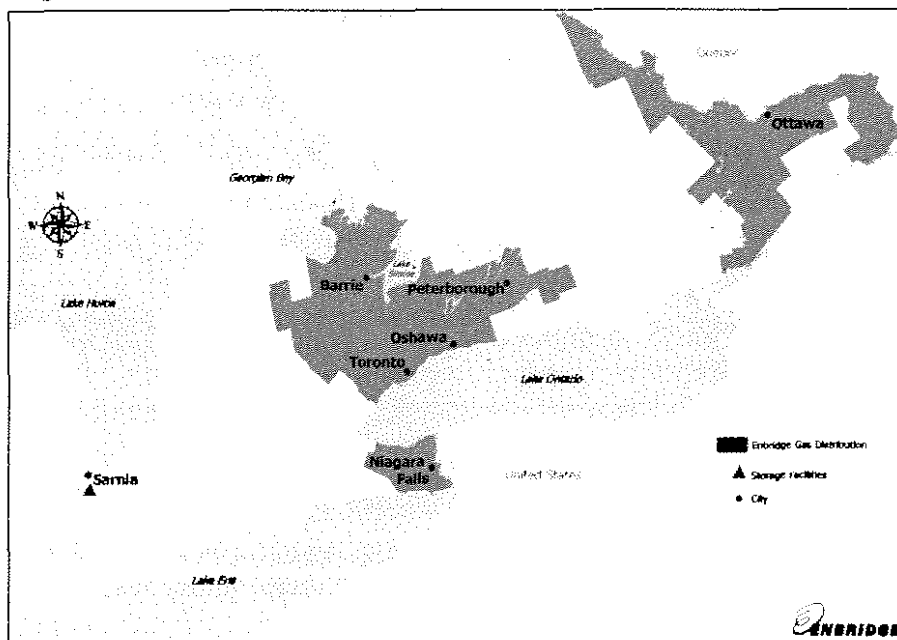


Brief of Enbridge Gas Distribution  
to the  
Bureau d'audience publiques sur l'environnement Québec  
regarding  
Rabaska

This brief regarding the Rabaska project is being provided by Enbridge Gas Distribution Inc. Enbridge Gas Distribution believes there are several benefits to the province of Ontario and other eastern Canadian markets associated with economically attaching new sources of gas supply to the market through a Liquefied Natural Gas (LNG) regasification terminal in eastern Canada.

Enbridge Gas Distribution has an almost 160 year history and is Canada's largest natural gas distribution utility. It delivers safe, reliable natural gas to about 1.8 million customers in many Ontario communities including the Greater Toronto Area, Niagara Peninsula, and Ottawa valley. The areas served by the Company are identified in Figure 1 below.

Figure 1.



Enbridge Gas Distribution is owned by Enbridge Inc., a Canadian-based leader in energy transportation and distribution. Enbridge provides distribution services in Ontario, through Enbridge Gas Distribution, and in New Brunswick and New York State. Enbridge also provides distribution services within the province of Quebec

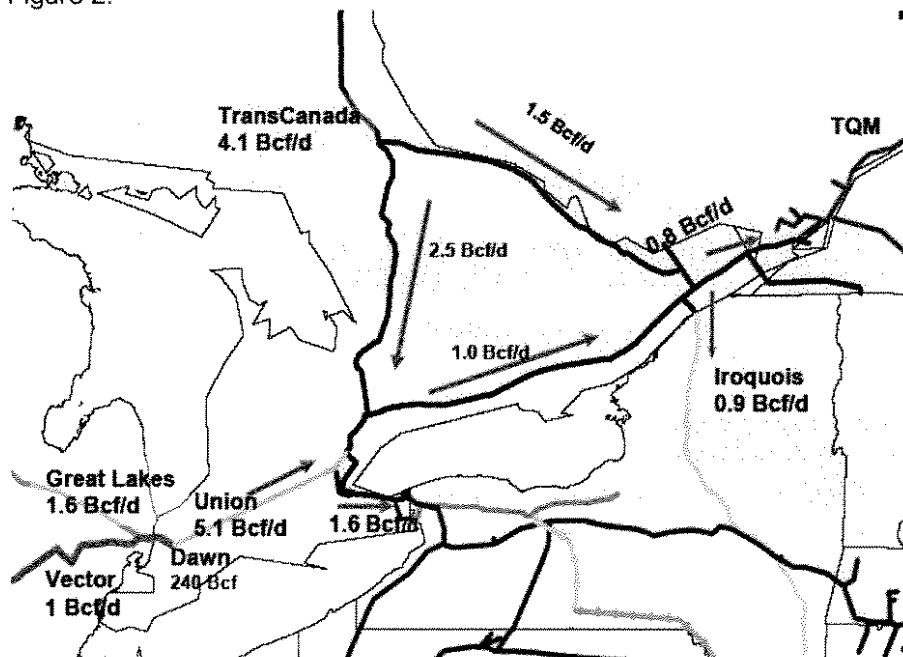
through its wholly owned subsidiary, Gazifère. More information about Enbridge Gas Distribution can be found at [www.enbridge.com/gas](http://www.enbridge.com/gas).

As a Company that distributes approximately 450,000 gigajoules (GJ), or 425 Billion Cubic Feet (BCF), of natural gas on an annual basis, Enbridge Gas Distribution has a significant interest in projects that will bring new sources of natural gas supply to the market. The Company expects these projects will enhance the security of supply and help to reduce natural gas price volatility

### Security of Supply

The transportation of natural gas within Eastern Canada has historically flowed from west to east. The majority of the gas moved into Ontario and further east has historically depended on TransCanada Pipelines Mainline transmission system. As shown in Figure 2 below, there are other alternatives that include Great Lakes Gas Transmission and Vector Pipelines for moving gas into southwestern Ontario, but any gas movement to the eastern part of the province and into Québec rely on the TransCanada system.

Figure 2.\*



\*Note: Volumes indicated do not reflect recent expansions

While this transmission system has operated reliably for nearly 50 years it has not been without incident and does provide a single point of failure for natural gas customers in eastern Ontario and Québec. The addition of supply that will provide for the westerly flow of gas into western Québec and eastern Ontario provides additional security of supply for customers in these areas. While this supply is not likely to eliminate the need for supply from the Western Canadian Sedimentary Basin (WCSB), it will greatly reduce the dependence on this supply

and allow customers in these areas to better manage under any scenario where there was a significant supply disruption on the TransCanada system

The westerly flow of gas also enhances security of supply to other customers further west within Ontario. During the winter months there is a strong reliance on the transmission system operated by Union Gas Limited between Dawn and the Toronto area. This transmission system moves gas brought into Ontario from other transmission pipelines like Vector and Great Lakes, and from the gas storage facilities in southwestern Ontario and Michigan. A significant disruption to these transmission facilities would have negative implications to all customers east of these facilities. The addition of westerly flowing supply would assist in mitigating any implications arising from such a disruption.

While these transmission systems have operated reliably for a long time, the possibility of disruption always exists and with limited options available for managing such a disruption, the consequences could be quite severe from both a safety and, given the significant role that natural gas plays in industry, economic perspective. Advancing LNG projects in eastern Canada provides another valuable option to address these concerns.

### Price Volatility

In addition to enhancing security of supply for customers in Ontario and Québec, the introduction of an LNG terminal in Québec will also help to enhance overall gas supply to the North American marketplace and mitigate price volatility. As evidenced by the Natural Resources Canada (NRCan) report "Canadian Natural Gas – Review of 2004 and Outlook to 2020", there was a tight balance between supply and demand in 2004, where Total North American Demand actually exceeded Total North American Supply by 301 BCF, or 1.2%<sup>1</sup>. This tight balance resulted in record natural gas prices in 2004, a situation that has not changed over the past two years. With NRCan identifying an annual average increase in natural gas demand of 1% through to 2020 and declines in conventional gas production from western Canada<sup>2</sup>, this tight balance is likely to be maintained moving forward and will actually require increased development of unconventional natural gas production in Canada and the importing of LNG.

Importing LNG into eastern Canada helps to address the tight supply / demand balance within North America. Also, having this supply brought in close to the major eastern Canadian consuming regions will help to enhance the supply available within the market area. Improving the adequacy of supply in the market area reduces the dependence on production and transport from other producing regions and the associated volatility with other North American demands competing for this supply. Enbridge Gas Distribution expects that the introduction of LNG to Québec will put some downward pressure on prices at

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<sup>1</sup> NRCan, North America, Review 2004, using data from Table 1 (page 4) and Table 2 (page 6)

<sup>2</sup> Ibid, Executive Summary, pages vi to vii

Dawn, the major market hub for natural gas in eastern Canada, in comparison to other market hubs and will dampen the volatility that is currently being experienced.

This comparative price reduction and dampened volatility are beneficial to Enbridge Gas Distribution customers, as well as other customers in eastern Canada and should be an important consideration in evaluating the benefits of projects like Rabaska.

### Safety

A final consideration in assessing LNG projects is the safety of LNG. Based on research that Enbridge Gas Distribution has conducted while it has been considering acquiring supply from an LNG terminal, the Company believes that LNG is an extremely safe means of bringing new natural gas supply to North America. While there was a highly publicized incident at a liquefaction facility in 2004, the industry has generally had a very strong safety record. Enbridge Gas Distribution has found no evidence of any incidents with an LNG tanker, or any LNG related incident at a regasification terminal in more than 50 years. All of this points to a very strong track record for LNG.

### Conclusion

In closing, Enbridge Gas Distribution strongly believes that authorization should be given to the Rabaska project to proceed to the next phases of developing its LNG facilities in Québec. Natural gas consumers in Ontario, as well as Québec, will benefit from the increased security of supply and reduced volatility in the prices they experience for natural gas. All of this being provided through technology that has a strong track record of safely bringing natural gas to the market.