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VIA COURIER, RESS and EMAIL

June 1, 2016

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, ON M4P 1E4

**Re: Ontario Energy Board File No. EB-2016-0054
Enbridge Gas Distribution Inc. – Seaton Land Development Pipeline Project
Reply Submission**

In accordance with Procedural Order No.1 dated April 21, 2016, please see the attached Submission provided by Enbridge Gas Distribution.

Please contact the undersigned if you have any questions.

Yours truly,

(Original Signed)

Stephanie Allman
Regulatory Coordinator

cc: Scott Stoll, Legal Counsel, Aird & Berlis LLP

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15 (Schedule B);

AND IN THE MATTER OF an Application by Enbridge Gas Distribution Inc. under section 90 of the Act for an order or orders granting leave to construct an NPS 6 and NPS 8 natural gas distribution pipeline and ancillary facilities in North Pickering in the Regional Municipality of Durham.

**REPLY SUBMISSIONS OF
ENBRIDGE GAS DISTRIBUTION INC.**

1. These are the Reply Submissions of the Applicant, Enbridge Gas Distribution Inc. ("Enbridge" or the "Company").
2. Following publication and serving of the Notice of Application as required by the Ontario Energy Board (the "Board"), no parties came forward to request intervenor status in the proceeding. Only Board Staff actively participated in the proceeding and has made submissions supporting the Application.
3. During the course of the proceeding, Board Staff submitted interrogatories to Enbridge. Interrogatory #6 proposed several draft conditions of approval and requested that Enbridge comment on these conditions of approval. Enbridge reviewed the draft conditions of approval and indicated that it had no concerns or comments. As such Enbridge has no objections to such conditions being included in any approval granted by the Board.
4. Specifically, Enbridge has applied to the Board requesting:
 - (i) pursuant to section 90 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c-15, Schedule B, an Order granting leave to construct the Facilities; and
 - (ii) pursuant to section 97 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c-15, Schedule B, an Order approving the form of easement agreements found at Exhibit F, Tab 1, Schedule 3.

5. In leave to construct applications, the Board is required to consider the public interest, and where the public interest is served by the project, the Board is to grant leave to construct. Public interest is determined by the Board using the following considerations:
 - (i) purpose and need for the project;
 - (ii) environmental considerations;
 - (iii) project feasibility;
 - (iv) land matters; and
 - (v) consultation obligations.

Facilities and Project Need

6. Enbridge has applied to the Board for leave to construct approximately 3.4km of natural gas distribution pipeline plus ancillary facilities (the “Facilities”) to serve the Central Pickering Development Planning Area (the “Seaton Community”). The Facilities are comprised of two sections of pipeline and ancillary facilities. The first section of pipeline is approximately 0.5km of Nominal Pipe Size (“NPS”) 6 steel pipeline and the second section is approximately 2.9km of NPS 8 steel pipeline. Ancillary facilities include a district station to regulate pressure in the pipeline where pipe sizing increases from NPS 6 to NPS 8 and other infrastructure (distribution mains, services and regulator stations). A map showing the proposed pipeline route was provided at Exhibit C, Tab 1, Schedule 1, Attachment 1.
7. The proposed pipeline would originate near the intersection of Taunton Road and Sideline 16 and travel west along Taunton Road to a point where it terminates at Sideline 24.
8. North Pickering Management Inc. is the Trustee appointed pursuant to the provisions of the Amended and Restated Cost Sharing Agreement for the North Pickering Community, and as Trustee represents and acts on behalf of the Seaton Landowners in the Central Pickering Development Area otherwise known as the Seaton Community. The Seaton Landowners are designing and will be developing the new Seaton Community in North Pickering. The Seaton Landowners have requested access to natural gas to ensure this new residential and business community benefits from the economic and environmental advantages of natural gas.

9. North Pickering Community Management Inc. has provided Enbridge with a letter of support for the proposed facilities along with growth projections for the Seaton Community. This letter of support can be found at Exhibit B, Tab 1, Schedule 1, Attachment 1.

Environmental Assessment and Pipeline Design

10. The route and location for the proposed Facilities were selected by Stantec Consulting Ltd. ("Stantec"), an independent Environment Consultant, through the process outlined in the Board's *"Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario"* (Sixth Edition, 2011)(the "Guideline").
11. The Environmental Report is found at Exhibit C, Tab 1, Schedule 3 and details the route selection process, the extensive consultation (including aboriginal consultation) completed and includes an archaeological assessment. At page 7.1 of the Environmental Report, Stantec concluded:

In the opinion of Stantec, the recommended program of supplemental studies, mitigation, protective and contingency measures are considered appropriate to protect the features encountered. Monitoring will assess that mitigation and protective measures have been effective in both the short and long term.

With the implementation of the recommendation in the ER, on-going communication and consultation, and adherence to permit, regulatory and legislative requirements, potential adverse residual environmental and social-economic impacts of this Project are not anticipated to be significant.

12. Enbridge confirms that it will adhere to the recommendations included in the Environmental Report.
13. The design of the Facilities adheres to the requirements of Ontario Regulation 210/01, Oil and Gas Pipeline Systems, under the *Technical Standards and Safety Act, 2000*, S.O. 2000, c. 16 and the CSA Z662 Oil and Gas Pipeline systems Code, current version.

Project Economics

14. The overall feasibility of the project has been determined using the methodology specified in *"Ontario Energy Board Guidelines for Assessing and Reporting on Natural Gas System Expansion in Ontario"* and the EBO 188 Report of the Board dated January 30, 1998.
15. The economic analysis is performed by discounting incremental cash flows over a 40-year revenue horizon using the feasibility parameters from EB-2015-0114 as required by the Board. The estimated capital cost for the pipeline is \$4.1 million and the estimated capital costs for attaching incremental customers over the 2017 to 2023 period is \$30.5 million. The resulting Profitability Index ("PI") is 1.69. In interrogatory #2 Board Staff requested that Enbridge recalculate the PI to include only the first stage of the Seaton Community. The resulting PI of this calculation is 1.17. The PI in both scenarios exceeds the Board's minimum for granting leave to construct.
16. Board Staff have acknowledged that the economic analysis performed by Enbridge was consistent with the Board's direction in these matters.

Land Issues

17. The OEB Act, section 97, requires the Board to approve the form of easement that will be offered to landowners as follows:
 97. In an application under section 90, 91 or 92 leave to construct shall not be granted until the applicant satisfies the Board that it has offered or will offer each owner of land affected by the approved route or location and agreement in the form approved by the Board.
18. Enbridge plans to install the proposed Facilities within the public road allowance known as Taunton Road. In response to Interrogatory #3 Enbridge explained that at some locations the boundaries of Taunton Road will be widened and the Region of Durham has requested that the facilities be installed within these future boundaries rather than the existing boundaries. Enbridge has started negotiations with Infrastructure Ontario to secure land rights for this purpose.
19. Enbridge has included a form of easement agreement that has or will be offered to landowners for which an easement is necessary. This form of easement agreement can be found at Exhibit F, Tab 1, Schedule 3.

20. Board Staff have acknowledged that the form of easement agreement should be approved as it is consistent with previous agreements approved by the Board.
21. Enbridge confirms it will obtain all of the necessary approvals and permits for the construction of the Facilities.

Aboriginal Consultation

22. Stantec contacted First Nations, Métis and related agencies to identify the potential for the project to impact existing or asserted Aboriginal land claim or treaty rights in accordance with the requirements of the Guideline.
23. Stantec provided notice and followed up with each of the identified persons. Hiawatha First Nation ("HFN") and the Mississaugas of Scugog Island First Nation ("MSIFN") have shown interest in the project. At the request of the HFN and MSIFN a copy of the Environmental Report including a Stage 1 Archeological Report was delivered to each group. Once completed the Stage 2 Archeological Report will also be provided to each group. Enbridge will continue to consult with the HFN and MSIFN throughout project construction. No other group or organization expressed any interest or concern with the proposed Facilities. No First Nation or Métis group has requested intervenor or observer status in the proceeding.

Conclusion

24. Construction of the Facilities is scheduled to commence no later than July 2016. This start date is necessary to meet the construction timing requirements for certain permits and enable Enbridge to meet the in-service date of Spring 2017 requested by the Seaton Landowners. Enbridge provided a project schedule at Exhibit D, Tab 1, Schedule 3.
25. The Seaton Landowners and Board Staff support granting Enbridge leave to construct. Enbridge is not aware of any outstanding concerns with its Application.
26. Consequently, Enbridge submits that the proposed Facilities are in the public interest and that there are no outstanding issues. Therefore, Enbridge requests the Board grant leave to construct for the Facilities at the earliest opportunity prior to June 30, 2016 such that Enbridge may maintain the proposed construction schedule to meet the customer's in-service date.

DATED June 1, 2016 at Toronto, Ontario.

ENBRIDGE GAS DISTRIBUTION INC.
By its counsel
AIRD & BERLIS LLP

(Original Signed)

Scott Stoll