



ONTARIO ENERGY BOARD

STAFF SUBMISSION

**Enbridge Gas Distribution Inc.
EB-2014-0288**

January 21, 2015

Introduction

The Ontario Energy Board received an application on November 19, 2014 under sections 36(1)(b) and 38 of the *Ontario Energy Board Act* (Act) from Enbridge Gas Distribution Inc. (Enbridge) for approval to expand the boundaries of and operate the expanded Chatham 7-17-XII (Chatham D Pool) Designated Storage Area (DSA) located in the Municipality of Chatham-Kent¹.

The Board issued a Notice of Application (Notice) on December 1, 2014. Enbridge posted and served the Notice in accordance with the Board's directions including service to the Ministry of Natural Resources and Forestry, Petroleum Operations Section, London, Ontario (MNRFP)². Union Gas Limited requested and was granted intervenor status in the proceeding. Procedural Order No. 1 was issued on December 19, 2014 setting the timeline for a written discovery process and submissions by Union Gas Limited and Board staff and reply by Enbridge.

Application and Evidence

Enbridge applied under section 36.1(1)(b) of the Act for approval of the expansion of the Chatham D DSA area by adding 25 acres or by about 4.7% of the total Chatham D Pool area (530.13 acres). The detailed description of the additional lands is filed by Enbridge at Exhibit A, Tab 2, Schedule 3.

The basis for the amendment is that a geological report, completed after the Chatham D Pool was designated, determined that the storage reservoir extends beyond current DSA boundaries and therefore the expansion is needed to protect the integrity of the Chatham D pool. At the time of designation of the Chatham D Pool the available geological information was insufficient to support the inclusion of the 25 acres in the DSA. Enbridge noted that the proposed area agrees with the designated storage area

¹ Chatham D pool was designated by the Board in E.B.O. 201 proceeding in 1998. At the time of designation the pool was owned by CanEnerco Limited and was later acquired and operated by Enbridge.

² Ministry of Natural Resources and Forestry, Petroleum Operations Section, London, Ontario (MNRFP) has the provincial authority related to geological aspects of designation and operation of natural gas storage pools in Ontario.

originally requested by CanEnerco in 1997. In EBO-201, the Board did not approve the northeast corner within the DSA boundary for the Chatham D Pool as there was insufficient evidence regarding that area to include it in designated area.

In 2012 Enbridge conducted a 3D seismic geological analysis of the Chatham D Pool. Enbridge retained Sproule Associates Ltd. (Sproule) to conduct the analysis and complete the geological report (Sproule Report) which is the basis for the DSA expansion application. The Sproule Report was filed by Enbridge at Exhibit B, Tab 1, Schedule 3.

According to the geological reef model built by Sproule the newly mapped geological reef extends, in the northeast corner of the DSA, beyond the current DSA boundary. Enbridge stated that the amendment to include the additional 25 acres is required to incorporate the entire reef in the DSA and to provide a sufficient area of land around the reef to provide adequate protection.

Enbridge also applied under section 38 for authority to inject, store and remove gas from the amended DSA, to enter into and upon land in the area and use the land for the purpose of operating newly expanded pool. Enbridge stated that the capacity and deliverability of the Chatham D Pool is not affected by the proposed amendment. No infrastructure changes within the Chatham D Pool are planned at this time.

Two private landowners are directly affected in the area to be added to the DSA. Enbridge stated that it has agreements for storage rights with the two affected private landowners and is working with the Municipality of Chatham-Kent (Municipality) on a Gas Storage Lease Agreement. The standard form of Gas Storage Lease Agreement offered to the Municipality and other landowners was filed in Exhibit C, Tab 1, Schedule 6 with the application.

Role of the MNRF

In Ontario, the MNRF is responsible for the technical and safety aspects of storage pool development and operation in accordance with requirements of *CSA Z341.1 “Storage of Hydrocarbons in Underground Formations”* (CSA Z341) and the *Gas and Salt Resources of Ontario, Provincial Operating Standards, Version 2.0* (the “Provincial Standards”). CSA Z341 and the Provincial Standards provide a comprehensive framework for monitoring storage operations in Ontario. The MNRF’s responsibility is to ensure that the Provincial Standards, including those related to the operation of wells, well plugging, and the reporting and monitoring of various stages of storage operations, are implemented by storage operators.

The Board’s standard practice is to direct storage operators and developers to notify the MNRF of their storage related applications filed with the Board. In this proceeding the MNRF was notified and Enbridge placed on the record that the MNRF reviewed the geological evidence that demonstrates that the expansion of the DSA is acceptable and follows the requirements under the MNRF’s authority. No issues or concerns were raised by the MNRF on any aspect of this application.

In response to Board staff Interrogatory No. 2, Enbridge described the information exchange with the MNRF regarding the MNRF’s review of the Sproule Report. On June 17, 2014 Enbridge met with staff of MNRF to inform MNRF of the proposed boundary expansion and to present and review 3D seismic information which was the basis for Sproule Report. According to Enbridge’s evidence, on December 29, 2014 the MNRF received the Sproule Report for review. On January 8, 2015 Enbridge received an email response from the MNRF confirming their agreement with the proposed amendment to the Chatham D DSA boundary³.

³ Enbridge attached a copy of the email from MNRF dated January 8, 2015 to response to Board staff IR No. 2.

Board Staff Submissions

Board Staff supports the Board granting the application for the Chatham D Pool DSA amendment. There are no outstanding landowner issues and, as supported by Enbridge's evidence, the MNRF has confirmed the acceptability of the Chatham D DSA boundary amendment. Further, Board staff notes that the MNRF did not indicate any concerns regarding Enbridge's application to operate the expanded Chatham D Pool by Enbridge. In addition, Board staff notes that, Enbridge stated that no new facilities would be constructed and that the deliverability or capacity of the Chatham D Pool will not be affected by the new boundaries of the Chatham D Pool.

- All of which is respectfully submitted -