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April 27, 2020

**VIA EMAIL and RESS**

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

Dear Ms. Long:

**Re: Enbridge Gas Inc. (Enbridge Gas)  
Ontario Energy Board (OEB) File No.: EB-2019-0188  
North Bay (Northshore and Peninsula Roads) Community Expansion  
Project – Reply Submission**

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

The submission has been filed through the OEB's RESS.

Please contact the undersigned if you have any questions.

Sincerely,

(Original Signed)

Vanessa Innis  
Manager Regulatory Applications & Strategy

cc: T. Persad (Enbridge Gas)  
Intervenors (EB-2019-0188)

## **ONTARIO ENERGY BOARD**

**IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, Schedule B, s. 36 thereof;

**AND IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c.15, Schedule B, s. 90(1) thereof;

**AND IN THE MATTER OF** the *Ontario Energy Board Act, 1998*,  
S.O. 1998, c. 15, Schedule B, s. 97 thereof;

**AND IN THE MATTER OF** an Application by Enbridge  
Gas Inc., for an Order or Orders for approval to construct natural  
gas pipelines and ancillary facilities required to serve the City of  
North Bay (Northshore and Peninsula Roads).

## **REPLY ARGUMENT of ENBRIDGE GAS INC.**

### **Introduction**

1. In accordance with Procedural Order No. 1, this is the Reply submission of Enbridge Gas Inc. ("Enbridge Gas") related to its expansion of natural gas distribution services proposed for the community of North Bay (Northshore and Peninsula Roads) ("Project") for which rate and leave to construct ("LTC") approval from the Ontario Energy Board ("OEB") is required.
2. Submissions were filed by OEB Staff, Pollution Probe and Environmental Defence. OEB Staff's submission was for the most part in support of the Project. OEB Staff did however raise two key concerns: i) cost to construct the Project and ii) sizing of proposed facilities to meet ultimate market potential rather than 10-year attachment forecast. Both concerns will be dealt with later in this submission. Pollution Probe's concern was specific to the overall prudence of Enbridge Gas's plan and approach to serve the Project area. Environmental Defence's issues centered on protecting the interests of gas consumers with a particular focus on the financial risks associated with climate change.
3. As detailed in Enbridge Gas's Argument in Chief ("AIC"), Enbridge Gas is seeking approval from the OEB for the expansion of its distribution system within the Project area. The Project is in response to the Ontario government's desire to expand natural gas distribution systems to communities that currently do not have access to

natural gas. The parameters of Enbridge Gas's proposal are designed to meet the minimum economic feasibility criteria as designed in EB-2016-0004, the OEB's Generic Community Expansion proceeding<sup>1</sup>. They are also aligned with the OEB's findings in Enbridge Gas's recent community expansion proceedings, including the most recent being the Saugeen First Nation project (EB-2019-0187).

4. Enbridge Gas has requested the following orders from the OEB under the OEB Act:

- (i) pursuant to section 90(1), LTC approval for a natural gas pipeline and ancillary facilities required to serve the Project area;
- (ii) pursuant to section 36, approval of a System Expansion Surcharge ("SES"); and
- (iii) pursuant to section 97, approval of the form of permanent easement and temporary land use agreements required for the Project.

5. The SES charge for which Enbridge Gas is seeking approval will extend to the Project area and features the same terms and conditions as those approved in EB-2016-0004. As further support, the OEB at page 10 of its EB-2019-0187 Decision and Order for the Saugeen First Nation community expansion project (dated February 6, 2020) stated:

*"The OEB agrees that the proposed SES is the same as that approved in the 2015 Project and the Chippewas of the Thames First Nation Project. All the same terms and conditions that were established in the OEB's Decision with Reasons for Union Gas Limited's 2015 Project, as described in Schedule C<sup>2</sup>, are approved."*

6. Enbridge Gas is of the view that its proposal for the Project satisfies the public interest criteria that the OEB typically assesses to determine if an LTC should be granted. Such criteria typically include need for the project; project cost and economics; environmental impacts; impacts to landowners; and Indigenous consultation.

7. In addition to meeting the OEB's public interest criteria, the Project is also a qualifying investment under the provincial government's *Access to Natural Gas Act* (O. Reg. 24/19). This clearly demonstrates need. In fact, OEB Staff at page 3 of its submission<sup>3</sup> agrees Project need should not be contested. Environmental Defence

<sup>1</sup> EB-2016-0004 OEB Decision with Reasons dated November 17, 2016.

<sup>2</sup> Schedule C of the EB-2019-0187 Decision and Order is a summary of OEB approved terms and conditions for the SES.

<sup>3</sup> EB-2019-0188 OEB Staff Submission dated April 16, 2020.

at page 7 of its submission<sup>4</sup> cited it was not raising concerns to suggest Enbridge Gas's "customer attachment forecast or application should be rejected".

8. Enbridge Gas's Reply submission covers two main topic areas:

- (i) Leave to Construct Matters
- (ii) System Expansion Surcharge ("SES")

### **Leave to Construct Matters**

9. Enbridge Gas is seeking leave under section 90 of the OEB Act to construct approximately 27 km of small diameter pipeline (NPS 1.25, NPS 2 and NPS 4) to serve the Project area. The proposed pipeline will connect to Enbridge Gas's existing distribution system on Trout Lake Road. The proposed pipeline will extend east within road allowances to serve the Northshore and Peninsula Roads area. The Project also requires the installation of a new regulating station to accommodate the proposed pipeline. The community of North Bay (Northshore and Peninsula Roads) is located in the northeast quadrant of the City of North Bay, in the Region of Nipissing.
10. OEB Staff and Environmental Defence generally support the LTC application. They expressed no concerns with how environmental, Indigenous consultation and land matters have been addressed to date. Although Pollution Probe was for the most part silent on these aspects, it did identify its concerns with the environmental review of the Project, which will be dealt with accordingly in this submission.
11. OEB Staff included proposed standard conditions of approval for Enbridge Gas's review and comment (see Appendix A of the OEB submission). Enbridge Gas has no concerns with the conditions except for Condition 8 which reads: "*Enbridge Gas is to monitor and report on the PI for the project and reduce the SES term accordingly once the PI reaches 1.0.*"
12. Enbridge Gas submits this condition is not only contrary to its proposal but to past expansion projects located in the Union rate zones. As detailed later in this submission, Enbridge Gas's proposal in this application is consistent with the OEB-approved approach for projects in the Union rate zones.
13. Enbridge Gas has followed both the OEB and the Ministry of Energy Northern Development and Mines ("MENDM") processes in relation to Indigenous consultation. On June 11, 2019, Enbridge Gas received a letter from the MENDM

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<sup>4</sup> EB-2019-0188 Environmental Defence submission dated April 16, 2020.

advising that it had satisfied its consultation obligations. OEB Staff accepted that the procedural aspects of the duty to consult for the Project are sufficient.<sup>5</sup>

14. With respect to land matters, OEB Staff, Pollution Probe and Environmental Defence did not express any concerns with the proposed land use. With the majority of the proposed pipelines being installed in road allowance, Enbridge Gas does not foresee any issues obtaining the necessary land rights. Similarly, Enbridge Gas anticipates that all permits and approvals will be obtained by May 2020 prior to construction.
15. Neither OEB Staff nor Environmental Defence challenged the route, route selection methodology, or the environmental aspects of the LTC. Enbridge Gas circulated the Environmental Protection Plan ("EPP") to the Ontario Pipeline Coordinating committee ("OPCC") in April 2018. There are no OPCC-related outstanding concerns. Despite the above, Pollution Probe, at pages 7-9 of its submission, raised a number of questions as to whether the EPP prepared for the LTC is in compliance with the OEB's *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario, 2016* ("Environmental Guidelines").
16. As stated at Exhibit I.PP.5 a), the Environmental Guidelines are designed to provide direction to the applicant in the preparation of a project's Environmental Report. As noted in Section 1.1 of the Environmental Guidelines they "are not statutory regulations nor are they a rule of code issued under the OEB's authority". They do however need to be considered when preparing an LTC application for submission to the OEB.
17. The EPP for the Project was prepared to meet the intent of the Environmental Guidelines. As guidelines, they are open to a level of interpretation and left to the proponent to assess the level of detail and requirements necessary based on the complexity of a project. As noted in Section 1.3.1 of the Guidelines, "the level of detail in the Environmental Report should reflect the environmental issues or concerns encountered on the project". In the case of the Project, with the majority of pipeline located in a disturbed portion of road allowance, this significantly reduced potential environmental impacts.
18. Enbridge Gas however agrees not all impacts have been eliminated and has established appropriate mitigation and protective measures. Enbridge Gas will also continue to work with agencies to develop final mitigation measures, where necessary.

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<sup>5</sup> OEB Staff submission, page 12.

19. The Archaeological Assessment Report was submitted to the Ministry of Tourism, Culture and Sport (MTCS) on February 8, 2019 and received approval by the MTCS on July 18, 2019. The Cultural Heritage Study was sent to MTCS on April 2, 2019 and was accepted by MTCS on May 7, 2019.
20. The balance of Enbridge Gas's submission on LTC matters focuses on i) the appropriateness of the estimated capital cost of the Project and, ii) the proposal to increase the pipe size to meet the ultimate potential customer forecast of 394 customers as opposed to the minimum design based on the 10-year attachment forecast of 134 customers.
  - (i) Appropriateness of estimated capital cost of the Project
21. OEB Staff, Pollution Probe and Environmental Defence made submissions on the magnitude of capital costs required to construct the proposed facilities, especially as the Project compares to other expansion projects.
22. The total estimated 10-year capital cost for the Project is approximately \$10.1 million, which includes the cost of the pipeline, station and service line costs (for the first 10 years of the Project). OEB Staff at page 6 of its submission raised this concern given the *"material difference between the cost of the proposed Project and that of Prince Township (and other projects)."*
23. Enbridge Gas in responding to Exhibit I.STAFF.3 addressed the rationale for the difference in costing. Enbridge Gas cited several construction challenges related to geography including, but not limited to, the presence of rock and variations in elevation along the highway and municipal portions that all contribute to "elevated construction costs".
24. Most importantly, Enbridge Gas expressed caution when attempting to draw meaningful comparisons between other expansion projects as noted at Exhibit I.STAFF.3. This includes OEB Staff's example of Prince Township. When asked to compare the costing of similar projects, Enbridge Gas stressed that "no two projects approved by the OEB and completed by Enbridge Gas are identical". Factors such as the location of construction (e.g. soil conditions, road allowance, private easement, etc.) and the overall scope and complexity of a project all impact costing.
25. The cost estimate for the Project was developed on the assumption that horizontal directional drilling ("HDD") would be a primary method of installation. This is based on limited workspace areas, the presence of rock and a number of existing culverts

and waterways<sup>6</sup>. Due to such challenging ground conditions, the expectation is the Project may only see installation progress of some 200 metres per day.

26. Based on the presence of rock<sup>7</sup>, including rock cuts and large boulders, additional contingencies were included in the contractor price. Enbridge Gas submits that rock breaking requires additional resources, both equipment and labour-related, and typically results in loss of time. Rock removal also results in additional backfill and restoration. For the Project, Enbridge Gas used a 10% contingency<sup>8</sup>. It is important to note that depending on the construction risks associated with a particular project, these contingency levels can vary. This further distorts the ability to make project to project cost comparisons.
27. The installation of services to homes and businesses in the Project area is also challenging due to the topography. In some locations, service installs have steep elevations but no driveway. This contributes to a higher than average service installation cost. It is preferred to install services along a driveway as it had been previously disturbed thus helping to mitigate the risk of encountering rock.
28. The Project also includes a Station component<sup>9</sup> not present in some previous expansion projects. For the Project, this requires the fabrication and installation of a new station, which then must be tied into the existing pipeline system on Anita Avenue as well as the new system on Trout Lake Road. The construction plan involves abandoning the existing station plus a section of the existing pipeline on Anita Avenue. The estimated cost to complete this work is approximately \$300,000.
29. In addition, the cost estimate<sup>10</sup> assumed tree clearing would be required for the running line location on Trout Lake Rd., approximately four kilometres estimated at \$90,000 for the clearing and clean-up associated with it. Costs related to the construction yard set up and mobilization/demobilization of both the contractor and the inspector are also significant and is estimated to cost \$925,000.
30. Enbridge Gas questions the ability to make meaningful cost comparisons of projects, even those with similar pipe length, diameter and pressure. The geology and topography of the Project area creates considerable constructability challenges. This is especially evident when compared to other expansion projects such as Prince Township which had flatter terrain, increased workspace area and far less rock. In short, ease of construction impacts both time and money.
31. Pollution Probe (at page 5 of its submission) expressed concerns about a discrepancy in the period of time over which Enbridge Gas will incur Project costs

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<sup>6</sup> Exhibit B, Tab 2, Schedule 11, p. 8.

<sup>7</sup> Exhibit I.PP.12, Attachment 1, Page 2.

<sup>8</sup> Exhibit B, Tab 2, Schedule 5a.

<sup>9</sup> Exhibit B, Tab 1, Schedule 8, Page 2.

<sup>10</sup> Exhibit B, Tab 2, Schedule 5a.

and the timing of the requested LTC approval. For clarity, Enbridge Gas anticipates the gas main and station capital costs to be expended in year one of the Project.<sup>11</sup> This is the portion of the Project for which LTC is required and for which a post-construction report will be filed. The capital costs for the gas service lines and meters (i.e., the customer-specific facilities) are included for the purposes of determining Project feasibility as in the case of other community expansion applications. Consistent with the rate-making treatment of other capital projects, Enbridge Gas will seek to include the capital costs expended for the Project in rate base as part of its next re-basing application.

(ii) *Proposal to increase the pipe size*

32. OEB Staff also claims the Project “appears to be overbuilt”.<sup>12</sup> More specifically, as noted at page 4 of its submission, “*Enbridge Gas has not sufficiently justified the need for the proposed design (i.e. to meet the ultimate potential customer attachment forecast of 394 customers) as opposed to the minimum design (i.e. to meet the ten-year customer attachment forecast of 134 customers) and the costs of the Project ...*”
33. Enbridge Gas’s proposal to serve the Project area includes the installation of approximately 27 kilometres of polyethylene distribution pipelines (6.8 km of NPS 1.25, 12.6 km of NPS 2, and 7 km of NPS 4). As confirmed in its responses to Exhibit I.STAFF.1 and Exhibit I.PP.6, the proposed facilities are designed to supply the ultimate potential identified for the Project. Enbridge Gas further acknowledges the Project’s 10-year forecast attachment<sup>13</sup> could be served by a minimum design.
34. Enbridge Gas further submits this minimum design, which assumes sufficient capacity for a 34% attachment rate, would replace approximately 3.5 kilometres of NPS 4 with NPS 2 resulting in an estimated cost reduction of \$600,000 (compared to the proposed facilities).
35. Enbridge Gas is fully aware of the OEB’s direction in its EB-2019-0187 Decision and Order where it said that when describing the potential for future growth there was no indication of “*timing for these potential customers or assurance that they will decide to use natural gas*”.<sup>14</sup>
36. Consistent with the OEB’s direction cited above, OEB Staff is seeking additional insight on the long-term growth in the area. As included in pre-filed evidence, the 10-year attachment forecast is 134 attachments (126 residential, five seasonal and

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<sup>11</sup> Exhibit B, Tab 2, Schedule 5b.

<sup>12</sup> OEB Staff submission, page 3.

<sup>13</sup> See Exhibit B/Tab 2/Schedule 2.

<sup>14</sup> EB-2019-0187 Decision and Order, page 6.



three small commercial) with an ultimate potential future forecast of 394 attachments.

37. As stated at Exhibit I.STAFF.1 c), since the exact location of the loading is unknown until actual service applications are received, the design of the proposed facilities must accommodate enough capacity to feed loads at the very end of the system. In addition, with respect to the two letters of comment filed with the OEB (dated February 17, 2020) from residents on Shorewood Road expressing interest in natural gas service, this interest was not included in the Project's attachment counts or design. Although considered outside the scope of this application, Enbridge Gas can confirm that should demands in the Shorewood Road area materialize as expected, these demands could not be supported by the minimum design.
38. Enbridge Gas submits that if the Project is installed using the minimum design, there is very limited capacity for any customer additions beyond the existing forecast of 134 customers. If the Project is installed using the preferred (proposed) design, it will allow for:
  - (i) additional capacity to meet the above mentioned 10-year forecast of 134 customers;
  - (ii) the ultimate potential of 394 customers; and
  - (iii) some of the additional future growth as identified above<sup>15</sup>.
39. In addition, as noted at Exhibit I.STAFF.1 c), the proposed design would allow some additional growth without requiring reinforcement or station modifications. Although Enbridge Gas recognizes the incremental \$600,000 cost of the proposed design compared to the minimum design, it does consider this a prudent expense for a number of reasons, as follows:
  - (i) The primary reason is that construction in the Project area is very challenging and costly. These costs would inevitably be higher in the future due to inflation alone. The construction conditions would not improve and would likely only become more challenging over time with any growth or change in regulatory requirements.
  - (ii) The intangible cost of re-disturbing environmentally sensitive areas and creating additional inconvenience to the public must also be carefully considered and weighed against a modest 6% increase in costs over the minimum design.
  - (iii) Enbridge Gas used a conservative approach in establishing its customer attachment forecast for the Project<sup>16</sup>; and, as outlined at Exhibit I.ED.13 a), the attachment forecast is being met early on in the project life of other expansion projects. It bears repeating that in the recent Fenelon Falls project, Enbridge Gas forecasted 122 attachments by the end of 2019 and it now has

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<sup>15</sup> Exhibit I.PP.14.

<sup>16</sup> Exhibit I.STAFF.1 and Exhibit I.ED.13

638 planned attachments in total. These results imply that once Enbridge Gas services are available in an area, there is a higher likelihood that residents will consider taking gas services than indicated in initial surveys.

- (iv) The scope of the Project was essentially determined by the provincial government when accepted as part of the Natural Gas Grant Program and reaffirmed pursuant to O.Reg. 24/19. All of the ultimate potential customers within the Project area would be able to benefit from the subsidy provided under O.Reg. 24/19 pursuant to Enbridge Gas's proposed design. If the minimum design were installed, only the minimum number of customers would benefit. Any customers beyond this minimum would be subject to much higher contribution amounts and would be discouraged from ever taking gas services in the future. This would be contrary to the provincial government's objective to expand natural gas service into remote communities.

- 40. Enbridge Gas's proposed design eliminates all of the above concerns and should be accepted by the Board as the preferred design for the Project.
- 41. Further to Enbridge Gas's experience with community expansion projects, other projects have met 64-90% of the 10-year forecast earlier than anticipated (within years 1-4). Almost all projects have also had main extensions due to additional growth outside of project areas. This trend along with interest in additional growth outside of the Project supports the proposed design.
- 42. As noted, Enbridge Gas is expecting additional growth in the Shorewood Road area as well as other areas outside of Project scope<sup>17</sup>. This growth is expected given the letters of comment noted above as well as feedback obtained during the Project Open House.
- 43. In response to OEB Staff's invitation to provide further information about reinforcing the minimum design in the future, Enbridge Gas does not have a detailed estimate of the cost of future reinforcement. Many variables would have to be considered depending upon the timing of the work and the conditions that exist at that time. From the information already provided in the evidence on cost, however, Enbridge Gas anticipates that any future reinforcement would cost no less than \$250,000 per kilometre to construct. A number of assumptions were used to develop this estimate including, but not limited to consistency with current Project costs (costs were not inflated to reflect future construction). In addition, the estimate was premised on a separate stand-alone project that would include costs for mobilization/demobilization, surveying, road work, permits, clean-up, environmental screening and the like. This is only the financial cost of the work and as noted

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<sup>17</sup> Exhibit I.STAFF.1 part c).

above, does not include the intangible costs of re-disturbing the environment, inconvenience to residents and motorists.

### **System Expansion Surcharge (“SES”)**

44. As noted in Enbridge Gas’s Argument in Chief, Enbridge Gas is seeking to extend to the Project the same SES that was approved in previous proceedings.<sup>18</sup>

45. OEB Staff submits that Enbridge Gas should be directed to re-calculate the Project PI periodically and reduce the term of the SES if the P.I. exceeds 1.0.<sup>19</sup> Additionally, OEB staff notes that Enbridge Gas should not be permitted to recover any revenue shortfalls which occur during the 10-year Rate Stability Period, as this would be contrary to both policy guidance on community expansions.<sup>20</sup>

46. Enbridge Gas finds it interesting OEB Staff supported the SES as proposed in EB-2019-0187, however, in this application, “disagrees with Enbridge Gas’s proposal”. In fact, OEB Staff at page 15 of its EB-2019-0187 submission (dated January 17, 2020) stated:

*“OEB staff submits that Enbridge Gas’ request for a SES for the Project should be approved because it is merely the extension of a previously approved SES with all the same terms and conditions.”*

47. Pollution Probe recommends that the OEB apply the SES mechanism recently approved in the Saugeen First Nation Community Expansion Project<sup>21</sup> and does not support collection of an SES amount in excess of that needed to bring the project to a PI equal to 1.0.<sup>22</sup>

48. In this application, Enbridge Gas is requesting the OEB approve the application of the SES for the Project on the same basis as it has for previously approved SES projects located in the Union Gas rate zones and as such is not proposing to periodically update the project’s PI and potentially reduce the term of the SES.

49. When Enbridge Gas applies to harmonize the treatment of SES amongst the rate zones, it will seek to apply a single approach to projects on a go-forward basis. In its submission, OEB Staff submits that in the event the OEB approves the capital cost of the minimum sized facilities, there would be an impact to the SES term for the Project<sup>23</sup>. OEB Staff submits that it may be helpful to the OEB if Enbridge Gas were able to provide in its Reply submission a DCF analysis to show what the impact

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<sup>18</sup> Argument in Chief, para. 17.

<sup>19</sup> Board staff submission, p. 10.

<sup>20</sup> Board staff submission, p. 11.

<sup>21</sup> Pollution Probe submission, p. 5.

<sup>22</sup> Pollution Probe submission, p. 6.

<sup>23</sup> OEB Staff Submission, p. 8.

would be on the SES term. Enbridge Gas submits that if the scope of the Project is changed it would need to fully reassess the economics of the Project which could entail the grant amount designed by the province to be reduced rather than the duration of the SES period.

### **Rate Stability Period**

50. Environmental Defence's submissions with respect to SES focus on potential shortfalls in revenue during the Rate Stability Period and for the balance of the SES term after the Rate Stability Period. Environmental Defence misunderstands Enbridge Gas's submissions with respect to treatment of revenue shortfalls during the Rate Stability Period.
51. As noted in Exhibit B, Tab 1, Schedule 1, page 4 and at Exhibit I.ED.2.part b), Enbridge Gas is at risk for potential revenue shortfalls during the 10-year Rate Stability Period and will not seek recovery for any overages or shortfalls related to this Period.
52. Enbridge Gas will seek to include the Project in the base upon which rates are set in the next rebasing application that follows the end of the Rate Stability Period.<sup>24</sup> As stated in OEB Staff's submission<sup>25</sup> and in accordance with the OEB's Decision in EB-2015-0179<sup>26</sup>, in that rebasing application Enbridge Gas will provide a revised DCF calculation based on actual capital costs and customer attachments. The OEB will determine the appropriate revenue recovery methodology at that time. Additionally, the appropriate treatment of any capital cost overruns for the post-Rate Stability Period will be addressed in that rebasing application.
53. It would be premature to determine rate treatment now for whatever circumstances may exist more than 10 years into the future, when the broader impacts of community expansion and other projects will be better understood.
54. Enbridge Gas also wishes to address a number of assertions and additional evidence provided by Environmental Defence at pages 6 and 7 of its submissions. Environmental Defence suggests that Enbridge Gas did not provide survey respondents with enough information on the alternative option of converting to electric heat pumps.
55. First, Enbridge Gas noted <sup>27</sup>it did provide respondents with high level estimates of the savings associated with heat pumps and other alternative heating sources

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<sup>24</sup> Exhibit I.ED.15.

<sup>25</sup> OEB Staff submission, p. 10.

<sup>26</sup> EB-2015-0179 Decision and Order, August 10, 2017, p. 14.

<sup>27</sup> Exhibit I.ED.9(d).

relative to natural gas and that in some cases, according to conservative estimates, negative savings could result where the SES applies. This was fully transparent. Enbridge Gas also noted that it is difficult to estimate such costs without knowing more specific information. Second, it is not the responsibility of Enbridge Gas to provide comprehensive information about heat pumps and other alternative energy sources to potential customers because Enbridge Gas does not sell heat pumps. Enbridge Gas offers many Demand Side Management (“DSM”) programs to customers, further addressed below, that assist customers with achieving energy savings.

56. Finally, Enbridge Gas notes that Environmental Defence introduced several items of untested evidence, either from other OEB proceedings or other sources that Enbridge Gas cannot test at this stage in the proceeding. For instance, Enbridge Gas has not been able to examine assumptions made about consumer preferences, the true costs of electricity, government subsidies and time of use impacts. It is not appropriate to introduce evidence in argument and the OEB ought to disregard all of this untested information.

### **Demand Side Management**

57. Consistent with its submission in EB-2019-0087, Pollution Probe noted that it supports access to natural gas when it assists in reducing energy costs, greenhouse gas emissions and aligns with a local community energy plan. Additionally, Pollution Probe submitted a number of interrogatories related to energy efficiency.
58. Given that Enbridge Gas is expanding into a new community, Enbridge Gas confirmed that as part of its forecasting it relied on historical implementation of DSM measures. Additionally, Enbridge Gas also confirmed in its interrogatories that the community of North Bay (Northshore and Peninsula Roads) would have the opportunity to participate in any existing and future DSM program offerings.
59. Contrary to Pollution Probe's submissions (at pages 6 and 7) that it is too late to provide DSM information after a customer has hired a contractor to install gas appliances, Enbridge Gas expects that contractors in the North Bay area would be familiar with Enbridge Gas DSM offerings because North Bay is already served by Enbridge Gas. Enbridge Gas works with HVAC contractors on a regular basis to educate them about DSM offerings and will continue to do so. These contractors would likely become a source through which potential customers for the Project would learn about Enbridge Gas DSM programs at the time the customer is considering appliance purchases.
60. In addition, as stated at Exhibit I.PP.4, Enbridge Gas plans to hold public information sessions in 2020 at which time informational materials explaining existing Enbridge Gas DSM programs will be provided.

## **Conclusion**

61. Enbridge Gas further submits the Project is in the public interest and should be approved by the OEB. There is no issue or dispute concerning the overall need for the Project. The proposed facilities represent the prudent choice to bring natural gas to the area and the SES surcharge is not only appropriate but consistent with the OEB's findings in EB-2016-0004 as well as prior community expansion project applications located in Union's rate zones.
62. The planned in-service date for the Project is November 2020. Currently, Enbridge Gas does not anticipate any significant impacts resulting from the COVID-19 pandemic to the timing and cost of the Project. Enbridge Gas will continue to monitor this situation and will inform the OEB of any changes should they arise.
63. Enbridge Gas respectfully requests the OEB grant leave to construct for the Project as proposed at the earliest opportunity such that Enbridge Gas can maintain the proposed construction schedule to meet the planned in-service date.

All of which is respectfully submitted, this 27<sup>th</sup> day of April 2020.

**ENBRIDGE GAS INC.**

*[original signed by]*

**Tania Persad, Senior Legal Counsel**