



ONTARIO ENERGY BOARD

STAFF SUBMISSION

Enbridge Gas Distribution Inc.

OTTAWA REINFORCEMENT PROJECT

EB-2012-0099

October 19, 2012

Introduction

Enbridge Gas Distribution Inc. ("Enbridge") filed an application with the Ontario Energy Board (the "Board") on June 28, 2012 under sections 90 and 97 of the *Ontario Energy Board Act, 1998* for an order granting Enbridge leave to construct approximately 18.8 kilometres ("km") of Nominal Pipe Size 24 ("NPS 24") Extra High Pressure ("XHP") steel pipeline (altogether, the "Proposed Pipeline") to reinforce the existing natural gas delivery system in the Ottawa, Ontario area. Enbridge plans to start construction of the Proposed Pipeline no later than March 2013 and the projected in-service date for the Proposed Pipeline is January 2014.

The Proceeding

The Board issued a Notice of Application ("Notice") dated July 26, 2012. Enbridge served and published the Notice as directed by the Board. There are no intervenors in this proceeding. Observer status was requested by Carleton Condominium Corporation #51 ("Carlton Condominium") and was granted by the Board. In accordance with the procedural schedule, Board staff filed interrogatories on September 24, 2012. Enbridge filed interrogatory responses on October 5, 2012.

The Need for the Proposed Pipeline

Enbridge has stated that the Proposed Pipeline is needed to increase the capacity of the Ottawa area distribution system to meet existing and forecast loads as well as to provide additional security of supply and operational flexibility.

The current capacity at the Ottawa Gate inlet is insufficient to handle the current peak flow requirements. At tariff pressure¹, Ottawa Gate has a capacity of 340 10³m³/hr. The 2012-2013 forecasted flow, with interruptible customers off, is 390 10³m³/hr.² This situation is currently mitigated via a temporary agreement with TransCanada Pipelines

¹ TCPL tariff pressure of 580 psi – EB-2012-0099, Exhibit A, Tab 3, Schedule 1, pg. 2.

² EB-2012-0099, Exhibit A, Tab 3, Schedule 1, pg. 2

Limited (“TCPL”) where Enbridge will accept lower than tariff pressure to allow TCPL to provide a greater flow into Ottawa Gate. By accepting delivery pressures lower than tariff pressure, TCPL is able to supply additional gas volumes. However as system growth continues, a reduction in delivery pressure will result in Enbridge not being able to provide sufficient supply to the Ottawa system.³

The Ottawa area is expected to grow by more than 77,000 customers over the next 10 years. On a volume basis, peak load is forecasted to increase by $117 \times 10^3 \text{ m}^3/\text{hr}$ over the next 10 years.⁴

Board staff submits that the evidence filed by Enbridge supports the need for the Proposed Pipeline.

Project Economics

The upfront capital cost for the Proposed Pipeline is estimated to be \$51.24 million. The overall feasibility of the project has been determined using the methodology that adheres to the *“Ontario Energy Board Guidelines for Assessing and Reporting on Natural System Expansion in Ontario”* set out in the Ontario Energy Board’s EBO 188 *“Report to the Board”* dated January 30, 1998 (“EBO 188”). The Proposed Pipeline passes the feasibility tests set in the EBO 188.

Routing, Environmental Assessment, and Pipeline Design

The Proposed Pipeline route begins at Enbridge’s Richmond Gate Station located on the north side of Fallowfield Road, approximately 2.2 km west of Huntley Road in Goulbourn Township. The Proposed Pipeline proceeds north from the Richmond Gate Station through an existing TCPL pipeline easement for approximately 1.4 km to Flewellyn Road where it turns eastward. It continues along Flewellyn Road for 7.3 km

³ EB-2012-0099, Exhibit A, Tab 3 Schedule 2, pg. 2.

⁴ EB-2012-0099, Exhibit A, Tab 3, Schedule 2, pg. 1.

to Eagleson Road. At Eagleson Road, the Proposed Pipeline route proceeds north for 0.4 km to Hope Side Road. At Hope Side Road, the Proposed Pipeline proceeds east for approximately 2.0 km to Richmond Road. At this point the Proposed Pipeline turns north along Richmond Road for 2.7 km to the intersection of West Hunt Club Road. At West Hunt Club Road, the Proposed Pipeline route turns eastwards for approximately 5.0 km to terminate north of the intersection of West Hunt Club Road and Greenbank Road in the City of Ottawa where it will be tied into the existing Enbridge XHP distribution system.

The route selection for the Proposed Pipeline was completed in accordance with the *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario, 6th edition, 2011* (“OEB Environmental Guidelines”). The results of the routing and environmental assessment are presented in a report entitled *Ottawa Reinforcement Project Environmental and Cumulative Effects Assessment Final Report* (the “ER”). The ER was completed by Dillon Consulting Limited. (“Dillon”) and was submitted as part of the pre-filed evidence. The ER included an Archaeological Assessment and an environmental implementation plan for the Proposed Pipeline. No outstanding environmental or construction issues were identified.

Enbridge has stated that the Proposed Pipeline will be constructed in accordance with Enbridge’s Contract Specifications, Enbridge’s Construction and Maintenance Manual, and the recommendations in the ER. With implementation of mitigation measures identified by Dillon in the ER, Enbridge expects no significant environmental impacts resulting from construction and routing of the Proposed Pipeline.

The evidence indicates that there was extensive public consultation, including consultation with aboriginal groups. The consultation was consistent with the OEB Environmental Guidelines. Enbridge’s evidence stated that there are no outstanding or unresolved issues relating to any of the consultations.

Enbridge has stated that the design specifications are in accordance with the requirements of the Ontario Regulation 210/01 under the *Technical Standards and Safety Act 2000*, Oil and Gas Pipeline Systems.

Land Issues

The proposed pipeline is to be primarily located within the road allowance along the proposed route. A 6 meter permanent easement and a 10 meter temporary easement, for the construction period, will be required through property owned by TCPL from Enbridge's Richmond Gate Station to Flewellyn Road. Enbridge stated that it would obtain the required easements from TCPL prior to the construction of the Proposed Pipeline.

A temporary working easement will also be required from the City of Ottawa (the "City") to facilitate an in-line inspection of the Proposed Pipeline post-construction. Enbridge has stated that it will obtain the temporary working easement from the City prior to being needed for the construction of the in-line inspection facility.

Enbridge has stated that other temporary easements for the construction period would be beneficial to Enbridge in constructing the Proposed Pipeline but they are not essential.

Enbridge filed with the Board forms of agreements for an Agreement to Grant Easement, a Standard Easement Agreement, and a Working Area Agreement that Enbridge will offer to the affected landowners.

Potential Conflict with Future Roadworks

The City is in the process of conducting a provincial EA to increase roadway capacity between the existing Hope Side Road west of Richmond Road to the Hunt

Club/Highway 416 Interchange. The City stated in its letter of comment dated August 30, 2012 that the most likely outcome of this EA will include:

- widening the existing Hope Side Road to four lanes;
- realigning the existing Hope Side Road/Richmond Road intersection to the north east or provide a roundabout;
- widening Richmond Road from two to four lanes between Hope Side Road and Hunt Club Road;
- providing a roundabout at the intersection of Richmond Road and Hunt Club Road; and
- widening Hunt Club Road from two to four lanes from Richmond Road to Highway 416.

The timing for the EA has been delayed due to other projects being undertaken by the National Capital Commission in this area. The City anticipates that this EA will resume by the end of 2012 and will take between 12 and 18 months for completion. The result of the EA will then go through the detail design process with construction to be completed by 2015. In addition, the existing Hope Side Road would be widened from two to four lanes in 2017.

Enbridge acknowledged the potential for conflict areas to arise from the City's future road widening plans if the Proposed Pipeline was installed at typical depths. To address the issues raised by the City, Enbridge evaluated two courses of action:

Scenario 1: Delaying construction of the section of the route impacted by the future road widening until the summer of 2014; and

Scenario 2: Installing the entire pipeline in 2013 but increasing the depth of cover of the Proposed Pipeline at potential conflict locations.

Under Scenario 1, if Enbridge were to wait until the EA was completed, there is a risk that the proposed pipeline would not be placed into service in its entirety by the end of

2014, resulting in an inability to maintain the minimum system pressures required at key locations in the Ottawa distribution network.

Under Scenario 2, Enbridge would install the entire pipeline in 2013 at the location currently proposed but at a lower additional depth of 2.5 meters in the area of potential conflict.⁵ The duration of pipeline construction activity in this congested area would be prolonged by approximately one month, causing additional traffic disruption to local residents and commuters, and increased noise due to the rock excavation required. Enbridge would incur higher construction costs as a result of this change.

Both of the scenarios considered will result in additional costs to be borne by Enbridge. If Enbridge delays construction on the section of the route impacted by the future road widening (Scenario 1) there will be additional contractor mobilization and set up costs, legal fees and overheads (an approximate cost increase of \$750,000).⁶ In Scenario 2, Enbridge would be installing the pipeline with an additional depth of cover at selected locations within the proposed road widening area. Budgetary estimates received from potential contractors indicated that an incremental cost of \$2.5 million would be required to install the pipeline with a lower additional depth of cover of 2.5 meters along all of the road widening area – approximately 6 km.⁷ Through discussions with the City, Enbridge would seek to reduce the amount of pipeline installed with extra cover and so the additional costs are expected to be less than \$2.5 million.

If Enbridge were to need to move part of the Proposed Pipeline as a result of the City's roadwork, Enbridge would bear 65% of the relocation costs and the City would bear 35% as set out in section 12(d) of the Franchise Agreement between Enbridge and the City.

⁵ The standard depth is 1 meter.

⁶ EB-2012-0099, Enbridge IRR, Exhibit G, Tab 1, Schedule 6, pg. 5, F.

⁷ EB-2012-0099, Enbridge IRR, Exhibit G, Tab 1, Schedule 6, pg. 5, F.

Conclusion

Board staff submits that the need for the Proposed Pipeline has been demonstrated by Enbridge and overall, Board staff supports the construction of the Proposed Pipeline. However, in consideration of the potential conflict between the Proposed Pipeline and the City's plans for roadwork, Board staff submits that Enbridge should energize the Proposed Pipeline up to Eagleson Road and delay constructing the section of the pipeline that may be impacted by the City's future road widening until the Corridor EA is completed.

Board staff notes that under Scenario 1 there is the potential issue that Enbridge will have to delay construction and may not be able to have the pipeline in service by 2014 as a result of waiting until the EA is completed. However, under Scenario 2 there is a risk that burying the pipeline at a depth of 2.5 meters along the road widening area will be unnecessary depending on the outcome of the EA.

The cost of Scenario 2 is estimated at \$2.5 million which is \$1.75 million greater than the \$750,000 estimated cost of pursuing Scenario 1. These additional costs would be borne by ratepayers. Board staff submits that it is unfair for ratepayers to bear the increased cost of pursuing Scenario 2 knowing that it is uncertain and may be an unnecessary cost.

Enbridge stated in their evidence that in the event of delays that prevent the entire Proposed Pipeline from being installed by December 2013, Enbridge would energize the Proposed Pipeline up to Eagleson Road and continue with construction into 2014 which would allow two of the three lateral connections to be made (at the existing NPS 12 XHP mains at Shea Road and Eagleson Road), which would provide some relief at Ottawa Gate Station. Board staff submits that Enbridge should energize the Proposed Pipeline up to Eagleson Road and continue construction when the EA is completed which would provide certainty and clarity on the location of the Proposed Pipeline in those areas where the City may undertake road reconstruction. This will allow Enbridge

to meet their short term requirements while also reducing the financial burden placed on ratepayers.

Conditions of Approval

Board staff filed proposed conditions of approval in Interrogatory #7. Enbridge responded that it would comply with the proposed conditions. Board staff has added in section 5.2 to the conditions of approval (attached as Appendix A to these submissions). Board staff submit that the proposed conditions of approval be included as part of the Board's order in this matter.

Appendix A

to

Board Staff Submissions

EB-2012-0099

EB-2012-0099**Enbridge Gas Distribution Inc.
Leave to Construct Application****Board Staff Proposed Draft****Conditions of Approval****1 General Requirements**

- 1.1 Enbridge Gas Distribution Inc. ("Enbridge") shall construct the facilities and restore the land in accordance with its application and the evidence filed in EB-2012-0099 except as modified by this Order and these Conditions of Approval.
- 1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate December 31, 2013, unless construction has commenced prior to that date.
- 1.3 Enbridge shall implement all the recommendations of the Environmental Report filed in the pre-filed evidence, and all the recommendations and directives identified by the members of the Ontario Pipeline Coordinating Committee ("OPCC").
- 1.4 Enbridge shall advise the Board's designated representative of any proposed material change in construction or restoration procedures and, except in an emergency, Enbridge shall not make such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board shall be informed immediately after the fact.
- 1.5 Within 15 months of the final in-service date, Enbridge shall file with the Board Secretary a Post Construction Financial Report. The Report shall indicate the actual capital costs of the project and shall explain all significant variances from the estimates filed in the proceeding.

2 Project and Communications Requirements

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Natural Gas Applications.
- 2.2 Enbridge shall designate a person as project engineer and shall provide the name of the individual to the Board's designated representative. The project engineer will be responsible for the fulfillment of the Conditions of Approval on the construction site. Enbridge shall provide a copy of the Order and Conditions

of Approval to the project engineer, within seven days of the Board's Order being issued.

- 2.3 Enbridge shall give the Board's designated representative and the Chair of the OPCC ten days written notice in advance of the commencement of the construction.
- 2.4 Enbridge shall furnish the Board's designated representative with all reasonable assistance for ascertaining whether the work is being or has been performed in accordance with the Board's Order.
- 2.5 Enbridge shall file with the Board's designated representative notice of the date on which the installed pipelines were tested, within one month after the final test date.
- 2.6 Enbridge shall furnish the Board's designated representative with five copies of written confirmation of the completion of construction. A copy of the confirmation shall be provided to the Chair of the OPCC.

3 Monitoring and Reporting Requirements

- 3.1 Both during and after construction, Enbridge shall monitor the impacts of construction, and shall file four copies of both an interim and a final monitoring report with the Board. The interim monitoring report shall be filed within six months of the in-service date, and the final monitoring report shall be filed within fifteen months of the in-service date. Enbridge shall attach a log of all complaints that have been received to the interim and final monitoring reports. The log shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- 3.2 The interim monitoring report shall confirm Enbridge's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction.
- 3.3 The final monitoring report shall describe the condition of any rehabilitated land and the effectiveness of any mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.

4 Easement Agreements

- 4.1 Enbridge shall offer the form of agreement approved by the Board to each landowner, as may be required, along the route of the proposed work.

5 Other Approvals and Agreements

- 5.1 Enbridge shall obtain all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project, shall provide a list thereof, and shall provide copies of all such written approvals, permits, licences, and certificates upon the Board's request.
- 5.2 Enbridge shall delay construction of the section(s) of the pipeline and facilities on the route from the intersection of Eagleson Road and Hope Side Road to Highway 416 that may be impacted by the City of Ottawa's future road widening until the Corridor EA is completed.