provide gas distribution services to over 2 million customers. The reliability and availability of sufficient capacity in the EOT is critical to EGDI’s ability to serve its customers.

TransCanada filed Eastern Mainline as a companion application to Energy East, proposing the Eastern Mainline Project as replacement facilities for certain facilities that TransCanada proposes to transfer for Energy East. TransCanada’s express need for Eastern Mainline is Energy East, making the Applications and TransCanada’s evidence filed in support of the Applications inextricably linked.

In the interests of its customers, EGDI entered into a Settlement Agreement with TransCanada, Gaz Métro Limited Partnership, and Union Gas Limited on October 30, 2015 (“Settlement Agreement”). The Settlement Agreement resolved matters related to the Projects and provided certainty that the development and/or construction of the Projects “will not result in negative impacts to the character or availability of Mainline service, or to costs for Mainline services over the Benefit Term”.¹ TransCanada amended the Applications in December 2015 to address provisions in the Settlement Agreement.

¹ Settlement Agreement Concerning the Energy East and Eastern Mainline Projects, Adobe Page 13, Article 2.2 (a)

The relationship between the Applications is evident in several of the commitments described in the Settlement Agreement. For example:

- In TransCanada Commitment 3.2 (b), Eastern Mainline capacity is determined using existing contracted capacity requirements into the Affected Area.²
- Commitment 3.2 (e) discusses the financial benefit to be realized in the EOT as a result of the Applications. This benefit only materializes if both Projects are developed.
- Commitment 3.2 (f) states that TransCanada will not construct the Eastern Mainline if Energy East does not proceed for any reason.

For EGDI and its customers, the timing of the proposed Energy East transfer of Mainline assets and the in-service date of the Eastern Mainline project must align to avoid any capacity shortfall in the EOT. This is best achieved through the Board hearing and considering the Applications together.

EGDI respectfully requests the Board to consider and hear the Applications jointly for the above reasons. Considering the Applications separately would be very difficult and inefficient for interested parties and the Board given the many interdependencies of the Projects and how they are presented in the Applications.

Yours very truly,

(Original Signed)

Andrew Welburn
Manager, Gas Supply & Strategy

cc: Adrienne Menzies, TCPL (via email)
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² As defined in the Settlement Agreement, the “Affected Area” means the geographic area in the Eastern Triangle comprising Enbridge EDA, Union EDA, GMi EDA, KPUC EDA, and the export points of Cornwall, East Hereford, Iroquois, Napierville and Philipsburg.