



Enbridge
50 Keil Drive N.
Chatham, Ontario, Canada
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January 16, 2019

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

Re: EB-2018-0329 –Gas Distribution to the Town of Marathon, the Township of Manitouwadge, the Township of Schreiber, the Township of Terrace Bay and the Municipality of Wawa (“the North Shore Communities) – Enbridge Gas Inc. (“Enbridge Gas”) response to Board letter of December 20, 2018

Enbridge Gas (formerly Union Gas Ltd (“Union”) and Enbridge Gas Distribution (“EGD”)) is writing in response to a letter from the Ontario Energy Board (the “Board”) dated December 20, 2018 regarding The Town or Marathon’s intent to file an application to provide gas distribution service to the North Shore Communities. The Board requested that any other party that is currently developing a plan to provide natural gas services to these municipalities file a letter indicating this by January 16, 2019 to advise the Board.

Enbridge Gas is interested in providing natural gas service to the North Shore Communities. For the reasons noted below, Enbridge Gas believes it is premature for any party to make a commitment to file a complete application and to do this by June 28, 2019 as required by the Board’s letter.

Enbridge Gas has been very involved in, and a leader in developing plans to expand natural gas service to unserved communities in Ontario, including four of the five North Shore Communities. Union has investigated serving these communities several times in the past. As part of these investigations Union completed preliminary analysis on piping plans for the communities. Union included three of these communities in its community expansion proposal made to the Board as part of its EB-2015-0179 application, which was put on hold while the Board convened a generic proceeding (EB-2016-0004) to review community expansion.

The Board’s EB-2016-0004 Decision did not allow for any cross subsidization in rates as proposed by Union in that proceeding, however the government of Ontario subsequently introduced the Natural Gas Grant Program (“NGGP”) to assist in expanding gas access for

Ontario residents. Union and EGD actively participated in that process however the NGGP was subsequently withdrawn. Instead, this past December the government passed Bill 32 which will allow a limited degree of customer cross subsidization in support of the expansion of gas service to new communities. Enbridge Gas is awaiting the issuance of the subsequent regulations that will give effect to Bill 32 in order to fully understand the new funding mechanisms to be made available to support the expansion of gas service to new communities.

Enbridge Gas is interested in serving the North Shore Communities and continues to evaluate and further develop plans to serve these communities.¹ However, as noted earlier in this submission, Enbridge Gas believes it is premature to be able to commit to file a complete application by June 28th, when key elements of such an application are yet to be determined. The economic viability of any project, by Enbridge Gas or by the Town of Marathon, cannot be determined until Bill 32 regulations are issued and implemented.

Subject to the issuance of the Bill 32 regulations which will identify the funding mechanisms available for natural gas community expansion projects in Ontario, Enbridge Gas would need to evaluate the proposed project to determine economic viability before proceeding with filing its application. Enbridge Gas would also need to know the Board's Decision with respect to any competitive process. Enbridge Gas expects the Town of Marathon will also need resolution of these issues before filing an application, and the Board would need this information before proceeding with their review of any application. As a case in point, Union has submitted a complete community expansion application (EB-2018-0142) to the Board for; Chippewas of the Thames First Nation, North Bay (Northshore and Peninsula Road) and Saugeen First Nation, which has been held in abeyance pending the implementation of Bill 32, while EGD has its Board approved project to serve Scugog Island on-hold all for the same reason.

Enbridge Gas requests the opportunity to participate in any competitive process before the Board for the right to serve the North Shore Communities.

Should you have any questions on the above, please contact me at 519-436-5473.

Yours truly,

[original signed by]

Karen Hockin P. Eng.
Specialist, Regulatory Initiatives
Enbridge Gas Inc.

¹ Union has evaluated several alternatives for gas supply for the Towns. LNG and CNG remain as options, however pipelines from the TransCanada pipeline to the town gate stations were ruled out as an option due to costs. Plans are based on provision of a gas supply at the gate station for each town via trucked LNG or CNG. Proposed LNG sources include Union's existing Hagar LNG plant and the LNG plant proposed by NE Midstream to be located at Nipigon. Potential CNG sources include proposed CNG station near Red Rock.

cc. Charles Keizer, Torys
Mark Kitchen, Enbridge Gas Inc.
Daryl Skworchinski, Town of Marathon