



ONTARIO ENERGY BOARD

OEB STAFF SUBMISSION August 14, 2018

**Union Gas Limited
Kingsville Transmission Reinforcement Project
EB-2018-0013**

Introduction

Union Limited (Union) applied to the Ontario Energy Board (OEB) under s. 90(1) of the *Ontario Energy Board Act, 1998* for an order granting leave to construct approximately 19 kilometres of natural gas transmission pipeline in the Town of Lakeshore and the Town of Kingsville in the County of Essex (Kingsville Transmission Reinforcement Project or the Proposed Project). The Proposed Project is a high-pressure lateral pipeline in the southern area of Union's Panhandle Transmission System (Panhandle System) market. Union characterizes the Project as a reinforcement of the Panhandle System.

The location of the Project within the Panhandle System is shown in the schematic attached as Appendix B.

The original application was filed on January 26, 2018 and included a request for recovery of project costs through application of an Incremental Capital Module (ICM) mechanism as well as an application granting the approval of an accounting order to establish the Kingsville Transmission Reinforcement Project Cost Deferral Account. For reasons explained in the OEB's letter to Union dated February 27, 2018, the OEB determined that it would not hear issues related to the recovery of project costs through an ICM mechanism at this time and asked Union to notify the OEB if it still wished to proceed with the remainder of its application. By letter dated March 5, 2018, Union confirmed its intention to proceed with its application and seek leave to construct the Kingsville Reinforcement Project. The OEB commenced its review of Union's leave to construct application on March 5, 2018.

According to Union, the Project is needed to provide incremental capacity for the increasing demand for firm service across the Panhandle System market for general service customers and contract rate customers, including greenhouse operators in the vicinity of the Proposed Project in the Kingsville-Leamington area and the Chatham-Kent area. The Proposed Project will also provide a system wide benefit to the Panhandle System by reducing and eliminating pressure-related constraints in the Windsor area in the north-west of the Panhandle System and in the Kingsville-Leamington area.

Union plans to start construction in the summer of 2019 for a November 1, 2019 in-service date.

OEB staff supports Union's application, and submits that the OEB approve Union's

proposed transmission system reinforcement, subject to standard conditions of approval attached as Appendix A to this submission.

In OEB staff's view, the Proposed Project is a transmission asset that provides broad system benefits across the Panhandle System rather than to a specific local area or segment of customers. Union's forecast growth, which it submits supports the need for the Project, is spread across the region: demand in the Windsor area is forecast to grow by 21 TJ/day by 2025; demand in the Chatham-Kent area is forecast to grow by 37 TJ/day by 2025; and demand in the Kingsville-Leamington area is forecast to grow by 117 TJ/day by 2025.¹ The Project's strategic location addresses both a constraint in the Kingsville-Leamington high-pressure distribution system and a constraint in the Windsor area. OEB staff submits that it is appropriate that Union recover costs from all customers in a manner consistent with the OEB *"Economic Test for Transmission Line Applications"* (E.B.O. 134)², given that it is a transmission asset with broad system benefits.

OEB staff has no concerns with the application as it relates to environmental assessment, land matters or Indigenous consultation issues.

Process

The OEB issued a Notice of Hearing on March 21, 2018. The Building Owners and Managers Association, Greater Toronto (BOMA); the Industrial Gas Users Association (IGUA); the Ontario Greenhouse Vegetable Growers (OGVG); and the City of Kitchener (Kitchener) were granted intervenor status. IGUA was the only intervenor that actively participated in the discovery process. Kitchener was accepted as a late intervenor on July 17, 2018 and it accepted the record as it stood at that time.

The OEB issued Procedural Order No. 1 on April 23, 2018, setting the timeline for a written discovery process. OEB staff and IGUA delivered written interrogatories. Union filed responses to written interrogatories on May 22, 2018.

In Procedural Order No. 2, issued on June 25, 2018, the OEB advised that upon its review of Union's interrogatory responses and evidence, it required additional information from Union on three topics: Union's plans for future expansion of the Panhandle System; multiple needs served by the Proposed Project; and economic tests for the Proposed Project.

¹ EB-2018-0013 Union Gas Limited Evidence, Schedule A, Tab 6, page 2, lines 16-17

² EB-2012-0092

In Procedural Order No. 2, the OEB asked Union to respond to questions related to these topics. Union responded to the OEB's questions on July 9, 2018. Procedural Order No. 3 was issued on July 17, 2018, and set the filing schedule for Union's Argument-in-Chief (July 31, 2018); intervenor and OEB staff submissions (August 14, 2018); and Union's reply submission (August 28, 2018). Union filed its Argument-in-Chief on July 31, 2018.

The OEB staff submission is organized as follows:

- The Proposed Project within the Panhandle System
- Need for the Proposed Project
 - o Design Day Demand Forecast for the Panhandle System and Capacity Requirements
 - o System Constraints
- Alternatives and Planning for Future Expansions
- Project Costs
- Economic Feasibility
- Environmental Assessment
- Land Matters
- Indigenous Consultation

The Proposed Project within the Panhandle Transmission System

Union's Panhandle System is a high-pressure transmission system supplying natural gas to Union's distribution systems in in-franchise areas and providing transportation of gas supply deliveries for sales service customers and transportation for ex-franchise storage and transportation contract customers.

The Panhandle System covers the municipalities of Chatham-Kent, Windsor, Lakeshore, Leamington, Kingsville, Essex, Amherstburg, LaSalle, and Tecumseh. A schematic of the Panhandle System³ is included in Appendix B to this submission.

The Panhandle System is an integrated system. The Dawn Hub and Dover Transmission Station (TS) are connected with NPS 20 and NPS 36⁴ pipelines. The NPS 16 and NPS 20 pipelines run east-west from Dover TS to the NPS 16/20 junction, which is located at the west end of the Panhandle System. The NPS 16 then extends to the Ojibway Valve Site

³ EB-2018-0013 Exhibit A, Tab 7, Schedule 1

⁴ The NPS 36 was constructed in 2017. It was approved by the OEB Decision EB-2016-0186.

(Ojibway) in the City of Windsor. Ojibway is the point connecting the NPS 16 to the USA Panhandle Eastern Pipeline Company system.

In the southern area of the Panhandle System there are several existing high-pressure lateral pipelines connected to the NPS 20 pipeline between Sandwich TS and Dover TS. These pipelines provide gas supply to Union's high-pressure distribution systems.

According to Union⁵, gas is delivered to the Kingsville-Leamington area by a high-pressure system and by a local distribution network. The high-pressure system is supplied by Union's NPS 20 Panhandle System pipeline. Downstream of this high-pressure system is the local distribution network which provides natural gas service to customers in the Leamington and Kingsville areas. There are three high-pressure pipelines that serve the Leamington and Kingsville local distribution network: the NPS 6 Essex Line, which was constructed in 1958; the NPS 8 North Leamington Line, which was constructed in 1968; and the NPS 8 Leamington North Reinforcement Line, which was constructed in 1997.

In the last 5 years, the OEB approved two leave to construct applications for reinforcement of laterals connected to the NPS 20 Panhandle Line: Leamington Expansion Phase 1⁶ and Leamington Expansion Phase 2⁷. The Phase 1 expansion was 8.5 kilometres of NPS 12 distribution pipeline to provide incremental demand for firm and interruptible natural gas service from greenhouse growers in the Leamington, Kingsville, Mersea Township, and Gosfield South Township area. The Phase 2 expansion included the following distribution pipelines: 6.7 km of NPS 12 natural gas pipeline, 250 metres of NPS 16 natural gas pipeline, 60 metres of NPS 8 natural gas pipeline and ancillary facilities. The Phase 1 and Phase 2 expansions were treated as distribution assets for the purpose of the feasibility assessments as the need for both was based on the demand for distribution services in the Leamington area.

The Proposed Project will consist of constructing 19 kilometers of NPS 20 pipeline, which will be tied to the NPS 20 Panhandle Line and terminate at a new station in the Town of Kingsville. The location of the upstream Project relative to the existing distribution system in Kingsville-Leamington area is shown on the schematic⁸ attached as Appendix C.

⁵ Description in Union Application Leamington expansion Phase 2, EB-2016-0013.

⁶ EB-2012-0431

⁷ EB-2016-0013

⁸ EB-2018-0013 Exhibit A, Tab 7, Schedule 2

Need for the Proposed Project

Union stated that the Proposed Project would address multiple needs across the entire Panhandle System:

1. Address the increasing demand for firm service:
 - a. Across the Panhandle System market, from general service customers (residential, commercial and small industrial).
 - b. In the Kingsville-Leamington and Chatham-Kent areas, from contract rate customers including greenhouse operators.
2. Eliminate pressure-related constraints in the north-west area and in the southern area of the Panhandle System, which prevent customer attachments in these areas.

The following section of the submission describes Union's Design Day Demand growth forecast which Union applied to determine the incremental pipeline capacity that will be provided to customers across the entire Panhandle System. Next, the submission describes system constraints that, according to Union, would be eliminated by the Proposed Project.

In OEB staff's view Union's evidence supports the need for the Kingsville Transmission Reinforcement Project.

Design Day Demand Forecast for the Panhandle System and Capacity Requirements

Union has modeled the Panhandle System so that it can ensure that future firm in-franchise demand on Design Day can be served. Design Day is identified as the coldest day because the majority of Panhandle System customers are heat sensitive and their maximum demand is on the coldest day. The Panhandle System is designed to provide for the coldest day. Design Day weather conditions for Union's south rate zone is 43.1 Degree Days, which represents an average daily temperature of -25.1 degrees centigrade⁹. The proposed pipeline capacity has been determined by modeling the forecast demand on Design Day.

Union used the following assumptions to model the Panhandle System capacity on Design Day:

⁹ Evidence, Exhibit A, Tab 7, page 2 lines 8-9

- All interruptible customers have been curtailed
- All in-franchise customers consume volumes equivalent to their Design Day capacity
- There are no supply failures at Ojibway
- Ex-franchise C1 contract customers are not using the system
- Maximum operating pressure is limited
- Required pressure and gas supply are available from Dawn
- Minimum pressures for laterals and stations for in-franchise customers are met
- Station flow constraints can be met
- Minimum contractual delivery pressure at Brighton Beach Power Station is met
- Minimum delivery pressure at Leamington North Gate Station is met

Union based its Design Day Panhandle System Demand forecast on a 20-year forecast of demand in the Panhandle System, and the forecast includes two gas-fired generating plants in the northwest area of the Panhandle System.¹⁰ The table below shows the growth forecast at the time of the Panhandle Reinforcement Project¹¹ (EB-2016-0186 forecast) and compares it to the new forecast completed for the Kingsville Transmission Reinforcement Project (EB-2018-0013 forecast or new forecast). The forecasts are specified by area/customer for the 2017-2021 period for the EB-2016-0186 forecast and for the 2017-2025 period for the new forecast.

Growth forecasts – Panhandle Reinforcement Project 2017-2021 compared to Kingsville Transmission Reinforcement Project 2017-2025

Area/Customer	Panhandle Reinforcement Project Forecast Growth by Region (TJ/Day) (as per EB-2016-0186 Exhibit B.BOMA.3d)					Kingsville Transmission Reinforcement Project Forecast Growth by Region (TJ/Day)								
	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021	2022	2023	2024	2025
Chatham-Kent	1	6	10	12	13	1	9	21	23	26	29	32	34	37
Leamington/Kingsville	38	45	51	57	63	44	45	61	70	84	92	100	109	117
Lakeshore	0.3	0.3	0.3	0.3	0.3	0	0	0	0	0	0	0	0	0.3
Tecumseh	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Windsor	18	21	23	26	29	9	12	15	18	21	21	21	21	21
West Windsor Cogen	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Brighton Beach Power	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	58	73	85	96	106	55	67	98	112	133	144	154	165	176
Annual Increase		15	12	11	10		12	31	14	21	11	11	11	11

Union states that the growth that was forecast for the Panhandle Reinforcement Project has been realized more quickly than anticipated. The Panhandle Reinforcement (EB-2016-0186)

¹⁰ Union Gas Limited Evidence (EB-2018-0013), Exhibit A, Tab 6, page 2, lines 16-17, Table 6-1

¹¹ EB-2016-0186 OEB Decision dated February 23, 2017.

created 102 TJ/d of incremental capacity¹². In the Panhandle Reinforcement leave to construct proceeding, Union projected that this incremental capacity would be fully utilized in the period between 2017 and 2021. In this Application, Union states that the incremental capacity provided by the Panhandle Reinforcement will be utilized sooner – in 2020, rather than 2021.

The new forecast shows that in 2021, the demand in the Panhandle System is forecast to be 133 TJ/day, exceeding the previous forecast of 106 TJ/day for that year. The table illustrates that the forecasted demand growth is predominantly in the Leamington/Kingsville area, followed by the Chatham-Kent area in the northeast portion of the Panhandle System. The Windsor area, in the northwest portion of the Panhandle System, is also forecast to grow, although to a lesser extent than in the EB-2016-0186 forecast. The new forecast growth between 2017 and 2021 is 21 TJ/day, plus an additional 10.9 TJ/day (rounded up to 11 TJ/day) per year from 2021 to 2025.¹³

According to Union's evidence¹⁴, 45% of the Design Day demand of the entire Panhandle System is attributable to the general service customers: Rate M1 and M2 residential, commercial and small industrial. The remaining 55% of the Design Day demand on the Panhandle System is attributable to contract rate customers as follows: 40% power generation; 38% greenhouses and 22% large commercial, institutional and industrial.

System Constraints

The Panhandle System is an integrated network of pipelines with two operating pressure constraints, as identified in Union's evidence. Union's submission is that construction of the Proposed Project will eliminate or reduce both of these system constraints and therefore benefit the entire Panhandle System.

1. The northwestern constraint is characterized as a pressure constraint for the entire Panhandle System and is located at the outlet of the Brighton Beach Power Station

¹² Union Gas explained that the original projection in the EB-2016-0186 was 106 TJ/day of the incremental capacity, was reduced to 102 TJ/day due to shift in customer attachments: decreased in Windsor-Chatham area and increased in Kingsville-Leamington area (EB-2018-0013 Evidence Union Gas Limited, Exhibit A, Tab 7, page 9, lines 6-9).

¹³ EB-2018-0013 Evidence Union Gas Limited, Evidence Exhibit A, Tab 6 pages 2-3.

¹⁴ EB-2018-0013 Evidence Union Gas Limited, Evidence Exhibit A, Tab 7 page 3, line 21-22 and page 4 lines 1-2.

(BBPS). Because the BBPS station has contracted for minimum delivery pressure and volumes, the pressure must be maintained at or above 1,740 kPag for the gas supply to the BBPS.

2. The Kingsville-Leamington constraint is a drop at the inlet pressure to Kingsville Gate Station, which prevents Union from connecting new distribution in-franchise customers in this area. Construction of the Project will remove the pressure constraint by increasing the inlet pressure, allowing for the expansion of distribution systems and the supply of gas to growing demand in the area.

OEB Staff Position on the Need for the Proposed Project

OEB staff has no concerns with Union's Design Day Demand forecast and modelling of the need for the incremental pipeline capacity. OEB staff submits that Union's evidence supports the need for incremental capacity across the entire Panhandle System to meet demand and to eliminate constraints on the northwest portion of the Panhandle System and the downstream distribution system. The Proposed Project appears to provide system-wide benefits by enabling demand growth across the entire Panhandle System – in the Kingsville-Leamington, Chatham-Kent, and Windsor areas. In fact, OEB Staff notes that Union has filed its leave to construct application for the Chatham-Kent Rural Project¹⁵, which is required to serve in-franchise growth in the Chatham Kent area and which relies on incremental capacity provided by the Kingsville Transmission Reinforcement Project to serve these customers. OEB Staff submits that an in-service date of 2019 makes sense to avoid the need for incremental distribution facilities in the Kingsville-Leamington area.

OEB staff notes that, although Union's analysis shows that the existing Panhandle System operational requirements will not meet the total Panhandle System forecast Design Day demand of 669 TJ/day in the Winter of 2020/2021, Union proposes the in-service date of 2019. Union explained that although a 2020 in-service date would be necessary to meet the overall Panhandle System forecast demand of 669 TJ/day, it proposes a 2019 in-service date to eliminate the need for incremental distribution facilities in the Kingsville-Leamington area. Essentially, by putting the project into service one year earlier, in 2019, it can avoid distribution system expansion at an estimated cost of \$ 10.4 million. OEB staff has no concerns with the Proposed Project in-service date of

¹⁵ OEB File No. EB-2018-0188

2019.

Alternatives and Planning for Future Expansions

Union identified four alternatives to the Proposed Project. The comparison of the Proposed Project and the alternatives included consideration of the capital costs, Net Present value (NPV), in-service date, and future facilities requirements for the period from 2024 to 2036.¹⁶

The following alternatives comparison summary is based on information in the evidence provided in the table titled *Kingsville Transmission Reinforcement Project's Summary and Alternatives*¹⁷. In addition to comparing the Project with four alternatives, Union indicated the future facility requirements for the 2024 to 2036 period for the Project and for each of the alternatives:

- The Proposed Project – New NPS 20 pipeline from Panhandle NPS 20 into Kingsville: Capital cost \$105.7 M; NPV (59.2); In service November 2019.
 - In the long-term (2024-2036), Union indicated that it will require 14 km of NPS 36 pipe from Dover to Comber in 2026.
 - NPV for long-term (128.0)
- Alternative 1 – New NPS 16 pipeline from Panhandle NPS 20 into Kingsville: Capital cost \$99.8 M; NPV (54.3); In service November 2019.
 - In the long-term (2024-2036), Union indicated that it will require NPS 36 pipe from Dover to Comber in 2026 (Phase 1), plus 6.5 km of NPS 36 pipe from Phase 1 to Comber in 2033.
 - NPV for long-term (156.7)
- Alternative 2 – Incremental 55 TJ/day deliveries at Ojibway, plus distribution reinforcement, plus new NPS 12 from NPS 20 Panhandle into Kingsville: Capital cost \$100.2 M; NPV (147.2); In service November 2019.
 - In the long-term (2024-2036), Union indicated that it will require 14 km of NPS 36 pipe from Dover towards Comber in 2025 (Phase 1), plus 16 km of new

¹⁶ Union also considered four other alternatives which were rejected in early analysis mainly based on too high cost or lack of ability to provide needed incremental capacity (Union Gas Limited Evidence EB-2018-0013 Exhibit A, Tab 8, Schedule 1, page 2)

¹⁷ Union Evidence Exhibit A, Tab 8, Schedule 1

- NPS 36 pipe from Phase 1 to Comber in 2028, plus looping the NPS 12 Kingsville pipe with 6.5 km of NPS 16 pipe in 2033.
- NPV for long-term (310.9.0)
 - Alternative 3 – New NPS 36 pipeline from Dover to Comber Panhandle line reinforcement: Capital cost \$131.8 M; NPV (78.0); In service November 2020.
 - In the long-term (2024 -2036), Union indicated that it will require 16 km of NPS 36 pipe in 2025, plus significant distribution expansion every year, plus a NPS 16 Kingsville lateral in 2034.
 - NPV for long-term (221.7)
 - Alternative 4 – New distribution reinforcement in Kingsville – Leamington market area: Capital Costs \$119.3 mm; NPV (70.9); In service November 2019.
 - In the long-term (2024-2036), Union indicated that it will require 14 km of NPS 36 pipe from Dover to Comber in 2026. Note that the future facility requirements for Alternative 4 are the same as for the Project.
 - NPV for long-term (139.7)

Union determined that the Proposed Project is the preferred alternative to address the stated need when considering both the 5-year and longer term horizon. Union does not plan to require further transmission system reinforcement in the area in the next five years.

With regard to the planning of future facility requirements, from 2024 to 2036, Union indicated that based on the current long-term demand forecast for the Panhandle System beyond 2024/2025, additional Panhandle Transmission System reinforcement will be required at that time to supply gas for customer growth in the Windsor and Kingsville–Leamington market areas. The next transmission reinforcement, if the Proposed Project is approved, as noted above, will be 14 km of NPS 36 pipeline to be constructed in 2026 from Dover to Comber.

OEB Staff Submission

Based on this assessment the Proposed Project is the best alternative to address the need. OEB staff has no concerns with Union's selection of the Project as the best alternative.

OEB staff submits that Union's consideration of future expansions for each alternative provides a useful longer-term planning perspective to evaluate the alternatives in the context of system planning.

Project Cost

The total estimated pipeline and station costs for the Kingsville Transmission Reinforcement Project, based on the proposed in-service date of 2019, is \$105.7 million.

With regard to actual capital cost and issues of cost recovery, OEB staff notes that in an interrogatory to Union, it asked Union to comment on the proposed draft conditions of approval. In response to OEB staff interrogatory # 8, Union agreed to adhere to all the conditions, including Condition 5 which requires that the actual capital costs proposed to be added to the rate base and recovered from rate payers be examined in a future rates proceeding by the OEB.

Proposed Condition 5 reads:

5. Concurrent with the final monitoring report referred to in Condition 6(b), Union shall file 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. Union shall also file a copy of the Post Construction Financial Report in the proceeding where the actual capital costs of the project are proposed to be included in rate base or any proceeding where Union proposes to start collecting revenues associated with the project, whichever is earlier.

OEB Staff Submission

OEB Staff notes that the Proposed Project as a selected alternative has the lowest NPV overall and given that actual costs will be examined in a future rates proceeding, OEB staff has no concerns with the estimated costs of the Proposed Project.

Economic Feasibility

To assess economic feasibility of the Proposed Project, Union applied the E.B.O. 134. This is a three-stage economic test. The results, according to Union, demonstrate that the Proposed Project has a positive Net Present Value (NPV) when all three stages of analysis are completed. On a stand-alone basis, the Project's Profitability Index (PI) is 0.44. The

following table shows the NPV based on the three-stage assessment, indicating that although the Proposed Project has a PI of 0.44, it is economically feasible according to the E.B.O. 134 tests.

Stage	NPV
Stage 1	(\$59)
Stage 2	\$283 to \$639
Stage 3	+ 117
Total	+\$341 to \$697

This proceeding raised questions about the appropriate economic test that should be used for assessing the feasibility of the Proposed Project – whether it should be the economic feasibility test consistent with the *Ontario Energy Board Guidelines for Assessing and Reporting on Natural System Expansion in Ontario* set out in the OEB's E.B.O 188 Report to the Board dated January 30, 1998 (EBO 188) or E.B.O. 134. The E.B.O. 188 test is applicable to distribution expansion economic feasibility assessment while the E.B.O. 134 test is applicable to transmission expansion economic feasibility assessments. Union maintained that the Proposed Project is a transmission asset and should therefore utilize the E.B.O. 134 test for the following reasons:

1. According to Union's evidence¹⁸, no distribution customers will be directly connected to the new NPS 20 pipeline.
2. According to Union's evidence¹⁹, the Project will benefit the entire Panhandle Transmission System, not just a defined customer segment, as it will provide transmission services to new and existing customers in Windsor, Chatham-Kent and Kingsville-Leamington.

OEB Staff Submission

OEB staff submits that, in its view, because the Proposed Project appears to be appropriately defined as a transmission asset, Union applied the appropriate economic test

¹⁸ Union Gas Limited EB-2018-0013 Response to OEB Question # 4

¹⁹ Union Gas Limited EB-2018-0013 Evidence, Exhibit A, Tab 5, page 5, lines 18 to 19

as set out in E.B.O. 134.

OEB staff is satisfied that the E.B.O. 134 three-stage test results in total economics of the Proposed Project expressed as a total positive NPV in the range of \$341 to \$697 million.

The Environmental Assessment

An Environmental Report (ER) was prepared by Stantec Consulting Limited (Stantec) in accordance with the requirements of the OEB's *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario* (OEB Environmental Guidelines). The ER was provided to members of the Ontario Pipeline Coordinating Committee (OPCC) for review and comment. Union provided a summary of the OPCC review comments²⁰, which indicates that there are no outstanding concerns from OPCC members.

OEB Staff Submission

OEB staff has no concerns regarding the environmental assessment as Union is committed to implementing the proposed mitigation measures and to adhering to the proposed conditions of approval contained in Appendix A related to mitigation and construction monitoring and reporting.

Indigenous Consultation

Union received a delegation letter from the Ministry of Energy, Indigenous Energy Policy on June 15, 2017, which identified the communities to be consulted. Union conducted procedural aspects of Indigenous consultation following the directions in the OEB Environmental Guidelines. On March 5, 2018, Union received a letter from the Ministry of Energy confirming that the consultation Union had undertaken had been satisfactory. Details of the Indigenous consultation are provided in the Indigenous Consultation Report filed in Union's evidence.

OEB Staff Submission

In OEB staff's view, Union appears to have made adequate efforts to engage with affected

²⁰ Union Gas Limited EB-2018-0013 response to OEB staff interrogatory # 4

Indigenous groups and no concerns have been raised through its consultation. Based on this, OEB staff submits that the duty to consult has been sufficiently discharged for the Proposed Project.

Land Matters

Union indicated that it will acquire approximately 93 acres of new permanent easements (PE) and approximately 82 acres of Temporary Land Use (TLU) rights for the project. TLU rights are needed for construction and top soil storage during construction.

The Project requires 51 PEs, 51 TLUs and two fee simple land rights. Union has acquired options for all permanent easements and temporary land use agreements required for the Proposed Project.²¹

According to section 97 of the OEB Act, “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 to each owner of land affected by the approved route or location an agreement in a form approved by the Board.” Union stated that it has offered or will offer to all the affected landowners a form of easement agreement, which was previously approved by the OEB in Union’s Panhandle System Reinforcement Project,²² and which is included in Tab 13, Schedule 3 of the evidence.

OEB Staff Submission

OEB staff has no concerns with the permanent or temporary land use agreements and notes that Union has acquired options for all the necessary land rights. OEB staff submits that the Form of Agreement should be approved as it is consistent with the form of agreement previously approved by the OEB.

Conditions of Approval

In response to OEB staff interrogatory #8, Union accepted the draft conditions of approval proposed by OEB staff. The conditions are attached as Appendix A to this submission. They are the standard conditions the OEB attaches to pipeline approvals.

²¹ Union Gas Limited EB-2018-0013 Argument-in-Chief, page 14, paragraph 48.

²² EB-2017-0186

OEB staff supports Union's application, and submits that the OEB approve Union's proposed transmission system reinforcement subject to standard conditions of approval attached as Appendix A to this submission.

All of which is respectfully submitted.

Appendix A

Leave to Construct Conditions of Approval Application
Union Limited
EB-2018-0013

1. Union Limited (Union) shall construct the facilities and restore the land in accordance with the Board's Decision and Order in EB-2018-0013 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.

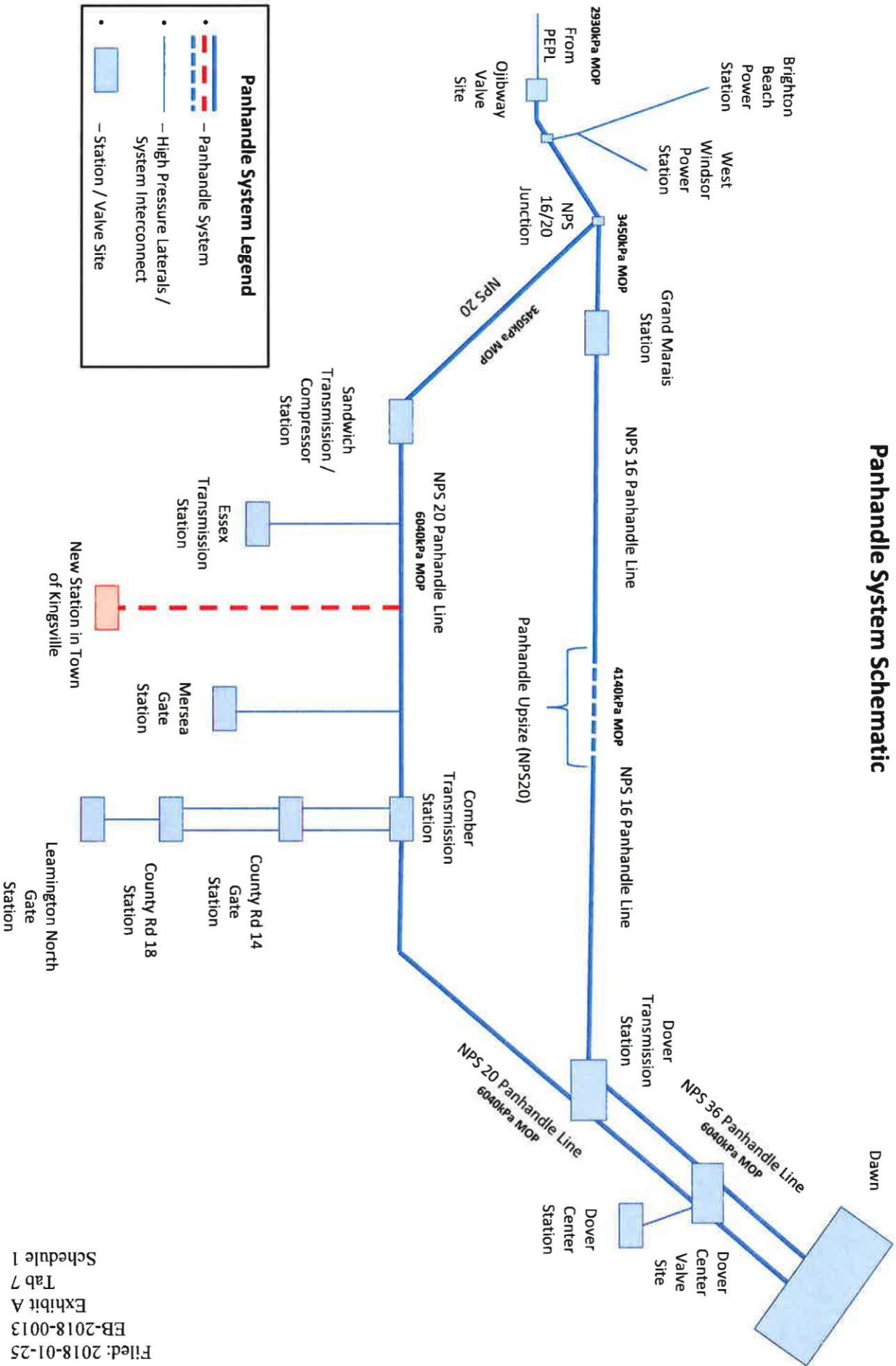
(b) Union shall give the OEB notice in writing:
 - i. of the commencement of construction, at least ten days prior to the date construction commences;
 - ii. of the planned in-service date, at least ten days prior to the date the facilities go into service;
 - iii. of the date on which construction was 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. Union shall implement all the recommendations of the Environmental Protection Plan filed in the proceeding, and all the recommendations and directives identified by the Ontario Pipeline Coordinating Committee review.
4. Union shall advise the OEB of any proposed change to OEB-approved construction or restoration procedures. Except in an emergency, Union shall not make any such change without prior notice to and written approval of the OEB. In the event of an emergency, the OEB shall be informed immediately after the fact.

5. Concurrent with the final monitoring report referred to in Condition 6(b), Union shall file 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. Union shall also file a copy of the Post Construction Financial Report in the proceeding where the actual capital costs of the project are proposed to be included in rate base or any proceeding where Union proposes to start collecting revenues associated with the project, whichever is earlier.
6. Both during and after construction, Union shall monitor the impacts of construction, and shall file with the OEB 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 Union'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 Union, 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 Union'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 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 Union, 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.

Appendix B

Panhandle Reinforcement Project Panhandle System Schematic



Appendix C

Kingsville Transmission Reinforcement Project
Leamington Kingsville High Pressure
Distribution System Schematic

Panhandle System Legend

- Panhandle System
- High Pressure Laterals / System Interconnect
- Leamington Kingsville High Pressure Distribution System
- Station / Valve Site

