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February 10, 2020

BY RESS, EMAIL AND COURIER

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

Dear Ms. Long:

**Re: Enbridge Gas Inc. (Enbridge Gas)
Ontario Energy Board (OEB) File No.: EB-2019-0218
2021 Sarnia Industrial Line Reinforcement Project – Reply Submission**

In accordance with Procedural Order No. 1, enclosed please find the Reply Submission from Enbridge Gas in the above noted proceeding.

This submission has been filed through the OEB's RESS and will be available on Enbridge Gas's website at:

<https://www.uniongas.com/projects/sarnia-industrial-reinforcement> and at
<https://www.enbridgegas.com/Projects>

If you have any questions with respect to this submission, please contact the undersigned.

Sincerely,

[original signed by]

Adam Stiers
Technical Manager, Regulatory Applications

c.c.: Guri Pannu (Enbridge Gas)
EB-2019-0218 (Intervenors)
Judith Fernandes (OEB Staff)
Michael Millar (OEB Counsel)

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B, and in particular, S. 90 (1) and S. 97 thereof (the “Act”);

AND IN THE MATTER OF an Application by Enbridge Gas Inc., pursuant to Section 90 of the *Ontario Energy Board Act*, for an Order or Orders granting leave to construct natural gas pipelines and ancillary facilities in the Township of St. Clair in the County of Lambton

ENBRIDGE GAS INC.

REPLY SUBMISSION

February 10, 2020

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INTRODUCTION

1. In accordance with the Ontario Energy Board's ("OEB") Procedural Order No. 1 dated December 9, 2019, this is the Reply Submission of Enbridge Gas Inc. ("Enbridge Gas") to the submissions made by OEB Staff and TransCanada PipeLines Limited ("TCPL") in this proceeding.
2. Pursuant to Section 90 (1) of the *Ontario Energy Board Act, 1998* (the "Act"), Enbridge Gas is seeking approval from the OEB for an Order granting leave to construct approximately 1.2 kilometres of Nominal Pipe Size ("NPS") 20 natural gas pipeline from the Dow Valve Site to the Bluewater Interconnect together with ancillary facilities (the "Project"), in the Township of St. Clair, in the County of Lambton, for November 2021 in-service.
3. Enbridge Gas is also applying, under Section 97 of the Act, for an Order approving the Form of Easement and Form of Temporary Land Use Agreement required to construct the Project (see Exhibit C, Tab 7, Schedule 3 and Exhibit C, Tab 7, Schedule 4). Enbridge Gas has the necessary Certificate of Public Convenience and Necessity and Municipal Franchise Agreement in place to construct the Project.¹
4. The total cost of the Project is estimated at \$30.8 million. The Project will provide an incremental 73.6 TJ/d of Sarnia Industrial Line System ("SIL system") capacity, 61.4 TJ/d of which will be used to serve Nova Chemicals (Canada) Ltd. ("NOVA"). The remaining 12.2 TJ/d of capacity will serve forecasted future demands.

¹ Exhibit I.STAFF.1.

5. In order to meet the proposed in-service date of November 2021, Enbridge Gas proposes to commence construction in the spring of 2021 to utilize favourable summer construction weather and environmental windows. To adhere to this Project construction schedule, Enbridge Gas is requesting OEB approval by April 30, 2020.
6. The Project is supported by OEB Staff and there were no objections to the Project raised by TCPL. In its written submissions, OEB Staff supports granting leave to construct the Project:

“OEB Staff supports the OEB granting leave to construct approval to Enbridge Gas for construction of the Project, subject to certain Conditions of Approval...”²

7. While TCPL was an intervenor in the proceeding, in a letter dated January 27, 2020, TCPL confirmed that it has reviewed the responses provided by Enbridge Gas to TCPL’s interrogatories and has no further comments regarding Enbridge Gas’s Application.

ISSUE 1: NEED FOR THE PROJECT

8. The Project is in response to incremental demand for 61.4 TJ/d of natural gas services to the Sarnia market and the SIL System in the form of a request for firm T2 Storage and Transportation Carriage Service commencing in 2021 from NOVA. This incremental demand will support a \$2 billion expansion of NOVA’s existing Corunna site.

² EB-2019-0218, OEB Staff Written Submission, January 27, 2020, p. 1.

9. Enbridge Gas also took into consideration forecasts of further customer interest for firm services on the SIL system beyond 2021 from new market entrants that are considering developing facilities in the Sarnia area, including: (i) Ainsworth Energy Co. Ltd. (“Ainsworth”); and (ii) Advanced Chemical Technologies (“ACT”) (see Exhibit B, Tab 1, Schedule 2, pp. 6-9 for additional detail).
10. As an ancillary benefit, the Project enables enhanced in-line inspection capability by reducing pipeline velocities for appropriate speed control of inspection tools.³
11. As set out at Exhibit C, Tab 1, Schedule 1, Enbridge Gas received letters of support for the Project from the St. Clair Township Council, the Lambton County Council and the Sarnia-Lambton Economic Partnership.
12. In its written submission, OEB Staff states:

“Based on the evidence filed by Enbridge Gas, OEB Staff submits that there is a need for the Project.”⁴

ISSUE 2: PROJECT ECONOMICS & ALTERNATIVES

13. As set out at Exhibit B, Tab 1, Schedule 4, the total estimated cost of the Project is \$30.8 million (total pipeline costs are estimated to be \$23.4 million and ancillary facilities are estimated to be \$7.3 million).⁵ Enbridge Gas completed an economic analysis in accordance with the OEB’s recommendations in its E.B.O. 188 Report of the Board on Natural Gas System Expansion (“E.B.O. 188”) and concludes that

³ EB-2019-0218, Exhibit B, Tab 1, Schedule 1, p. 4; EB-2019-0218, Exhibit B, Tab 1, Schedule 3, p. 12.

⁴ EB-2019-0218, OEB Staff Written Submission, January 27, 2020, p. 2.

⁵ Excluding indirect overheads, the total estimated cost of the Project is \$27.8 million.

the Project has: (i) a Net Present Value (“NPV”) of \$2.5 million; (ii) a Profitability Index (“PI”) of 1.1; and (iii) will result in a Rolling Portfolio PI of 1.2.

14. As set out at Exhibit B, Tab 1, Schedule 3, Enbridge Gas compared a variety of facility and non-facility alternatives to the Project, including: construction of additional pipeline reinforcement and/or station infrastructure, compression, or peaking plants to increase capacity from existing or new supply sources, commercial services from third-parties and Integrated Resource Planning (“IRP”) alternatives.
15. Facility alternatives needed to provide a minimum of 61.4 TJ/d of incremental SIL system capacity to serve NOVA demand beginning November 2021. Commercial alternatives were required to provide 61.4 TJ/d of firm gas delivery at the Bluewater Interconnect to serve NOVA demand beginning November 2021 and were also required to be economically viable with price certainty, to meet Design Day and Operational Requirements to provide reliable firm service and to be commercially available (provide a minimum 3-year term with renewal rights). IRP alternatives were assessed relative to the following criteria: (i) the economic feasibility of the proposed Project; (ii) the nature of demand driving the Project;⁶ and (iii) the ability to implement and verify energy savings resulting from any IRP alternative by November 2021.

⁶ Including the make-up of the demand growth, the relative sophistication of market participants and their appetite for incremental energy efficiency programming.

16. Enbridge Gas ultimately concluded that the proposed Project was the optimal choice as it: (i) is the lowest cost alternative; (ii) increases system capacity sufficiently to serve NOVA; (iii) is the shortest pipeline route with the least resulting environmental impact; (iv) is the most efficient project, eliminating the need to build two separate facilities; (v) ensures enhanced system reliability by looping the smaller diameter pipelines in the same area; (vi) enables in-line inspection capability by reducing pipeline velocities; and (vii) will help meet the capacity requirements of forecasted firm demand growth beyond 2021.

17. In its written submission, OEB Staff states:

“OEB staff supports Enbridge Gas’ proposal to meet this need through the proposed Project. The Project is economically feasible, is the lowest cost alternative, has the shortest pipeline route with the least resulting environmental impact, and provides enhanced system reliability.”⁷

18. Enbridge Gas assessed an Hourly Allocation Factor (“HAF”) to be applied to the capital costs of each new large volume customer serviced by the proposed project in order to facilitate cost recovery of the capacity created associated with future demand growth (12.2 TJ/d).

19. In its written submission, OEB Staff submits

“...Enbridge Gas’ [HAF] proposal appears to be reasonable and is consistent with prior OEB decisions.”⁸

⁷ EB-2019-0218, OEB Staff Written Submission, January 27, 2020, p. 5.

⁸ EB-2019-0218, OEB Staff Written Submission, January 27, 2020, p. 3.

ISSUE 3: ROUTING AND ENVIRONMENTAL MATTERS

20. OEB Staff expressed no concerns with the environmental aspects of the Project.⁹

In Enbridge Gas's Application, the Environmental Report ("ER") concluded at Exhibit B, Tab 1, Schedule 6, that there will be negligible environmental or cumulative impacts resulting from the construction of the Project.

21. As set out at Exhibit B, Tab 1, Schedule 5, p. 5:

"All necessary permits, approvals and authorizations will be obtained by Enbridge Gas at the earliest appropriate opportunity. Enbridge Gas expects to receive all required approvals prior to commencing construction of the Project. Enbridge Gas will assign inspection staff to ensure that contractual obligations between Enbridge Gas and the pipeline contractor, provincial ministries, municipal government and landowners are complied with."

ISSUE 4: INDIGENOUS CONSULTATION

22. Pursuant to the OEB's *Environmental Guidelines for the Location Construction, and Operation of Hydrocarbon Pipelines and Facilities in Ontario* (7th Edition, 2016), Enbridge Gas has worked, and will continue to work, closely with the Ministry of Energy, Northern Development and Mines ("MENDM") to ensure that affected Indigenous communities are consulted and that their concerns and issues have been identified and addressed.

23. In its written submission, OEB Staff expresses no concerns arising out of Enbridge Gas's consultation with Indigenous groups:

⁹ EB-2019-0218, OEB Staff Written Submission, January 27, 2020, p. 7.

“...Enbridge Gas appears to have made efforts to engage with affected Indigenous groups and no concerns that could materially affect the Project have been raised through its consultation to date.”¹⁰

24. As set out in the response at Exhibit I.STAFF.10, Enbridge Gas expects to receive a letter of consultation sufficiency from the MENDM in 2020 and will file it with the OEB upon receipt.

25. OEB Staff goes on to submit:

“...that the OEB could approve the application, subject to receiving the MENDM’s letter of sufficiency. To the extent that the letter of sufficiency may identify outstanding issues, the OEB could elect to make provision for additional procedural steps to address these issues.”¹¹

26. Enbridge Gas supports the recommendation of OEB Staff and the addition of an associated condition of approval.¹²

ISSUE 5: LAND MATTERS

27. The Project requires 1.72 hectares of permanent easement; 3.79 hectares of temporary easement; and 0.58 hectares of fee simple lands. As set out at Exhibit B, Tab 1, Schedule 7, p. 1, Enbridge Gas expects to have all land rights in place prior to construction of the Project.

28. Hydro One Networks Inc. (“HONI”) owns 53 meters (5%) of the proposed Project route and through consultations advised Enbridge Gas that it may need to utilize

¹⁰ EB-2019-0218, OEB Staff Written Submission, January 27, 2020, p. 7.

¹¹ EB-2019-0218, OEB Staff Written Submission, January 27, 2020, p. 8.

¹² EB-2019-0218, OEB Staff Written Submission, January 27, 2020, p. 9.

these lands (Sarnia South Transmission Station) in the future, in which case Enbridge Gas would have to move the proposed pipeline.¹³

29. As set out in the response at Exhibit I.STAFF.8, HONI has not expressed a specific need for or plans to build on this site in the future. Further, Enbridge Gas expects that if HONI builds a station in the future, that Enbridge Gas would work with HONI to protect the integrity of the SIL system and ensure that there is no interruption of service to the Sarnia market.

30. In its written submission, OEB Staff states:

“OEB staff acknowledges Enbridge Gas’ comments regarding the construction of the pipeline on HONI lands and expects that Enbridge Gas will work with HONI to protect the integrity of the SIL system to ensure that there is no interruption of service to the Sarnia market, should HONI require these lands to build a station in the future.”¹⁴

31. As set out in paragraph 3 above, Enbridge Gas is requesting approval of the Form of Easement and Form of Temporary Land Use Agreement set out at Exhibit C, Tab 7, Schedule 3 and at Exhibit C, Tab 7, Schedule 4, respectively.

32. In its written submission, OEB Staff submits:

“...that the OEB should approve the proposed Form of Easement and Temporary Land Use Agreement.”¹⁵

¹³ EB-2019-0218, Exhibit C, Tab 6, Schedule 1 – Environmental Report – Section 3.5.2, p. 3.3.

¹⁴ EB-2019-0218, OEB Staff Written Submission, January 27, 2020, p. 8.

¹⁵ EB-2019-0218, OEB Staff Written Submission, January 27, 2020, p. 9.

ISSUE 6: CONDITIONS OF APPROVAL

33. In the response at Exhibit I.STAFF.11, Enbridge Gas accepts OEB Staff's proposed draft Conditions of Approval and commits to comply with all of such conditions ultimately set out by the OEB.
34. In its written submission, OEB Staff submits that the OEB should consider the following two amendments to the draft Conditions of Approval:¹⁶

“Addition of the following condition, “Authorization for leave to construct is subject to Enbridge Gas filing with the OEB a letter from the MENDM confirming that Enbridge Gas has satisfied the procedural aspects of the Crown’s duty to consult with respect to the proposed Project.””

and

“Condition 2(a) be amended such that the OEB’s authorization for the leave to construct terminates 18 months rather than 12 months after the decision is issued.”

35. Enbridge Gas supports the addition of these two amendments to the draft Conditions of Approval.
36. Comparing the draft Conditions of Approval included at Exhibit I.STAFF.11 to the revised draft Conditions of Approval attached to OEB Staff's written submission Enbridge Gas notes that the notice period stipulated within condition 2. b) i. dealing with the commencement of construction was changed from “at least ten days prior to the date construction commences” to “at least five days prior to the date construction commences”. Enbridge Gas believes that this change was an

¹⁶ EB-2019-0218, OEB Staff Written Submission, January 27, 2020, p. 9.

oversight as OEB Staff's submission does not identify any such amendment. Enbridge Gas is supportive of the change and will comply with either notice period, as ultimately directed by the OEB.

CONCLUSION AND RELIEF SOUGHT

37. No party has opposed Enbridge Gas's Application. OEB Staff supports the OEB granting leave to construct approval to Enbridge Gas for construction of the Project, subject to the draft Conditions of Approval set out in its written submission.
38. Enbridge Gas therefore respectfully requests that the OEB issue an Order granting leave to construct the Project and an Order approving the proposed Form of Easement and Form of Temporary Land Use Agreement.

All of which is respectfully submitted this 10th day of February 2020.