



DIRECT LINE: Nick Melchiorre (807) 625-8883
EMAIL: nmelchio@wmnlaw.com

January 15, 2020
Our File No. 71091

Ms. Christine Long
Registrar and Board Secretary
Ontario Energy Board
P.O. Box 2319, 27th Floor
2300 Yonge Street
Toronto, ON
M4P 1E4

Dear Ms. Long,

Re: EB-2019-2055 Guidelines for Potential Projects to Expand Access to Natural Gas Distribution

We are solicitors representing the NWCOC Coalition, at times referred to herein as “NWCOC” or the “Coalition”.

The NWCOC Coalition appreciated the opportunity presented by the OEB to comment on the OEB Application and issued Draft Guidelines for Potential Projects to Expand Access to Natural Gas Distribution, hereinafter referred to as the “Draft Guidelines”.

Background Information: NWCOC Coalition

The NWCOC Coalition represents over 2,000 commercial and business consumers in Northwestern Ontario, primarily small businesses, in their capacity as ratepayers (and in the case of those businesses located in communities that do not yet have access to natural gas, prospective future ratepayers) of regulated services. The NWCOC Coalition covers a large geographical area that includes every Chamber of Commerce from Marathon to the Manitoba border. Specifically, the NWCOC Coalition represents persons with a significant interest in land, residences and businesses that are, or may be, affected by the expansion of natural gas in the Northwest region.

Coalition's General Comments on the OEB Application

The NWCOC is generally supportive and excited about the potential of section 36.2 of the OEB *Act* in Northwestern Ontario. The objective to further expand access to natural gas by making additional new projects eligible for ratepayer-funded financial support, limited to projects that would otherwise be considered uneconomic, applies to all remaining Northwestern Ontario communities not currently connected to natural gas. Upon review of Ontario Regulation 24/19, Expansion of Natural Gas Distribution Systems (Regulation) that sets out nine projects that are eligible for financial support, none of them are in Northwestern Ontario. This would suggest, at least on a preliminary basis, the intent of the *Act* has not yet translated to new connected customers in the Northwest. We submit that the Draft Guidelines should be considered from a Northwestern Ontario perspective.

For example, one potential natural gas project is the Municipality of Sioux Lookout. It is one of the last large Northwestern Ontario communities without natural gas service that is only located 70km from the TransCanada Pipeline. However in 2015, a costs study to connect the community and some surrounding areas was determined to be uneconomic by Union Gas.

The expansion of natural gas to Sioux Lookout would serve its population of approximately 6,000. Being the "hub of the north", the community currently connects over 30,000 people in 33 First Nations to health care, social and educational services. As one of the fastest growing Northwestern Ontario communities, the natural gas expansion to Sioux Lookout would enhance and promote economic development and lead to the construction of larger lateral pipelines to increase the reach of natural gas to serve future customers along the line, such neighboring First Nations, existing and proposed mining projects, and potentially be a terminus and transportation point for the Ring of Fire.

Sioux Lookout has conducted its Municipal Energy Plan to help it assess its energy use and needs, consider the impact of future growth, and help it identify opportunities for conservation and priorities for infrastructure. The resulting Municipal Energy Plan of Sioux Lookout includes LNG and CNG, for example, as a potential strategic investment. However, other solutions such as solar and biomass are other potential ideal investments. Therefore, the NWCOC Coalition supports the position that any project that should garner government financial support are the ones which are identified and considered in the relevant community plan, including any regional energy plans, and should not be limited to one specific type of energy producing fuel.

With respect to new projects that can reasonably be expected to commence construction between 2021 and 2023, one potential project in Northwestern Ontario that would comply with the intended timelines is the LNG Project of the North Shore Communities of Schreiber, Marathon, Terrace Bay, Manitouwadge, Wawa and Nipigon.

This Project will not only connect over 5,000 people to natural gas, it has the potential to build economic capacity in Northern Ontario and promote, attract and support growth in the existing and emerging priority economic sectors identified in the Growth Plan for Northern Ontario. This Project is also a result of the communities conducting their Municipal Energy Plans and participating in the Regional Planning process and concluded this project is the ideal strategic investment. Such Project's Leave to Construct Application is presently before the OEB (EB-2019-0329).

The NWCOC Coalition's Comments on the Draft Guidelines

Part II

The remaining communities in the Northwest that are not connected to natural gas have generally low population densities in relation to Ontario as a whole. They will have limited financial capability and technical expertise. Often the proponent will be required to apply for government funding to complete the process proposed and obtain the information required. The Guidelines should accommodate those communities and First Nations by providing financial and technical support to complete the requested information or allowing them to defer answering parts of the Guidelines until it can appropriately do so without prejudice.

The information required to be filed by the Draft Guidelines would tend to favour an incumbent utility and may thus represent a barrier for Greenfield Utilities. There should be flexibility in the guidelines to accommodate Greenfield Utilities and to recognize the above noted Northwestern Ontario perspective.

Part III

The Guidelines should require the proponent to describe how the proposed project's fit with the proponents Municipal Energy Plan or Aboriginal Community Energy Plan, Regional Planning process, along with how it complies with the policy statements in the Growth Plan for Northern Ontario for example.

The Guidelines should require the proponent to describe how the Project will impact the future growth of the community, and foster local and regional economic and social development.

Where a significant number of the potential customers currently heat or otherwise consume energy primarily by the consumption of electricity, please quantify the annual reduction in MWh from the Ontario Grid, and where appropriate identify the increased sub-regional system capacity for new electricity consuming industries to be added to the grid.

Part VII

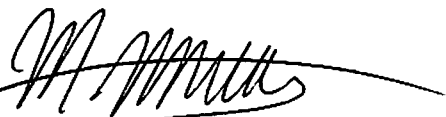
Profitability index should factor in or apportion some of the cost of the proposed projects if it impacts directly on regional and provincial plans, such as the development of the Ring of Fire.

Please advise if you require any further information or require clarification.

Yours very truly,

WEILER, MALONEY, NELSON

Per:


for: NICK A. MELCHIORRE
NAM/rp