



Sent Via email

**The Regional
Municipality of Durham**

**Planning and
Economic
Development
Department**

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Brian Bridgeman, MCIP,
RPP
Commissioner of
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June 9, 2020

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

Dear Ms. Long:

**RE: Enbridge Gas Inc. Harmonization of System Expansion
and Temporary Connection Surcharges, Ontario Energy
Board Number: EB-2020-0094
Region of Durham File Number E23-04**

Region of Durham staff appreciate the opportunity to comment on the proposed updates to the Harmonization of System Expansion and Temporary Connection Surcharges from Enbridge Gas Inc.

This filing relates in part to the use of a consistent approach to the application of the System Expansion Surcharge (or SES, and payable by impacted connecting customers), where Enbridge is proposing that it not be required to periodically update the financial performance, or "profitability index", for related expansion projects during the term for which the SES is in place.

While Enbridge has noted that in adhering to criteria established in prior proceedings and EBO 188 Guidelines (used for assessing natural gas expansion initiatives in Ontario), and that it will maintain the "principle of avoiding long term cross subsidization by existing customers of new customers", it is unclear what Enbridge defines as "long term", what is deemed to be material cost, and what is fair to SES-paying customers.

It is recommended that the affected customer base should see a shorter SES payment term as project costs have been recouped (not a benefit realized by the broader rate base) when a project is found

If this information is required in an accessible format, please contact Planning Reception at 1-800-372-1102 ext. 2551.



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to be more profitable over time (i.e. if revenues greater than expected). While the SES mechanism proposal does not directly impact the Region, it is recommended as a that Enbridge be required to periodically recalculate the profitability indicator and reduce SES payment terms to affected customers once project costs are shown to be fully recouped to ensure no cross subsidization and customer fairness.

It should also be noted that municipal support including potential for financial backing to a project may be part of community expansion projects. That is, at the discretion of municipalities, contributions can be made in the form of the Incremental Tax Equivalent (ITE) mechanism where municipalities would collect applicable taxes from the utility and rebate the incremental tax value. While the OEB is of view that ITE contributions are voluntary (no jurisdiction to require such a contribution), we recommend that Enbridge recognize that two-tier municipal structures exist and that if local area municipalities in a two-tier system provide an ITE contribution, that it be based solely on their local share of property taxes.

Closing,

Colleen Goodchild
Manager, Policy Planning & Special Studies