

Ministry of Energy

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November 12, 2013

Ms Rosemarie Leclair  
Chair and Chief Executive Officer  
Ontario Energy Board  
PO Box 2319  
2300 Yonge Street, 27th Floor  
Toronto ON M4P 1E4

Dear Ms Leclair:

**Re: Ontario Energy Board Report on Implications for Ontario of  
TransCanada PipeLines Limited Energy East Project**

I write pursuant to my authority under section 35 of the *Ontario Energy Board Act, 1998* (the "Act"), in order to engage the Ontario Energy Board (the "Board") in a matter of importance and to request its assistance in the form of a report to the Ministry regarding TransCanada PipeLines Limited's ("TCPL") proposal to develop the Energy East project.

Ontario recognizes that the TCPL Energy East project falls under the jurisdiction of Canada, which has exclusive authority over the approval of interprovincial pipelines pursuant to the federal distribution of legislative powers in the *Constitution Act, 1867*. The federal government exercises its regulatory authority through the National Energy Board ("NEB"). However, Ontario, through the Board, has a major role in the regulation of the natural gas sector in Ontario, including natural gas distribution and rates. The Board also has power under the Act to examine, report and advise on any question respecting energy that is referred to it by the Minister of Energy.

Background

Although Ontario does not have regulatory authority in relation to the approval of interprovincial oil pipelines, the province and people of Ontario have important interests at stake in the proposed Energy East project. These include critical safety, environmental, natural gas supply, and economic concerns. Ontario needs to be fully informed to ensure that it is able to actively participate and intervene in the future NEB hearings on TCPL's Energy East proposal.

TCPL has signalled that it will file its application with the NEB in the first quarter of 2014, and has already been widely and publicly consulting on this issue.

If it proceeds, this project involves the repurposing of a section of TCPL's Canadian Mainline ("Mainline") pipeline from natural gas to crude oil service across northern Ontario, through North Bay and southeast to Cornwall where a section of new pipeline running to the Quebec border is proposed. Currently, the Mainline provides natural gas to markets in Ontario and Quebec, as well as the United States.

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With respect to assessing proposed pipeline projects, the Government of Ontario has adopted the following six principles:

- Pipelines must meet the highest available technical standards for public safety and environmental protection;
- Pipelines must have world leading contingency planning and emergency response programs;
- Proponents and governments must fulfil their duty to consult obligations with Aboriginal communities;
- Local communities must be consulted;
- Projects should provide demonstrable economic benefits and opportunities to the people of Ontario, over both the short and long term; and
- Economic and environmental risks and responsibilities, including remediation, should be borne exclusively by the pipeline companies, who must also provide financial assurance demonstrating their capability to respond to leaks and spills.

#### Section 35 Report

Accordingly, I require the Board to examine and report to me on the Energy East project from an Ontario perspective. The Board shall consider the implications of the following:

- a. impacts on Ontario natural gas consumers, in particular those in Eastern and Northern Ontario in terms of rates, reliability and access to supply;
- b. impacts in Ontario on the natural environment and pipeline safety;
- c. impacts in Ontario on local communities and Aboriginal communities; and
- d. the short and long term economic impacts of the project in Ontario.

My expectation is that, to support the preparation of its report, the Board will undertake consultations with the public, including First Nation and Métis communities, local communities and stakeholders on the proposed Energy East project focussing on these issues. Such a Board process would be broad and transparent allowing time and opportunity for stakeholders and the public to make oral and written comments. The Board consultations would provide a forum for Ontarians to express their views on the proposed Energy East project and the consequent board report would assist and inform the Ontario government in formulating a position on TCPL's application. The Board may also wish to engage and consult external experts including the Environmental Commissioner of Ontario.

The Board's examination of the Energy East project should commence as soon as possible and be completed in sufficient time to allow the Ministry to review the report and use it to inform its participation as intervener in the Energy East proceeding before the NEB. A specific date for the submission of the Board's report to me will be communicated to you in future correspondence once the NEB hearing timetable is known.

Sincerely,



Bob Chiarelli  
Minister