



ONTARIO ENERGY BOARD

OEB STAFF SUBMISSION

May 25, 2016

**Enbridge Gas Distribution Inc.
Seaton Land Development Pipeline Project
EB-2016-0054**

Introduction

Enbridge Gas Distribution Inc. (Enbridge) applied to the Ontario Energy Board (OEB) on March 18, 2016, under section 90 of the *Ontario Energy Board Act, 1998*, for leave to construct a natural gas pipeline to serve the Central Pickering Development Planning Area (Seaton Community), a new residential development in North Pickering, in the Regional Municipality of Durham (Proposed Pipeline). The Seaton Community is planned to be developed in several stages between 2017 and 2023. The Proposed Pipeline will provide distribution services for the first stage and will support the expected growth of the Seaton Community over the next seven years (up to year 2023). The proposed pipeline consists of 0.5 km of extra high pressure NPS 6 natural gas pipeline and 2.9 km of high pressure NPS 8 natural gas pipeline. Ancillary facilities are also required. The ancillary facilities include a district station that will regulate the pressure in the pipeline from extra high pressure to high pressure. The capital cost is estimated to be \$4.1 million which includes the costs for mains, land rights contingencies and overhead.

The Proposed Pipeline starts near the intersection of Taunton Road and Sideline 16, runs west along Taunton Road terminating at Sideline 24. Enbridge states that future development stages will require other ancillary facilities such as a district station to regulate the pressure in the pipeline from extra high pressure to high pressure, distribution mains, services, and regulator stations. These infrastructure facilities are not part of the application and in Enbridge's submission, will not require future approvals by the OEB. The Proposed Pipeline and all the ancillary facilities planned to be constructed over a seven year period is referred to in this document as Seaton Gas Service Project.

Enbridge plans to start construction of the Proposed Pipeline in July 2016 in order to meet to an in-service date in spring 2017.

OEB staff supports Enbridge's application subject to the proposed draft conditions of approval attached as Appendix A. Enbridge accepted the proposed conditions.

Process

The OEB issued a Notice of Application (Notice) on March 31, 2016. Enbridge served and published the Notice as directed. No one requested intervenor status. The OEB proceeded by way of a written hearing. In accordance with the procedural order issued on April 21, 2016, the interrogatory phase was completed on May 11, 2016.

Need for the Project

The North Pickering Community Management Inc. (NPCMI) requested natural gas distribution service from Enbridge for the Seaton Community. Enbridge has a franchise agreement and a certificate of public convenience and necessity with the City of Pickering and the Municipality of Durham which allows gas distribution to the Seaton Community.

Enbridge filed a letter of support, dated January 27, 2016, from the NPCMI (NPCMI Letter). The NPCMI Letter stated that the construction of the first phase of the project started in 2015 and will finish in the Spring of 2017.

In OEB staff's view, under the assumption that the Seaton Community development is realized as planned, Enbridge demonstrated that the Proposed Pipeline is needed to supply natural gas to the Seaton Community.

Project Cost and Economics

Enbridge provided economic feasibility evidence for the Proposed Pipeline. The economic feasibility was calculated by discounting the estimated incremental cash flows over the customer revenues horizon from the forecasted customer additions in years 2017 to 2023. Enbridge used a revenue horizon of 40 years.

The estimated capital cost for the Proposed Pipeline is \$4.1million. The estimated capital costs associated with attaching incremental customers over the 2017-2023 period is \$30.5 million. In the economic feasibility calculations, Enbridge used the total capital costs of the Seaton Gas Service Project (i.e. \$34.6 million). While Enbridge is not seeking approval for future costs in this application, Enbridge submitted that it used the total Seaton Gas Service Project costs in the feasibility analysis for completeness. The resulting Profitability Index (PI) is 1.69.

In response to OEB staff interrogatory # 2 Enbridge provided the economic feasibility analysis for the first stage of Seaton Community development. The resulting PI is 1.17.

OEB staff has no concerns with the impact of the Proposed Pipeline on Enbridge's ratepayers as the economic feasibility meets the requirements of "Ontario Energy Board Guidelines for Assessing and Reporting on Natural Gas System Expansion in Ontario", 1998, EBO 188.

The Environmental Assessment

An Environmental and Socio-Economic Impact Assessment Report (ER) was completed by Stantec Consulting Ltd. (Stantec) on behalf of Enbridge. The ER was completed in accordance with the OEB's *"Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines in Ontario"* (2011) (OEB Environmental Guidelines).

Enbridge is committed to implement Environmental Implementation Plan which will incorporate mitigation measures for the environmental issues associated with the Proposed Pipeline.

Enbridge provided the ER for review by the members of the Ontario Pipeline Coordinated Committee (OPCC), City of Pickering, the Regional Municipality of Durham, Toronto Region and Conservation Authority, and relevant federal agencies. In response to OEB staff interrogatory # 4 Enbridge confirmed that as of May 11, 2016 it did not receive any comments regarding review of the ER from the members of the OPCC or any other party.

OEB staff has no concerns regarding the environmental assessment. Enbridge stated that no concerns or issues were raised during the consultation process and that Enbridge is committed to implement the mitigation and inspection programs and to adhere to the OEB staff proposed conditions of approval contained in Appendix A related to mitigation and construction monitoring and reporting.

Aboriginal Consultation

Stantec, on behalf of Enbridge, conducted consultations with First Nations and Métis Nations to address any potential Aboriginal, land claim, or treaty rights in a 100 kilometre radius of the Proposed Pipeline. On November 12, 2015 Stantec sent a letter of project notification by courier to Alderville First Nation, Chippewas of Georgina Island, Chippewas of Rama First Nation, Curve Lake First Nation, Hiawatha First Nation, Mississaugas of Scugog Island First Nation and Métis Nation of Ontario. On November 12, 2015 Stantec sent a project environmental assessment study notification to Aboriginal Affairs and Northern Development Canada (AANDC) and received a letter from AANDC on November 23, 2015 confirming the completeness Enbridge's consultation list of First Nations and Métis Nations potentially affected by the project.

In response to OEB staff interrogatory # 5 Enbridge stated it received no comments from Aboriginal consultation except for requests for a copy of the Stage 1 and 2 Archaeological reports upon completion from Hiawatha First Nation (HFN) and Mississauga of Scugog Island First Nation (MSIFN). MSIFN also requested a copy of the ER. Enbridge delivered the requested documents and informed the HFN and MSIFN that it will deliver copies off Stage 2 Archeological assessment as it is completed. As of May 11, 2016, the Stage 2 Archeological assessment report was not available. Enbridge has not received any comments regarding the results of the Stage 1 Archaeological assessment from HFN nor ER and Stage 1 Archaeological assessment from MSIFN.

OEB staff notes that, except for requests for the documentation, according to Enbridge's evidence, no concerns have been raised in the consultation. Enbridge has followed the OEB Environmental Guidelines regarding consultation with Aboriginal communities.

Land Matters

At the time of application filing Enbridge did not identify the need to acquire any permanent easements for the pipeline because the route of the Propose Pipeline is within Taunton Road municipal road allowance. However, on May 11, 2015 in response to OEB staff interrogatory # 3 Enbridge explained it has learned that at some locations the boundaries of Taunton Road will be widened. The Region of Durham has requested Enbridge to install its infrastructure within the future boundaries of Taunton Road. To secure land rights for this purpose, Enbridge started negotiations with Infrastructure Ontario (IO). Enbridge stated that, if negotiations with the IO are

prolonged beyond the planned start of construction in July 2016, there is a possibility that the Region of Durham may decline permission for construction which may delay the project for one year. However, Enbridge anticipates that this outcome is not very likely. OEB staff notes that the OEB's conditions of approval normally authorize leave to construct to terminate 12 months after a decision is issued, unless construction has commenced prior to that date.

Enbridge applied under section 97 of the *Ontario Energy Board Act*, 1998 for an order approving the form of easement agreement that will be offered or has been offered. Enbridge filed forms of the Agreement to Grant Easement, Standard Easement Agreement and Working Area Agreement.

OEB staff submits that the form of easement agreement should be approved as it is consistent with form of easement agreement previously approved by the OEB¹.

Conditions of Approval

In response to OEB staff interrogatory # 6, Enbridge accepted the draft conditions of approval proposed by OEB staff. The conditions are attached as Appendix A to this submission.

All of which is respectfully submitted.

¹ Response to OEB staff interrogatory #3

Appendix A

to

OEB Staff Submission

Draft
Leave to Construct Conditions of Approval
Application under Sections 90 of the OEB Act
Enbridge Gas Distribution Inc.
EB-2016-0054

1. Enbridge Gas Distribution Inc. (Enbridge) shall construct the facilities and restore the land in accordance with the Board's Decision and Order in EB-2016-0054 and these Conditions of Approval.
2. (a) Authorization for leave to construct shall terminate 12 months after the decision is issued, unless construction has commenced prior to that date.

(b) Enbridge shall give the Board notice in writing:
 - i. of the commencement of construction, at least ten days prior to the date construction commences;
 - ii. of the planned in-service date, at least ten days prior to the date the facilities go into service;
 - iii. of the date on which construction was completed, no later than 10 days following the completion of construction; and
 - iv. of the in-service date, no later than 10 days after the facilities go into service.
3. Enbridge shall implement all the recommendations of the Environmental Report filed in the proceeding, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee review.
4. Enbridge shall advise the Board of any proposed change to Board-approved construction or restoration procedures. Except in an emergency, Enbridge shall not make any such change without prior notice to and written approval of the Board. In the event of an emergency, the Board shall be informed immediately after the fact.
5. Enbridge shall file, in the proceeding where the actual capital costs of the project are proposed to be included in rate base, a Post Construction Financial Report, which shall indicate the actual capital costs of the project and shall provide an explanation for any significant variances from the cost estimates filed in this proceeding.

6. Both during and after construction, Enbridge shall monitor the impacts of construction, and shall file with the Board one paper copy and one electronic (searchable PDF) version of each of the following reports:
- a) a post construction report, within three months of the in-service date, which shall:
 - i. provide a certification, by a senior executive of the company, of Enbridge's adherence to Condition 1;
 - ii. describe any impacts and outstanding concerns identified during construction;
 - iii. describe the actions taken or planned to be taken to prevent or mitigate any identified impacts of construction;
 - iv. include a log of all complaints received by Enbridge, including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions; and
 - v. provide a certification, by a senior executive of the company, that the company has obtained all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project.
 - b) a final monitoring report, no later than fifteen months after the in-service date, or, where the deadline falls between December 1 and May 31, the following June 1, which shall:
 - i. provide a certification, by a senior executive of the company, of Enbridge's adherence to Condition 3;
 - ii. describe the condition of any rehabilitated land;
 - iii. describe the effectiveness of any actions taken to prevent or mitigate any identified impacts of construction;
 - iv. include the results of analyses and monitoring programs and any recommendations arising therefrom; and
 - v. include a log of all complaints received by Enbridge, including the date/time the complaint was received, a description of the complaint, any actions taken to address the complaint, the rationale for taking such actions.