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BY EMAIL

August 24, 2020

Ms. Christine Long
Board Secretary and Registrar
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4
BoardSec@oeb.ca

Dear Ms. Long:

**Re: Ontario Energy Board (OEB) Staff Submission on Environmental Defence
Motion
Enbridge Gas Inc. – Section 101 Application
OEB File Number: EB-2020-0160**

In accordance with Procedural Order No. 2, please find attached the OEB staff submission on Environmental Defence's motion filed in the above proceeding. The attached document has been forwarded to Environmental Defence, Enbridge Gas Inc. and to all other registered parties to this proceeding.

Yours truly,

Original Signed By

Judith Fernandes
Project Advisor, Natural Gas Applications

Encl.



ONTARIO ENERGY BOARD

OEB Staff Submission on Environmental Defence Motion

**Enbridge Gas Inc.
Section 101 Application**

EB-2020-0160

August 24, 2020

Introduction

On June 12, 2020, Enbridge Gas Inc. (Enbridge Gas) applied to the Ontario Energy Board (OEB) under section 101 of the *Ontario Energy Board Act, 1998*, (Act) for approval to construct 29 km of natural gas pipeline and related facilities, along County Road 46, located in the Towns of Tecumseh and Lakeshore in the County of Essex. The proposed pipeline and facilities are part of the Windsor Pipeline Replacement Project that was approved by the OEB in its Decision and Order¹, dated April 1, 2020.

According to Enbridge Gas, the application is being filed to resolve a dispute between Enbridge Gas and The Corporation of the County of Essex (Essex County), the road authority for County Road 46. Enbridge Gas stated that it has not been able to reach an agreement with Essex County regarding the construction of a 22.9 km segment of pipeline along County Road 46. The contested issues relate to the depth of cover of certain segments of the replacement pipeline and the removal of certain segments of the existing pipeline in lieu of abandonment in place.

Process

The OEB issued a Notice of Hearing and Procedural Order No. 1 on June 30, 2020, approving the intervention request of Essex County and made provision for the filing of interrogatories and interrogatory responses. In response to the OEB's notice, Energy Probe Research Foundation (Energy Probe), Pollution Probe, Environmental Defence and the Federation of Rental-housing Providers of Ontario (FRPO) applied for intervenor status and cost eligibility.

In Procedural Order No. 2, issued on July 24, 2020, Energy Probe, Pollution Probe, Environmental Defence and FRPO were approved as intervenors.

Interrogatories on the Enbridge Gas' evidence were filed by OEB staff and intervenors on July 31, 2020. Enbridge Gas filed its responses to interrogatories on August 14, 2020.

On August 17, 2020, Environmental Defence filed a motion requesting the OEB to order:

1. Enbridge Gas to provide full and adequate responses to Interrogatories I.ED.1 (a) to (d) and I.ED.4 (a) to (e); and
2. In the alternative, that a technical conference be held in this matter.

On August 20, 2020, the OEB issued Procedural Order No. 3, making provision for written submissions by parties on the merits of Environmental Defence's motion and

¹ EB-2019-0172 Decision and Order

reply submissions by Environmental Defence.

Submission

Environmental Defence asked interrogatories² regarding the estimated cost to remove the existing NPS 10 pipeline at issue in this matter and how the removal cost would be recovered in rates. In its responses, Enbridge Gas referenced the estimated cost of removal of pipeline of \$5.875 million provided in its evidence. Enbridge explained that this amount is the difference between the cost of abandoning the existing pipeline in place as approved in EB-2019-0172 and the cost of removal. Environmental Defence submitted that Enbridge Gas did not itemize the costs of abandoning the pipeline in place (e.g. capping, etc.) nor itemize the difference between removal and abandonment in place stating that it remains unclear whether all of the \$5.875 million is incremental and what it is incremental to.

Environmental Defence asked Enbridge Gas to compare the cost of pipeline removal in this application with the cost in other instances. Enbridge Gas responded stating that these questions are beyond the scope of this application and noted that the cost of abandonment varies depending upon the circumstances of the abandonment. Environmental Defence also asked Enbridge Gas how it would propose to recover the costs for removing the pipeline. Enbridge Gas responded stating that the costs will be charged/debited to accumulated depreciation consistent with the treatment of costs that would have been incurred to abandon the pipeline in place. Environmental Defence stated that this answer leaves out key details, such as when Enbridge Gas would recover the amount, whether a prudence review would occur, etc. Environmental Defence argued that this information should be provided up front before the OEB is asked to decide whether these costs shall be incurred.

OEB staff understands that Environmental Defence is seeking clarification regarding the exact costs of removal and the future recovery of these costs, as well as the itemized costs for abandonment. . In OEB staff's view, the dispute between Enbridge Gas and Essex County that is the subject of this application is primarily focused on the CSA standards that should apply with respect to construction of the replacement pipeline. The dispute does not relate to the costs of removal versus abandonment in place.

It is OEB staff's understanding that, regardless of what the exact costs are, there is no dispute that the cost of removing the pipeline (or parts of the pipeline) would be higher than abandoning it in place. Essex County's concerns regarding depth of cover and abandonment in place are not based on an argument that deeper cover or removal of

² Environmental Defence Interrogatories 1 and 4

portions of the pipeline would be a less expensive option. To the extent that this proceeding results in some changes to Enbridge Gas' abandonment in place or depth of cover plans as Essex County requests, this would (all else being equal) result in increased costs for the project. Enbridge Gas has provided an estimate of these incremental costs. The ultimate recovery of any increased costs would be addressed by the OEB in the appropriate rates proceeding. In OEB staff's view, the level of detail provided by Enbridge Gas is sufficient to allow the OEB to make a determination on the section 101 application. Given this context, OEB staff submits that requiring the provision of itemized removal costs and/or abandonment costs would not necessarily be helpful to the OEB's consideration of this application.

All of which is respectfully submitted.