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February 13, 2019

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto ON M4P 1E4

Dear Ms. Walli:

Re: Enbridge Gas Inc. (formerly Union Gas Limited) (Enbridge Gas)
Stratford Reinforcement Project
OEB File Number EB-2018-0306

In accordance with Procedural Order No. 1, please find attached OEB staff's submission for Enbridge Gas' application for leave to construct the Stratford Reinforcement Project. Enbridge Gas and all intervenors have been copied on this filing.

Yours truly,

Original signed by

Azalyn Manzano
Case Manager

/ attach.

ONTARIO ENERGY BOARD

OEB STAFF SUBMISSION
February 13, 2019

Enbridge Gas Inc. (formerly Union Gas Limited)
Stratford Reinforcement Project
EB-2018-0306

Introduction

Union Gas Limited (now Enbridge Gas Inc., referred to below as Enbridge Gas)[1] applied to the Ontario Energy Board (OEB) under section 90(1) of the *Ontario Energy Board Act, 1998* for an order granting leave to construct approximately 10.8 kilometres of natural gas transmission pipeline in the Counties of Oxford and Perth (Stratford Reinforcement Project or the Proposed Project). On November 13, 2018, Enbridge Gas amended its application and also sought approval for its proposed form of temporary land use agreement, pursuant to section 97 of the *Ontario Energy Board Act, 1998*.

The Proposed Project is a high-pressure 12-inch pipeline in the area of Enbridge Gas' Forest, Hensall and Goderich Transmission System (FHG System) market. Enbridge Gas characterizes the Proposed Project as a reinforcement of the FHG System. Enbridge Gas plans to start construction in May 2019 for a November 1, 2019 in-service date.

According to Enbridge Gas, the Proposed Project is needed to provide incremental capacity for the increasing demand for service across the FHG System market for residential and commercial/industrial customers. Enbridge Gas states that its existing FHG Transmission system is forecast to be fully utilized with no excess capacity available as of winter 2019/2020. Aside from accommodating forecasted growth in the area, the Proposed Project will also provide a system-wide benefit to the FHG System by reducing and eliminating pressure-related constraints.

Despite concerns around Enbridge Gas' analysis of alternatives, in particular the consideration of Demand Side Management (DSM), OEB staff submits that the OEB should approve Enbridge Gas' proposed Stratford Reinforcement Project, subject to the conditions of approval attached as Appendix A to this submission. OEB staff submits that it is appropriate that Enbridge Gas recover costs from all customers in a manner consistent with the OEB's *Economic Test for Transmission Line Applications* (E.B.O. 134), given that it is a transmission asset with broad system benefits, rather than an asset that benefits a specific local area or segment of customers.

Enbridge Gas did not undertake any integrated resource planning to allow for DSM to be a viable alternative. OEB staff submits that Enbridge Gas should consider a longer planning cycle to be able to take into account the lead time necessary for DSM projects to be able to defer or replace infrastructure projects. Enbridge Gas should be

[1] The application was originally filed by Union Gas Limited on November 2, 2018, under section 90 of the *Ontario Energy Board Act*. Union Gas Limited and Enbridge Gas Distribution Inc. amalgamated effective January 1, 2019 to become Enbridge Gas Inc.

considering DSM well in advance of an infrastructure need becoming urgent, at which point any serious consideration of DSM alternatives is precluded.

OEB staff has no concerns with the application as it relates to environmental assessment or land matters. OEB staff notes that the Ministry of Energy, Northern Development and Mines (MENDM) has filed a letter stating that additional consultation is required prior to the MENDM issuing a letter of sufficiency of consultation on the Proposed Project. As described further in the submission, OEB staff submits that the OEB could either approve the application subject to receiving the MENDM's confirmation that the duty to consult has been sufficiently discharged for the Proposed Project or put the proceeding into abeyance until the MENDM issues its letter of sufficiency.

Process

The OEB issued a Notice of Hearing on December 4, 2018. The Industrial Gas Users Association (IGUA), School Energy Coalition (SEC) and Mr. Steven Veldman were granted intervenor status.

The OEB issued Procedural Order No. 1 on January 2, 2019, setting the timeline for a written discovery process. OEB staff, IGUA and SEC delivered written interrogatories. Enbridge Gas filed responses to written interrogatories on January 30, 2019.

The OEB staff submission is organized as follows:

- Need for the Project / Proposed Facilities and Alternatives
- Economics and Feasibility
- Routing and Environmental Matters
- Indigenous Consultation
- Land Matters
- Conditions of Approval

Need for the Project / Proposed Facilities and Alternatives

Need for the Project

Enbridge Gas' FHG System is a high-pressure transmission system supplying natural gas to the northern portions of the counties of Lambton and Middlesex and the counties of Perth and Huron. The FHG System serves a number of regions, including Stratford, North London, Forest, Hensall, Kerwood, Grand Bend, Goderich, Mitchell, Blyth and Teeswater.

Enbridge Gas stated that the Proposed Project would address multiple needs across the entire FHG System:

1. Increase system capacity to service forecasted additional general service and contract rate customers in the Forest, Hensall and Goderich areas
2. Eliminate pressure-related constraints in the north-west area of the FHG System

Enbridge Gas asserts that its existing FHG Transmission system is forecasted to be fully utilized with no excess capacity available as of winter 2019/2020. In order to accommodate forecast general service additions served by the FHG Transmission System, a project is required to increase the system capacity. In the absence of a project to increase capacity, Enbridge Gas will not be able to service additional general service customers. The table of forecasted attachments for 2019-2026 for the FHG System is reproduced below.

Table 1. Forecasted attachments based on 8 year historical averages and known contract increases

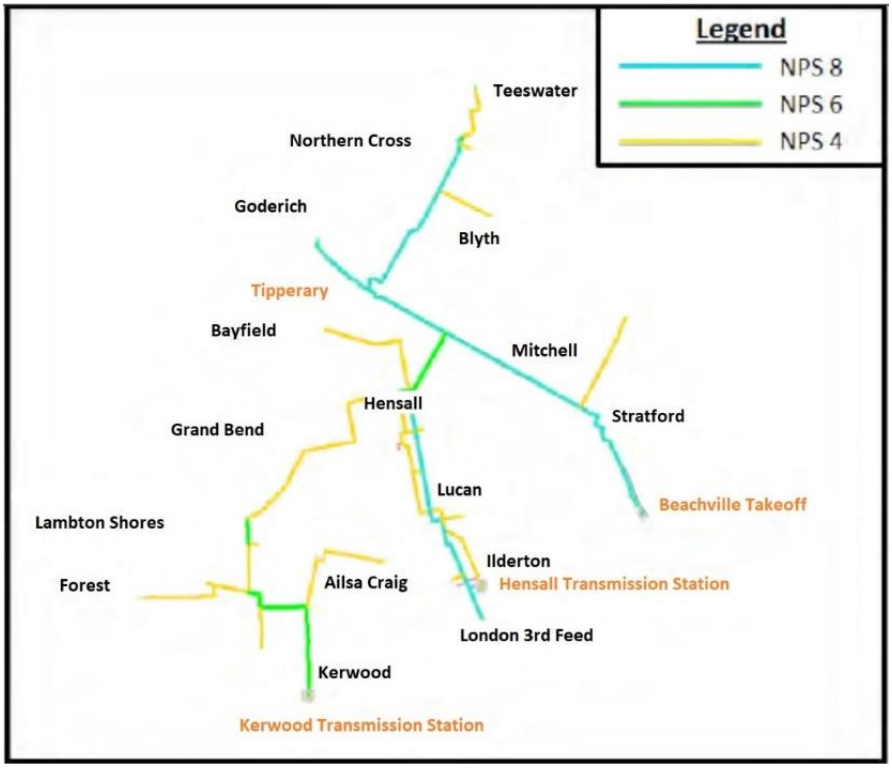
Residential	Total Attachments	2019	2020	2021	2022	2023	2024	2025	2026
New	5558	757	776	690	680	679	659	659	658
Commercial	**Total Attachments**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Small	488	61	61	61	61	61	61	61	61
Large	28	4	3	4	3	4	3	4	3
Industrial	**Total Attachments**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Small	0	0	0	0	0	0	0	0	0
Large	3	0	1	0	1	0	1	0	0

Source: Enbridge Gas Inc. EB-2018-0306 Application, Schedule 5

The existing FHG System facilitates the flow of gas to the region from the Dawn-Parkway pipelines by three main transmission pipelines: the NPS 8 Stratford Line; an NPS 8 line supplied by Hensall Transmission Station; and an NPS 6 line supplied by Kerwood Transmission Station. A map of the FHG System is shown below.[2]

[2] Enbridge Gas Inc. EB-2018-0306 Application, Schedule 3

Figure 1. Map of the Forest-Hensall-Goderich Transmission System



Source: Enbridge Gas Inc. EB-2018-0306 Application, Schedule 3

Enbridge Gas states that the minimum delivery pressure on the FHG Transmission System is 485 kPa, which is the minimum pressure required into Teeswater Gate Station. Minimum inlet pressures need to be maintained for safety, operability and contract reasons. Enbridge Gas identified a system constraint at the Northern Cross customer station, which requires 820 kPa as the minimum inlet pressure. Enbridge Gas states that without reinforcement, it will be unable to provide the required minimum inlet pressure to Northern Cross on a design day during the winter of 2019/2020.

In addition, Enbridge Gas states that it has been leveraging surplus capacity on the Dawn-Parkway Transmission System to temporarily provide increased pressures into the FHG System to defer the need for the Proposed Project until 2019.[3] However, heading into the winter of 2019/2020, the Dawn-Parkway Transmission System would no longer be able to do so without jeopardizing the integrity of its system, given that it would be operating with a capacity shortfall due to demand growth.

[3] Enbridge Gas Inc. EB-2018-0306 Response to SEC interrogatory # 4

Proposed Facilities and Alternatives

The Proposed Project will consist of constructing:

- 10.8 kilometers of NPS 12 pipeline
- a new valve site to tie into an existing 8-inch natural gas pipeline running from the Beachville Valve Site along 41st Line Road to Perth-Oxford Road
- a launcher site located east of 41st Line Road opposite the existing Beachville Transmission Line
- a receiver site on the west side of 41st Line Road along the new proposed NPS 12 pipeline

Enbridge Gas filed a report titled *System Design Criteria for Reinforcement on the Forest, Hensall and Goderich Transmission System*. The report identifies a number of alternatives to the Proposed Project including:

- installing a different diameter pipeline
  - NPS 10 at a cost of $27.1 million; or
  - NPS 16 at a cost of $42.9 million
- installing a larger reinforcement project of 15 km at the cost of $39.7 million
- installing a shorter reinforcement project of 7.6 km at the cost of $21.2 million

The proposed system reinforcement project to install 10.8 km of NPS 12 pipeline at a cost of $28.5 million was selected based on economics, cost, construction feasibility, number of years of capacity created, reliability of supply, system integrity benefits, and other benefits.

Enbridge Gas also rejected the following alternatives as unviable (prior to obtaining cost estimates) due to their inability to support the identified growth or unrealistic project scopes:

- building a new line from the existing Dawn-Parkway lines to provide another feed into the FHG System
- upgrading an existing pipeline in the FHG System
- joining the FHG Transmission System and the Owen Sound Transmission System
- obtaining supply from nearby non-Union pipelines
- reinforcing in three different locations
- installing compression
- geo-targeted DSM for Stratford, Forest, Hensall Goderich and Teeswater areas

In response to interrogatories regarding its evaluation of the DSM alternative, Enbridge Gas states that there is currently a lack of information on the ability of natural gas DSM programs to impact peak demand. This data gap makes it impossible to know with certainty when a DSM program needs to be implemented and how long the program needs to be in operation to successfully delay or avoid the infrastructure project. Enbridge Gas estimates that a successful geo-targeted DSM program would need to be approved and implemented four to five years prior to the expected in-service date of the infrastructure option. On the other hand, Enbridge Gas also states that the need for new facilities is generally uncertain at that point.[4]

Enbridge Gas also referenced a 2018 report from ICF which showed that the FHG System design day demand was expected to grow at a rate of 1.51% per year, which is beyond the growth rate of 1.31% per year that DSM is expected to be capable of offsetting. Enbridge Gas states that this growth rate does not include concessions for Community Expansion customers or commercial and industrial contract rate customers from its forecasted attachments in Table 1 above.

Enbridge Gas plans to begin construction of the Proposed Project in May 2019 with an in-service date no later than November 1, 2019.

OEB Staff Submission

Given the evidence provided by Enbridge Gas, OEB staff agrees that there is a need for the Proposed Project. The other alternatives as presented by Enbridge Gas appear to either be unable to handle system growth adequately, or may be underutilized, or result in significantly higher costs.

OEB staff submits that it may have been possible for DSM to complement the infrastructure alternative, and either reduce the capacity required in the infrastructure option, or defer the project for a number of years. Enbridge Gas stated that the need for new facilities is generally uncertain at the point when geo-targeted DSM should have already been approved and implemented to have any hope of being a viable alternative (four to five years prior to the in-service date of the infrastructure option).[5] If Enbridge Gas knew ahead of time, however, that it had to leverage surplus capacity on the Dawn-Parkway Transmission System to be able to defer the need for the Proposed Project until 2019, then OEB staff questions why DSM could not have been considered at that point to defer the need for the Proposed Project.

[4] Enbridge Gas Inc. EB-2018-0306 Response to OEB staff interrogatory # 3(c)
[5] Enbridge Gas Inc. EB-2018-0306 Response to OEB staff interrogatory # 3(c)

The OEB noted in the decision for the Bathurst Reinforcement Project[6] that "…consideration of the DSM alternative should have been an ongoing process starting at the early stages of project identification and updated to reflect material changes in underlying assumptions such as demand forecasts." OEB staff submits that this principle is applicable in this case as well. Lack of absolute certainty on the demand forecast should not be an excuse for inadequate long-term planning that fails to appropriately consider alternatives. If a successful geo-targeted DSM program requires a four- to five-year lead time, then Enbridge Gas should considering changing its planning cycle to be able to take this into account. Otherwise, a short-term infrastructure build will always end up being the only viable alternative, because DSM will constantly be precluded by the "urgency" of the need (i.e. because of failure to account for lead times). This is unfortunate and should not be an acceptable practice going forward.

Economics and Feasibility

The total estimated pipeline and station costs for the Proposed Project, based on the proposed in-service date of November 1, 2019, is $28.5 million. This includes a 15% contingency.

Enbridge Gas has requested ICM funding for this Project in its contemporaneous 2019 price cap IRM application.

To assess economic feasibility of the Proposed Project, Enbridge Gas applied the test set out in the OEB's Decision in E.B.O. 134. This is a three-stage economic test for transmission projects. The results, according to Enbridge Gas, 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 (Stage 1), the Proposed Project's Profitability Index (PI) is 0.29, with a NPV of negative $20 million. As per E.B.O. 134, if a project's PI is less than 1.0 or the NPV is less than $0, additional Stage 2 (quantifying benefits and costs accrued by the utility's customers, e.g. cost-benefit in fuel switching) and Stage 3 (considering other quantifiable and non-quantifiable public interest benefits) analyses may be undertaken. The following table shows the NPV based on the three-stage assessment, indicating that although the Proposed Project has a PI of 0.29, it is economically feasible according to the E.B.O. 134 tests.

[6] EB-2018-0097

Table 2. Summary of NPV Analysis By Stage

Stage	NPV (in millions)
Stage 1	($20)
Stage 2	$175 to $282
Stage 3	+ $33
Total	**+$188 to $295**

OEB Staff Submission

OEB staff has no concerns with the estimated costs of the Proposed Project, and understands that Enbridge Gas' request for ICM funding for the Stratford Reinforcement Project will be determined in its 2019 rates application.[7]

OEB staff submits that, in its view, because the Proposed Project appears to be appropriately defined as a transmission asset, Enbridge Gas applied the appropriate economic test as set out in E.B.O. 134.

In this application, Enbridge Gas identified three industrial customers in the forecasted number of attachments as shown in Table 1 above. Enbridge Gas also stated that the forecast load attributed to "Commercial, Industrial and Contract Customers" in Schedule 5 of its pre-filed evidence (reproduced below) is intended to capture known growth for large volume customers, as provided by their Industrial Sales Team.[8] OEB staff notes that the total load for the "Commercial Industrial & Contract Customers" (902 m^3/hr) matches the incremental capacity forecast for the M4 and T1 contract rate classes in Enbridge Gas' interrogatory response.[9] Enbridge Gas confirms that no customers have been assessed a contribution-in-aid-of construction (CIAC), System Expansion Surcharge or Temporary Connection Surcharge for the construction of this Project.[10]

[7] EB-2018-0305
[8] Enbridge Gas Inc. EB-2018-0306 Response to OEB staff interrogatory # 2(f)
[9] Enbridge Gas Inc. EB-2018-0306 Response to OEB staff interrogatory # 2(c)
[10] Enbridge Gas Inc. EB-2018-0306 Response to OEB staff interrogatory # 2(d)

Table 3. Forecasted attachments based on 8 year historical averages and known contract increases: Diversified Winter Loads

Year	Diversified Winter Loads (m^3/hr)		
	Community Expansions	Generic General Service Growth	Commercial, Industrial & Contract Customers
2019	546	1478	73
2020	226	1478	0
2021	84	1478	73
2022	156	1478	305
2023	278	1478	73
2024	122	1478	0
2025	47	1478	378
2026	106	1478	0

Source: Enbridge Gas Inc. EB-2018-0306 Application, Schedule 5

In its decision granting leave to construct the Kingsville Transmission Reinforcement Project[11], the OEB raised the question of whether the appropriate economic test that should be used for assessing the feasibility of a project with both transmission and distribution functions (dual function) should be the economic feasibility test consistent with E.B.O. 188 (distribution) or the test consistent with E.B.O. 134 (transmission). The OEB also explored whether the applicant (Union Gas Limited) had sought contributions-in-aid of construction given the $53 million project shortfall from a PI of 0.8, as per the guidelines in E.B.O. 188. The OEB ultimately granted leave to construct approval for the Kingsville Project on the basis that the subject project served a transmission function and therefore the applicant appropriately followed the OEB's E.B.O. 134 test for transmission projects.

However, the decision observed a number of concerns. The OEB noted that while the project met both distribution and transmission needs, the OEB's tests were exclusive to either distribution or transmission lines. As such, no economic test or ratemaking mechanism exists today under E.B.O. 134 to allow benefiting parties to contribute to the costs despite their potentially substantial benefit. In its submission for the Kingsville Project, IGUA proposed a mechanism that would recover a proportion of the shortfall from contract customers, quantified by taking the ratio of the cost of the distribution facility investment avoided by the project to the total cost of the project, and applying it to the shortfall. While the OEB acknowledged in the decision that it was inappropriate to split the costing for the Kingsville Project between E.B.O. 188 (distribution) and E.B.O. 134 (transmission), as suggested by IGUA in this situation, the OEB also stated that the IGUA proposal may help inform future thinking on the treatment of dual function pipelines.

OEB staff estimates that only 6.4% of the incremental capacity provided by the Stratford

[11] EB-2018-0013

Reinforcement Project is attributable to contract customers[12] and notes that no distribution customers will be directly connected to the new NPS 12 pipeline[13]. According to Enbridge Gas' evidence[14], the Stratford Reinforcement Project will benefit the entire FHG Transmission System, increasing capacity to meet forecasted demand growth from different customer groups and providing transmission services to new and existing customers in the Counties of Huron, Lambton, Perth, Bruce and Middlesex. Enbridge Gas also confirmed that no specifically identified customer or customers are driving the Project and that the increased capacity is available on a first come, first served basis. OEB staff also notes that Enbridge Gas states that it has not executed or negotiated any contracts that are reliant on the approval of this Project.[15] It would therefore appear that the Stratford Reinforcement Project will provide broad benefits to the area for multiple classes of consumers, and that the Proposed Project should therefore be classified as a transmission asset and utilize the E.B.O. 134 test.

OEB staff also notes that in the case of the Kingsville Transmission Reinforcement Project, which the OEB found to be a transmission project, and to which it applied the E.B.O. 134 test, 45% of the design day demand was attributable to the general service customers, while 55% was attributable to the contract rate customers.[16]

OEB staff is satisfied that Enbridge Gas appropriately followed the E.B.O. 134 three-stage test for transmission projects, resulting in the total economics of the Proposed Project being a total positive NPV in the range of $188 to $295 million.

Routing and Environmental Matters

Enbridge Gas retained AECOM Canada Ltd. (AECOM) to complete an Environmental Report (ER) 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) and to propose a route for the pipeline. AECOM identified four potential routes. Following its consultation activities, Enbridge Gas selected the Preliminary Preferred Route as its final preferred route.

The ER was provided to members of the Ontario Pipeline Coordinating Committee (OPCC) for review and comment. Enbridge Gas provided an updated summary of the

[12] Enbridge Gas Inc. EB-2018-0306 Response to OEB staff interrogatory # 2(c)
[13] Enbridge Gas Inc. EB-2018-0306 Response to OEB staff interrogatory # 10
[14] Enbridge Gas Inc. EB-2018-0306 Response to OEB staff interrogatory # 6
[15] Enbridge Gas Inc. EB-2018-0306 Response to OEB staff interrogatory # 2(e)
[16] Union Gas Limited EB-2018-0013 Application, Exhibit A, Tab 7 page 3, line 21-22 and page 4 lines 1-2

OPCC review comments[17] in response to interrogatories, which mentioned the Ministry of Natural Resources and Forestry's (MNRF) pending review of refined wetland boundaries and planned discussions in early winter 2019 with the Upper Thames River Conservation Authority regarding permits under Section 29 of the *Conservation Authorities Act*. Otherwise, the summary provided by Enbridge Gas indicates that there are no outstanding concerns from OPCC members.

OEB Staff Submission

OEB staff accepts the selection of the final preferred route compared to the other alternative routes. OEB staff has no concerns regarding the environmental assessment as it is confident that Enbridge Gas will continue to work with MNRF, and that Enbridge Gas is committed to implementing the proposed mitigation measures and to adhering to the proposed conditions of approval contained in Appendix A.

Indigenous Consultation

Enbridge Gas received a delegation letter for the Proposed Project from the MENDM, Indigenous Energy Policy[18] on April 3, 2018, which identified the communities to be consulted. Enbridge Gas states that it conducted procedural aspects of Indigenous consultation following the directions in the OEB Environmental Guidelines. Enbridge Gas further states that it has discussed the Proposed Project with MENDM and is expecting a positive response in the near future.[19]

On February 7, 2019, the OEB received correspondence from the MENDM by way of the OPCC, stating that additional consultation was required prior to the issuance of a letter of sufficiency of consultation on the Proposed Project. MENDM stated that it would contact the OEB once issues have been satisfactorily addressed, or to provide updates as needed. In response, Enbridge Gas filed a letter on February 11, 2019 stating that it is continuing to undertake consultation with the specific Indigenous community that had raised a question, and that it was confident that once discussions are completed, MENDM would be in a position to provide the letter of sufficiency.

OEB Staff Submission

OEB staff submits that although considerable effort appears to have been undertaken

[17] Enbridge Gas Inc. EB-2018-0306 Response to OEB staff interrogatory # 12
[18] Previously the Ministry of Energy, Indigenous Energy Policy
[19] Enbridge Gas Inc. EB-2018-0306 Response to OEB staff interrogatory #11

to satisfy the procedural aspects of the Crown's duty to consult, it is not possible at this time to provide confirmation that the duty to consult has been met for the purposes of the application. Although OEB staff has no concerns with other aspects of this application, it is not clear whether the additional consultation required could result in changes to the details of the Proposed Project. OEB staff submits that the OEB has two options:

1. The OEB could approve the application, subject to receiving the MENDM's confirmation that the duty to consult has been sufficiently discharged for the Proposed Project, and thereby putting the risk on Enbridge Gas to amend its Leave to Construct application should any changes arise through the additional consultation; or
2. The OEB could put the proceeding into abeyance until the MENDM issues its letter of sufficiency, at which point Enbridge Gas could confirm whether there are any changes to the Proposed Project.

Land Matters

Enbridge Gas states that it has obtained options to purchase three new station sites in fee simple and will acquire 11 temporary land use (TLU) rights (for approximately 12 acres) for the Proposed Project. TLU rights are needed for construction and top soil storage during construction. Enbridge Gas has since acquired all temporary land rights required for the Proposed Project.[20]

Enbridge Gas 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 Gas Limited's Oxford Reinforcement Project,[21] and which is included in Enbridge Gas' November 13, 2018 update of the evidence.

Letters from Mr. Allan Innes and Mr. Steven Veldman indicated that there were a number of customers interested in receiving service along the pipeline route. Enbridge Gas states that it had submitted a proposal for distribution service to interested customers for consideration, and that the preliminary economic analysis resulted in a shortfall of $850,000 to $1.4 million, even with a Temporary Connection Surcharge or System Expansion Surcharge. Enbridge Gas reports that the customers who originally expressed interest in the Project have not expressed interest in bridging the gap with a CIAC, which would be required under E.B.O. 188.[22]

[20] Enbridge Gas Inc. EB-2018-0306 Response to OBE staff interrogatory # 9(a)
[21] EB-2018-0003
[22] Enbridge Gas Inc. EB-2018-0306 Response to OEB staff interrogatory #10

OEB Staff Submission

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

OEB staff notes that Enbridge Gas appears to have correctly treated the attachment of interested customers along the route in accordance with the economic test for distribution-level natural gas expansion set out in E.B.O. 188, and with the decision in the Generic Proceeding on Community Expansion[23], which allowed for the implementation of a surcharge to make up for the shortfall in revenues expected to cover the cost of the expansion.

Conditions of Approval

In response to OEB staff interrogatory #14, Enbridge Gas accepted the draft conditions of approval proposed by OEB staff. The conditions are attached as Appendix A to this submission. The conditions of approval include a revised condition 5, which was included in a previous decision granting Enbridge Gas (operating as Enbridge Gas Distribution Inc.) leave to construct a 350-metre NPS 30 pipeline in the City of Toronto:

> Concurrent with the final monitoring report referred to in Condition 6(b), Enbridge shall file a Post Construction Financial Report, which shall provide a variance analysis of project cost, schedule and scope compared to the estimates filed in this proceeding, including the extent to which the project contingency was utilized. Enbridge 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 Enbridge proposes to start collecting revenues associated with the project, whichever is earlier.

OEB Staff Submission

OEB staff submits that the OEB should approve Enbridge Gas' proposed transmission system reinforcement subject to the conditions of approval attached as Appendix A to this submission.

[23] EB-2016-0004

In addition, should the panel choose to grant leave to construct approval conditional on receiving the MENDM's confirmation that the duty to consult has been sufficiently discharged for the Proposed Project, as described in the Indigenous Consultation section, then the OEB could consider adding the following condition in its orders:

> Leave to construct is subject to Enbridge Gas Inc. filing a letter of sufficiency from the MENDM regarding Enbridge Gas Inc.'s duty to consult activities.

All of which is respectfully submitted.

Appendix A

Leave to Construct Conditions of Approval Application
Enbridge Gas Inc.
EB-2018-0306

1. Enbridge Gas Inc. (Enbridge Gas) shall construct the facilities and restore the land in accordance with the Board's Decision and Order in EB-2018-0306 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 Gas 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. Enbridge Gas 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. Enbridge Gas shall advise the OEB of any proposed change to OEB-approved construction or restoration procedures. Except in an emergency, Enbridge Gas 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), Enbridge Gas 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. Enbridge Gas 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 Enbridge Gas proposes to start collecting revenues associated with the project, whichever is earlier.

6. Both during and after construction, Enbridge Gas 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 Enbridge Gas' 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 Gas, 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 Gas' 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 Enbridge Gas, 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.