



Ontario  
Energy  
Board

Commission  
de l'énergie  
de l'Ontario

**BY EMAIL**

May 28, 2020

Ms. Christine E. Long  
Board Secretary and Registrar  
Ontario Energy Board  
2300 Yonge Street, 27<sup>th</sup> Floor  
Toronto ON M4P 1E4  
[BoardSec@oeb.ca](mailto:BoardSec@oeb.ca)

Dear Ms. Long:

**Re: Enbridge Gas Inc.  
2020 Storage Enhancement Project  
OEB Staff Submission  
OEB File No. EB-2020-0074**

In accordance with Procedural Order No. 1, please find attached the OEB staff Submission for the above proceeding. This document has been sent to Enbridge Gas Inc. and to all other registered parties to this proceeding.

Enbridge Gas Inc. is reminded that its Reply Submission is due by June 15, 2020.

Yours truly,

*Original Signed By*

Ritchie Murray  
Project Advisor, Supply & Infrastructure

Encl.

c. Enbridge Gas Inc. and all other registered parties to this proceeding



## **2020 Storage Enhancement Project**

**Enbridge Gas Inc.**

**EB-2020-0074**

**OEB Staff Submission**

**May 28, 2020**

# 1 INTRODUCTION AND SUMMARY

Enbridge Gas Inc. (Enbridge Gas) filed an application (Application) on February 7, 2020 under subsection 38(1) of the *Ontario Energy Board Act, 1998* (OEB Act)<sup>1</sup> with the Ontario Energy Board (OEB) to vary conditions related to the maximum operating pressures (MOPs) of the Black Creek, Coveny and Wilkesport natural gas storage pools (Pools). The Pools are part of Enbridge Gas' Tecumseh storage operations located near Sarnia, Ontario.

The current MOPs for the Black Creek and Coveny pools were approved by the OEB in EBLO 258, EBRM 108, and EBO 196/197/198. Through conditions of approval, the MOPs of the Black Creek and Coveny pools were limited to 15.8 kPa/m (0.70 psi/ft). The Wilkesport pool does not have a condition of approval limiting the operating pressure. However, EBRM 91 established a guideline that limits all pools to a pressure gradient of 15.8 kPa/m (0.70 psi/ft). In the Application, Enbridge Gas asks that it be allowed to increase the operating pressures of the Pools as summarized in Table 1.

Table 1: Summary of Current and Proposed Operating Conditions

Pool	Current MOP	Proposed MOP	Current Gradient	Proposed Gradient
<b>Black Creek</b>	9,090 kPaa	9,860 kPaa	15.8 kPa/m	17.2 kPa/m
<b>Coveny</b>	8,140 kPaa	8,830 kPaa	15.8 kPa/m	17.2 kPa/m
<b>Wilkesport</b>	8,230 kPaa	8,930 kPaa	15.8 kPa/m	17.2 kPa/m

The proposed operating pressure increases in the Pools would create an additional working capacity of 46,800 10<sup>3</sup>m<sup>3</sup>. The additional capacity would be sold at non-utility, market-based prices to Enbridge Gas' storage service customers as part of its unregulated storage operations.

To facilitate the increases in MOP, Enbridge Gas would need to upgrade a series of existing wellheads and install a number of new emergency shutdown (ESD) valves. The pressure increases together with the wellhead and ESD work is collectively called the Project.

OEB staff supports the OEB granting leave to vary the MOPs of the Pools subject to appropriate conditions of approval, as explained below.

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<sup>1</sup> Section 38(1) is the statutory basis for the OEB to grant authorization to inject gas into, store gas in and remove gas from a designated gas storage area.

## **2 PROCESS**

Enbridge Gas filed its Application on February 7, 2020. The OEB issued its Notice of the Application on March 12, 2020. The intervention period ended on March 30, 2020. The Ministry of Natural Resources and Forestry (MNRF) and Pollution Probe applied for intervenor status.

Procedural Order No. 1 was issued on April 9, 2020. The MNRF was granted intervenor status. Pollution Probe was denied intervenor status. The Procedural Order provided for interrogatories and submissions on the Application. The MNRF and OEB staff filed written interrogatories on April 24, 2020. Enbridge Gas filed interrogatory responses on May 11, 2020.

Enbridge Gas' reply submission is due by June 15, 2020.

## **3 SUBMISSIONS**

### **3.1 Project Need and Timing**

Based on Enbridge Gas' pre-filed evidence and responses to interrogatories, OEB staff submits that the Project is needed to increase the capacity of the Pools in order to meet growing market demand for incremental storage space. However, OEB staff submits that the proposed timing of the Project may be optimistic, as Enbridge Gas is requesting a decision on the Application by June of this year in order to meet an in-service date of November, 2020.

The Project is the first phase of a larger project to increase deliverability and storage capacity at Enbridge Gas' storage facilities to serve Enbridge Gas' storage service customers as part of its unregulated storage operations<sup>2</sup>. The larger project involves increasing the pool pressure in eight Designated Storage Areas: Black Creek Storage Pool, Coveny Storage Pool, Corunna Storage Pool, Dow Moore Storage Pool, Ladysmith Storage Pool, Payne Storage Pool, Seckerton Storage Pool and Wilkesport Storage Pool<sup>3</sup>. These pools were chosen based on their geological similarity to other Enbridge Gas pools that have undergone a pressure increase and have been operated successfully at an elevated pressure gradient of 17.2 kPa/m (0.76 psi/ft) for many

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<sup>2</sup> Response to OEB staff interrogatory No. 3

<sup>3</sup> Ibid.

years<sup>4</sup>. Planning on the larger project began in 2019 and its construction is expected to be complete in 2022<sup>5</sup>.

The Application addresses the first phase of the larger project and involves the Black Creek, Coveny and Wilkesport pools. In this phase, the proposed pressure increase in the Pools will create an additional working capacity of 46,800 10<sup>3</sup>m<sup>3</sup>. In accordance with the OEB's decision in the Natural Gas Electricity Interface Review (NGEIR Decision), the additional capacity will be sold at non-utility, market-based prices as part of Enbridge Gas' unregulated storage operations<sup>6</sup>. Enbridge Gas states that in its most recent open season, "the demand for [unregulated] storage space exceeded the space awarded [through new contracts] by a ratio of 6:1."<sup>7</sup> As a result, OEB staff submits that there is demand for unregulated storage and therefore the Project is needed.

Enbridge Gas proposes to begin operating the Pools at higher pressure gradients during the 2020 injection season. Enbridge Gas says that the Project must be completed before September to ensure there is no disruption to service. If it is not able to complete the work within this timeframe, the Project would need to be deferred to the following year. OEB staff submits that a decision in June 2020 is optimistic given that Enbridge Gas' reply submission is not due until June 15, 2020. It is unclear from the evidence whether the schedule can accommodate a decision after June 2020 such that the work can be completed in time for an in-service date of November 2020. OEB staff suggests that Enbridge Gas comment in its reply submission on its ability to complete the work prior to September in the event that the OEB issues its decision by July 31, 2020.

### **3.2 Proposed Facilities & Alternatives**

OEB staff has no issues or concerns with the proposed facilities.

To facilitate the increase in MOP, Enbridge Gas will need to upgrade a series of existing wellheads and install a number of new ESD valves. Specifically, the proposed facilities include:

1. New master valves on ten wells
2. New wellheads on seven wells
3. The installation of ESD valves on eight natural gas storage wells within the pools

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<sup>4</sup> Response to OEB staff interrogatory No. 3

<sup>5</sup> Ibid.

<sup>6</sup> EB-2005-0551, issued November 7, 2006, page 70

<sup>7</sup> Response to OEB staff interrogatory No. 1 d)

The ESD valves are capable of isolating the storage facility from the transmission pipelines currently in place at each pool and are remotely operable from the Tecumseh and Dawn Operations Centres. Enbridge Gas also proposes to install ESD valves on each natural gas storage well in the Pools.

OEB staff agrees with Enbridge Gas that the proposed facilities do not trigger the statutory requirements for leave to construct from the OEB. Further, since the project does not involve drilling new wells, a favourable report from the OEB to the MNRF is not required pursuant to section 40 of the OEB Act.

OEB staff has reviewed the MNRF submission. The MNRF states that it is satisfied with Enbridge Gas' responses to the interrogatories in which it had an interest. The MNRF reminded Enbridge Gas that, as the operator, it bears the responsibility for ensuring that all safety and environmental issues are addressed, and to ensure its compliance with the Canadian Standards Association standard Z341.1-18 - *Storage of Hydrocarbons in Underground Formations* (CSA Z341). The MNRF stated that it has no objection to the OEB's approval of the Application as proposed.

OEB staff notes that the OEB typically requires, as a condition of approval, that the applicant comply with the relevant requirements of the CSA Z341 to the satisfaction of the MNRF. The MNRF has not identified concerns regarding Enbridge Gas' compliance with CSA Z341 to date. However, OEB staff submits that it remains appropriate that, as a condition of approval, the OEB should require that Enbridge Gas comply with the relevant requirements of the the CSA Z341 to the satisfaction of the MNRF.

### **3.3 Costs and Economics**

Enbridge Gas did not disclose the capital and operating costs associated with the Project or its economics. OEB staff submits that Enbridge Gas is not required to do so because, following issuance of the NGEIR Decision, applicants are not required to file cost or economic information for unregulated storage projects.

The Project would be part of Enbridge Gas' unregulated storage operations. Enbridge Gas confirmed that the Project would not benefit regulated storage customers<sup>8</sup>. All costs associated with the wells would be captured in Enbridge Gas' unregulated accounts and no costs of the wells would be charged to the regulated utility accounts. As a result, the

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<sup>8</sup> Response to OEB staff interrogatory No. 1 b)

costs of the Project would be funded by Enbridge Gas' shareholders and the Project would not have any impact on Enbridge Gas' utility ratepayers.

### **3.4 Land Matters**

OEB staff submits that Enbridge Gas is appropriately managing land related matters. OEB staff has no issues or concerns with land matters related to the Project.

Construction of the proposed facilities at the Wilkesport pool would require the installation of temporary access roads (laneways) and well pad enlargements (working areas). These temporary roads and pads would be constructed using steel plating laid on top of existing agricultural field. Enbridge Gas has contacted the co-landowners, and the co-landowners have not expressed any concerns. The co-landowners will be compensated for use of the lands and any crop loss associated with the operations.

Construction of the proposed facilities at the Coveny pool would be completed using existing laneways. After the Application was filed, Enbridge Gas made contact with the landowner and they have not expressed any concerns<sup>9</sup>. The landowner will be compensated for use of the lands and any crop loss associated with the operations.

Construction of the proposed facilities at the Black Creek pool would be completed using land owned by Enbridge Gas.

Enbridge Gas says that it is not aware of any unresolved land matters.

### **3.5 Environmental Matters**

OEB staff has no environmental related issues or concerns, provided that Enbridge Gas complies with recommended environmental mitigation measures and permit, regulatory and/or legislative requirements.

Enbridge Gas engaged Stantec Consulting Ltd. (Stantec) to complete the necessary Environmental Screenings. The screening results have been documented in Environmental Screening Reports (ESRs). Enbridge Gas states that the ESRs conform to the OEB's *Environmental Guidelines for the Location, Construction and Operation of Hydrocarbon Pipelines and Facilities in Ontario*" (7th Edition, 2016) and the generally accepted principles of Environmental Screening Principles for Distribution System Expansion Projects by Ontario Natural Gas Utilities, as outlined in E.B.O. 188.

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<sup>9</sup> Response to OEB staff interrogatory No. 5

The Environmental Screening process was completed in October 2019. The Environmental Screening process did not identify any significant environmental or socio-economic features other than the potential occurrence of select Species at Risk (SAR) and their habitat. Butler's Gartersnake and Eastern Foxsnake are the only SAR that may be impacted by the Project. Enbridge Gas advises that it is consulting the Ministry of Environment, Conservation and Parks (MECP) to confirm recommended mitigation measures. The MECP has informed Enbridge Gas that it is currently experiencing a high volume of requests<sup>10</sup>. As of May 11, 2020, Enbridge Gas' consultations with the MECP regarding SAR are ongoing.

Enbridge Gas states that, based on the results of a previous stage 1 Archaeological Assessment, and given that Project has no ground disturbances, no further archaeological work was required.

Stantec has concluded that, with the implementation of the mitigation measures recommended in the ESRs and adherence to permit, regulatory and/or legislative requirements, the potential environmental and/or socio-economic impacts of the Project are not anticipated to be significant. OEB staff submits that such adherence includes any SAR mitigation measures required or recommended by the MECP.

### **3.6 Indigenous Consultations**

OEB staff has no issues or concerns related to Indigenous consultations.

On September 23, 2019, Enbridge Gas received a letter from the Ministry of Energy, Northern Development and Mines (MENDM) indicating that it did not anticipate any appreciable adverse impact on the asserted or established rights of First Nation or Métis communities. Based on this determination, no duty to consult was triggered and the MENDM will not be providing a letter of opinion regarding the sufficiency of consultation. Should new information on the Project become available that indicates a potential to impact Aboriginal and treaty rights, Enbridge Gas says it will notify the MENDM. Enbridge Gas confirmed that it did not receive any correspondence from Indigenous communities regarding the Project following the issuance of the Notice of Hearing on March 12, 2020<sup>11</sup>.

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<sup>10</sup> Response to OEB staff interrogatory No. 4

<sup>11</sup> Response to OEB staff interrogatory No. 6



### 3.7 Conditions of Approval

As noted above in section 3.2, OEB staff submits that, if the Application is to be granted, the OEB's approval should be conditional on Enbridge Gas complying with the relevant requirements of CSA Z341 to the satisfaction of the MNRF. Additionally, OEB staff supports the condition of approval as proposed by Enbridge Gas in its interrogatory responses and discussed below.

In its application, Enbridge Gas proposed that the OEB impose the same condition that was "attached" to the approval in the Sarnia Airport Storage Pool Limited Partnership (SASP) proceeding<sup>12</sup>:

Enbridge Gas shall not operate the storage pool above a pressure representing a pressure gradient of 17.2 kPa/m (0.76 psi/ft) of depth without leave of the OEB. Enbridge Gas shall provide summaries of an engineering study and geological study in support of any leave applications and a formal confirmation from the Ministry of Natural Resources and Forestry that operating the pool at the increased operating pressure complies with the requirements of the CSA Z341 standard.

However, in its interrogatories, OEB staff noted that the OEB did not approve the second part of this condition in the SASP proceeding. OEB staff asked Enbridge Gas to explain why it was proposing the second part of the condition in this proceeding. Enbridge Gas replied that it unintentionally mischaracterized the SASP condition in its evidence, and that it accepts the first part of the condition – specifically, that "Enbridge Gas shall not operate the storage pool above a pressure representing a pressure gradient of 17.2 kPa/m (0.76 psi/ft) of depth without leave of the OEB."<sup>13</sup>

In its submission, the MNRF stated that it supports the proposed condition as clarified by Enbridge Gas in its interrogatory response.

## 4 CONCLUSION

OEB staff submits that the Project is needed to increase the capacity of the Pools in order to meet growing market demand for incremental storage space by Enbridge Gas'

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<sup>12</sup> EB-2017-0362, Decision and Order, April 26, 2018, page 2

<sup>13</sup> Response to OEB staff interrogatory No. 2

storage service customers. If the OEB approves the Application, the approval should at a minimum be conditional on Enbridge Gas:

- a) Complying with the relevant requirements of CSA Z341 to the satisfaction of the MNRF
- b) Not operating the Pools above a pressure representing a pressure gradient of 17.2 kPa/m (0.76 psi/ft) of depth without leave of the OEB

*All of which is respectfully submitted.*